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Information for Decisions™

Forecast Calendar

December 9, 2011

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 12 – December 23, 2011

12	13	14	15	16
		Industrial Production (SA) (11:00) M/M Y/Y Sep -2.0% 2.2% **Oct (f) -0.2% 2.4%** **Oct (c) unch 2.1%**	ECB Monthly Bulletin (Dec) (10:00) Purchasing Managers' Index Manufacturing, Flash (10:00) Aug 49.0 Nov 46.4 Sep 48.5 **Dec (f) 46.0** Oct 47.1 **Dec (c) 46.0** Service Sector Purchasing Managers Survey, Flash (10:00) Aug 51.5 Nov 47.5 Sep 48.8 **Dec (f) 47.2** Oct 46.4 **Dec (c) 47.0** Harmonized Index of Consumer Prices, Final (11:00) M/M Y/Y Oct 0.3% 3.0% **Nov (p) 3.0%** **Nov (f) 0.1% 3.0%** **Nov (c) 0.1% 3.0%** Employment (Q3) (11:00) ECB President Draghi speaks in Berlin (12:25)	New Car Registrations (Nov) (8:00) ECB President Draghi speaks in Rome (9:30) Trade Balance (Euro billion) (NSA) (11:00) '11 '10 Sep 2.9 0.5 **Oct (f) -1.0** 3.3 **Oct (c) 1.0** Labor Costs (Q3) (11:00)
19	**20**	**21**	**22**	**23**
Construction Output (Oct) (11:00)		Consumer Confidence, Flash (Dec) (16:00)		

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

5	6	7	8	9
Service Sector Purchasing Managers Survey, Final (10:00) Jun 53.7 Sep 48.8 Jul 51.6 Oct 46.4 Aug 51.5 Nov 47.5 Retail Sales (SA) (11:00) M/M Y/Y Aug 0.1% -0.1% Sep -0.6% -1.4% Oct 0.4% -0.4%	Gross Domestic Product, Second Estimate, (SA) (11:00) Q/Q Y/Y QI'11 0.8% 2.4% QII'11 0.2% 1.6% QIII'11 0.2% 1.4%		ECB Governing Council meeting (decision at 13:45) *(25 bp rate cut)* *Press conference at 14:30* EU Leaders Summit in Brussels began	EU Leaders Summit in Brussels continued

Indicator Highlights

Key potential market-moving indicators and events include: Industrial Production (Wed. Dec. 14, 11:00 a.m.), the flash Manufacturing and Services Purchasing Managers Indexes (Thu. Dec. 15, 10:00 a.m.), Harmonized Consumer Prices (Thu. Dec. 15, 11:00 a.m.) and the Visible Trade Balance (Fri. Dec. 16, 11:00 a.m.). In the following week, there is little data of note.

Industrial production slumped in September, unwinding the rises of the two previous months. The flash HICP estimate for November saw inflation remain at a three-year high. The (unadjusted) September **trade balance** showed a surplus, improving clearly from the result in the same month of 2010. The November final **manufacturing PMI** dropped 0.7 point to 46.4, the eighth fall in the last nine months. The **services PMI** recovered slightly from the previous month, ending a run of a seven successive declines.

Indicator	Forecast	Consensus	Analysis
Industrial Production (SA)			
M/M	-1.0%	-0.2%	Weakness deepens but no slump.
Y/Y	1.5%	2.4%	
Purchasing Managers' Index (SA) – Flash			
- Manufacturing	46.0	46.0	Falling still, but not tumbling!
Purchasing Managers' Index (SA) – Flash			
- Services	47.2	47.0	Fresh decline.
Consumer Prices – HICP (Final) (NSA)			
M/M	0.1%	0.1%	Downward revision possible.
Y/Y	3.0%	3.0%	
Visible Trade (NSA)	-€ 1.0 bln	€ 1.0 bln	Seasonal deterioration.

Post Mortem—Prior Week Results

Deeper contraction? The final services PMI still recovered slightly from the previous month, rising by 1.1 point to 47.5, ending a run of a seven successive declines.

Retail sales rebounds. Real retail sales rose by 0.4% in M/M terms in October, unwinding much of the (upwardly revised) 0.6% drop seen in September. The break-down showed the recovery in October to be reflective of improvements in both food and non-food sales.

