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Information for Decisions™

Forecast Calendar

June 10, 2011

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Sidenbladh/Liu

June 13 – June 24, 2011

13

ECB President Trichet speaks in London (15:00)

14

EU Finance Minister meet (19:00)

15

Industrial Production (SA) (11:00)

	M/M	Y/Y
Mar	-0.2%	5.3%
Apr (f)	**-0.1%**	**4.9%**
Apr (c)	**0.1%**	**5.0%**

16

ECB Monthly Bulletin (Jun) (10:00)

Harmonized Index of Consumer Prices, Final (11:00)

	M/M	Y/Y
Apr	0.6%	2.8%
May (flash)		**2.7%**
May (f)	**unch**	**2.7%**
May (c)	**unch**	**2.7%**

Employment (Q1) (11:00)

17

ECB President Trichet speaks in New York (2:00)

New Car Registrations (May) (8:00)

Trade Balance (Euro billion) (NSA) (11:00)

	'11	'10
Mar	2.8	2.7
May (f)	**-1.3**	-0.7
May (c)	**-2.1**	

Construction Output (Apr) (11:00)

20

Labor Costs (Q1) (11:00)

EU Finance Ministers meet in Luxemburg

21

22

Industrial Orders (SA) (M/M) (11:00)

Nov	2.2%	Feb	0.5%
Dec	2.7%	Mar	-1.8%
Jan	1.1%	**Apr (f)**	**1.0%**

European Commission Quarterly Report on the Eurozone (Q2)

Consumer Confidence, Flash (Jun) (16:00)

23

Purchasing Managers' Index Manufacturing, Flash (10:00)

Jan	57.3	Apr	58.0
Feb	59.0	May	54.6
Mar	57.5	**Jun (f)**	**54.0**

Service Sector Purchasing Managers Survey, Flash (10:00)

Jan	55.9	Apr	56.7
Feb	56.8	May	56.0
Mar	57.2	**Jun (f)**	**55.3**

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M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

6

Producer Prices (NSA) (11:00)

	M/M	Y/Y
Feb	0.8%	6.6%
Mar	0.8%	6.8%
Apr	0.9%	6.7%

ECB President Trichet spoke in Canada (18:00)

7

Retail Sales (SA) (11:00)

	M/M	Y/Y
Feb	0.2%	1.1%
Mar	-0.9%	-1.7%
Apr	0.9%	1.1%

8

Gross Domestic Product, Second Estimate, (SA) (11:00)

	Q/Q	Y/Y
QIII'10	0.4%	2.0%
QIV'10	0.3%	1.9%
QI'11	0.8%	2.5%

9

ECB Governing Council meeting (decision at 13:45)
(No change – likely July hike flagged)
Press conference at 14:30

10

ECB President Trichet spoke in Germany (8:50)

Indicator Highlights

Key potential market-moving indicators and events include: Industrial Production (Wed. Jun. 15, 11:00 a.m.), final Harmonized Consumer Prices (Thu. Jun. 16, 11:00 a.m.) and the Visible Trade Balance (Fri. Jun. 17, 11:00 a.m). In the following week, there are Industrial Orders (Wed. Jun. 22, 11:00 a.m.) and the flash Manufacturing and Services Purchasing Managers Indexes (Thu. Jun. 23, 10:00 a.m.).

Industrial production decreased in March, down very clearly from the upwardly revised gain seen in February. **HICP inflation** surprisingly slipped last month. The (unadjusted) **trade balance** was in surplus in March, little changed from the same month of the last year. March **industrial orders** fell for the first time since September 2010. The May **manufacturing PMI** pointed to a marked slowing in private sector activity for the Eurozone. The **services PMI** eased back, but remained above its long-term average.

Indicator	Forecast	Consensus	Analysis
Industrial Production (SA)			
M/M	-0.1%	0.1%	Late Easter takes its toll?
Y/Y	4.9%	5.0%	
Consumer Prices – HICP (Final) (NSA)			
M/M	unch	unch	Core rate falls more than headline.
Y/Y	2.7%	2.7%	
Visible Trade (NSA)	-€ 1.3 bln	-€ 2.1 bln	Seasonal deterioration.
Industrial Orders (SA)			
M/M	1.0%		Modest recovery.
Purchasing Managers' Index (SA) – Flash			
- Manufacturing	54.0		Nine-month low?
Purchasing Managers' Index (SA) – Flash			
- Services	55.3		Third successive drop.

Post Mortem—Prior Week Results

Producer price inflation mixed. Producer prices rose by 0.9% M/M from the upwardly revised 0.8% increase in March, a nineteenth-straight rise and now a three-month high.

Retail sales jump back. Real retail sales jumped 0.9% in M/M terms in April, exactly unwinding the sharp fall seen in March.

Strong GDP, but outlook far from promising. GDP jumped by 0.8% Q/Q in Q1, matching the preliminary estimate and very much up from the 0.3% unrevised pace of the previous quarter.

Downside risks not being acknowledged? There was no surprise that the ECB kept the refi rate at 1.25% after its latest Council meeting, failing to add to the 25 bp hike made in April, the latter having ended the period of policy stability seen over the previous 23 months.

