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DECISION ECONOMICS, INC.
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Forecast Calendar

December 23, 2011

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 26 – January 6, 2011

26	27	28	29	30
			Retail PMI (Dec) (10:10) M3 Money Supply (Y/Y) (SA) (10:00) Jul 2.0 Oct 2.6 Aug 2.8 **Nov (f) 2.4** Sep 3.0 **Nov (c) 2.5** Private Sector Loans (Y/Y) (SA) (10:00) Jun 2.5 Sep 2.5 Jul 2.4 Oct 2.7 Aug 2.5 **Nov (f) 2.5**	

2	3	4	5	6
Purchasing Managers' Index Manufacturing, Final (10:00) Aug 49.0 Nov 46.4 Sep 48.5 **Dec (p) 46.9** Oct 47.1 **Dec (f) 46.9**		Service Sector Purchasing Managers Survey, Final (10:00) Aug 51.5 Nov 47.5 Sep 48.8 **Dec (p) 48.3** Oct 46.4 **Dec (f) 48.3** Harmonized Index of Consumer Prices, Flash (11:00) M/M Y/Y Oct 0.3% 3.0% Nov 0.1% 3.0% **Dec (f) 2.8%**	Industrial Orders (SA) (M/M) (11:00) May 3.3% Aug 1.4% Jun -0.7% Sep -6.4% Jul -1.9% **Oct (f) 2.0%** Producer Prices (NSA) (11:00) M/M Y/Y Sep 0.3% 5.8% Oct 0.1% 5.5% **Nov (f) 0.2% 5.4%**	Retail Sales (SA) (11:00) M/M Y/Y Sep -0.6% -1.4% Oct 0.4% -0.4% **Nov (f) unch -0.5%** Unemployment Rate (%) (SA) (11:00) Jun 10.0 Sep 10.2 Jul 10.1 Oct 10.3 Aug 10.1 **Nov (f) 10.4** EU Commission Business and Consumer Survey (Dec) (11:00)

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

19	20	21	22	23
Construction Output (Oct) (11:00) ECB President Draghi spoke in Brussels (16:30)		Consumer Confidence, Flash (Dec) (16:00)		

Indicator Highlights

Key potential market-moving indicators and events include: Money Supply (Thu. Dec. 29, 10:00 a.m.). In the following week, there is the final Manufacturing PMI (Mon. Jan. 2, 10:00 a.m.), the final Services PMI (Wed. Jan. 4, 10:00 a.m.), preliminary Harmonized Consumer Prices (Wed. Jan. 4, 11:00 a.m.), Industrial Orders and Producer Prices (Thu. Jan. 5, 11:00 a.m.), as well as Retail Sales and Unemployment Rate (Fri. Jan. 6, 11:00 a.m.).

October M3 **money supply** growth slowed, easing back from a September pace which had been the strongest since mid-2009. The December flash **manufacturing PMI** bounced, the first rise since April. The December flash **services PMI** rose for the second successive month. The **HICP** estimate for November saw inflation remain at a three-year high. Industrial new **orders** slumped in September, the largest fall since late-2008. **Producer prices** rose in October, albeit softer than the bounce in the previous month. Real **retail sales** rose in M/M terms in October, unwinding much of the drop seen in September. The **unemployment rate** rose in October, showing a third successive increase.

Indicator	Forecast	Consensus	Analysis
M3 Money Supply (SA)			
Y/Y	2.4%	2.5%	Very volatile, but still clearly weak undertone.
Purchasing Managers' Index (SA) - Final			
- Manufacturing	46.9		No revision expected.
Purchasing Managers' Index (SA) - Final			
- Services	48.3		No revision expected.
Consumer Prices – HICP (Flash) (NSA)			
Y/Y	2.8%		Clear fall envisaged!
Industrial Orders (SA)			
M/M	2.0%		Modest recovery. (echoes German data)
Producer Prices			
M/M	0.2%		Y/Y rate lowest this year.
Y/Y	5.4%		
Retail Sales (SA)			
M/M	unch		Holding steady?
Y/Y	-0.5%		
Unemployment Rate (SA)	10.4%		Moving clearly higher.

