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Information for Decisions™

Forecast Calendar

September 2, 2011

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

September 5 – September 16, 2011

5

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

May	56.0	**Aug (p)**	**51.5**
Jun	53.7	**Aug (f)**	**51.5**
Jul	51.6	**Aug (c)**	**51.5**

Retail Sales (SA) (11:00)

	M/M	Y/Y
Jun	0.9%	-0.4%
Jul (f)	**-0.3%**	**-1.0%**
Jul (c)	**unch**	**-1.8%**

ECB President Trichet speaks in Paris (10:00)

6

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

	Q/Q	Y/Y
QI'11	0.8%	2.5%
QII'11 (p)	**0.2%**	**1.7%**
QII'11 (f)	**0.2%**	**1.7%**
QII'11 (c)	**0.2%**	**1.7%**

7

8

ECB Governing Council meeting (decision at 13:45)
(no change expected – updated economic projections due)
Press conference at 14:30

9

12

13

14

Industrial Production (SA) (11:00)

	M/M	Y/Y
May	0.2%	4.4%
Jun	-0.7%	2.9%
Jul (f)	**-0.2%**	**2.9%**

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ECB Monthly Bulletin (Sep) (10:00)

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

	M/M	Y/Y
Jul	-0.6%	2.5%
Aug (p)		**2.5%**
Aug (f)	**0.1%**	**2.4%**

Employment (Q2) (11:00)

ECB President Trichet speaks in Poland (20:00)

Eurozone Finance Ministers meet in Poland

Possibly from today:

EU Commission Economic Forecasts update

16

New Car Registrations (Jun) (8:00)

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

	'11	'10
May	0.2	-4.9
Jun	0.9	0.7
Jul (f)	**1.8**	5.2

Labor Costs (Q2) (11:00)

EU Finance Ministers meet in Poland

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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ECB President Trichet attended EU Parliament Testimony (14:00)

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EU Commission Business and Consumer Survey (Aug) (11:00)

Retail PMI (Aug) (10:10)

31

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

	M/M	Y/Y
Jun	unch	2.7%
Jul	-0.6%	2.5%
Aug		2.5%

Unemployment Rate (%) (SA) (11:00)

Feb	10.0	May	10.0
Mar	10.0	Jun	10.0
Apr	9.9	Jul	10.0

1

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

Mar	57.5	Jun	52.0
Apr	58.0	Jul	50.4
May	54.6	Aug	49.0

2

Producer Prices (NSA) (11:00)

	M/M	Y/Y
May	-0.2%	6.2%
Jun	0.0%	5.9%
Jul	0.5%	6.1%

Indicator Highlights

Eurozone

Key potential market-moving indicators and events include: the final Services PMI (Mon. Sep. 5, 10:00 a.m.), Retail Sales (Mon. Sep. 5, 11:00 a.m.), the second estimate of Q2 Gross Domestic Product (Tue. Sep. 6, 11:00 a.m.) and the ECB Council meeting (decision due Thu. Sep. 8, 1:45 p.m.). In the following week, there is Industrial Production (Wed. Sep. 14, 11:00 a.m.), final Harmonized Consumer Prices (Thu. Sep. 15, 11:00 a.m.) and the Visible Trade Balance (Fri. Sep. 16, 11:00 a.m.).

The flash **services PMI** eased to a 23-month low. Real **retail sales** jumped in M/M terms in June, albeit only partly unwinding the slump seen in May. Q2 **GDP** rose slightly, but slowed clearly from the pace of the previous quarter. **Industrial production** fell in June, swinging into negative from the rise in the previous month. The flash **HICP** estimate for August saw inflation remain unchanged, still down from the 30-month high posted in April. The (unadjusted) **trade balance** showed a surplus in June, improving modestly from the same month of the last year.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA) - Final			
- Services	51.5	51.5	No revision expected.
Retail Sales (SA)			
M/M	-0.3%	unch	Weakness even more evident!
Y/Y	-1.0%	-1.8%	
Gross Domestic Product, Q2 (SA) – Second estimate			
Q/Q	0.2%	0.2%	Break-down detailed.
Y/Y	1.7%	1.7%	
Industrial Production (SA)			
M/M	-0.2%		Echoes weaker survey data.
Y/Y	2.9%		
Consumer Prices – HICP (Final) (NSA)			
M/M	0.1%		Downward revision possible.
Y/Y	2.4%		
Visible Trade (NSA)	€ 1.8 bln		Lower oil bill!

Post Mortem—Prior Week Results

Clear and broader fall in confidence. EU Commission business and consumer survey figures for August provided more broadly subdued messages regarding activity, with the M/M fall in sentiment being reported reminiscent of that seen at the end of 2008.

Sales weakness continues. August retail sales in the Eurozone weakened further and a little more clearly, according to the latest PMI retail surveys.

Inflation stable. The flash HICP estimate for August saw inflation remain at 2.5% Y/Y, still down from the 30-month high of 2.8% posted in April.

Unemployment edging back up? The unemployment rate was 10.0% in July, matching the upwardly revised June and May outcomes, data that very much underscores that the drop to 9.9% in April was very fleeting.

Manufacturing contracting, price pressures abating? The August final manufacturing PMI confirmed a further and marked slowing in factory sector activity for the Eurozone, with the headline PMI falling 1.4 points to a 23-month low of 49.7.

Producer prices rise. Producer prices rose by 0.5% M/M in July, following a flat reading in the previous month.

