2. International Economic Developments

While the third-quarter data indicated that global economic growth continued to recede; the fourth quarter was marked by economic and political developments such as a fiscal cliff in the US, debates on the banking union in the Euro Area, bond buyback plan in Greece and change of government that supports growth-improving policies in Japan.

Notwithstanding a number of favorable steps towards solving problems in the Euro Area in the previous quarter, uncertainties are yet to be removed. A consensus was reached on the banking union, which was brought to the agenda to reduce the interaction between the banking sector and the public debt. However, in the case of capital requirements, neither the sources to be utilized nor the units to capitalize banks have been named yet. In the same period, Greece implemented a bond buyback plan and considerably reduced the debt ratio, not as low as the targeted level though.

Having registered an annualized growth of 3.1 percent in the previous quarter, the US economy diverged from other advanced economies. In this period, the Fed made a commitment that no monetary tightening would be implemented until the unemployment rate fell to 6.5, provided that inflation expectations do not overshoot 2.5 percent. On the other hand, the process, which is called "fiscal cliff" due to its possible negative effects on economic growth and entails the removal of past tax privileges and reduction of public spending, could only be partially overcome (Box 2.1). Additionally, the US economy approached the debt ceiling, which poses risk for the period ahead.

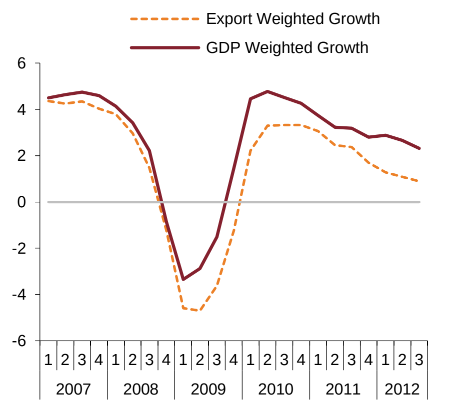
Commodity prices posted a quarter-on-quarter decline by 1.16 percent in the last quarter of 2012 amid the fall in agricultural and energy prices. Annual consumer inflation rates in the same period remained on a downward track due to poor demand conditions and the mild course of commodity prices both in advanced and emerging economies.

In the last quarter of 2012, being also influenced by the downward trend in inflation, the main factor to shape the monetary policy decisions was the countries' concern over growth; and the easing trend in monetary policies was sustained. On the other hand, the fundamental problem experienced by major central banks in bolstering their economies is considered to be the incapability to channel the liquidity provided to the banking sector to the real sector. In line with these developments, a great number of countries are expected to continue with easing in monetary policies in the forthcoming period.

2.1. Global Growth

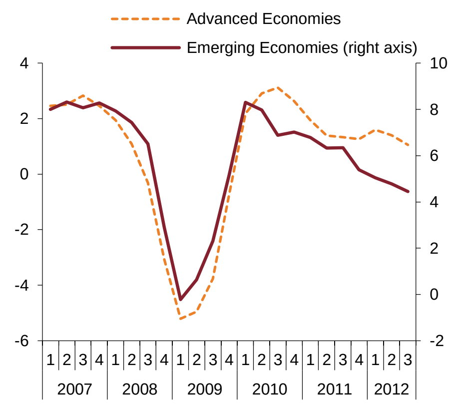
The global growth outlook, which turned negative in the second quarter upon the aggravation of the Euro Area debt crisis, maintained this course in the third quarter as well. The rate of increase of economic growth lost pace both in advanced and emerging economies in the said period. In addition, growth rates in countries with major shares in Turkey's exports also displayed a poor growth outlook (Charts 2.1.1 and 2.1.2).

Chart 2.1.1.
Global Growth Rates*
(Annual Percent Change)



* Weighted by each country's share in Turkey's exports for export-weighted indices.
Source: Bloomberg, CBRT.

Chart 2.1.2.
Global Growth Rates*
(Annual Percent Change)



* Weighted by each country's share in global GDP.
Source: Bloomberg, CBRT.

The US economy, which is one of the main drivers of the global growth, posted a quarterly growth by 3.1 percent (annualized) in the third quarter. Despite experiencing the fastest growth since the fourth quarter of 2011, the labor market lacks an evident rebound; and main unemployment indicators are still far from pre-crisis levels. Unemployment rate, which was announced to be the main determinant of the future monetary policy by the Fed in the

December meeting, reached 7.7 percent in November, considerably overshooting the benchmark value of 6.5 percent (Table 2.1.1).

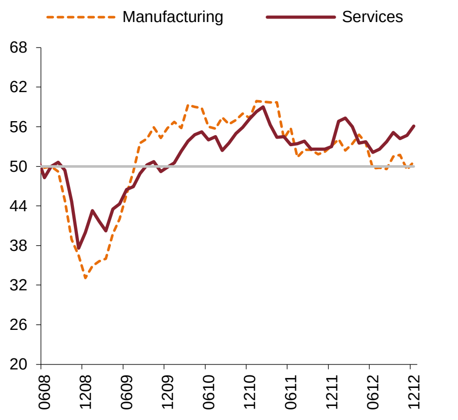
Table 2.1.1.
Unemployment Indicators for the US

Period Averages	2007	2010	2011	2012				
				Q1	Q2	Q3	October	November
Unemployment (seasonally adjusted, (percent)	4.6	9.6	9.0	8.3	8.2	8.1	7.9	7.7
Educated	2.7	6.3	5.9	5.6	5.6	5.3	5.1	5.0
Uneducated	5.0	11.4	10.5	9.3	9.2	9.5	9.3	9.1
Employment (Non-Farm, Private, million people)	115.4	107.4	109.3	110.7	111.1	111.4	111.7	111.9
Average Duration of Unemployment (week)	16.9	33.1	39.4	39.8	39.6	39.3	40.2	40.0
Initial Jobless Claims (monthly average, thousand)	319	461	410	371	380	372	367	394

Source: Bloomberg.