Post Mortem—Prior Week Results

Construction output falls further. Construction output dropped 1.4% M/M in October, accentuating the downwardly revised outcome for September, now showing a decline of 1.5%.

Consumer sentiment falls further. The flash consumer confidence reading for December fell to -21.2 from -20.4 in the preceding month, a 28-month low, albeit with the latest M/M drops less pronounced than those seen in September and particularly August.

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Forecast Calendar

December 23, 2011

United Kingdom

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 26 – January 6, 2012

26	27	28	29	30
Holiday	Holiday	**Possibly from today:** Nationwide House Prices (Dec) (7:00)		Housing Equity Withdrawal (Q3) (9:30)
2	**3**	**4**	**5**	**6**
Holiday	Purchasing Managers' Survey - Manufacturing (SA) (9:30) Jul 49.4 Oct 47.8 Aug 49.4 Nov 47.6 Sep 50.8 **Dec (f) 47.5** **Possibly from today:** HBOS House Prices (Dec) (8:00)	BoE Lending to Individuals (9:30) Mortgage Lending (SA, Net, £ Billion) Jun -0.3 Sep 0.5 Jul 0.8 Oct 1.3 Aug 0.6 **Nov (f) 1.0** M4 Money Supply (SA) (9:30) M/M Y/Y Sep -0.4% -1.7% Oct -0.3% -2.7% **Nov (f) -0.2% -2.5%** M4 Lending (9:30) (SA, Change, £ billion) Aug -9.7 Oct -25.3 Sep -23.2 **Nov (f) -20.0** Purchasing Managers' Survey – Construction (SA) (Nov) (9:30) Narrow Money & Reserve Balances (Dec) (9:30)	Purchasing Managers' Survey - Services (SA) (9:30) Jul 55.4 Oct 51.3 Aug 51.1 Nov 52.1 Sep 52.9 **Dec (f) 51.8**	New Car Registrations (Nov)

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

19	20	21	22	23
Rightmove House Prices (Dec) (00:01) BoE Quarterly Bulletin (Q4) (00:01)	CBI Distributive Trades Monthly Survey (Dec) (11:00)	GfK Consumer Confidence (Dec) (00:01) Minutes of the Bank of England Monetary Policy Committee Meeting (December 7-8) (9:30) Public Sector Net Borrowing (ex. financial interventions) (£ bln, NSA) (9:30) '11/'12 '10/'11 Sep 14.0 15.4 Oct 5.8 7.6 Nov 18.1 20.4	Gross Domestic Product, Final Estimate (SA) (9:30) Q/Q Y/Y QI'11 0.4% 1.7% QII'11 unch 0.6% QIII'11 0.6% 0.5% Current Account Balance, (SA) (£ million) (9:30) QIV'10--14102 QII'11 -7386 QI'11 -7363 QIII'11 -15226 Business Investment, Final (Q3) (9:30)	British Bankers Association Consumer Lending (Nov) (9:30) Index of Services (Oct) (9:30) Productivity (Q3) (9:30)

Indicator Highlights

Key potential market-moving indicators and events include: there are no data of note. In the following week, there is the Manufacturing PMI (Tuesday. Jan. 3, 9:30 a.m.), BoE data on Lending to Individuals and Money Supply (Wednesday. Jan. 4, 9:30 a.m.) and the Services PMI (Thu. Jan. 5, 9:30 a.m.).

The headline **manufacturing PMI** for November edged down, adding to the slump seen in October albeit still lowest since June 2009. According to BoE-computed data, the number of **mortgage approvals** rose afresh in October, with the latest reading being the highest in 22 months. BoE numbers on underlying monetary dynamics showed further growth in underlying broad **money supply**, with the gain being the fourth in a row. The November **services PMI** rose, now more clearly above the August reading that was the lowest so far this year.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA) - Manufacturing	47.5		Moving sideways.
BoE Mortgage Lending (SA, Net)	£ 1.0 bln		Approval numbers fall afresh?
Money Supply, M4 M/M	-0.2%		More focus on underlying data.
Y/Y	-2.5%		
Purchasing Managers' Index (SA) - Services	51.8		Modest expansion being signaled.