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Forecast Calendar

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United Kingdom

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

September 5 – September 16, 2011

5

Purchasing Managers' Survey - Services (SA) (9:30)

Apr	54.3	Jul	55.4
May	53.8	**Aug (f)**	**53.0**
Jun	53.9	**Aug (c)**	**54.3**

Possibly from today:

HBOS House Prices (Aug) (8:00)

6

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

New Car Registrations (Aug)

7

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

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

Manufacturing Production (SA) (9:30)

	MM	Y/Y
Jun	-0.4%	2.1%
Jul (f)	**unch**	**1.8%**
Jul (c)	**unch**	**1.9%**

Industrial Production (SA) (9:30)

	M/M	Y/Y
Jun	0.0%	-0.3%
Jul (f)	**-0.1%**	**-0.5%**
Jul (c)	**unch**	**-0.6%**

Narrow Money & Reserve Balances (Aug) (9:30)

8

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

9

PPI Output (NSA) (9:30)

	MM	Y/Y
Jul	0.2%	5.9%
Aug (f)	**0.2%**	**6.0%**
Aug (c)	**0.1%**	**6.0%**

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

	MM	Y/Y
Jul	0.3%	3.3%
Aug (f)	**0.2%**	**3.5%**
Aug (c)	**0.2%**	**3.4%**

PPI Input (NSA) (9:30)

	MM	Y/Y
Jul	0.6%	18.5%
Aug (f)	**-2.5%**	**15.5%**
Aug (c)	**-1.5%**	**16.9%**

12

Possibly from today:

Nationwide Consumer Confidence (Aug) (00:01)

13

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

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

	M/M	Y/Y
Jun	-0.1%	4.2%
Jul	unch	4.4%
Aug (f)	**0.5%**	**4.4%**

Retail Prices (NSA) (9:30)

	M/M	Y/Y
Jun	unch	5.0%
Jul	-0.2%	5.0%
Aug (f)	**0.4%**	**5.0%**

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

	M/M	Y/Y
Jun	unch	5.0%
Jul	-0.3%	5.0%
Aug (f)	**0.4%**	**5.0%**

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

Apr	-7262	Jun	-8873
May	-8467	**Jul (f)**	**-8150**

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

May	22.5	Jul	37.1
Jun	31.3	**Aug (f)**	**25.0**

ILO Unemployment Rate

(3 months ending, %) (9:30)

Apr	7.7	Jun	7.9
May	7.7	**Jul (f)**	**7.9**

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

Apr	2.0	Jun	2.6
May	2.3	**Jul (f)**	**2.5**

Tuesday 13 continued…

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

15

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

(Inc. Fuels)	M/M	Y/Y
Jun	0.8%	0.4%
Jul	0.2%	unch
Aug (f)	**-0.3%**	**-0.1%**

BoE Inflation Attitudes Survey (Q3) (9:30)

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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

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Holiday

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BoE Lending to Individuals (9:30)

Mortgage Lending (SA, Net, £ Billion)

Feb	1.0	May	1.0
Mar	0.5	Jun	0.0
Apr	0.9	Jul	0.7

M4 Money Supply (SA) (9:30)

	M/M	Y/Y
May	0.1%	-0.3%
Jun	-0.4%	-0.7%
Jul	-0.1%	-1.1%

M4 Lending (9:30) (SA, Change, £ billion)

Apr	11.9	Jun	4.2
May	-12.9	Jul	-21.1

BoE Trends in Lending (Aug) (9:30)

31

GfK Consumer Confidence (Aug) (00:01)

1

Nationwide House Prices (Aug) (7:00)

Purchasing Managers' Survey - Manufacturing (SA) (9:30)

Mar	56.7	Jun	51.4
Apr	54.4	Jul	49.4
May	52.0	Aug	49.0

2

Purchasing Managers' Survey – Construction (SA) (Aug) (9:30)

Indicator Highlights

Key potential market-moving indicators and events include: the Services PMI (Mon. Sep. 5, 9:30 a.m.), Industrial Production (Wed. Sep. 7, 9:30 a.m.), the Bank of England Monetary Policy Committee Meeting (rate decision announced Thu. Sep. 8, 12 noon) as well as Producer Prices (Fri. Sep. 9, 9:30 a.m.). In the following week, there are Consumer Prices and the Trade Balance (both Tue. Sep. 13, 9:30 a.m.), the Labor Market Report – including unemployment and average earnings details – (Wed. Sep. 14, 9:30 a.m.) and Retail Sales (Thu. Sep. 15, 9:30 a.m.).

The **services PMI** recovered further and more clearly in July. June **manufacturing output** dropped, unable to build on the recovery seen in May. July **producer output prices** rose in M/M terms, twice the gain of the previous month. July **consumer price inflation** edged up. The total **visible trade** gap widened from a shortfall in May to a larger shortfall in June. Claimant count **unemployment** showed a further and steeper rise, the largest since May 2009. **Average weekly earnings** growth picked in the three months to June. Real **retail sales** (including fuels) rose in M/M terms in July, down from the gain in the previous month.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Services	53.0	54.3	Echoes weakness in EU survey.
Manufacturing Production (SA)			
M/M	unch	unch	Surveys clearly softer.
Y/Y	1.8%	1.9%	
Industrial Production (SA)			
M/M	-0.1%	unch	Oil output stalling.
Y/Y	-0.5%	-0.6%	
PPI Output (NSA)			
M/M	0.2%	0.1%	Core rate rising modestly?
Y/Y	6.0%	6.0%	
PPI Input (SA)			
M/M	-2.5%	-1.5%	Sharp drop in oil prices.
Y/Y	15.5%	16.9%	
CPI (NSA)			
M/M	0.5%		Peak yet to occur?
Y/Y	4.4%		
RPI (NSA)			
M/M	0.4%		Higher utility bills coming through.
Y/Y	5.0%		
Visible Trade Balance, Global (SA)	-£ 8150 mln		Exports bounce?
Claimant Count Unemployment (SA)			
M/M (change, thousands)	25.0		Labor market turned for the worst.
ILO Unemployment Rate (SA)	7.9%		Moving up.
Headline Average Earnings (Y/Y)	2.5%		Consumer spending power ebbing.
Retail Sales (Volumes, SA)			
M/M	-0.3%		Poor weather adds to retail sector problems.
Y/Y	-0.1%		