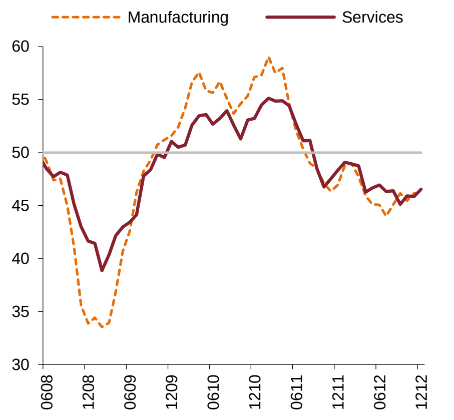
The PMI data point that the course of growth in the US economy will be maintained in the last quarter (Chart 2.1.3). However, a slight aversion of the fiscal cliff scenario, postponement of the decisions regarding fiscal deal besides the lingering uncertainties towards the solution of these pose a downside risk on the medium-term growth outlook of the US economy (Box 2.1). The Euro Area, which is another determinant of the course of global growth, continued to contract in the third quarter, and the PMI data pointed that this contraction would persist in the last quarter of the year as well (Chart 2.1.4)

Chart 2.1.3.
The US PMI Indices



Source: Bloomberg.

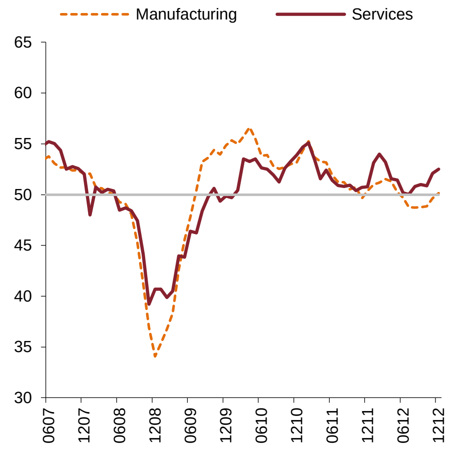
Chart 2.1.4.
The Euro Area PMI Indices



Source: Bloomberg.

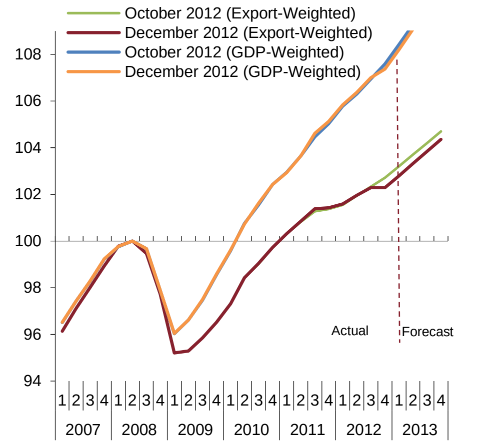
Last-quarter PMI data indicate that global economic growth will go up both in the manufacturing and the services sector (Chart 2.1.5). Upon the deteriorating growth outlook, advanced economies announced additional measures to bolster economic growth in the third quarter, which is considered to be a determinant of this upside movement. Nevertheless, problems still persist regarding the Euro Area crisis despite loose global monetary policies. Also, the potential effects of the tight fiscal policies on the US economy, albeit partially averted, pose a notable downside risk on the global growth outlook for the upcoming period. In fact, Consensus Forecasts and the World Economic Outlook suggest that 2013 growth forecasts for end-2013 deteriorated in the inter-reporting period (Table 2.1.2). GDP and export-weighted global production indices, which are updated by January Consensus Forecasts, confirm that parallel to the above-mentioned outlook, a notable rebound in external economies is not foreseen and global uncertainties will continue to restrain external demand (Chart 2.1.6).

Chart 2.1.5.
JP Morgan Global PMI Indices



Source: Bloomberg.

Chart 2.1.6.
Global Production Indices*
(2008Q2=100)



* Weighted by each country's share in Turkey's exports for export-weighted indices.
Source: Bloomberg, Consensus Forecasts, CBRT.

Table 2.1.2.
Growth Forecasts for end-2013

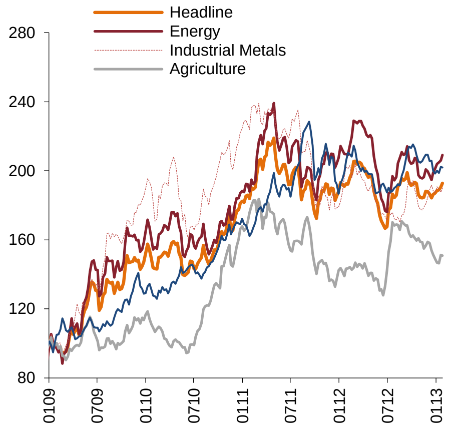
	Consensus Forecasts (Annual Percent Change)		World Economic Outlook (Annual Percent Change)	
	October	January	October	January
World	2.8	2.6	3.6	3.5
Advanced Economies	-	-	**1.5**	**1.4**
USA	2.0	2.0	2.1	2.0
Euro Area	0.2	-0.1	0.2	-0.2
Germany	0.9	0.7	0.9	0.6
France	0.3	0.1	0.4	0.3
Italy	-0.7	-0.9	-0.7	-1.0
Spain	-1.6	-1.6	-1.3	-1.5
Greece	-3.6	-4.5	-	-
Japan	1.3	0.7	1.2	1.2
UK	1.2	1.0	1.1	1.0
Emerging Economies	-	-	**5.6**	**5.5**
Asia-Pacific*	6.6	6.6	7.2	7.1
China	8.1	8.1	8.2	8.2
India	6.8	6.5	6.0	5.9
Latin America*	3.8	3.5	3.9	3.6
Brazil	3.9	3.3	4.0	3.5
Eastern Europe	3.3	2.9	2.6	2.4

* Countries making up the region differ between Consensus Forecasts and the World Economic Outlook.
Source: Consensus Forecasts, World Economic Outlook.