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Forecast Calendar

June 10, 2011

United Kingdom

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Sidenbladh/Liu

June 13 – June 24, 2011

13

BoE Quarterly Bulletin (Q2)

BoE MPC Member Weale speaks (19:00)

14

RICS House Price Survey (May) (00:01)

Consumer Price Index (CPI) (NSA) (9:30)

	M/M	Y/Y
Apr	1.0%	4.5%
May (f)	**0.1%**	**4.3%**
May (c)	**0.2%**	**4.5%**

Retail Prices (NSA) (9:30)

	M/M	Y/Y
Apr	0.8%	5.2%
May (f)	**0.3%**	**5.1%**
May (c)	**0.4%**	**5.3%**

Retail Prices, Underlying (RPIX) (NSA) (9:30)

	M/M	Y/Y
Apr	0.9%	5.3%
May (f)	**0.2%**	**5.1%**
May (c)	**0.4%**	**5.3%**

Department for Communities & Local Government House Prices (Apr) (9:30)

15

Nationwide Consumer Confidence (May) (00:01)

Claimant Count Unemployment, (Change Thousands) (SA) (9:30)

Mar	6.4	**May (f)**	**2.5**
Apr	12.4	**May (c)**	**7.0**

ILO Unemployment Rate (3 months ending, %) (9:30)

Feb	7.8	**Apr (f)**	**7.7**
Mar	7.7	**Apr (c)**	**7.7**

Average Weekly Earnings (Y/Y) (3-Month Moving Average) (9:30)

Feb	2.1	**Apr (f)**	**2.0**
Mar	2.3	**Apr (c)**	**2.1**

BoE Governor King to give Mansion House speech in London (20:45)

16

Retail Sales (Volume, SA) (9:30)

(Inc. Fuels)	M/M	Y/Y
Apr	1.1%	2.8%
May (f)	**-1.0%**	**0.9%**
May (c)	**-0.5%**	**1.6%**

17

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Rightmove House Prices (Jun) (00:01)

21

Public Sector Net Borrowing (ex. financial interventions) (£ bln, NSA) (9:30)

	'11	'10
Mar	17.9	19.8
Apr	10.0	7.3
May (f)	**15.0**	18.3

CBI Industrial Trends Monthly Survey (Jun) (11:00)

22

Minutes of the Bank of England Monetary Policy Committee Meeting (June 8-9) (9:30)

23

British Bankers Association Consumer Lending (May) (9:30)

CBI Distributive Trades Monthly Survey (Jun) (11:00)

24

BoE Financial Stability Report (00:01)

BoE King speaks at the Financial Policy Committee Press Conference (10:30)

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

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New Car Registrations (May)

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BRC Retail Sales Monitor (May) (00:01)

HBOS House Prices (May) (8:00)

8

BRC Shop Price Index (May) (00:01)

REC/KPMG Report on Jobs (May) (00:01)

9

Visible Trade Balance, Global (SA) (£ Million) (9:30)

Jan	-7665	Mar	-7708
Feb	-6855	Apr	-7389

Bank of England MPC meeting (rate announcement 12 noon – *no change*)

Friday 10 continued

PPI Input (NSA) (9:30)

	MM	Y/Y
Mar	3.8%	14.8%
Apr	2.8%	17.9%
May	-2.0%	15.7%

Construction Output (Apr) (9:30)

BoE Inflation Attitudes Survey (Q2) (9:30)

10

Manufacturing Production (SA) (9:30)

	MM	Y/Y
Feb	-0.2%	4.6%
Mar	0.2%	2.2%
Apr	-1.5%	1.3%

Industrial Production (SA) (9:30)

	M/M	Y/Y
Feb	-1.4%	1.9%
Mar	0.2%	0.1%
Apr	-1.7%	-1.2%

PPI Output (NSA) (9:30)

	MM	Y/Y
Mar	1.1%	5.6%
Apr	1.0%	5.5%
May	0.2%	5.3%

PPI Output Exc. Food, Drink, Tobacco & Oil (NSA) (9:30)

	MM	Y/Y
Mar	0.5%	3.1%
Apr	0.8%	3.6%
May	0.2%	3.4%

Indicator Highlights

United Kingdom

Key potential market-moving indicators and events include: Consumer Prices (Tue. Jun. 14, 9:30 a.m.), the Labor Market Report – including unemployment and average earnings details – (Wed. Jun. 15, 9:30 a.m.) and Retail Sales (Thu. Jun. 16, 9:30 a.m.). In the following week, there is Public Sector Net Borrowing (Tue. Jun. 21, 9:30 a.m.).

April **consumer price inflation** more than unwound the fall seen in the previous month, rising to a 26-month high. April **claimant count unemployment** showed a further and steeper rise, with the jump being the largest in 15 months. **Average weekly earnings** growth picked up in the three months to March. Real **retail sales** (including fuels) jumped in M/M terms in April. **Public Sector Net Borrowing** reached a new record-high for any April month.