Post Mortem—Prior Week Results

Mixed messages in house prices. The December Rightmove numbers mixed messages. Specifically, prices decreased 2.7% in M/M terms, accentuating the 3.1% November drop, while Y/Y growth picked up to 1.5% in December from 1.2% in the previous month.

Sales rebound. The latest (December) CBI distributive trades survey suggested that retail sales bounced back following six successive negative outcomes in previous months. Indeed, the balance of retailers reporting higher sales compared to a year before surged 28 points to 9, now the strongest outcome since May.

Slight rebound in consumer sentiment. According to Nationwide, consumer confidence rose by 4 points in November to 40, bouncing back from a October reading which was a record-low, albeit still being the second-lowest on record.

Better fiscal messages continue, at least for now. Public sector finance data, excluding financial interventions, for last month (the eighth month of the FY) saw the budget deficit improve somewhat further. Public Sector Net Borrowing was £ 18.09 bln in November, down from the £ 20.36 bln outcome in the same month of last year.

BoE still unanimous over no further QE for now. The minutes from the 7-8 December BoE MPC meeting showed the committee once again voting unanimously in favor of adhering to the asset purchase program which had been enlarged by a further £ 75 bln at the October meeting.

Consumer confidence hits fresh low. The GfK consumer confidence gauge dropped two points in December to -33, a 35-month low.

GDP growth revised higher. Real GDP increased by 0.6% in Q/Q terms in Q3, a 0.1 percentage upward revision to the previous reading, it also being a pick-up from the (downwardly) revised flat reading seen in the previous quarter.

External gap hits record. The current account deficit widened sharply to £ 15.23 bln in Q3 (4.0% of GDP) from an upwardly revised shortfall of £ 7.39 bln in Q2 (2.0% of GDP).

Capex improves further. Updated business investment data showed capex edging higher in Q3, in contrast the fall seen in preliminary data. Capex is now seen having risen by 0.3% Q/Q in Q3, albeit after a downwardly revised 9.5% bounce in the previous quarter.

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Forecast Calendar

December 23, 2011

Germany

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 26 – January 6, 2012

26	27	28	29	30
Holiday			Cost-of-Living, Preliminary (NSA) M/M Y/Y Nov unch 2.4% **Dec (f) 0.8% 2.2%** **Dec (c) 0.8% 2.2%**	
2	**3**	**4**	**5**	**6**
Purchasing Managers Survey Manufacturing, Final (SA) (9:45) Aug 50.9 Nov 47.9 Sep 50.3 **Dec (p) 48.1** Oct 49.1 **Dec (f) 48.1** **Possibly from today:** Real Retail Sales (M/M) (SA) (8:00) Jul 0.3% Oct -0.2 % Aug -0.6% **Nov (f) unch** Sep 0.9% **Nov (c) unch**	Unemployment (Change, 000's) (SA) (9:55) Sep -23 Nov -20 Oct 6 **Dec (f) -5** Employment (Change, 000's) (SA) (9:55) Aug 21 Oct 26 Sep 20 **Nov (f) 20**	Purchasing Managers Survey Services, Final (SA) (9:45) Aug 51.1 Nov 50.3 Sep 49.7 **Dec (p) 52.7** Oct 50.6 **Dec (f) 52.7**		Manufacturing Orders, (M/M) (SA), (12 noon) Jun 0.8% Sep -4.6% Jul -2.4% Oct 5.2% Aug -1.4% **Nov (f) -2.5%**

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

19	20	21	22	23
	GfK Consumer Confidence Outlook (Jan) (8:00) Construction Orders (Oct) (8:00) Producer Prices (NSA) (8:00) M/M Y/Y Sep 0.3% 5.5% Oct 0.2% 5.3% Nov 0.1% 5.2% Ifo Survey (SA) (2005=100) (10:00) Jul 112.8 Oct 106.4 Aug 108.6 Nov 106.6 Sep 107.4 Dec 107.2	Import Prices (NSA) (8:00) M/M Y/Y Sep 0.6% 6.9% Oct -0.3% 6.8% Nov 0.4% 6.0%		