Post Mortem—Prior Week Results

Mortgage approvals rise further. According to BoE-computed data, the number of mortgage approvals rose further in July, with the 49 239 reading not only above the recent average, but also the highest in 15 months.

More weak underlying lending numbers. BoE numbers on underlying monetary dynamics offered mixed messages in July data. These showed a 0.6% M/M bounce in underlying broad money supply, following a 0.1% June rise, but with a continuing a flat undertone evident despite the three-month annualized rate jumping to a six-month high of 3.5%.

Consumer confidence falls further. The GfK consumer confidence gauge dropped by one point in August to -31, the third decline in a row.

Manufacturing contracting more steeply? The headline manufacturing PMI for August fell further below the key 50 mark, having initially dropped under in July (for the first time since September 2009).

House prices fall afresh. According to Nationwide, seasonally adjusted house prices in August fell by 0.6% M/M, the first drop since April and more than unwinding the 0.3% July increase.

Construction sector still resilient? The construction PMI dropped 0.9 points in August to 52.6, thereby hitting the lowest since the weather distorted weakness in the report for last December.

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Forecast Calendar

September 2, 2011

Germany

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

September 9 – September 16, 2011

5 Purchasing Managers Survey Services, Final (SA) (9:45) May 56.1 **Aug (p) 50.4** Jun 56.7 **Aug (f) 50.4** Jul 52.9 **Aug (c) 50.4**	**6** Manufacturing Orders, (M/M) (SA), (12 noon) Mar -2.7% Jun 1.8% Apr 2.9% **Jul (f) -2.5%** May 1.5% **Jul (c) -1.5%**	**7** Industrial Production (M/M) (SA) (12 noon) May 0.9% **Jul (f) unch** Jun -1.1% **Jul (c) 0.5%** Manufacturing & Mining Output (M/M) (SA), (12 noon) Apr 0.1% Jun -0.9% May 1.4% **Jul (f) unch**	**8** Trade Balance (NSA) (Euro billion) (8:00) '11 '10 Jun 12.7 14.3 **Jul (f) 10.5** 13.6 **Jul (c) 11.5** Current Account (NSA) (Euro billion) (8:00) '11 '10 Jun 11.9 13.4 **Jul (f) 7.5** 10.4 **Jul (c) 10.0** Labor Costs (Q2) (8:00) ECB Governing Council meeting (decision at 13:45) *(no change expected – updated economic projections due)* *Press conference at 14:30*	**9** Cost-of-Living, Final (NSA) (8:00) M/M Y/Y Jul 0.4% 2.4% **Aug (p) -0.1% 2.3%** **Aug (f) -0.1% 2.3%** **Aug (c) -0.1% 2.3%** Wholesale Price Index (NSA) (8:00) M/M Y/Y Jun -0.6% 8.5% Jul -0.6% 8.2% **Aug (f) -0.3% 6.1%**
12	**13**	**14**	**15**	**16**

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

29 Cost-of-Living, Final (NSA) (8:00) M/M Y/Y Jun 0.1% 2.3% Jul 0.4% 2.4% Aug -0.1% 2.3%	**30**	**31** Real Retail Sales (M/M) (SA) (8:00) Feb -0.4% May -1.7% Mar -0.9% Jun 4.5% Apr 0.1% Jul unch Unemployment (Change, 000's) (SA) (9:55) May -7 Jul -10 Jun -7 Aug -8 Employment (Change, 000's) (SA) (9:55) Apr 49 Jun 46 May 43 Jul 19 VDMA Machinery Orders (Jul)	**1** Gross Domestic Product, Second Estimate, (SA) (8:00) Q/Q Y/Y QIV'10 0.5% 3.7% QI'11 1.3% 4.7% QII'11 0.1% 2.7% Purchasing Managers' Survey Manufacturing, Final (SA) (9:55) Mar 60.9 Jun 54.6 Apr 62.0 Jul 52.0 May 57.7 Aug 50.9	**2**

Indicator Highlights

Germany

Key potential market-moving indicators and events include: the final Services PMI (Mon. Sep. 5, 9:55 a.m.), Manufacturing Orders (Tue. Sep. 6, 12 noon), Industrial Production (Wed. Sep. 7, 12 noon), the Trade Balance and Current Account (Thu. Sep. 8, 8:00 a.m.), final Consumer Prices and Wholesale Prices (both Fri. Sep. 9, 8:00 a.m.). In the following week, there are no data of note

The August flash **services PMI** slumped to a 25-month low. **Manufacturing orders** rose in June. June **industrial production** dropped, thereby more than unwinding the bounce seen in the previous month. The June (unadjusted) **trade** surplus narrowed from the same month of the previous year. **Wholesale prices** fell in M/M terms in July, matching the fall of the previous month.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA) - Final			
- Services	50.4	50.4	No major revision expected.
Manufacturing Orders, (SA)			
M/M	-2.5%	-1.5%	Fresh weakness (re)emerging?
Industrial Production, (SA)			
M/M	unch	0.5%	Surveys weaker, poor base for Q3!
Trade Balance, (NSA)	€ 10.5 bln	€ 11.5 bln	Export and imports drop?
Consumer Prices – Final (NSA)			
M/M	-0.1%	-0.1%	Break-down detailed.
Y/Y	2.3%	2.3%	
Wholesale Prices (NSA)			
M/M	-0.3%		Third successive M/M fall!
Y/Y	6.1%		

Post Mortem—Prior Week Results

Consumer price inflation slows. According to preliminary data, August CPI inflation decreased 0.1 percentage point to 2.3% Y/Y, thereby exactly unwinding the increase of the previous month.