GDP growth remains modest. Q3 GDP rose by 0.2% Q/Q, matching the preliminary estimate and also that of the previous quarter.

Rates cut, but no hint of stepped-up bond buying? For a second successive meeting, the ECB Council cut all three official rates by 25 bp, resulting in the high-profile refi rate dropping back to 1.00% and the increasingly more meaningful deposit rate falling to 0.25%.

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Forecast Calendar

December 9, 2011

United Kingdom

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 12 – December 23, 2011

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Possibly from today:

Nationwide Consumer Confidence (Nov) (00:01)

13

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

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

	M/M	Y/Y
Oct	0.1%	5.0%
Nov (f)	**0.1%**	**4.8%**
Nov (c)	**0.2%**	**4.8%**

Retail Prices (NSA) (9:30)

	M/M	Y/Y
Oct	unch	5.4%
Nov (f)	**0.2%**	**5.1%**
Nov (c)	**0.2%**	**5.1%**

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

	M/M	Y/Y
Oct	unch	5.6%
Nov (f)	**0.2%**	**5.3%**
Nov (c)	**0.1%**	**5.2%**

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

14

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

Sep	13.4	**Nov (f)**	**8.0**
Oct	5.3	**Nov (c)**	**15.0**

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

Aug	8.1	**Oct (f)**	**8.4**
Sep	8.3	**Oct (c)**	**8.3**

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

Aug	2.7	**Oct (f)**	**2.1**
Sep	2.3	**Oct (c)**	**2.0**

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

(Inc. Fuels)	M/M	Y/Y
Oct	0.6%	0.9%
Nov (f)	**-0.6%**	**unch**
Nov (c)	**-0.3%**	**0.4%**

BoE Inflation Attitudes Survey (Q4) (9:30)

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

16

BoE Governor King attends conference in Rome (8:00)

19

Rightmove House Prices (Dec) (00:01)

BoE Quarterly Bulletin (Q4) (00:01)

20

GfK Consumer Confidence (Dec) (00:01)

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

21

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	13.0	15.4
Oct	6.5	7.7
Nov (f)	**18.0**	20.5

22

Gross Domestic Product, Final Estimate (SA) (9:30)

	Q/Q	Y/Y
QI'11	0.4%	1.6%
QII'11	0.1%	0.6%
QIII'11 (p)	**0.5%**	**0.5%**
QIII'11 (f)	**0.5%**	**0.5%**

Current Account Balance, (SA) (£ million) (9:30)

QIV'10	-9694	QII'11	-2022
QI'11	-4120	**QIII'11 (f)**	**-6000**

Business Investment, Final (Q3) (9:30)

23

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

Index of Services (Oct) (9:30)

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

Jun	53.9	Sep	52.9
Jul	55.4	Oct	51.3
Aug	51.1	Nov	52.1

6

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

HBOS House Prices (Nov) (8:00)

New Car Registrations (Nov)

7

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

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

Manufacturing Production (SA) (9:30)

	MM	Y/Y
Aug	-0.3%	1.2%
Sep	0.2%	1.3%
Oct	-0.7%	0.3%

Industrial Production (SA) (9:30)

	M/M	Y/Y
Aug	0.3%	-1.2%
Sep	unch	-1.5%
Oct	-0.7%	-1.7%

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

8

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

9

PPI Output (NSA) (9:30)

	MM	Y/Y
Sep	0.3%	6.3%
Oct	unch	5.7%
Nov	0.2%	5.4%

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

	MM	Y/Y
Sep	0.3%	3.7%
Oct	-0.1%	3.3%
Nov	unch	3.2%

PPI Input (NSA) (9:30)

	MM	Y/Y
Sep	2.0%	18.0%
Oct	-0.8%	14.3%
Nov	0.1%	13.4%

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

Jul	-8719	Sep	-10175
Aug	-8675	Oct	-7557

Construction Output (Oct) (9:30)

Indicator Highlights

Key potential market-moving indicators and events include: Consumer Prices (Tue. Dec. 13, 9:30 a.m.), the Labor Market Report – including unemployment and average earnings details – (Wed. Dec. 14, 9:30 a.m.) and Retail Sales (Thu. Dec. 15, 9:30 a.m.). In the following week, there is Public Sector Net Borrowing (Wed. Dec. 21, 9:30 a.m.), as well as the final estimate of Q3 Gross Domestic Product and the Q3 Current Account (both Thu. Dec. 22, 9:30 a.m.).