2.2. Commodity Prices

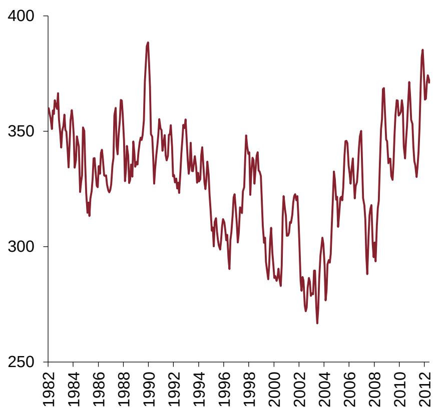
The commodity prices headline index, which rose amid increasing agricultural and precious metal prices in the third quarter of 2012, went down by 1.16 percent in the last quarter on a quarterly basis. This fall was driven by the decline in agricultural and energy prices, while industrial metal and precious metal price indices went up by 3.57 and 4.49 percent, respectively, in the last quarter (Chart 2.2.1).

Chart 2.2.1.
S&P Goldman Sachs Commodity Prices Indices
(January 2009=100)



Source: Bloomberg.

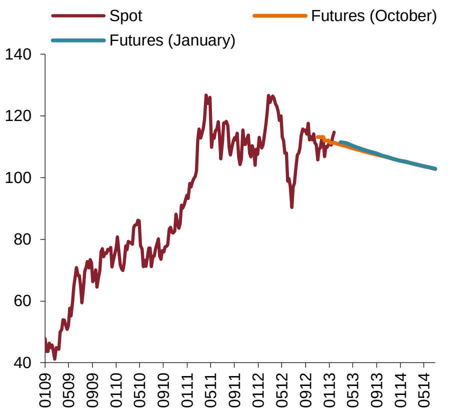
Chart 2.2.2
Crude Oil Inventories in the US
(Million barrel)



Source: The US Department of Energy.

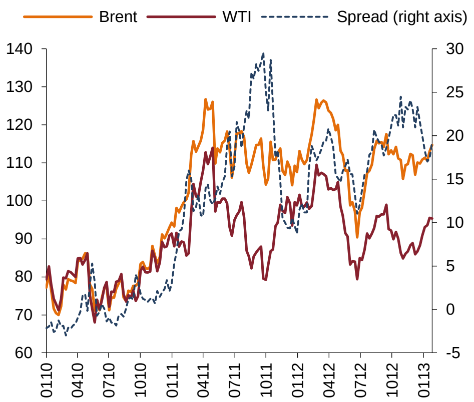
Both supply and demand-side developments were instrumental in the downward movement of oil prices in the last quarter of 2012. The lack of a permanent recovery of the labor indicators in the US economy; the contraction in the Euro Area and the still-persisting concerns over the region despite the solution-oriented vigorous attempts exacerbated the global growth outlook and pushed down the oil prices. The crude oil supply does not pose an upside pressure on prices since the US crude oil stocks hover around the highest levels since the first Gulf War, and the level of production in OPEC countries is maintained (Chart 2.2.2). However, persisting political risks stemming from the unrest in the Middle East should be monitored with regard to their potential to cause concerns over the oil supply. A joint analysis of supply and demand conditions implies no significant change in oil prices for the 18-month forward contracts compared to the previous reporting period (Chart 2.2.3).

Chart 2.2.3.
Crude Oil (Brent) Prices*
(USD/bbl)



* Futures (October) and Futures (January) denote the arithmetical average of the prices quoted in futures contracts during October 1 and 22, 2012 and January 1 and 25, 2013 respectively.
Source: Bloomberg.

Chart 2.2.4.
WTI – Brent Prices
(USD/bbl)



Source: Bloomberg.

According to the EIA, the difference between WTI and Brent oil prices is expected to disappear in 2013 mostly due to the relatively robust growth in the US. In fact, this trend started in the first month of the year and the price difference, which went up to USD 24.5 in the last quarter of 2012, fell to USD 17 by mid-January (Chart 2.2.4).

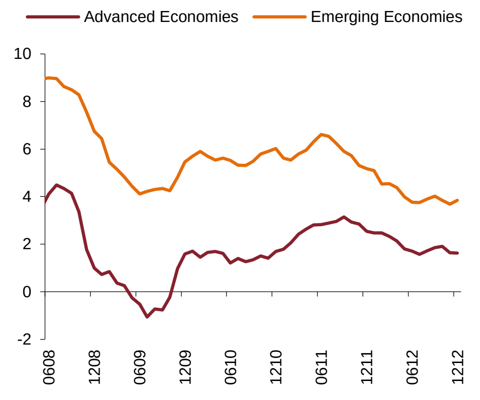
Both upside and downside risks are present on agricultural prices. However, it remains uncertain as to whether these risks will materialize and which effects will be dominant. In fact, agricultural prices, which trended upwards in the first half of 2012, eased in the second half and completed the year below 2011 levels. Overall, while cultivated lands for main agricultural products were expected to get larger, the uncertainty regarding weather conditions stands as a challenge against making projections for the course of agricultural prices in 2013.