Strength in labor market still evident? Unemployment decreased by 8 000 in August, a slightly smaller drop than in the previous month.

Retail sales still volatile. According to Federal Statistics Office data, real retail sales (excluding auto and petrol sales) were unchanged in M/M terms in July, a stronger-than-expected outcome after the jump of 4.5% M/M in June, the latter having more than offset the May drop of 1.7%.

Orders growth recovers. According to the engineering federation VDMA, machinery orders growth revived in July to 9% Y/Y in real terms from 1% in June, as the (further) deceleration in foreign demand was more than offset by a swing in domestic orders to the positive, albeit the latter very much due to base effects.

GDP growth slows clearly. Final Q2 GDP data confirmed the preliminary numbers, with the growth rate falling to just 0.1% Q/Q after the 1.3% rise in the previous quarter.

Factory sector hit further. The August final PMI numbers revealed much deeper weakness than the flash estimate. Indeed, and revised down 1.1 points, the manufacturing PMI decreased 1.1 points to 50.9, a 23-month low.

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Forecast Calendar

September 2, 2011

France

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

September 5 – September 16, 2011

5	6	7	8	9
Purchasing Managers' Index Services, Final (SA) (9:50) May 62.5 **Aug (p) 56.1** Jun 56.1 **Aug (p) 56.1** Jul 54.2 **Aug (c) 56.1**			Visible Trade Balance (SA) (8:45) (Euro Billion) Mar -5.88 Jun -5.60 Apr -6.89 **Jul (f) -5.20** May -6.42 **Jul (c) -5.80** Salaried Employment, Final (SA) (8:45) Q/Q Y/Y QI'11 0.4% 1.1% **QII'11 (p) 0.4% 1.3%** **QII'11 (f) 0.4% 1.3%** **QII'11 (c) 0.4% 1.3%** BoF Business Sentiment Survey (Aug) (8:30) ECB Governing Council meeting (decision at 13:45) *(no change expected – updated economic projections due)* *Press conference at 14:30*	Industrial Production, exc. Construction (SA) (8:45) M/M Y/Y Jun -1.6% 2.3% **Jul (f) unch 1.6%** **Jul (c) 0.4% 2.0%** Manufacturing Production (SA) (8:45) M/M Y/Y Jun -1.9% 3.3% **Jul (f) -0.1% 2.0%** **Jul (c) 0.6% 2.4%** Central Government Budget (Jul) (8:45)
12	**13**	**14**	**15**	**16**
	Consumer Prices (NSA) (7:30) M/M Y/Y Jun 0.1% 2.1% Jul -0.4% 1.9% **Aug (f) 0.3% 2.0%**			

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

29	30	31	1	2
	Housing Starts (Jul) (8:45)		Purchasing Managers' Index Manufacturing, Final (SA) (9:00) Mar 55.4 Jun 52.5 Apr 57.5 Jul 50.5 May 54.9 Aug 49.1 Unemployment (Q2) (18:00) New Car Registrations (Aug)	

Indicator Highlights

Key potential market-moving indicators and events include: the final Services PMI (Mon. Sep. 5, 9:50 a.m.), the Trade Balance and the final estimate for Salaried Employment (both Thu. Sep. 8, 8:45 a.m.), and Industrial Production (Fri. Sep. 9, 8:45 a.m.). In the following week, there are Consumer Prices (Tue. Sep. 13, 7:30 a.m.).

The August flash **services PMI** jumped, exactly unwinding the fall to a 16-month low seen in July. The **trade** gap narrowed from the May shortfall to a smaller gap in June. Preliminary data showed **(non-farm) employment** increasing in Q2, following a rise of the same size in the previous quarter. **Manufacturing output** decreased strongly in June, more than unwinding the bounce seen in May. Headline **CPI inflation** fell in July to the lowest since February.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Services – Final	56.1	56.1	No revision expected.
Visible Trade (SA)	-€ 5.20 bln	-€ 5.80 bln	Falling oil bill!
Salaried Employment (SA) – Preliminary			
Q/Q	0.4%	0.4%	No revision anticipated.
Y/Y	1.3%	1.3%	
Industrial Production (SA)			
M/M	unch	0.4%	Poor start to current quarter.
Y/Y	1.6%	2.0%	
Consumer Prices (NSA)			
M/M	0.3%		Y/Y rate moving sideways!
Y/Y	2.0%		

Post Mortem—Prior Week Results

Weaker survey results. Down slightly from the flash reading, the final August manufacturing PMI decreased for a fourth successive month, dropping 1.4 points, with the latest reading (49.1), the first sub-50 and weakest reading since July 2009.