Indicator	Forecast	Consensus	Analysis
CPI (NSA)			
M/M	0.1%	0.2%	Calendar distortions unwind.
Y/Y	4.3%	4.5%	
RPI (NSA)			
M/M	0.3%	0.4%	Four-month low.
Y/Y	5.1%	5.3%	
Claimant Count Unemployment (SA)			
M/M (change, thousands)	2.5	7.0	Fresh uptrend more evident?
ILO Unemployment Rate (SA)	7.7%	7.7%	Mixed picture discernible.
Headline Average Earnings (Y/Y)	2.0%	2.1%	Running well below CPI inflation.
Retail Sales (Volumes, SA)			
M/M	-1.0%	-0.5%	Less reliable guide for overall consumer spending?
Y/Y	0.9%	1.6%	
Public Sector Net Borrowing (NSA)	£ 15.0 bln		Deterioration continues.

Post Mortem—Prior Week Results

Sales fall back clearly. According to the British Retail Consortium, like-for-like nominal store sales growth fell back clearly in May. Indeed, same store sales fell 2.1% Y/Y in May, a contrast to the 5.2% surge in April.

Continued weakness in house prices. The latest data from HBOS showed house prices up 0.1% M/M in May, the first positive reading since January.

Shop price inflation slows. According to the British Retail Consortium, May shop price inflation edged down to 2.3% Y/Y, from 2.5% in the previous month.

Less positive labor market signals? The latest (May) REC labor-market report provided much softer signs with regards to the jobs market. The survey showed a 5.5 point slump in the permanent placements index to 55.1, a seven-month high low.

Exports picture less upbeat. The total visible trade gap narrowed from an upwardly revised shortfall of £ 7.71 bln in March to a deficit of £ 7.39 bln in April.

Holidays cause marked output jolt. April manufacturing output slumped 1.5% in M/M terms, having risen by 0.2% in March. Overall industrial production, meanwhile, fell somewhat more abruptly, dropping 1.7%.

Cost pressures start to ebb. May producer output prices rose by 0.2% in M/M terms, a result that was very much below the upwardly revised 1.0% gain recorded in April.

Inflation expectations edge down. According to the latest quarterly BoE/GfK NOP inflation attitudes survey, household inflation expectations fell marginally, easing 0.1 percentage point to 3.9%, down from a February outcome that was still the highest since August 2008.

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Forecast Calendar

June 10, 2011

Germany

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Sidenbladh/Liu

June 13 – June 24, 2011

13	14	15	16	17

20

Producer Prices (NSA) (8:00)

	M/M	Y/Y
Mar	0.4%	6.2%
Apr	1.0%	6.4%
May (f)	**unch**	**6.1%**

21

ZEW Financial Experts Survey (June) (11:00)

22

Possibly from today:

Construction Orders (Apr) (8:00)

Import Prices (NSA) (8:00)

	M/M	Y/Y
Mar	1.1%	11.3%
Apr	0.3%	9.4%
May (f)	**-0.5%**	**8.2%**

Real Retail Sales (M/M) (SA) (8:00)

Dec	1.2%	Mar	-2.7%
Jan	0.7%	Apr	0.6%
Feb	0.1%	**May (f)**	**unch**

23

Purchasing Managers' Survey Manufacturing, Flash (SA) (9:30)

Jan	60.5	Apr	62.0
Feb	62.7	May	57.7
Mar	60.9	**Jun (f)**	**57.0**

Purchasing Managers' Survey Services, Flash (SA) (9:30)

Jan	60.3	Apr	56.8
Feb	58.6	May	56.1
Mar	60.1	**Jun (f)**	**56.0**

24

Ifo Survey (SA) (2005=100) (10:00)

Jan	113.9	Apr	114.2
Feb	115.4	May	114.2
Mar	115.0	**Jun (f)**	**113.7**

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

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7

Manufacturing Orders, (M/M) (SA), (12 noon)

Nov	4.8%	Feb	1.9%
Dec	-3.0%	Mar	-2.7%
Jan	2.5%	Apr	2.8%

8

Trade Balance (NSA) (Euro billion) (8:00)

	'11	'10
Feb	11.9	12.8
Mar	18.8	17.0
Apr	10.9	13.2

Current Account (NSA) (Euro billion) (8:00)

	'11	'10
Feb	8.7	10.2
Mar	19.6	18.8
Apr	8.8	12.0

Industrial Production (M/M) (SA) (12 noon)

Jan	1.5%	Mar	1.2%
Feb	1.7%	Apr	-0.6%

Manufacturing & Mining Output (M/M) (SA), (12 noon)

Jan	0.4%	Mar	1.1%
Feb	1.8%	Apr	-0.6%

9

ECB Governing Council meeting (decision at 13:45)
(No change – likely July hike flagged)
Press conference at 14:30

10

Cost-of-Living, Final (NSA) (8:00)

	M/M	Y/Y
Mar	0.5%	2.1%
Apr	0.2%	2.4%
May	0.0%	2.3%

Wholesale Price Index (NSA) (8:00)

	M/M	Y/Y
Mar	1.3%	10.9%
Apr	0.2%	9.2%
May	0.0%	8.9%

Indicator Highlights

Germany

Key potential market-moving indicators and events include: there are no data of note in the coming week. In the following week, there are Producer Prices (Mon. Jun. 20, 8:00 a.m.), the flash Manufacturing and Services PMIs (Thu. Jun. 23, 9:30 a.m.), the Ifo Survey (Fri. Jun. 24, 10:00 a.m.) and possibly Import Prices and Retail Sales.