Consumer price inflation eased in October, down from the September three-year high. Claimant count **unemployment** increased in October. Average weekly **earnings** growth slipped in the three months to September, now a six-month low. Real **retail sales** (including fuels) rose in M/M terms in October, building on the bounce seen in the previous month. **Public Sector Net Borrowing** was down in October from the outcome in the same month of last year. Real **GDP** increased in Q/Q terms in Q3, in line with the preliminary reading, it also being a pick-up from the rise seen in the previous quarter. The **current account** deficit narrowed in Q2 from a downwardly revised shortfall in Q1.

Indicator	Forecast	Consensus	Analysis
CPI (NSA)			
M/M	0.1%	0.2%	Coming down?
Y/Y	4.8%	4.8%	
RPI (NSA)			
M/M	0.2%	0.2%	Three-month low.
Y/Y	5.1%	5.1%	
Claimant Count Unemployment (SA)			
M/M (change, thousands)	8.0	15.0	Continued rise.
ILO Unemployment Rate (SA)	8.4%	8.3%	New cycle-high.
Headline Average Earnings (Y/Y)	2.1%	2.0%	Lowest outcome this year?
Retail Sales (Volumes, SA)			
M/M	-0.6%	-0.3%	Fresh declines emerging!
Y/Y	unch	0.4%	
Public Sector Net Borrowing (NSA)	£ 18.0 bln		Still running below previous FY outcome.
Gross Domestic Product (SA) – Second Estimate			
Q/Q	0.5%		No revision expected.
Y/Y	0.5%		
Current Account Balance (SA)	-£ 6000 mln		Broad-based deterioration.

Post Mortem—Prior Week Results

Services growth rises. The November services PMI rose by 0.8 points to 52.1, now more clearly above the August reading that was the lowest so far this year.

Sales weakness more marked. According to the British Retail Consortium, like-for-like nominal store sales growth saw a steeper fall in November, with the growth rate turning more negative to -1.6% Y/Y from the 0.6% Y/Y drop seen in October.

Manufacturing gets hit. October manufacturing output dropped 0.7% M/M, more than reversing the token 0.1% bounce seen in September, instead extending the impact of three successive falls in prior months.

Shop price inflation clearly lower. According to the BRC, October shop price inflation fell to a 13-month low of 2.0% Y/Y, 0.1 percentage point down from the previous month

More negative labor market signals evident. The latest (November) REC labor-market report provided softer signs with regards to the jobs market, actually now tending much more towards the negative.

Price pressures abate further. November producer output prices rose by 0.2% in M/M terms, a contrast to the flat October reading. The latest and fresh rise reading reflected mixed developments.

Huge jump in exports. The total visible trade gap narrowed sharply from an upwardly-revised, record gap of £ 10.18 bln in September to a deficit of £ 7.56 bln in October, the latter being the smallest since April.

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France

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Wroblewski/Liu

December 12 – December 23, 2011

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Wages, Final (Q3) (8:45)

13

Consumer Prices (NSA) (7:30)

	M/M	Y/Y
Sep	-0.1%	2.2%
Oct	0.2%	2.3%
Nov (f)	**unch**	**2.2%**

14

15

Purchasing Managers' Index Manufacturing, Flash (SA) (9:00)

Jul	50.5	Oct	48.5
Aug	49.1	Nov	47.3
Sep	48.2	**Dec (f)**	**47.0**

Purchasing Managers' Index Services, Flash (SA) (9:00)

Jul	54.2	Oct	44.6
Aug	56.8	Nov	49.6
Sep	51.5	**Dec (f)**	**49.0**

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INSEE Monthly Survey of Industry (Dec) (8:45)

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Gross Domestic Product, Second Estimate, (SA) (7:30)

	Q/Q	Y/Y
QI'11	0.9%	2.2%
QII'11	-0.1%	1.6%
QIII'11 (p)	**0.4%**	**1.6%**
QIII'11 (f)	**0.4%**	**1.6%**

Producer Prices (NSA) (8:45)

	M/M	Y/Y
Sep	0.3%	6.1%
Oct	0.5%	5.8%
Nov (f)	**unch**	**5.2%**

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

5

Purchasing Managers' Index Services, Final (SA) (9:50)