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Forecast Calendar

September 2, 2011

Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

September 5 – September 16, 2011

5

Purchasing Managers Survey Service (SA) (9:45)

Apr	52.2	Jul	48.6
May	50.1	**Aug (f)**	**48.0**
Jun	47.4	**Aug (c)**	**48.8**

6

7

8

ECB Governing Council meeting (decision at 13:45)
(no change expected – updated economic projections due)
Press conference at 14:30

9

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

	Q/Q	Y/Y
QI'11	0.1%	1.0%
QII'11 (p)	**0.3%**	**0.8%**
QII'11 (f)	**0.3%**	**0.8%**
QII'11 (c)	**0.3%**	**0.8%**

12

Industrial Production* (10:00)

	M/M	Y/Y
May	-0.6%	2.0%
Jun	-0.6%	0.2%
Jul (f)	**unch**	**0.6%**

13

14

15

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

	M/M	Y/Y
Jul	0.3%	2.7%
Aug (p)	**0.3%**	**2.8%**
Aug (f)	**0.3%**	**2.8%**

16

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

	'11	'10
May	-2.4	-2.3
Jun	-1.8	-3.2
Jul (f)	**2.0**	1.6

* 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

29

ISAE Consumer Sentiment (Aug) (10:00)

30

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

Jan	-1.1%	Apr	2.2%
Feb	unch	May	-0.4%
Mar	-2.1%	Jun	-1.2%

ISAE Business Sentiment (Aug) (10:00)

31

Unemployment (Jul) (10:00)

Producer Prices (NSA) (10:00)

	M/M	Y/Y
May	-0.2%	4.8%
Jun	unch	4.6%
Jul	0.3%	4.9%

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

	M/M	Y/Y
Jun	0.1%	2.7%
Jul	0.3%	2.7%
Aug	0.3%	2.8%

1

Purchasing Managers' Survey Manufacturing (SA) (9:45)

Mar	56.2	Jun	49.8
Apr	55.5	Jul	50.1
May	52.8	Aug	47.0

Hourly Wages (NSA) (Y/Y) (10:00)

Feb	2.1%	May	1.8%
Mar	2.0%	Jun	1.8%
Apr	1.8%	Jul	1.7%

New Car Registrations (Aug)

2

Key potential market-moving indicators and events include: the Services PMI (Mon. Sep. 5, 9:45 a.m.) and the final estimate of Q2 Gross Domestic Product (Fri. Sep. 9, 11:00 a.m.). In the following week, there is Industrial Production (Mon. Sep. 12, 10:00 a.m.), final Consumer Prices (Thu. Sep. 15, 11:00 a.m.) and the Global/EU Trade Balances (Fri. Sep. 16, 11:00 a.m.).

The **services PMI** edged up last month, albeit still implying contraction. Q2 **GDP** increased according to preliminary data, up clearly from the outcome of the previous quarter. June **industrial production** fell for a second successive month. Preliminary data showed that **consumer price inflation** edged up a notch in August to the highest in 34 months. The June (unadjusted) global **trade** deficit narrowed clearly from the shortfall in the same month of 2010.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Services	48.0	48.8	Still contracting!
Gross Domestic Product, 2nc Estimate (SA)			
Q/Q	0.3%	0.3%	Details provided.
Y/Y	0.8%	0.8%	
Industrial Production*			
M/M	unch		Weakness still evident.
Y/Y	0.6%		
Consumer Prices – Final (NSA)			
M/M	0.3%		EU-harmonized break-down provided.
Y/Y	2.8%		
Trade Balance – Global	€ 2.0 bln		Return to surplus.

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

Post Mortem—Prior Week Results

Consumer sentiment falls to 29-month low. The August consumer confidence index, as measured by ISAE, fell for a third successive month, dropping 3.4 points to 100.3, the lowest since March 2009.

Retail sales fall more sharply. Unadjusted nominal retail sales slumped 1.2% Y/Y in June, a more negative reading than the 0.4% fall in the previous month.

Business confidence bounces. The August ISAE business confidence index increased 1.1 points to 99.9, ending a run of four successive drops from a March reading that was the highest in 29 months.

Slightly higher inflation. Preliminary data showed that consumer price inflation edged up a notch to 2.8% Y/Y in August, the highest in 34 months, albeit with the core rate steady at 2.1%.

Pipeline price pressures return. The PPI increased by 0.3% M/M in July, recovering from the flat June reading and the 0.2% drop seen in May.

Manufacturing contracting. The manufacturing PMI fell afresh in August with the 3.1 drop to 47.0 more in line with the fall seen prior to July.

Softer wage growth. Hourly wage growth for July slipped a notch to 1.7% Y/Y.

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Forecast Calendar

September 2, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

September 5 – September 16, 2011 (Local Times)