Producer prices rose in M/M terms in April, a clearly larger rise than in the previous month. The May **manufacturing PMI** numbers revealed a less positive message. The May final **services PMI** number was stronger than the flash estimate, albeit still dropping to a seven-month low. The May **Ifo business climate index** remained unchanged, still clearly above its long-term average. **Import prices** rose in M/M terms in April. According to Federal Statistics Office data, real **retail sales** recovered somewhat in April.

Indicator	Forecast	Consensus	Analysis
Producer Prices (NSA)			
M/M	unch		Softer commodity backdrop evident.
Y/Y	6.1%		
Purchasing Managers' Index (SA)			
- Manufacturing – Flash	57.0		Further fall.
Purchasing Managers' Index (SA)			
- Services – Flash	56.0		Little changed.
Ifo Survey Business Climate (SA)	113.7		Modest decline underway.
Import Prices - (NSA)			
M/M	-0.5%		First M/M fall since last October.
Y/Y	8.2%		
Retail Sales ex. Autos & Gas			
(Volume, SA) (M/M)	unch		Flat trend continues.

Post Mortem—Prior Week Results

Orders recover. Manufacturing orders jumped 2.8% M/M in April, a gain accentuated by an upward revision to the preceding month now showing a slump of 2.7% (1.3 percentage points lower than previously envisaged).

Industrial production falls. April industrial production dropped 0.6% M/M, the first fall this year.

Exports correct back. The April (unadjusted) trade surplus narrowed to € 10.9 bln from € 13.2 bln in the same month of the previous year, also falling back sharply from the € 18.8 bln March reading, the latter having been the highest since June 2008.

Wholesale prices flatten. Wholesale prices were flat in M/M terms in May, a softer outcome than the 0.2% rise in April.

Consumer price inflation eases back. Final data for May confirmed that CPI inflation slipped by 0.1 percentage point to 2.3% Y/Y, albeit only offsetting some of the preceding month's gain.

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Forecast Calendar

June 10, 2011

France

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Sidenbladh/Liu

June 13 – June 24, 2011

13	14	15	16	17
		Consumer Prices (NSA) (7:30) M/M Y/Y Apr 0.3% 2.1% **May (f) 0.1% 2.1%** **May (c) 0.1% 2.1%**		Wages, Final (Q1) (8:45)
20	**21**	**22**	**23**	**24**
		INSEE Monthly Survey of Industry (Jun) (8:45)	Purchasing Managers' Index Manufacturing, Flash (SA) (9:00) Jan 54.9 Apr 57.5 Feb 55.7 May 54.9 Mar 55.4 **Jun (f) 54.2** Purchasing Managers' Index Services, Flash (SA) (9:00) Jan 57.8 Apr 62.9 Feb 59.78 May 62.5 Mar 60.4 **Jun (f) 61.5** INSEE Biannual Economic Outlook (22:00)	INSEE Monthly Survey of Households (Jun) (8:45)

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

6	7	8	9	10
		Visible Trade Balance (SA) (8:45) (Euro Billion) Nov -4.26 Feb -6.40 Dec -5.32 Mar -5.91 Jan -6.26 Apr -7.14 Central Government Budget (Apr) (8:45)	BoF Business Sentiment Survey (May) (8:30) Salaried Employment, Final (SA) (8:45) Q/Q Y/Y QIII'10 0.2% 0.6% QIV'10 0.3% 0.9% QI'11 0.4% 1.1% ECB Governing Council meeting (decision at 13:45) *(No change – likely July hike flagged)* *Press conference at 14:30*	Industrial Production, exc. Construction (SA) (8:45) M/M Y/Y Feb 0.4% 5.8% Mar -1.1% 3.2% Apr -0.3% 2.6% Manufacturing Production (SA) (8:45) M/M Y/Y Feb 0.7% 7.5% Mar -1.1% 4.4% Apr 0.2% 4.1%

Indicator Highlights

Key potential market-moving indicators and events include: Consumer Prices (Wed. Jun. 15, 7:30 a.m.). In the following week, there is the flash Manufacturing and Services PMIs (Thu. Jun. 23, 9:00 a.m.).

Headline **CPI inflation** rose in April. Coming in below the flash reading, the May **manufacturing PMI** decreased to a four-month low. The May **services PMI** fell, down from the cycle-high of the previous month.

Indicator	Forecast	Consensus	Analysis
Consumer Prices (NSA)			
M/M	0.1%	0.1%	Still at cycle-high?
Y/Y	2.1%	2.1%	
Purchasing Managers' Index (SA)			
- Manufacturing – Flash	54.2		Drops additionally.
Purchasing Managers' Index (SA)			
- Services – Flash	61.5		Further fall; still strong.

Post Mortem—Prior Week Results

Record trade gap. The April trade gap widened to a fresh record-high of € 7.14 bln from € 5.91 bln in March.

Budget deficit widens. The April year-to-date central government budget balance showed a deficit of € 61.35 bln, up € 5.15 bln from the € 56.20 bln deficit seen in same period last year.