In short, the global growth outlook stands out as a determinant factor on commodity prices, particularly energy and industrial metals. Monetary easing policies implemented under measures to stimulate employment and growth and to achieve financial stability besides economic uncertainties in the US and the Euro Area are influential on precious metal prices. Meanwhile, the future course of agricultural prices remains unforeseeable due to climatic conditions. On the other hand, supply-side problems keep upside risks on commodity prices brisk.

2.3. Global Inflation

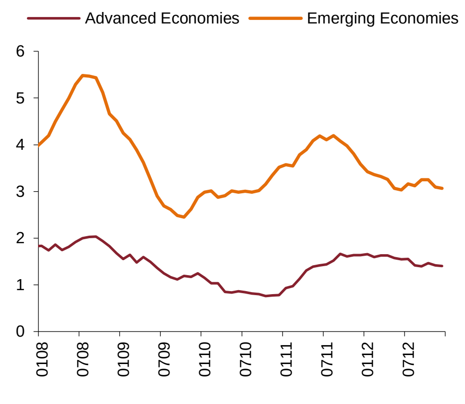
Headline and core consumer inflation rates remained on a downward track both in advanced and emerging economies in the last quarter of 2012 (Charts 2.3.1 and 2.3.2). The fall in commodity prices in the same period supported the decline in inflation rates and the relatively weak course of growth prevented the formation of a demand-driven pressure on inflation.

Chart 2.3.1.
CPI Inflation in Advanced and Emerging Economies
(Annual Percent Change)



Source: Bloomberg, CBRT.

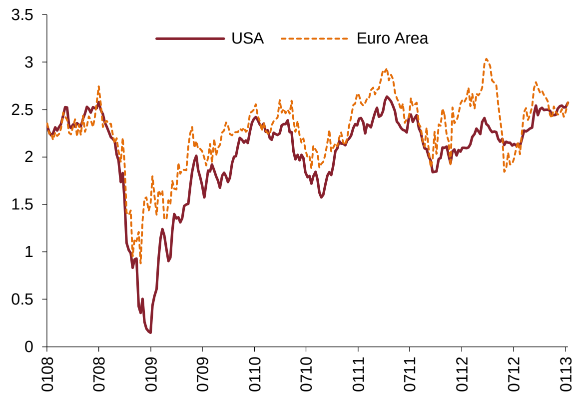
Chart 2.3.2.
Core Inflation in Advanced and Emerging Economies
(Annual Percent Change)



Source: Bloomberg, Datastream, CBRT.

Inflation compensations displayed a decline both in the Euro Area and the US in the last quarter of 2012. The more-than-expected contraction in the Euro Area in 2012 and the increasing support offered to troubled countries in the form of bond purchases led the compensation rates to decline across the region. On the other hand, despite growth rates that hovered above expectations, inflation expectations did not rise in the US, which can be attributed to the policies pursued by the Fed as well as the credibility of these policies. Nevertheless, the data released in the first month of 2013 show that the downward trend in inflation compensation can reverse in both regions in the forthcoming period (Chart 2.3.3).

Chart 2.3.3.
Inflation Compensation in the US and the Euro Area
(Percent)



Source: Bloomberg.

Global inflation forecasts for the year-end remained broadly unchanged in the inter-reporting period (Table 2.3.1). Accordingly, the future course of commodity prices are not assessed as a pressure and risk factor on global inflation rates. On the other hand, the ECB took steps to revive economy in the Euro Area, which contracted in 2012. It should be considered that these steps can impose an upside pressure on the inflation rates of the member countries.

Table 2.3.1.
Inflation Forecasts for end-2013
(Annual Percent Change)

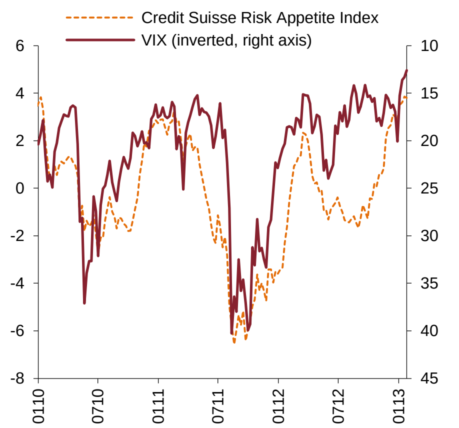
	October	January
World	2.9	2.8
Advanced Economies		
USA	2.0	1.9
Euro Area	1.9	1.9
Germany	1.9	1.9
France	1.7	1.5
Italy	2.3	2.0
Spain	2.4	2.3
Greece	2.3	0.2
Japan	-0.1	-0.2
UK	2.2	2.6
Emerging Economies		
Asia-Pacific	4.0	3.9
China	3.4	3.2
India	7.4	7.6
Latin America	6.4	6.4
Brazil	5.3	5.5
Eastern Europe	5.4	5.4

Source: Consensus Forecasts.

2.4. Financial Conditions and Risk Indicators

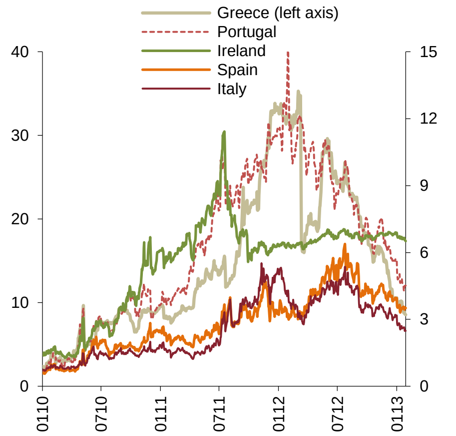
The last quarter of 2012 saw a sustained normalization process in financial markets as well as a relatively high global risk appetite (Chart 2.4.1). Notwithstanding a deteriorated economic outlook in the Euro Area, risk sentiment for the region improved in comparison to the previous reporting period. The decisive attitude of the ECB to save euro and underpin the banking sector besides the completion of the bond buyback plan of Greece mitigated concerns over the region. Also, the downward trend continued in the bond yields of debt-ridden countries (Chart 2.4.2). Furthermore, signals for recovery in the US economic activity supported the favorable atmosphere in financial markets.