Jun	56.1	Sep	51.5
Jul	54.2	Oct	44.6
Aug	56.8	Nov	49.6

6

7

Visible Trade Balance (SA) (8:45) (Euro Billion)

May	-6.68	Aug	-4.62
Jun	-5.29	Sep	-6.57
Jul	-6.46	Oct	-6.25

8

BoF Business Sentiment Survey (Nov) (8:30)

Salaried Employment, Final (SA) (8:45)

	Q/Q	Y/Y
QI'11	0.5%	1.2%
QII'11	0.3%	1.3%
QIII'11	unch	1.2%

ECB Governing Council meeting (decision at 13:45)
(25 bp rate cut)
Press conference at 14:30

9

Industrial Production, exc. Construction (SA) (8:45)

	M/M	Y/Y
Aug	0.4%	4.2%
Sep	-2.1%	0.9%
Oct	unch	1.8%

Manufacturing Production (SA) (8:45)

	M/M	Y/Y
Aug	0.5%	4.9%
Sep	-2.1%	1.8%
Oct	unch	2.6%

Central Government Budget (Oct) (8:45)

Indicator Highlights

Key potential market-moving indicators and events include: Consumer Prices (Tue. Dec. 13, 7:30 a.m.) and the flash Manufacturing and Services PMIs (Thu. Dec. 15, 9:00 a.m.). In the following week, there is the second estimate of Q3 Gross Domestic Product (Thu. Dec. 23, 7:30 a.m.) and Producer Prices (Thu. Dec. 23, 8:45 a.m.).

Headline **CPI inflation** edged up a notch in October to a fresh cycle-high. The November final **PMI for manufacturing** saw a downward revision, taking it to the lowest since June 2009. The November **services PMI** jumped, unwinding some of the marked falls seen of late**.** According to preliminary data, real **GDP** grew in Q/Q terms in Q3, up from the downwardly revised reading of the previous quarter. **Producer prices** rose in M/M terms in October, a reading that was up on the September outcome.

Indicator	Forecast	Consensus	Analysis
Consumer Prices (NSA)			
M/M	unch		Passed peak?
Y/Y	2.2%		
Purchasing Managers' Index (SA)			
- Manufacturing – Flash	47.0		Still sliding!
Purchasing Managers' Index (SA)			
- Services – Flash	49.0		Bounce in October partly unwinds.
Gross Domestic Product, (SA) – 2nd estimate			
Q/Q	0.4%		No revision envisaged.
Y/Y	1.6%		
Producer Prices (NSA)			
M/M	unch		Lowest Y/Y rate this year!
Y/Y	5.2%		

Post Mortem—Prior Week Results

Continued weakness. Notably, and involving a slight upward revision, the November final services PMI jumped 5.0 points to 49.6, unwinding some of the marked falls seen of late.

Exports edge back up. The October trade gap narrowed marginally and by less than expected to € 6.25 bln from a gap of € 6.57 bln in September.

Business sentiment slips. In the latest (November) Bank of France monthly report, the business sentiment indicator dropped one point to 95, still the lowest since September 2009.

Employment stagnates. Updated data showed (non-farm) employment failing to grow any further after the upwardly revised 0.3% Q/Q gain in Q2.

Manufacturing flat. Manufacturing output was flat in M/M terms in October, albeit with the outcome very much tempered by downward revisions to previous data, including a more marked drop of 2.1% now recorded for the previous month.

Budget deficit narrows further. The October year-to-date central government budget balance showed a deficit of € 99.37 bln, down from a € 133.08 bln deficit seen in same period last year.

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Forecast Calendar

December 9, 2011

Germany

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

December 12 – December 23, 2011

12	13	14	15	16
Wholesale Price Index (NSA) (8:00) M/M Y/Y Sep 0.3% 5.7% Oct -1.0% 5.0% **Nov (f) unch 4.2%**	ZEW Financial Experts Survey (Dec) (11:00)		Purchasing Managers' Survey Manufacturing, Flash (SA) (9:30) Aug 50.9 Nov 47.9 Sep 50.3 **Dec (f) 48.0** Oct 49.1 **Dec (c) 47.5** Purchasing Managers' Survey Services, Flash (SA) (9:30) Aug 51.1 Nov 50.3 Sep 49.7 **Dec (f) 51.0** Oct 50.6 **Dec (c) 50.0**	
19	**20**	**21**	**22**	**23**
	Producer Prices (NSA) (8:00) M/M Y/Y Sep 0.3% 5.5% Oct 0.2% 5.3% **Nov (f) unch 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 (f) 106.0**	GfK Consumer Confidence Outlook (Dec) (8:00)		