Key potential market-moving indicators and events include: Preliminary Consumer Prices (Thu. Dec. 29). In the following week, there is the final Manufacturing PMI (Mon. Jan. 2, 9:55 a.m.), Unemployment (Tue. Jan. 3, 9:55 a.m.), the final Services PMI (Wed. Jan. 4, 9:55 a.m.), Manufacturing Orders (Fri. Jan. 6, 12 noon) and possibly Retail Sales.

November **CPI inflation** decreased, thereby easing back another notch from the cycle-high in September. According to Federal Statistics Office data, real **retail sales** (excluding auto and petrol sales) rose in M/M terms in October, following a September bounce. The December flash **manufacturing PMI** edged up, recovering from a November reading that was the lowest in 28 months. **Unemployment** decreased in November, a clear contrast to the rise of the previous month. The November flash **services PMI** recovered further to a five-month high. Manufacturing **orders** jumped in October.

Indicator	Forecast	Consensus	Analysis
Consumer Prices – Preliminary (NSA)			
M/M	0.8%	0.8%	Energy base effect takes Y/Y rate to 9-month low.
Y/Y	2.2%	2.2%	
Purchasing Managers' Index (SA) - Final			
- Manufacturing	48.1		No revision expected.
Unemployment, (SA) (change, 000's)	-5		Less dynamic of late.
Purchasing Managers' Index (SA) - Final			
- Services	52.7		No revision expected.
Manufacturing Orders, (SA)			
M/M	-2.5%		Capital goods correct back.
Retail Sales ex. Autos & Gas			
(Volume, SA) (M/M)	unch	unch	Flat Q4 envisaged.

Post Mortem—Prior Week Results

Ifo survey rises further. The November Ifo business climate index rose for a second successive month. Specifically, the index gained 0.6 point to 107.2, edging up further from the October reading that was the lowest in 17 months

Consumer confidence stable. The GfK measure of the consumer confidence outlook for January was stable at 5.6, still the highest in the cycle.

Pipeline price pressures less evident. November producer prices rose by 0.1% M/M, a notch lower than the increase seen in the previous month, boosted by energy costs.

Construction slumps further. October construction orders decreased by 0.9% M/M, accentuating the 2.8% and 5.8% slumps seen in September and August respectively, but still very much continuing the volatility in the series seen so far this year.

Import prices recover. Import prices rose by 0.4% in M/M terms in November, a clear contrast to the 0.3% drop of the previous month, a result further extending the recent volatility in the series.

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Forecast Calendar

December 23, 2011

France

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 26 – January 6, 2012

26 Unemployment (Nov) (18:00)	**27** Housing Starts (Nov) (8:45)	**28**	**29**	**30**
2 Purchasing Managers' Index Manufacturing, Final (SA) (9:50) Aug 49.1 Nov 47.3 Sep 48.2 **Dec (p) 48.7** Oct 48.5 **Dec (f) 48.7**	**3**	**4** Household Consumption of Goods (SA) (8:45) M/M Y/Y Sep -0.2% -1.1% Oct unch -0.9% **Nov (f) -0.2% -2.2%** Purchasing Managers' Index Services, Final (SA) (9:50) Aug 56.8 Nov 49.6 Sep 51.5 **Dec (p) 50.2** Oct 44.6 **Dec (f) 50.2**	**5** INSEE Monthly Survey of Households (Dec) (8:45)	**6**

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

19	**20**	**21**	**22**	**23** Gross Domestic Product, Second Estimate, (SA) (7:30) Q/Q Y/Y QI'11 0.9% 2.2% QII'11 -0.1% 1.7% QIII'11 0.3% 1.5% Producer Prices (NSA) (8:45) M/M Y/Y Sep 0.3% 6.1% Oct 0.5% 5.8% Nov 0.4% 5.6%

Indicator Highlights

Key potential market-moving indicators and events include: there are no data of note. In the following week, there is the final Manufacturing PMI (Mon. Jan. 2, 9:50 a.m.), Household Consumption (Wed. Jan. 4, 8:45 a.m.) and the final Services PMI (Wed. Jan. 4, 9:50 a.m.).