Chart 2.4.1.
Global Risk Appetite



Source: Bloomberg, Credit Suisse.

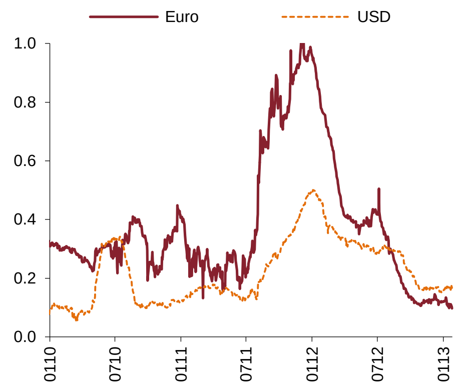
Chart 2.4.2.
Yield Spread over German Bonds in GIIPS Countries* (Percent)



* GIIPS countries are Greece, Ireland, Italy, Portugal and Spain.
Source: Bloomberg.

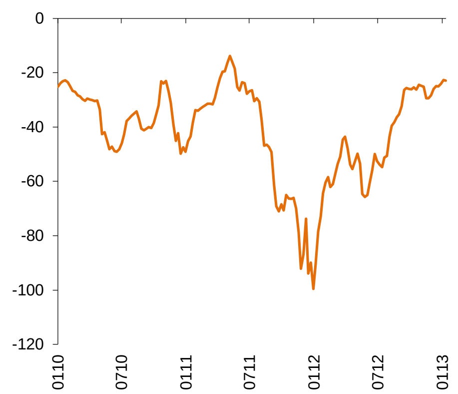
Persistently low levels of OIS spread in the last quarter, which show the counterparty risk in money markets, and the sustained downward course of the euro–USD cross currency swap rate indicate that financial conditions have been eased in the US and the Euro Area (Charts 2.4.3 and 2.4.4).

Chart 2.4.3.
OIS Spread
(3-Month, Points)



Source: Bloomberg.

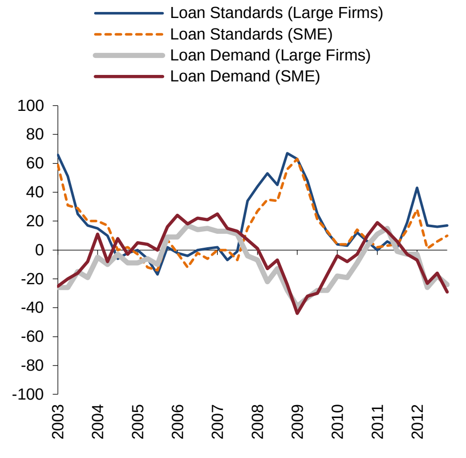
Chart 2.4.4.
Euro/USD Cross Currency Swap Rate
(1-Year, Basis Points)



Source: Bloomberg.

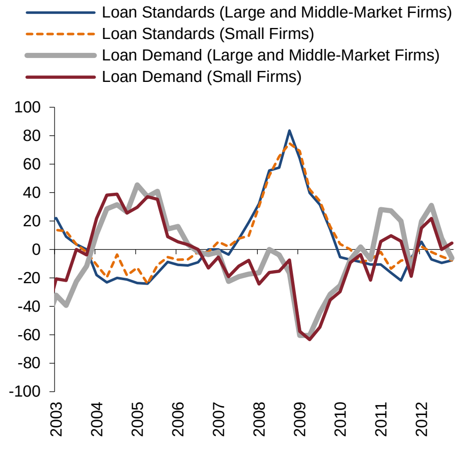
Nevertheless, the trend of recovery in financial conditions has not reflected into credit markets, especially in the Euro Area. According to the last loan tendency survey released by the ECB, while banking sector continues to tighten credit conditions, contraction in credit demand gets worse in the Euro Area (Chart 2.4.5). As per the latest loan tendency survey released by the Fed, easing in lending conditions remains limited in the US. While the loan demand of large and medium-size firms got down, that of small-size firms increased slightly (Chart 2.4.6).

Chart 2.4.5.
The Euro Area Lending Survey*
(Percent)



* Upward movements indicate tightening in credit conditions.
Source: ECB.

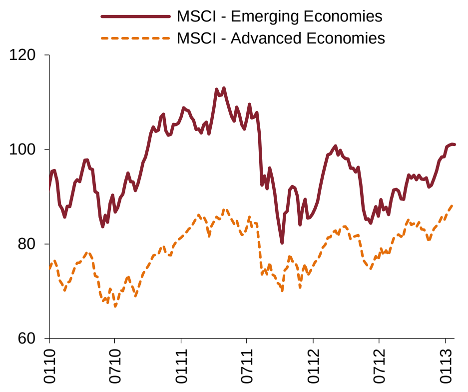
Chart 2.4.6.
The US Lending Survey*
(Percent)



Source: Fed.