Business sentiment less strong. In the latest (May) Bank of France monthly report, the business sentiment indicator fell three points to 103, an eight-month low.

Employment rises faster. Non-Farm employment increased by 0.4% Q/Q in Q1, up from 0.3% previous quarter.

Manufacturing edges back. Manufacturing output increased 0.2% M/M in April, repairing some of the little-revised 1.1% slump seen in March, the latter having been the first fall in five months. Overall industrial production, meanwhile, fell 0.3% M/M, adding to the 1.1% fall seen in March and bringing Y/Y growth on this basis down 0.6 percentage points to 2.6%.

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Forecast Calendar

June 10, 2011

Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Sidenbladh/Liu

June 13 – June 24, 2011

13

Industrial Production* (10:00)

	M/M	Y/Y
Mar	0.4%	3.1%
Apr (f)	**0.6%**	**4.2%**
Apr (c)	**0.1%**	**3.7%**

14

15

16

NIC Consumer Prices, Final, (NSA) (11:00)

	M/M	Y/Y
Apr	0.5%	2.6%
May (p)	**0.1%**	**2.6%**
May (f)	**0.1%**	**2.6%**
May (c)	**0.1%**	**2.6%**

17

Visible Trade Balance, Global (NSA) (Euro billion) (11:00)

	'11	'10
Feb	-3.6	-2.8
Mar	-3.9	-1.7
Apr (f)	**-3.9**	-1.3

Visible Trade Balance, EU (NSA) (11:00) (Euro billion)

	'11	'10
Feb	-0.9	-1.0
Mar	-1.1	-0.2
Apr (f)	**-0.9**	unch

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Industrial Orders (NSA) (Y/Y) (10:00)

Nov	9.6%	Feb	16.2%
Dec	17.4%	Mar	21.2%
Jan	17.5%	**Apr (f)**	**14.0%**

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Visible Trade Balance, Non-EU (NSA) (11:00) (Euro billion)

	'11	'10
Mar	-2.9	-1.5
Apr	-3.1	-1.3
May (f)	**-1.6**	-1.6

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ISAE Consumer Sentiment (Jun) (10:00)

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Retail Sales (NSA) (Y/Y) (10:00)

Nov	0.8%	Feb	unch
Dec	0.6%	Mar	-2.0%
Jan	-1.1%	**Apr (f)**	**0.5%**

* M/M is seasonally-adjusted and working day adjusted. Y/Y is not seasonally adjusted but working-day adjusted.

Q/Q=quarter-over-quarter
Y/Y=year-over-year
M/M=month-over-month

r=revised
c=consensus
f=forecast

Recent History-Latest Results

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ECB Governing Council meeting (decision at 13:45)
(No change – likely July hike flagged)
Press conference at 14:30

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Gross Domestic Product, Second Estimate (SA) (10:00)

	Q/Q	Y/Y
QIII'10	0.3%	1.4%
QIV'10	0.1%	1.5%
QI'11	0.1%	1.0%

Key potential market-moving indicators and events include: Industrial Production (Mon. Jun. 13, 10:00 a.m.), final Consumer Prices (Thu. Jun. 16, 11:00 a.m.) and the Global/EU Trade Balances (Fri. Jun. 17, 10:00 a.m.). In the following week, there are Industrial Orders (Mon. Jun. 20, 10:00 a.m.), the non-EU Trade Balance (Wed. Jun. 22 11:00 a.m.) and Retail Sales (Fri. Jun. 24, 10:00 a.m.).

Industrial production rose further in March, albeit down from the recovery posted in the previous month. Final data confirmed that **consumer price inflation** increased in April, the highest in 29 months. The **global** unadjusted **trade deficit** widened in March, up from the deficit recorded in the same month of the previous year. Data for March showed that **industrial orders** growth was up from the pace recorded in February. The April (unadjusted) **non-EU trade deficit** widened clearly from the same month of last year. March nominal **retail sales** fell, a much worse outcome than the flat reading seen in the preceding month.

Indicator	Forecast	Consensus	Analysis
Industrial Production*			
M/M	0.6%	0.1%	Surveys mixed.
Y/Y	4.2%	3.7%	
Consumer Prices – Final (NSA)			
M/M	0.1%	0.1%	EU-harmonized break-down detailed.
Y/Y	2.6%	2.6%	
Trade Balance – Global	-€ 3.9 bln		EU balance worsens.
Industrial Orders (NSA)			
Y/Y	14.0%		Easter effect evident.
Trade Balance – Non-EU	-€ 1.6 bln		Oil bill declines!
Retail Sales (NSA)			
Y/Y	0.5%		Late Easter boosts sales.

* M/M is seasonally-adjusted and working day adjusted. Y/Y is not seasonally adjusted but working-day adjusted.

Post Mortem—Prior Week Results

Growth still fragile. Final data confirmed that Q1 GDP increased by just 0.1% Q/Q, only in line with the outcome of the previous quarter.