The December flash **manufacturing PMI** rose afresh, more than unwinding the November slide. **Household spending** on goods in October was flat, albeit due to revisions, with the fall of the previous month now looking less acute. The December flash **services PMI** jumped for a second successive month.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Manufacturing – Final	48.7		No revision expected.
Household Consumption (SA)			
M/M	-0.2%		Drop in Q4 on the cards.
Y/Y	-2.2%		
Purchasing Managers' Index (SA)			
- Services – Final	50.2		No revision expected.

Post Mortem—Prior Week Results

Growth pick-up pared back. Final data confirmed that real GDP recovered in Q3, albeit with the Q/Q growth rate pared back 0.1 percentage point to 0.3% after the 0.1% Q2 dip.

Producer price pressures continue. Producer prices rose by 0.4% in M/M terms in November, a reading that was down only a notch from the 0.5% October outcome.

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Forecast Calendar

December 23, 2011

Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 26 – January 6, 2012

26	27	28	29	30
			ISAE Consumer Sentiment (Dec) (10:00)	Producer Prices (NSA) (10:00) M/M Y/Y Sep 0.2% 4.7% Oct -0.2% 4.7% **Nov (f) unch 4.3%**
2	**3**	**4**	**5**	**6**
Purchasing Managers' Survey Manufacturing (SA) (9:45) Jul 50.1 Oct 43.3 Aug 47.0 Nov 44.0 Sep 48.3 **Dec (f) 44.2** New Car Registrations (Dec)		Purchasing Managers Survey Service (SA) (9:45) Jul 48.6 Oct 43.9 Aug 48.4 Nov 45.8 Sep 45.8 **Dec (f) 46.0** NIC Consumer Prices, Preliminary, (NSA) (11:00) M/M Y/Y Oct 0.6% 3.4% Nov -0.1% 3.3% **Dec (f) 0.1% 3.0%**	Unemployment (Q3) (10:00)	

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

19	20	21	22	23
Visible Trade Balance, Global (NSA) (Euro billion) (11:00) '11 '10 Aug -2.9 -3.5 Sep -1.9 -3.5 Oct -1.1 -2.6	Industrial Orders (NSA) (Y/Y) (10:00) May 11.0% Aug 7.8% Jun 5.7% Sep -3.6% Jul 6.0% Oct -4.8%	Gross Domestic Product, First Estimate (SA) (11:00) Q/Q Y/Y QI'11 0.1% 0.8% QII'11 0.3% 0.7% QIII'11 -0.2% 0.2%	Retail Sales (NSA) (Y/Y) (10:00) May -0.4% Aug -0.3% Jun -1.1% Sep -1.6% Jul -2.3% Oct -1.5%	Hourly Wages (NSA) (Y/Y) (10:00) Jun 1.8% Sep 1.7% Jul 1.7% Oct 1.7% Aug 1.7% Nov 1.5% ISAE Consumer Sentiment (Dec) (10:00)

Key potential market-moving indicators and events include: Producer Prices (Fri. Dec. 30, 10:00 a.m.). In the following week, there is the Manufacturing PMI (Mon. Jan. 2, 9:45 a.m.), the Services PMI (Wed. Jan. 4, 9:45 a.m.) and Consumer Prices (Wed. Jan. 4, 11:00 a.m.).

The **manufacturing PMI** recovered in November, up from an October reading that was the lowest since June 2009. The November **services PMI** rose, exactly unwinding the drop seen in the previous month. Matching preliminary data, final data confirmed that **consumer price inflation** decreased in November, thereby easing back from an October reading that was the highest in three years.