5	6	7	8	9
	BOJ Monetary Policy Meeting	BOJ Monetary Policy Meeting Official Reserves ($Billion, NSA) (8:50) Mar 1116.0 Jun 1137.8 Apr 1135.5 Jul 1150.9 May 1139.5 Aug **(f)** **1155.0** Business Conditions Composite Indexes (Prelim.) (14:00) Leading Coincident May 99.5 106.6 Jun 103.3 109.3 **Jul (f)** **105.0** **109.5** BOJ Shirakawa Press Conference (15:30)	Bank Lending (Y/Y) (8 :50) Mar -1.7% Jun -0.6% Apr -1.0% Jul -0.5% May -0.8% Aug **(f)** **-0.4%** Current Account Balance (¥Billion, NSA) (8:50) 2011 2010 May 590.7 1222.6 Jun 526.9 1057.8 **Jul (f)** **1295.0** 1718.7 Current Account Visible Trade (¥Billion, NSA) (8:50) 2011 2010 May -772.7 402.7 Jun 131.5 762.0 **Jul (f)** **143.0** 897.1 Machinery Orders, Core (SA) (14:00) Feb 1.7% May 3.0% Mar 1.0% Jun 7.7% Apr -3.3% **Jul (f)** **3.0%** BOJ Monthly Report (14:00) (September)	Money Supply (M2) (Y/Y) (8:50) Mar 2.6% Jun 2.9% Apr 2.7% Jul 2.9% May 2.7% Aug **(f)** **2.9%** Real GDP, Revised (SA) (Q/Q) (8:50) 10:Q2 -0.1% 11:Q1 -0.9% 10:Q3 1.0% 11:Q2 (p) -0.3% 10:Q4 -0.6% **11:Q2 (f)** **-0.4%**
12	**13**	**14**	**15**	**16**
BOJ Monetary Policy Meeting Minutes (8:50) (August 4) Corporate Goods Price Index (Y/Y) (8:50) Mar 2.0% Jun 2.6% Apr 2.5% Jul 2.9% May 2.1% Aug **(f)** **2.9%** Tertiary Industry Activity (SA) (M/M) (8:50) Feb 0.8% May 0.8% Mar -5.9% Jun 1.9% Apr 2.7% Jul **(f)** **0.5%**		Industrial Production (Revised) (SA) (M/M) (13:30) Mar -15.5% Jun 3.8% Apr 1.6% Jul (p) 0.6% May 6.2% Jul **(f)** **0.6%**		

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

Recent History-Latest Results

29	30	31	1	2
	Unemployment Rate (SA) (8:30) Feb 4.6% May 4.5% Mar 4.6% Jun 4.6% Apr 4.7% Jul 4.7% Effective Job Offers to Applicants Ratio (8:30) Feb 0.62 May 0.61 Mar 0.63 Jun 0.63 Apr 0.61 Jul 0.64 Family Income and Expenditure Survey (Real) (Y/Y) (8:30) PCE (All) PCE (Workers) Disp. Income May -1.5% -0.3% -2.9% Jun -3.5% -3.5% -5.9% Jul -2.1% -2.6% 1.1% Retail Sales (Y/Y) (8:50) Feb 0.1% May -1.3% Mar -8.3% Jun 1.2% Apr -4.8% Jul 0.7%	Industrial Production (SA) (M/M) (8:50) Feb 1.8% May 6.2% Mar -15.5% Jun 3.8% Apr 1.6% Jul 0.6% Housing Starts (Y/Y) (14:00) Feb 10.1% May 6.4% Mar -2.4% Jun 5.8% Apr 0.3% Jul 21.2% MOF FX Intervention Data (19:00) (Aug)	Vehicle Sales (Y/Y) (14:00) Mar -37.0% Jun -23.3% Apr -51.0% Jul -27.6% May -37.8% Aug -25.5%	MOF Corporate Financial Statistics (8:50) (Second Quarter)

Indicator Highlights

Key potential market-moving indicators and events include: the Bank of Japan Monetary Policy Meeting (Tue-Wed, Sep. 6-7); Bank Lending (Thu., Sep. 8, 8:50); Machinery Orders, Core (Thu., Sep. 8, 14:00); Real GDP, Revised (Fri., Sep. 9, 8:50); Tertiary Industry Activity (Mon., Sep. 12, 8:50); and Revised Industrial Production (Wed., Sep. 14, 13:30).

The BOJ Monetary Policy Board will likely contemplate new easing steps, as the yen continues strong and world economic conditions get shakier. Bank lending results are being read for signs of a broader pickup in credit flow. Machinery orders may begin to show the effects of rebuilding in the disaster region. The GDP revision will produce a more accurate picture of the bounce back from the March problems and perhaps some greater insight about the third quarter outlook.

Tertiary industry results are tracking the recovery of a very large sector of the economy from the March disasters. Preliminary July industrial production results showed an abrupt slowing in the manufacturing recovery, and revised numbers will be watched for any improvement.

Indicator	Forecast	Consensus	Analysis
Official Reserves (NSA)	$1155.0 Billion		Relatively moderate rise.
Business Conditions Composite Indexes			
Leading	105.0		Perhaps topping out, for the moment.
Coincident	109.5		
Bank Lending (Y/Y)	-0.4%		Incremental firming.
Current Account Balance (NSA)	¥1295.0 Billion		Seasonal rise in income flows.
Current Account Visible Trade (NSA)	¥143.0 Billion		
Machinery Orders, Core (SA)	+3.0%		Major rebuilding surge likely in coming months.
Money Supply (M2) (Y/Y)	+2.9%		Steady growth.
Real GDP, Revised	-0.4%		Minimal revisions to total, but details important.
Corporate Goods Price Index (Y/Y)	+2.9%		Still running high, on effects of global materials prices.
Tertiary Industry Activity (SA) (M/M)	+0.5%		Nearly back to pre-earthquake level.
Industrial Production (Revised)	+0.6%		Little revision, if any.

Post Mortem—Recent Data Results

Softer jobs data. Exceeding expectations, the unemployment rate increased a further 0.1 percentage point to 4.7% in July, a six-month high. However, once more the data did not include results from the three main areas (prefectures) hit by the earthquake. Also on a more downbeat note, Y/Y employment continued to fall, slipping 4.8%, somewhat more steeply than in previous months. However, the participation rate fell back, easing another 0.2 percentage point to 59.4% but with the job-to-applicant ratio rising a notch to 0.64.