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Forecast Calendar

June 10, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

June 13 – June 24, 2011 (Local Times)

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BOJ Monetary Policy Meeting

Machinery Orders, Core (SA) (14:00)

Nov	0.1%	Feb	-1.9%
Dec	-0.2%	Mar	2.9%
Jan	3.9%	**Apr (f)**	**unch**

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BOJ Monetary Policy Meeting

MOF Business Outlook Survey (8:50) (Second Quarter)

Industrial Production (Revised) (SA) (M/M) (13:30)

Dec	-2.4%	Mar	-15.5%
Jan	unch	Apr (p)	1.0%
Feb	1.8%	**Apr (f)**	**1.0%**

BOJ Shirakawa Press Conference (15:30)

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BOJ Monthly Report (14:00) (June)

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BOJ Monetary Policy Meeting Minutes (8:50) (May 19-20)

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Merchandise Trade Balance (¥Billion, NSA) (8:50)

	2011	2010
Mar	186.4	931.9
Apr	-464.8	729.2
May (f)	**-650.0**	309.1

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All Industry Activity (SA) (M/M) (13:30)

Nov	0.3%	Feb	0.7%
Dec	0.1%	Mar	-6.3%
Jan	-0.5%	**Apr (f)**	**2.5%**

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Corporate Service Prices (Y/Y) (8:50)

Dec	-1.4%	Mar	-1.2%
Jan	-1.2%	Apr	-0.8%
Feb	-1.1%	**May (f)**	**-0.8%**

M/M=month-over-month f= forecast
Y/Y=year-over-year c=consensus

Recent History-Latest Results

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Official Reserves ($Billion, NSA) (8:50)

Dec	1096.2	Mar	1116.0
Jan	1093.0	Apr	1135.5
Feb	1091.5	May	1139.5

Business Conditions Composite Indexes (Prelim.) (14:00)

	Leading	Coincident
Feb	104.0	106.8
Mar	100.1	103.5
Apr	96.4	103.8

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Bank Lending (Y/Y) (8:50)

Dec	-2.0%	Mar	-1.7%
Jan	-1.8%	Apr	-0.9%
Feb	-1.9%	May	-0.7%

Money Supply (M2) (Y/Y) (8:50)

Dec	2.3%	Mar	2.6%
Jan	2.3%	Apr	2.7%
Feb	2.4%	May	2.7%

Current Account Balance (¥Billion, NSA) (8:50)

	2011	2010
Feb	1641.0	1593.3
Mar	1679.1	2556.4
Apr	405.6	1331.2

Current Account Visible Trade (¥Billion, NSA) (8:50)

	2011	2010
Feb	723.3	785.3
Mar	240.3	1089.0
Apr	-417.5	871.1

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Real GDP (Revised) (SA) (Q/Q) (8:50)

10:Q1	2.3%	10:Q4	-0.7%
10:Q2	unch	11:Q1 (p)	-0.9%
10:Q3	0.9%	11:Q1	-0.9%

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Corporate Goods Price Index (Y/Y) (8:50)

Dec	1.2%	Mar	2.0%
Jan	1.5%	Apr	2.5%
Feb	1.7%	May	2.2%

Tertiary Industry Activity (SA) (M/M) (8:50)

Nov	0.6%	Feb	0.8%
Dec	-0.2%	Mar	-5.9%
Jan	-0.1%	Apr	2.6%

Indicator Highlights

Key potential market-moving indicators and events include: Machinery Orders, Core (Mon., Jun. 13, 14:00); the Bank of Japan Monetary Policy Meeting (Mon.-Tues., Jun 13, 14); the Merchandise Trade Balance (Mon., Jun. 20, 8:50); and All Industry Activity (Tue., Jun; 21, 13:30).

Machinery orders give a reading on business investment intentions over a relatively short-term horizon; they should show an early positive impact from earthquake rebuilding and relocation outlays. The key issue for the BOJ meeting will be whether to expand its special lending program for targeted industries, now that the initial finds allotment has been fully subscribed.

Merchandise trade figures will be watched for any hint of export stabilization—or of more restrained growth in imports. All-industry activity results could give first inklings of a bottoming in production-side activity.

Indicator	Forecast	Consensus	Analysis
Machinery Orders, Core (SA)	unch		Holding ground; soon to rise.
Industrial Production (Revised) (SA) (M/M)	+1.0%		No significant revision
Merchandise Trade Balance (NSA)	-¥650.0 Billion		Exports still impaired, imports solid.
All Industry Activity (SA) (M/M)	+2.5%		Partial recovery from March plunge.
Corporate Service Prices (Y/Y)	-0.8%		Deflation easing over time, but unlikely this month.

Post Mortem—Recent Data Results

Leading index slumps further. The preliminary leading index for April, as computed by the Cabinet Office, slumped 3.7 points to 96.4, similar to the 3.9 point fall of the previous month. However, the coincident index edged higher this time around, rising 0.3 point (to 103.8) albeit after the record 3.3 point slump in March. These results obviously reflect the impact of the recent earthquake and still allowed the Cabinet Office (on the basis of the coincident index) to allege that Japan's economy is improving.