Indicator	Forecast	Consensus	Analysis
Producer Prices (NSA)			
M/M	unch		Lowest Y/Y rate this year?
Y/Y	4.3%		
Purchasing Managers' Index (SA)			
- Manufacturing	44.2		Very weak still.
Purchasing Managers' Index (SA)			
- Services	46.0		Still contracting.
Consumer Prices – Preliminary (NSA)			
M/M	0.1%		Passed peak.
Y/Y	3.0%		

Post Mortem—Prior Week Results

Mixed trade results. The (unadjusted) October trade balance showed a deficit of € 1.08 bln, less than half the € 2.57 bln shortfall seen in the same month of 2010.

Industrial orders fall further. Data for October showed that Y/Y industrial orders fell 4.8%, accentuating the 3.6% drop recorded in September and actually the weakest reading in almost two years.

Back in recession? Q3 GDP decreased by 0.2% Q/Q according to preliminary data, a contrast to the 0.3% outcome of the previous quarter.

Retail sales fall further. Unadjusted nominal retail sales fell 1.5% Y/Y in October, a similar drop to that of the previous month.

Softer wage growth. Hourly wage growth for October slowed 0.2 percentage point to 1.5% Y/Y, a 13-month low.

Consumer sentiment slumps back. The December consumer confidence index, as measured by ISAE, slumped afresh, dropping 4.5 points to 91.6, a new record-low.

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Forecast Calendar

December 23, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

December 26, 2011 – January 6, 2012 (Local Times)

26	27	28	29	30
	BOJ Monetary Policy Meeting Minutes (8:50) (November 15-16, November 30) Corporate Service Prices (Y/Y) (8:50) Jun -0.7% Sep unch Jul -0.3% Oct 0.1% Aug -0.3% **Nov (f) 0.1%** Housing Starts (Y/Y) (14:00) Jun 5.8% Sep -10.8% Jul 21.2% Oct -5.8% Aug 14.0% **Nov (f) -6.7%**	Unemployment Rate (SA) (8:30) Jun 4.6% Sep 4.1% Jul 4.7% Oct 4.5% Aug 4.3% **Nov (f) 4.5%** Effective Job Offers to Applicants Ratio (8:30) Jun 0.63 Sep 0.67 Jul 0.64 Oct 0.67 Aug 0.66 **Nov (f) 0.67** Tokyo CPI (Y/Y) (8:30) Total Ex-Fresh Food Oct -0.5% -0.4% Nov -0.8% -0.5% **Dec (f) -0.7% -0.5%** Nationwide CPI (Y/Y) (8:30) Total Ex-Fresh Food Sep unch 0.2% Oct -0.2% -0.1% **Nov (f) -0.5% -0.2%** Family Income and Expenditure Survey (Real) (Y/Y) (8:30) PCE (All) PCE (Workers) Disp. Income Sep -1.9% -2.3% -1.4% Oct -0.4% -1.8% -3.8% **Nov (f) -0.5% -2.0% -1.0%** Retail Sales (Y/Y) (8:50) Jun 1.2% Sep -1.1% Jul 0.6% Oct 1.9% Aug -2.6% **Nov (f) 0.8%** Industrial Production (SA) (M/M) (8:50) Jun 3.8% Sep -3.3% Jul 0.4% Oct 2.2% Aug 0.6% **Nov (f) -0.5%**		MOF FX Intervention Data (19:00) (December)
2	**3**	**4**	**5**	**6**
Holiday	Holiday		Vehicle Sales (Y/Y) (14:00) Jul -27.6% Oct 28.3% Aug -25.5% Nov 24.1% Sep 1.7% **Dec (f) 23.0%**	

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

Recent History-Latest Results

19	20	21	22	23
	BOJ Monetary Policy Meeting All Industry Activity (SA) (M/M) (13:30) May 2.0% Aug -0.3% Jun 2.2% Sep -0.7% Jul 0.4% Oct 0.8%	BOJ Monetary Policy Meeting Merchandise Trade Balance (¥Billion, NSA) (8:50) 2011 2010 Sep 293.9 774.3 Oct -280.2 812.6 Nov -684.7 157.6 BOJ Shirakawa Press Conference (15:30)	BOJ Monthly Report (14:00) (December) Shirakawa Speech (14:30) (Nippon Keidanren)	Holiday