Household spending mixed. The Y/Y growth rate for overall household spending turned much less negative at -2.1% in July, half the drop of the previous month, albeit with the M/M outcome up 0.8%. The outcome was better than expected. Y/Y growth in household spending for workers also proved to be less weak, falling 2.6% following a 4.2% June fall.

Sales correct back. Retail sales edged down 0.3% M/M in July, correcting back from the surges of the three previous months including the 2.9% June jump. As a result, Y/Y growth was less positive, slowing from 1.2% to 0.7%.

Industrial production growth moderates more clearly. Surprising a little to the downside, preliminary data for July showed industrial production rose 0.6% M/M, the smallest in a run of four successive rises, now all repairing the earth-quake affected record-fall of 15.5% in March. Further recovery is expected. Indeed, METI revised up its estimate for August output growth from the month-ago estimate of 2.0% to 2.8% but pointed to September seeing a correction of 2.4%. Elsewhere, however, the data showed a further bounce in shipments in July (0.2% M/M vs 8.2%), but with inventories falling back by 0.2%.

Manufacturing steady. The August manufacturing PMI eased 0.2 point to 51.9, thereby edging down from the July reading which was the highest since February.

Housing data more positive. Housing starts rose further and faster in July, with the 21.2% Y/Y rise boosted by a 16.9% M/M jump.

Vehicle sales plunge continues. August data saw a further, albeit somewhat less marked, fall in vehicle sales. Indeed, sales slumped 25.5%, less acutely than July's 27.6% plunge.

Clearer capex setback. According to the latest Ministry of Finance (MoF) survey, capital spending decreased by 7.8% Y/Y in Q2, ending a run of the three rises including a 3.0% increase seen in the previous quarter. The drop reflected a steeper drop on the non-manufacturing side alongside fresh weakness emerging in the factory sector, with Q/Q seasonally adjusted numbers showing a further and steeper fall occurring overall. Meanwhile, total sales growth turned negative, swinging to -11.6%. The data showed a clear impact from the earthquake.

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Forecast Calendar

September 2, 2011

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Husby

September 5 – September 16, 2011

5
Holiday

6

7
Bank of Canada Rate Decision (9:00)
(**Hold.** Growth and inflation softer than previously expected. Downside risks heightened. Headwinds from weak U.S. growth a concern. More dovish tilt suggests hikes off the table deeper into 2012, but still only very slight chance of a cut.)

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

Apr	57.8	Jul	46.8
May	65.5	**Aug (f)**	**50.0**
Jun	59.9	**Aug (c)**	**52.6**

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

Mar	16.8%	Jun	2.1%
Apr	-21.5%	**Jul (f)**	**-1.0%**
May	20.9%	**Jul (c)**	**-1.5%**

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

Mar	-0.1	Jun	-1.6
Apr	-0.9	**Jul (f)**	**-1.5**
May	-1.0	**Jul (c)**	**-1.0**

9
Labor Force Survey (7:00)
Employment (Change, Thous., SA)

Apr	58.3	Jul	15.0
May	22.3	**Aug (f)**	**15.0**
Jun	28.4	**Aug (c)**	**24.0**

Unemployment Rate (SA)

Apr	7.6%	Jul	7.2%
May	7.4%	**Aug (f)**	**7.2%**
Jun	7.4%	**Aug (c)**	**7.2%**

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

Apr	191.7	Jul	205.1
May	190.1	**Aug (f)**	**199.0**
Jun	196.6	**Aug (c)**	**200.0**

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

	Prod.	Comp.	ULC
10:Q3	0.5%	1.0%	0.6%
10:Q4	0.3%	1.0%	0.7%
11:Q1	0.4%	1.0%	0.6%
11:Q2 (f)	**-0.6%**	**0.9%**	**1.5%**
11:Q2 (c)	**-0.7%**		

12

13

14
Capacity Utilization (8:30) (NSA)

10:Q3	76.5%	11:Q1	79.0%
10:Q4	76.8%	**11:Q2 (f)**	**77.5%**

15
Survey of Manufacturing (8:30) (M/M) (SA)

	Ships.	Inv.	New Ord.
Apr	-1.2%	1.3%	-8.8%
May	-0.7%	0.8%	0.1%
Jun	-1.6%	unch	1.6%
Jul (f)	**0.7%**	**0.2%**	**1.0%**

16

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

Recent History-Latest Results

29

30
Current Account Balance (8:30) (C$ Billion, SA)

10:Q3	-17.9	11:Q1	-10.1
10:Q4	-10.3	11:Q2	-15.3

Industrial Product Prices (8:30)

(NSA)	M/M	Y/Y
Apr	0.4%	5.1%
May	-0.2%	4.6%
Jun	-0.2%	5.3%
Jul	-0.4%	5.1%

Raw Materials Prices (8:30)

(NSA)	M/M	Y/Y
Apr	7.0%	22.7%
May	-5.1%	25.6%
Jun	-2.4%	23.1%
Jul	-1.2%	19.4%

31
Real GDP (8:30) (Q/Q) (SAAR)

10:Q3	2.5%	11:Q1	3.6%
10:Q4	3.1%	11:Q2	-0.4%

Real GDP (8:30) (M/M) (SA)

Jan	0.5%	Apr	unch
Feb	-0.1%	May	-0.3%
Mar	0.2%	Jun	0.2%

1

2

Indicator Highlights

Canada

Key potential market-moving indicators and events include: the Bank of Canada rate decision (Wed., Sep 7, 9:00 a.m.); Building Permits (Thu., Sep. 8, 8:30 a.m.); International Trade (Thu., Sep. 8, 8:30 a.m.); the Labor Force Survey (Fri., Sep. 9, 7:00 a.m.); Housing Starts (Fri., Sep. 9, 8:15 a.m.); Productivity and Costs (Fri., Sep. 9, 8:30 a.m.); Capacity Utilization (Wed., Sep. 14, 8:30 a.m.); and the Survey of Manufacturing (Thu., Sep. 15, 8:30 a.m.).