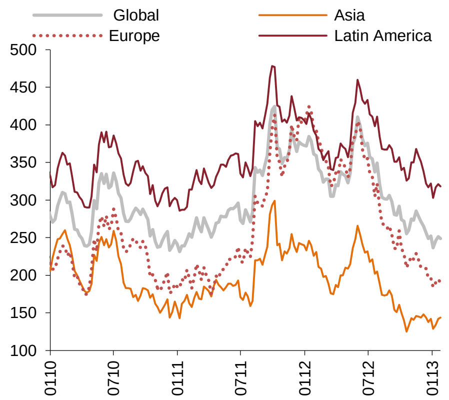
Favorable performance of stock markets since the publication of the October Inflation Report, and the rise in MSCI index of emerging economies accelerated in the last quarter (Chart 2.4.7). In the same period, in line with the demand for borrowing bills of emerging economies, the decline in yield indices continued as well (Chart 2.4.8).

Chart 2.4.7.
Global Stock Markets
(USD, 2007=100)



Source: Bloomberg.

Chart 2.4.8.
Regional EMBI Developments



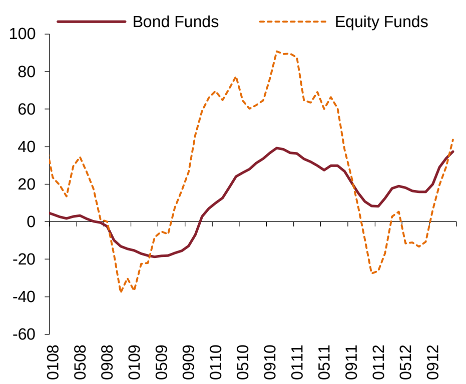
Source: Bloomberg.

While pending agreement on the solutions towards the prevention of the fiscal cliff in the US in the upcoming period pose uncertainties, downside risks on growth in the Euro Area stand out as factors to undermine the global risk appetite.

2.5. Capital Flows

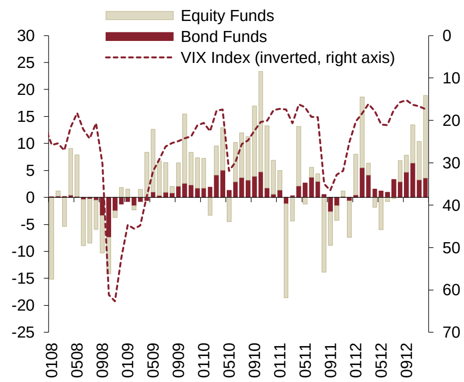
Parallel to the relatively high course of the global risk appetite, capital flows towards emerging economies remained on an upward track in the last quarter of 2012 (Chart 2.5.1). Across regions, emerging Asian economies attracted the highest number of investors, while Latin American and Emerging European countries lagged behind.

Chart 2.5.1.
Annual Portfolio Flows to Emerging Economies
(Cumulative, Billion USD)



Source: EPFR, Bloomberg.

Chart 2.5.2.
Monthly Portfolio Flows to Emerging Economies
(Cumulative, Billion USD)



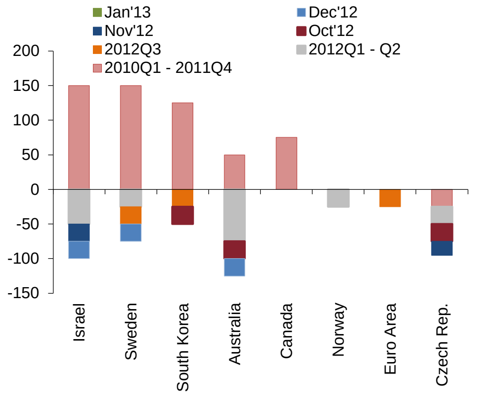
Source: EPFR, Bloomberg.

Inflows towards both bond and equity funds got intensified in the last quarter compared to third quarter of 2012 (Chart 2.5.2). Contrary to the trend in the first nine months of the year, which saw higher preference in investments in bond-backed funds of emerging economies, the last three-month period experienced increases in equity funds mostly. The central banks of advanced economies continue with accommodative monetary policies to bolster economy. Meanwhile, similar to the outlook in 2010, international investors opted for equity funds in emerging economies in search of higher yields as opposed to securities with fixed returns in the fourth quarter. The acceleration in capital flows is believed to pose risk to financial stability in emerging economies.

2.6. Global Monetary Policy Developments

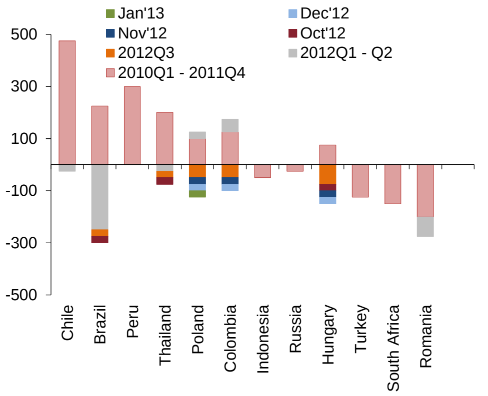
In the last quarter of 2012, the main factor underlying monetary policy decisions was concerns over weak global growth; and in turn, monetary policy continued to ease across the year. In doing so, policy rate cuts were the main instrument. Accordingly, in the last couple months including the first half of January, following policy rate cuts were implemented by advanced economies: 25 basis points by Sweden and South Korea; 45 basis points by the Czech Republic and 50 basis points by Israel and Australia. As per emerging economies, following reductions were delivered: 25 basis points by Brazil and Thailand; 50 basis points by Colombia; and 75 basis points by Hungary and Poland (Charts 2.6.1 and 2.6.2). Thus, GDP-weighted average policy rate exhibited a quarterly decline by 2 and 20 basis points in advanced and emerging economies, respectively, in the last quarter of the year (Charts 2.6.3 and 2.6.4).