Indicator Highlights

Key potential market-moving indicators and events include: Housing Starts (Tue., Dec. 27, 14:00); Unemployment Rate (Wed., Dec. 28, 8:30); Effective Job Offers to Applicants Ratio (Wed., Dec. 28, 8:30); Tokyo and Nationwide CPI (Wed., Dec. 28, 8:30); Family Income and Expenditure Survey (Real) (Wed., Dec. 28, 8:30); Retail Sales (Wed., Dec. 28, 8:50); Industrial Production (Wed., Dec. 28, 8:50); and Vehicle Sales (Thu., Jan. 5, 14:00).

Housing starts should soon be reflecting disaster-region rebuilding in greater volume, a boost to the local economy. Labor market data will hint whether concerns about export weakness are impacting national-level labor demand. CPI results are watched for any signs that deflation is worsening to the point that it could become self-reinforcing. Family income and expenditures and retail sales results will reveal the consumer response to hints of economic deterioration. Industrial production data will be watched for continuing upward momentum.

Vehicle sales results, though complicated by year-ago factors, are important as a rough indicator of consumer financial confidence.

Indicator	Forecast	Consensus	Analysis
Corporate Service Prices (Y/Y)	+0.1%		Staying in positive territory.
Housing Starts (Y/Y)	-6.7%		Corresponds to a bit of improvement in the running rate.
Unemployment Rate (SA)	4.5%		Confirming moderate deterioration.
Effective Job Offers to Applicants Ratio	0.67		Demand is stagnant.
Tokyo CPI (Y/Y)			
Total	-0.7%		No change in trend.
Ex-Fresh Food	-0.5%		
Nationwide CPI (Y/Y)			
Total	-0.5%		
Ex-Fresh Food	-0.2%		
Family Income and Expenditure Survey (Real) (Y/Y)			
PCE (All)	-0.5%		Quite stagnant, on the basis of these measures.
PCE (Workers)	-2.0%		
Disposable Income	-1.0%		
Retail Sales (Y/Y)	+0.8%		On an uptrend, but mild.
Industrial Production (SA) (M/M)	-0.5%		Giving back some of the October rise.
Vehicle Sales	+23.0%		Roughly steady on running basis.

Post Mortem—Recent Data Results

Output rebounds. The all industries index rose by 0.8% M/M in October, ending a run of two successive falls and now the largest gain since June. As a result, the Y/Y rate of change swung back to the positive at 0.2%.

Exports drop further. Coming in much weaker than expected this time around, the November (unadjusted) trade balance deteriorated clearly to a deficit of ¥ 684.7 bln from a surplus of ¥ 157.6 bln in the same month of the previous year. Meanwhile, the seasonally adjusted trade gap moved into a larger deficit to the tune of -¥ 537.9 bln. The latest adjusted result was a reflection of clear and further drop in exports of 2.6% M/M in November, while imports fell back by 1.6% last month.

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Forecast Calendar

December 23, 2011

Canada

Economic Indicators—Schedule and Forecasts Ellis/Husby

December 26, 2011 – January 6, 2012

26	27	28	29	30
Holiday	**Holiday**			
2	**3**	**4**	**5**	**6**
			Industrial Product Prices (8:30) (NSA) M/M Y/Y Aug 0.4% 5.2% Sep 0.5% 5.4% Oct -0.1% 4.7% **Nov (f) unch 4.1%** Raw Materials Prices (8:30) (NSA) M/M Y/Y Aug -3.2% 13.2% Sep 1.4% 15.2% Oct -1.2% 12.3% **Nov (f) 0.5% 9.3%**	Labor Force Survey (7:00) Employment (Change, Thous., SA) Jul 7.1 Oct -54.0 Aug -5.5 Nov -18.6 Sep 60.9 **Dec (f) 10.0** Unemployment Rate (SA) Jul 7.2% Oct 7.3% Aug 7.3% Nov 7.4% Sep 7.1% **Dec (f) 7.4%**