The Bank of Canada will acknowledge the clear downside risks and headwinds to Canadian growth, meeting market expectations in ruling out rate hikes in the face of soft domestic growth, slowing inflation, and signs of a weaker rebound in H2. Global uncertainties, fiscal consolidation in advanced economies, and downshifting EM growth all support maintaining an accommodative policy stance. A rate cut would face a high hurdle—it is unclear how much benefit that sort of move would bring with conditions already quite stimulative. Building permits and housing starts will give another look at housing and construction trends in Q3. The Labor Force Survey will tell if business confidence is being maintained, and provide a fresh look at wage trends. The International Trade Balance report should reinforce themes of very moderate activity in the US and other advanced economies, and the negative impact of the strong CAD. Productivity and Costs is important in the estimation of potential GDP and as a gauge of labor costs.

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 be important in gauging the extent and nature of a pickup in activity following auto and energy sector disruptions.

Indicator	Forecast	Consensus	Analysis
Ivey Purchasing Managers' Survey (SA)	50.0	52.6	Activity proceeding at moderate pace.
Building Permits (M/M) (SA)	-1.0%	-1.5%	Very volatile recently, attention on residential permits.
International Trade (Balance, SA)	-C$ 1.5 Billion	-C$ 1.0 Billion	Strong CAD, subdued global demand weighing on export recovery.
Labor Force Survey, Employment (Change, SA)	+15,000	+24,000	Job growth slowing, wage growth soft as well.
Unemployment Rate (SA)	7.2%	7.2%	Consolidates recent decline.
Housing Starts (SAAR)	199,000 Units	200,000 Units	Multi-family starts give back some of recent spike.
Productivity and Costs (Q/Q) (SA)			
Productivity	-0.6%	-0.7%	Hours up, output weak.
Compensation	+0.9%		
Unit Labor Costs	+1.5%		
Capacity Utilization (NSA)	77.5%		Production disruptions.
Survey of Manufacturing (M/M) (SA)			
Shipments	+0.7%		Some recovery from auto and energy-related disruptions.
Inventories	+0.2%		
New Orders	+1.0%		

Economy contracted in Q2. Coming in weaker than most published forecasts, which were heavily anchored to a flat quarter-on-quarter print, Q2 GDP data showed a 0.4% annualized contraction from the quarter prior. Q1 growth was revised down to 3.6%, from 3.9%. Still, the result was probably more in line with "actual" expectations, given a not-insignificant portion of the "unchanged" cohort likely saw downside risks as more credible given pronounced weakness in net exports data, but were unwilling to tack a negative sign on the headline figure. Temporary factors, including the Japan earthquake, a sharp increase in energy prices during the quarter, petroleum production disruptions on account of wildfires in Alberta, and constrained U.S. demand played a role, most visibly seen through the fact net exports subtracted 5.7 percentage points from the headline figure. Business investment and inventory accumulation provided the largest offsetting positive contributions, while consumer and government spending also rose. Among the details (all annualized), household consumption rose 1.6% in Q2 following a 0.1% decline in the first quarter, and investment rose 9.7%, the latter mostly due to another surge in machinery and equipment spending by businesses. Inventories added 2.5 percentage points to the headline result, similar to the Q1 impact, so there remains the risk of a reversal there in the second half of the year. As for trade data, exports fell 8.3% and imports rose 10.0%, highlighting the sharp growth slowdown in advanced economies, and the strong Canadian dollar.

Some positive signs in monthly GDP data. Monthly GDP data for June showed a 0.2% increase after a 0.3% decline in May, and the June figure is now slightly above the quarter average, implying that flat or higher results in coming months will be supportive of a rebound in Q3 data. Service sector output rose 0.2% on a strong contribution from retail trade (+1.0%). That had been driven by a rebound in vehicle sales, though some of likely reversed in July, according to vehicles sales data compiled by Statistics Canada. Real estate and insurance activities rose 0.3%, a second straight advance after stalling in April. Elsewhere, goods sector output rose only 0.2% as well, as manufacturing growth fell 0.1%, and mining output rose 0.7%, the latter making up little ground after a 5.3% plunge in May. The good news is that stabilization appears to be occurring in a statistical sense, but with little hard Q3 data in hand, cautious optimism is the best that can be mustered.

Current account deficit widened. As anticipated, the current account deficit widened markedly in Q2, coming in at a $15.3 billion shortfall after a downwardly revised $10.1 billion deficit in the first quarter. The overriding factor was a swing into the red for the goods balance, to the tune of $3.5B, compared to a $1.8B surplus in Q1. (Tuesday) Pipeline price pressures ease. Canadian dollar strength in July helped to push the industrial product price index lower from the month prior, with the headline index dropping 0.3% from June. Had the exchange rate remained constant, the IPPI would have risen 0.2%. That decline was tempered by higher prices for metals and petroleum products. Elsewhere, the raw materials price index fell 1.2% from the month prior, as lower prices for mineral fuels and vegetable products offset higher prices for metals and animal products. Both indices saw declines in the year-ago rate, the IPPI falling to a 5.1% pace from 5.3%, and the RMPI to 19.4%, from 23.1%.

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