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

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Purchasing Managers Survey Services, Final (SA) (9:45) Jun 56.7 Sep 49.7 Jul 52.9 Oct 50.6 Aug 51.1 Nov 50.3	Manufacturing Orders, (M/M) (SA), (12 noon) May 1.9% Aug -1.4% Jun 0.8% Sep -4.6% Jul -2.4% Oct 5.2%	Industrial Production (M/M) (SA) (12 noon) Jul 3.2% Sep -2.8% Aug -0.4% Oct 0.8% Manufacturing & Mining Output (M/M) (SA), (12 noon) Jul 3.5% Sep -2.8% Aug -0.4% Oct 0.8%	ECB Governing Council meeting (decision at 13:45) *(25 bp rate cut)* *Press conference at 14:30*	Trade Balance (NSA) (Euro billion) (8:00) '11 '10 Aug 11.8 9.2 Sep 17.3 16.5 Oct 11.6 14.5 Current Account (NSA) (Euro billion) (8:00) '11 '10 Aug 6.5 5.7 Sep 16.0 15.1 Oct 10.3 14.2 Cost-of-Living, Final (NSA) (8:00) M/M Y/Y Sep 0.1% 2.6% Oct unch 2.5% Nov unch 2.4%

Key potential market-moving indicators and events include: Wholesale Prices (Mon. Dec. 12, 8:00 a.m.) and the flash Manufacturing and Services PMIs (Thu. Dec. 15, 9:30 a.m.). In the following week, there are Producer Prices (Tue. Dec. 20, 8:00 a.m.) and the Ifo Survey (Tue. Dec. 20, 10:00 a.m.).

Wholesale prices decreased in October. The November **manufacturing PMI** fell to the lowest in 28 months. The final November **services PMI** showed further weakness, with the gain shown in the flash estimate unwound by a clear downward revision to showing a drop from the previous month. October **producer prices** rose, albeit a notch lower than the increase seen in the previous month. The November **Ifo business climate index** rose for the first time in five months.

Indicator	Forecast	Consensus	Analysis
Wholesale Prices (NSA)			
M/M	unch		Y/Y rate at lowest in 21 months.
Y/Y	4.2%		
Purchasing Managers' Index (SA)			
- Manufacturing – Flash	48.0	47.5	Steady?
Purchasing Managers' Index (SA)			
- Services – Flash	51.0	50.0	Resilient?
Producer Prices (NSA)			
M/M	unch		Lowest Y/Y rate in 13 months!
Y/Y	5.2%		
Ifo Survey Business Climate (SA)	106.0		Showing resilience and still above-par activity.

Post Mortem—Prior Week Results

Weaker services sector sentiment. The final services PMI showed further weakness, with the 0.8 point gain shown in the flash estimate unwound by a clear 1.1 point downward revision, now showing a 0.3 point drop to 50.3 from the previous month.

Orders rebound. Manufacturing orders jumped 5.2% M/M in October.

Industrial production shows resilience. October industrial production recovered by 0.8% M/M from the little-revised 2.8% plunge seen in the previous month.

Exports hold up. The October (unadjusted) trade surplus narrowed to € 11.6 bln from € 14.5 bln in the same month of the previous year, also worsening from the € 17.3 bln September reading.

Consumer price inflation eases further. According to final data, November CPI inflation decreased by 0.1 percentage point to 2.4% Y/Y, thereby easing back another notch from the cycle-high in September, also matching the preliminary reading.