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

Recent History-Latest Results

19	20	21	22	23
Wholesale Trade (8:30) (M/M) (SA) Sales Inv. Jul 1.1% 0.6% Aug 0.3% 1.0% Sep 0.5% 0.7% Oct 0.9% 0.2%	Consumer Prices (7:00) (Y/Y) Total BOC Core Aug 3.1% 1.9% Sep 3.2% 2.2% Oct 2.9% 2.1% Nov 2.9% 2.1%	Retail Trade (8:30) (M/M) (SA) Total Ex-Auto Jul -0.5% 0.2% Aug 0.6% 0.5% Sep 1.0% 0.4% Oct 1.0% 0.7%		Real GDP (8:30) (M/M) (SA) May 0.2% Aug 0.4% Jun 0.2% Sep 0.2% Jul 0.4% Oct unch

Indicator Highlights

Canada

Key potential market-moving indicators and events include: the Labor Force Survey (Fri., Jan. 6, 7:00 a.m.).

The Labor Force Survey provides a timely-but-volatile read on the underlying economic backdrop. The latter half of 2011 has seen clear slowing in overall jobs growth, though an optimistic read tells of a somewhat better mix (i.e. more full-time jobs, with presumably more-stable income prospects). But, there are headwinds – a strong Canadian dollar is still impacting manufacturing competitiveness, and a cooling housing market could weigh on construction jobs and household balance sheets.

Indicator	Forecast	Consensus	Analysis
Industrial Product Prices (NSA)			
M/M	unch		Softer sequentially, and will decelerate in year-ago comparison too.
Y/Y	+4.1%		
Raw Materials Prices (NSA)			
M/M	+0.5%		Commodity prices volatile, slightly higher.
Y/Y	+9.3%		
Labor Force Survey, Employment (Change, SA)	+10,000		Manufacturing employment at historic lows, despite global rebound.
Unemployment Rate (SA)	7.4%		Slack remains.

Post Mortem—Prior Week Results

Inflation in check. Core consumer prices rose a softer-than-expected 0.1% m/m in November, and 2.1% y/y (compared to 2.2% y/y in Oct.). The seasonally-adjusted core rose 0.1% during the month, following a 0.2% rise the month prior, while the headline rose a matching 0.1%. Food price inflation accelerated a bit in a year-ago sense, while energy price growth softened. So far, prices look to be slightly firmer than the Bank projected in October (when it saw headline inflation troughing at 1.0% y/y in 2012), but will be seen as well-within a comfortable margin of error, given the current environment.

Retail spending firmed in October. October retail sales rise a more than expected 1.0%, and the ex-vehicles total rose 0.7%. Encouragingly, the ex-autos and gas figure also rose a meaningful 0.5%, the sixth straight increase there, and the largest in that stretch. A solid vehicles and parts gain (+2.0% in Oct, +3.3% in Sep.) did help to drive the headline higher, led by a 2.4% jump in new vehicle sales. Taken together, the results, delayed as they may be, augur greater firmness than expected in consumer spending heading into the end of the year. Constant-dollar sales rose 0.6%, matching the strong September print.

Soft monthly GDP report. A weaker goods-sector result (-0.2%) held down October GDP, as utilities, mining, and construction all contracted from September levels. The energy-sector subcategory edged 0.2% lower, after prior months had seen strong results, in part from construction coming back online. Service sector readings were mixed, with strong retail spending (+0.6%) and an uptick in finance in real estate (+0.3% in Oct, after small a contraction in Sep.) offsetting weaker wholesale, transportation, and information industries output. Q4 starts on a soft note, though quarter-on-quarter levels are still in positive territory due to end-Q3 strength. Flat performance in the final two months would put q/q growth around 1.5% at an annual rate, while modest weakening – not impossible given recent housing numbers, and potential export softening, could pull growth below a 1-handle.

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