Chart 2.6.1.
Policy Rate Changes in Advanced Economies from Jan. 2010 to Jan. 2013* (Basis Points)



* As of January 22, 2013.
Source: Bloomberg, CBRT.

Chart 2.6.2.
Policy Rate Changes in Emerging Economies from Jan. 2010 to Jan. 2013* (Basis Points)

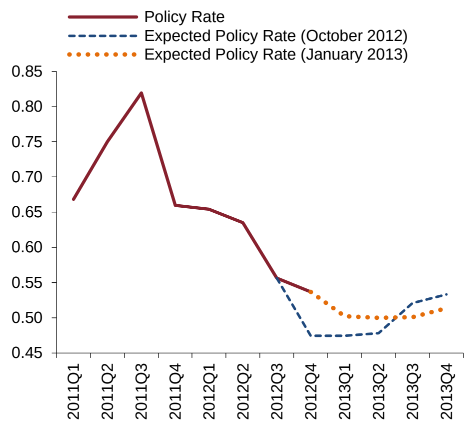


* As of January 22, 2013.
Source: Bloomberg, CBRT.

As per the monetary policy implementations across advanced economies, the additional monetary easing package announced by Japan stands out as a major development in the last quarter of 2012. In the December meeting, a new package of JPY 50 trillion (around USD 550 billion) covering the next 12 months was announced to be exercised through direct asset purchases as well as loans with low interest rates to be offered to banks. In the January meeting, the annual inflation target, which was 1 percent, was raised to 2 percent. Also, it was stated that this target would be attained within the shortest possible time frame by implementing certain amounts of asset purchases every month without any time constraints starting from 2014. It was underlined that the new purchasing plan would increase the monetary easing package by JPY 10 trillion (around USD 110 billion) for 2014. The main goal of this package is to guarantee that the Japanese economy would settle back into a sustainable growth path.

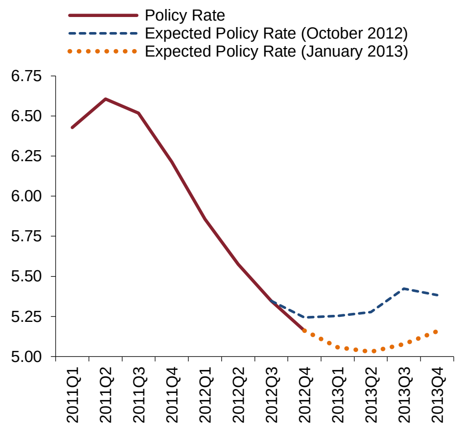
Another notable development in this context was the commitment by the Fed that no monetary tightening would be implemented until the unemployment rate fell below 6.5 percent, provided that inflation expectations in the US did not overshoot 2.5 percent permanently. Thus, the Fed announced that unemployment indicators would be one of the fundamental determinants of the monetary policy in the period ahead. Forecasts by the members of the Federal Reserve Board regarding various economic indicators that are released with the summary of the meeting point that unemployment will reach 6.5 percent no earlier than 2015. Following these announcements of the Fed, long-term interest rates saw relative increases. Moreover, forward contracts indicated that expectations regarding the tightening of the monetary policy were antedated after a long time. This implies that forecasts of the market pertaining to unemployment rates are lower than those of the Fed, thereby giving the impression that 6.5 percent is expected to be seen prior to 2015. Nevertheless, uncertainties regarding implementation still persist despite the introduction of a partial solution regarding the fiscal cliff. Thus, the future course of the fiscal policy implemented by the US will remain as an influential factor on the unemployment rate, and in turn, expectations regarding the monetary policy.

Chart 2.6.3.
Expected Policy Rates in Advanced Economies



Source: Bloomberg, CBRT.

Chart 2.6.4.
Expected Policy Rates in Inflation-Targeting Emerging Economies



Source: Bloomberg, CBRT.

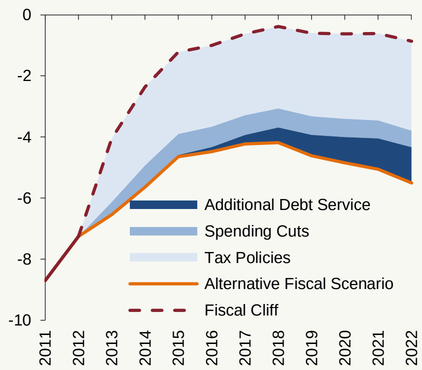
The fall in policy rates of emerging economies in the last quarter of 2012 was beyond expectations laid down in the previous Inflation Report. Also, policy rate expectations for 2013 were revised downwards compared to the previous reporting period. On the advanced economies front, average policy rate turned out to be higher than expected in the last quarter of the year. This is mainly attributed to the fact that the ECB did not deliver the expected policy rate reduction of 25 basis points. On the other hand, expectation for end-2013 was revised downwards compared to the previous reporting period. The revision was mainly led by the tightening trend estimated for the second half of 2013 in the last quarter to be replaced by a flatter policy rate path amid developments in the final quarter of 2012 (Charts 2.6.3 and 2.6.4).

Box 2.1 Fiscal Cliff and Potential Effects

Measures entailing a significant tightening in the US fiscal policy, which are scheduled to be enforced in early 2013, have occupied the agenda since late 2012, not only for their potential effects on the US economy, but also for their possible effects at a global scale.