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Forecast Calendar

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Italy

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Wroblewski/Liu

December 12 – December 23, 2011

12	13	14	15	16
			NIC Consumer Prices, Final, (NSA) (11:00) M/M Y/Y Oct 0.6% 3.4% **Nov (p) -0.1% 3.3%** **Nov (f) -0.1% 3.3%** **Nov (c) -0.1% 3.3%**	
19	**20**	**21**	**22**	**23**
Visible Trade Balance, Global (NSA) (Euro billion) (11:00) '11 '10 Aug -2.9 -3.5 Sep -1.8 -3.5 **Oct (f) -2.1** -2.3	Industrial Orders (NSA) (Y/Y) (10:00) May 11.0% Aug 7.8% Jun 5.7% Sep -3.6% Jul 6.0% **Oct (f) -4.0%**	Gross Domestic Product, First Estimate (SA) (11:00) Q/Q Y/Y QI'11 0.1% 1.0% QII'11 0.3% 0.8% **QIII'11 (f) -0.1% 0.4%**	Retail Sales (NSA) (Y/Y) (10:00) May -0.4% Aug -0.3% Jun -1.1% Sep -1.6% Jul -2.3% **Oct (f) -1.8%**	Hourly Wages (NSA) (Y/Y) (10:00) Jun 1.8% Sep 1.7% Jul 1.7% Oct 1.7% Aug 1.7% **Nov (f) 1.5%** ISAE Consumer Sentiment (Dec) (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

5	6	7	8	9
Purchasing Managers Survey Service (SA) (9:45) Jun 47.4 Sep 45.8 Jul 48.6 Oct 43.9 Aug 48.4 Nov 45.8		Industrial Production* (10:00) M/M Y/Y Aug 3.6% 4.7% Sep -4.6% -2.7% Oct -0.9% -4.2%	ECB Governing Council meeting (decision at 13:45) *(25 bp rate cut)* *Press conference at 14:30*	

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

Key potential market-moving indicators and events include: final Consumer Prices (Thu. Dec. 15, 11:00 a.m.). In the following week, there is the Global Trade Balance (Mon. Dec. 19, 11:00 a.m.), Industrial Orders (Tue. Dec. 20, 10:00 a.m.), the final estimate of Q3 Gross Domestic Product (Wed. Dec. 21, 11:00 a.m.), Retail Sales (Thu. Dec. 22, 10:00 a.m.) and Hourly Wages (Fri. Dec. 23, 10:00 a.m.).

Preliminary data showed that **consumer price inflation** decreased in November, thereby easing back from an October reading that was the highest in three years. The (unadjusted) September **trade balance** showed a deficit, narrowing clearly from the gap in the same month of 2010. Data for September showed that **industrial orders** fell, a clear contrast to the rise recorded in August. Q2 **GDP** increased, a result that was up clearly from the outcome of the previous quarter. Unadjusted nominal **retail sales** fell in August, a far more negative reading than the fall in the previous month. **Hourly wage** growth for October was unchanged for a third straight month.

Indicator	Forecast	Consensus	Analysis
Consumer Prices – Final (NSA)			
M/M	-0.1%	-0.1%	EU-harmonized break-down detailed.
Y/Y	3.3%	3.3%	
Trade Balance – Global	-€ 2.1 bln		Modest Y/Y improvement.
Industrial Orders (NSA)			
Y/Y	-4.0%		At least not plunging!
Gross Domestic Product, 1st Estimate (SA)			
Q/Q	-0.1%		First drop in almost two years.
Y/Y	0.4%		
Retail Sales (NSA)			
Y/Y	-1.8%		Poor guide to consumer dynamics.
Hourly Wages			
Y/Y	1.5%		Lowest in over a year!

Post Mortem—Prior Week Results

Slower contraction in services? The November services PMI rose by 1.9 points to 45.8, exactly unwinding the drop seen in the previous month.

Industrial output drops further. October industrial production dropped 0.9%, thereby accentuating the little-revised 4.6% slump of the previous month, the latter having more than unwound a 3.6% August bounce.

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Forecast Calendar

December 9, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

December 12 – December 23, 2011 (Local Times)

