

RELEASE IN PART B6

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Monday, March 14, 2011 1:04 PM
To: H
Subject: Fw: Japan and Econ issues for G-8 context

Fyi

From: Patel, Nirav S
Sent: Monday, March 14, 2011 12:57 PM
To: Sullivan, Jacob J
Cc: Campbell, Kurt M; Deming, Rust M
Subject: Japan and Econ issues for G-8 context

Jake,

FYI since you're at the G-8 and this may come up.

Most models predict that the earthquake will shave about 3 percentage points from Japan's GDP with the biggest impact being in the April – June timeframe. However, the reconstruction efforts associated with recovery will likely off-set this loss in the latter half of the year. Clearly, if the nuclear issue becomes worse these models will need to be updated. The Nikkei fell by about 6.2 percent today, the largest drop since Lehman's insolvency in 2008. The BOJ injected a record 10 trillion Yen (~\$200 billion USD) into the markets yesterday to maintain solvency. The Yen dropped below 81 to the USD and is currently at about 82. There are questions about what impact this move will have on the global financial markets.

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