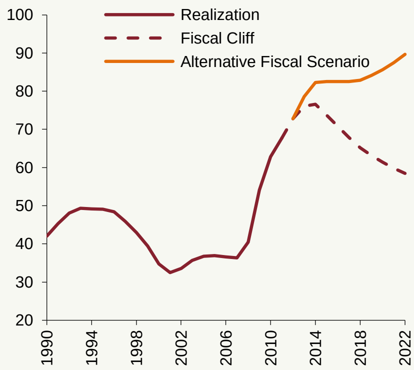
These fiscal measures, which were enforced in 2001, 2003 and 2009 to expire by the end-2012, involve the abrogation of massive tax cuts and privileges. These measures also introduce considerable reductions in public expenditures, and so, are expected to improve the budget balance by USD 600 billion in total. The measures are called "fiscal cliff" as they reduce the budget deficit on the one hand, but bear the risk of leading to another recession on the other. In numerical terms, while the fiscal cliff is estimated to bring about an improvement of 2.5 percentage points in the budget balance to national income ratio in 2013, the real national income is estimated to fall by 0.5 percentage points. According to the Congressional Budget Office (2012), under an alternative scenario in which the fiscal tightening measures are not enforced, the most significant source of the change in the budget balance is tax policies (Chart 1). Aversion of fiscal tightening on the other hand has an increasing effect on the future public debt burden as well as interest rate payments. Therefore, in the next decade, the public debt to national income ratio is expected to be 30 percentage points higher than envisaged by the fiscal cliff scenario (Chart 2).

Chart 1. Budget Balance/GDP (Percent)



Source: Congressional Budget Office.

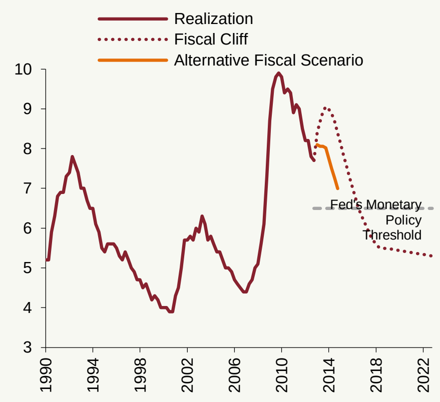
Chart 2. Public Debt Stock/GDP (Percent)



Source: Congressional Budget Office.

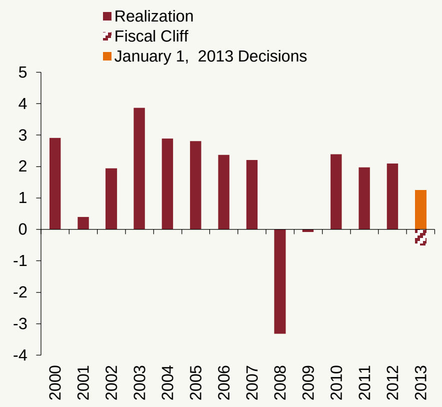
As another negative repercussion of the fiscal tightening on the economy, unemployment rate is estimated to go up to 9.1 percent by end-2013, then to gradually decline to 5.3 percent over the decade (Chart 3). In an atmosphere of a weaker-than-expected recovery in the US labor market, this repercussion raises concerns regarding its potential to impede recovery. This is because in its minutes of the December meeting, the Fed announced that as long as the inflation rate remains under 2.5 percent in the long term, monetary policy would remain loose until the unemployment rate fell beyond 6.5 percent. It was also highlighted by the Fed that the developments in the labor market remain as the leading determinant of the monetary policy in the current economic climate.

Chart 3. Unemployment Rate (Percent)



Source: Congressional Budget Office.

Chart 4. Real GDP Growth (Annual, Percent)



Source: Congressional Budget Office.

January 1, 2013 decisions offer a partial solution for the fiscal situation. While some of the tax increases applying to the previous arrangements were taken back; spending cuts, the renewal of the debt ceiling and the agreement on a medium-term fiscal consolidation plan were postponed. Accordingly, various arrangements were introduced to raise taxes imposed on the high-income group. On the other hand, the reduction of USD 1.2 trillion in public expenditures that was supposed to be automatically enforced at the start of the year to cover the next 10-year period was put off until March. Moreover, the US Treasury, which has already reached the debt limit, needs the consent of the Congress regarding the raise of the ceiling on borrowing before March.

Under the fiscal cliff scenario, the US economy, which was estimated to contract by 0.5 percentage points by end-2013, is predicted to grow by 1.25 percentage points as a result of the latest decisions (Chart 4). Meanwhile, partial prevention of the fiscal cliff implies that fiscal indicators illustrated in Charts 1 and 2 are likely to settle at a point between projections of the two scenarios.

In short, the fiscal deal agreed at the start of the year is perceived as a signal that the US economy will continue to be underpinned by the fiscal policy, alongside the Fed's accommodative monetary policy. However, the recent decisions fall short of providing permanent solutions that would fully address fiscal problems or economic concerns. Agreeing upon a medium-term fiscal consolidation plan by overcoming political hurdles in the upcoming period is crucial to lower the debt burden in the US economy to sustainable levels. In addition, steps towards preventing the fiscal cliff decrease the possibility of a recession in the US economy in the short term, yet bear the risk that national income may remain below its potential for a protracted period due to the additional pressure on the budget, coupled with the negative effect on savings in the long term.

To conclude, fiscal tightening measures which have already been agreed upon have partially alleviated concerns over the US economic growth and global growth, in turn. Nevertheless, postponement of decisions on other fiscal issues and persisting uncertainties about the resolution leave downside risks brisk not only on the US economy, but also on the global economy.

REFERENCES

Congressional Budget Office, 2012, Economic Effects of Policies Contributing to Fiscal Tightening in 2013, November 2012, available at http://www.cbo.gov/publication/43694.