Stable monetary dynamics. Coming in largely in line with expectations, May M2 money stock growth was stable at 2.7% Y/Y from the preceding month, still the highest since October 2010. Meanwhile, growth in the broader M3 measure also remained at 2.1% Y/Y in May. Elsewhere, data for bank lending showed total bank loans growth falling by 0.7% Y/Y in May, improving slightly from the steeper 0.9% drop seen in April.

Current account surplus narrows. The (unadjusted) current account balance for April showed a surplus of ¥ 405.6 bln, down clearly from the ¥ 1331.2 bln surplus in the same period of last year. On a seasonally adjusted basis, the current account surplus narrowed less marked to ¥ 546.3 bln in April from ¥ 752.7 bln in the previous month.

GDP hardly revised? Surprising to the downside, the updated Q1 GDP numbers failed to show much of an upward revision. GDP contracted for the second successive quarter, dropping and unrevised 0.9% Q/Q (albeit by 3.5% on an annualized as opposed to a fall of 3.7% previously estimated). The numbers revealed less of an inventory knock being offset by a steeper capex fall, albeit still showing broad-based weakness (save for government spending. Meanwhile, the Q4 GDP deflator fell by 1.9% Y/Y, ie a slightly steeper drop than in the previous quarter, but unrevised from the preliminary numbers.

Corporate goods prices dip. Coming in below expectations for once, May corporate good prices fell by 0.1% M/M, the first fall since last September and a contrast to the 0.9% April rise. Y/Y growth fell 0.3 percentage point to 2.2%. The data showed export price pressures falling at broadly the same pace as before (-2.9% Y/Y), alongside stable import price inflation (at 9.5%).

Tertiary index rises back. As expected, the tertiary index jumped 2.6% in April, repairing less than half of the record drop of 5.9% seen in April when the impact of the earthquake hit services. The Y/Y rate, meanwhile, turned less negative at -2.4%.

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Forecast Calendar

June 10, 2011

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Husby

June 13 – June 24, 2011

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Capacity Utilization (8:30) (NSA)

QIII'10	76.2%	**QI'11 (f)**	**78.0%**
QIV'10	76.4%	**QI'11 (c)**	**77.2%**

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Survey of Manufacturing (8:30) (M/M) (SA)

	Ships.	Inv.	New Ord.
Jan	3.7%	0.5%	6.1%
Feb	-1.8%	0.1%	-1.6%
Mar	1.9%	2.1%	11.3%
Apr (f)	**-0.9%**	**0.1%**	**-3.0%**
Apr (c)	**-1.4%**		

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Wholesale Trade (8:30) (M/M)

(SA)	Sales	Inv.
Jan	1.5%	2.2%
Feb	-0.9%	0.5%
Mar	0.1%	0.8%
Apr (f)	**-0.2%**	**0.3%**
Apr (c)	**-0.3%**	

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Retail Trade (8:30) (M/M) (SA)

	Total	Ex-Auto
Jan	-0.4%	-0.2%
Feb	0.5%	0.8%
Mar	unch	-0.1%
Apr (f)	**0.4%**	**0.2%**

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M/M=month-over-month Y/Y=year-over-year
f=forecast c=consensus p=preliminary
r= revised

Recent History-Latest Results

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Building Permits (8:30) (M/M) (SA)

Nov	-11.2%	Feb	9.8%
Dec	2.7%	Mar	16.8%
Jan	-6.6%	Apr	-21.1%

Ivey Purchasing Managers' Survey (10:00) (SA)

Dec	58.9	Mar	73.2
Jan	46.8	Apr	57.8
Feb	70.8	May	65.5

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Housing Starts (8:15) (Thousand, SAAR)

Dec	169.6	Mar	184.5
Jan	169.1	Apr	178.7
Feb	180.6	May	183.6

9

International Trade (8:30) (Balance, C$ Billion, SA)

Nov	-0.1	Feb	-0.2
Dec	1.9	Mar	-0.4
Jan	2.0	Apr	-0.9

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Labor Force Survey (7:00)
Employment (Change, Thous., SA)

Dec	30.4	Mar	-1.5
Jan	69.2	Apr	58.3
Feb	15.1	May	22.3

Unemployment Rate (SA)

Dec	7.6%	Mar	7.7%
Jan	7.8%	Apr	7.6%
Feb	7.8%	May	7.4%

Productivity and Costs (8:30) (Q/Q) (SA)

	Prod.	Comp.	ULC
QII'10	-0.6%	0.2%	0.8%
QIII'10	0.5%	1.0%	0.6%
QIV'10	0.3%	1.0%	0.7%
QI'11	0.4%	1.0%	0.6%

Indicator Highlights

Canada

Key potential market-moving indicators and events include: Capacity Utilization (Tue., Jun. 14, 8:30 a.m.); the Survey of Manufacturing (Wed., Jun. 15, 8:30 a.m.); and Retail Trade (Tue., Jun. 21, 8:30 a.m.).

Capacity Utilization is a key indicator for the Bank of Canada, providing information on the amount of slack in the economy. The Survey of Manufacturing will quite likely be impacted by supply chain issues in the auto sector, though near-term weakness would be offset by a pickup later in the year.

Retail trade data will give an early read on consumer spending behavior in the second quarter, with generally-firmer employment readings giving a somewhat more-stable backdrop in recent months. But, higher gasoline prices are weighing on other spending categories. Consumer spending was flat in the first quarter GDP release, and quarter-end weakening leaves Q2 facing a daunting lift-off point. Combined with manufacturing and trade disruptions, Q2 growth looks quite likely to undershoot the 2% pace penciled in by the Bank of Canada in its April *Monetary Policy Report*.

Indicator	Forecast	Consensus	Analysis
Capacity Utilization (NSA)	78.0%	77.2%	Still well below pre-crisis levels.
Survey of Manufacturing (M/M) (SA)			
Shipments	-0.9%	-1.4%	Impacted by auto-related disruptions, but higher commodity prices a positive.
Inventories	+0.1%		
New Orders	-3.0%		
Wholesale Trade (M/M)			
Sales	-0.2%	-0.3%	Shakier results in recent months.
Inventories	+0.3%		
Retail Trade (M/M)			
Total	+0.4%		Modest nominal gain, but constant-dollar total will be watched for signs of a pickup.
Ex-Auto	+0.2%		Ex-autos and gas figure still running at a much weaker trend.

Building permits plunge. Building permits fell more sharply than expected in April, plunging 21.1%. This was the steepest monthly decline since January 2006, led by Ontario (-41.9%) and with only 4 out of the 12 provinces & territories – coincidentally the least populous – seeing an increase in activity. The value of non-residential permits fell 33%, while residential permits dipped 13%. The trend in the latter is volatile but heading lower, supporting notions of softer homebuilding activity this year as tighter mortgage rules, and already-high homeownership rates, weigh on new demand.

PMI climbs unexpectedly. The PMI rose 7.7 points to 65.5 in May, against expectations of a slight fall. Increases in the Employment (+2.7 points to 53.9) and Prices (+1.5 points to 67.1) indices offset declines in Inventory (-1.8 points to 65.5) and Supplier Deliveries (-9.1 points to 38.9). The PMI has remained above 50 – indicating business activity is expanding – since a brief dip in January 2011, and continues to support the overall recovery.

Housing starts hold ground for now. In line with expectations, housing starts rose 2.7% to 183,600 at an annual rate in May, with a modest rise in multi-family units (+4.0% to 100,000) offsetting a 4.1% drop in single-family starts (to 61,000). The single-family total ducked beneath the post-recession low, new building hampered by higher mortgage rates and already-elevated homeownership rates, builders signaling little willingness to add to demand. The multi-family total, meanwhile, remained near post-recession highs just over 100K. Coming months could see some modest weakening in starts as residential permits showed some signs of being temporarily boosted in recent months, in advance of new mortgage rules.

Exports decline, trade balance back in deficit. In contrast to expectations, the trade balance recorded a $0.9 billion deficit in April, compared to a March figure revised to a $0.4 billion deficit, earlier reported as a modest surplus. Industrial (-3.8% m/m) and machinery (-7.8%) goods led the export decline, the latter driven by aircraft and other transportation equipment, while an 8.6% drop in automotive imports offset a rise in industrial (+3.4%) product imports. Statistics Canada attributed the drop in automotive imports to the Japan earthquake. Importantly, in constant-dollar terms exports fell 1.1% while imports rose 1.0%, leaving the early read on Q2 exports clearly weaker than Q1 performance. With softer consumer spending already apparent, greater weakness in trade data will have many questioning even a 2.0% print for GDP growth during the quarter, with downside risks still quite present due to trade disruptions and their impact on the auto sector.

Economy adds jobs, but details a bit softer than the headline indicates. The May Labor Force Survey revealed a net gain of 22,300 jobs during the month, the result following gains of 15,100, -1,500, and 58,300 in the February to April stretch. The jobless rate also fell to 7.4% from 7.6%, the May reading now the lowest post-recession print (down from a high of 8.7% in 2009). The details of the report showed a sharp drop in manufacturing employment (-22,500), not unexpected given the supply chain disruptions in the auto sector. In the service sector, details were mixed, with gains in wholesale and retail trade (+34,000), healthcare (+14,100), and information services (+14,500) offsetting declines in education (-26,800) and transportation (-9,800). The gain in wholesale and retail trade was still not enough to reverse declines in that sector over the past three months. Also, a large portion of the headline jobs gain could be attributed to self-employment (+29,500), as the combined public/private sector payroll total fell by 7,300. Wage growth, meanwhile, slowed to 2.0% year-on-year, from a +2.5% pace of increases in recent months. That eases any worries about firmer underlying inflation pressures due to higher commodity prices, and also suggests a continuation of a relatively weak backdrop around the consumer spending outlook.

Modest productivity growth, labor costs continue to rise. Labor productivity rose 0.4% Q/Q in the first quarter, as business sector output rose 1.2%, and hours worked 0.7%. Productivity has been on a modest uptrend since 2009, easing somewhat the impact of increased global competition and the stronger Canadian dollar when compared to very weak pre-recession trends. Unit labor costs continued to climb, up 0.6%, a slightly softer pace of increase than recent quarters. Importantly, in U.S. dollar terms, labor costs rose 3.3%, matching the Q4 gain, and outstripping comparable growth in U.S. labor costs over the same period.

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