12 Corporate Goods Price Index (Y/Y) (8:50) Jun 2.5% Sep 2.5% Jul 2.8% Oct 1.7% Aug 2.6% **Nov (f)** **1.5%**	**13** Tertiary Industry Activity (SA) (M/M) (8:50) May 0.9% Aug unch Jun 1.9% Sep -0.7% Jul -0.2% **Oct (f)** **0.3%**	**14** Industrial Production (Revised) (SA) (M/M) (13:30) Jun 3.8% Sep -3.3% Jul 0.4% Oct (p) 2.4% Aug 0.6% **Oct (f)** **2.4%**	**15** TANKAN (8:50) 10:Q3 8 11:Q2 -9 10:Q4 5 11:Q3 2 11:Q1 6 **11:Q4 (f)** **-3**	**16**
19 All Industry Activity (SA) (M/M) (13:30) May 2.0% Aug -0.3% Jun 2.2% Sep -0.9% Jul 0.4% **Oct (f)** **0.4%**	**20** BOJ Monetary Policy Meeting	**21** BOJ Monetary Policy Meeting Merchandise Trade Balance (¥Billion, NSA) (8:50) 2011 2010 Sep 293.9 774.3 Oct -280.2 812.6 **Nov (f)** **-425.5** 157.6 BOJ Shirakawa Press Conference (15:30)	**22** BOJ Monthly Report (14:00) (December) Shirakawa Speech (14:30) (Nippon Keidanren)	**23** Holiday

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

Recent History-Latest Results

5	**6**	**7** Official Reserves ($Billion, NSA) (8:50) Jun 1137.8 Sep 1200.6 Jul 1150.9 Oct 1209.9 Aug 1218.5 Nov 1304.8 Business Conditions Composite Indexes (Prelim.) (14:00) Leading Coincident Aug 93.8 90.3 Sep 91.5 89.0 Oct 91.5 90.3	**8** Current Account Balance (¥Billion, NSA) (8:50) 2011 2010 Aug 407.5 1142.9 Sep 1584.8 2017.5 Oct 562.4 1494.9 Current Account Visible Trade (¥Billion, NSA) (8:50) 2011 2010 Aug -694.7 170.6 Sep 373.2 911.0 Oct -206.1 903.6 Bank Lending (Y/Y) (8:50) Jun -0.6% Sep -0.3% Jul -0.6% Oct unch Aug -0.5% Nov 0.2% Machinery Orders, Core (SA) (14:00) May 3.0% Aug 11.0% Jun 7.7% Sep -8.2% Jul -8.2% Oct -6.9%	**9** Real GDP (Revised) (SA) (Q/Q) (8:50) 10:Q3 0.5% 11:Q2 -0.5% 10:Q4 unch 11:Q3 (p) 1.5% 11:Q1 -1.7% 11:Q3 1.4% Money Supply (M2) (Y/Y) (8:50) Jun 2.9% Sep 2.7% Jul 3.0% Oct 2.8% Aug 2.7% Nov 3.0%

Indicator Highlights

Key potential market-moving indicators and events include: Tertiary Industry Activity (Tue., Dec. 13, 8:50); Industrial Production (Revised) (Wed., Dec. 14, 13:30); the TANKAN (Thu., Dec. 15, 8:50); All Industry Activity (Mon., Dec. 19, 13:30); and Merchandise Trade Balance (Wed., Dec. 21, 8:50).

Tertiary industry figures will paint in the service-sector contribution to October output, and revised industrial production data will refine the manufacturing and mining component estimate. The TANKAN will give a critical read on business sentiment and investment plans.

Merchandise trade data is critical for the export results—where there was great disappointment last month.

Indicator	Forecast	Consensus	Analysis
Corporate Goods Price Index (Y/Y)	+1.5%		Declining materials costs weigh on the index.
Tertiary Industry Activity (SA) (M/M)	+0.3%		A very mild increase.
Industrial Production (Revised) (SA) (M/M)	+2.4%		Little or no change to preliminary estimate.
TANKAN	-3		A significant relapse, disappointing September-report projections.
All Industry Activity (SA) (M/M)	+0.4%		A mild rebound led by manufacturing.
Merchandise Trade Balance (NSA)	¥425.5 Billion		Imports grow while exports fall.

Post Mortem—Recent Data Results

Services sector contracts. The November services PMI fell to 49.5, swinging into contraction territory from 52.3 in the previous month and dragged down by falls in both output and new business.

Leading index falls no further. The preliminary leading index for October, as computed by the Cabinet Office, cut a two-month string of declines showing a flat M/M reading of 91.5. Meanwhile, the coincident index rose 1.3 points (to 90.3), exactly unwinding the drop of the previous month. These results persuaded the Cabinet Office to maintain an assessment of an economy no longer falling.

Current account show mixed messages. Surprising to the downside somewhat, the October (unadjusted) current account surplus narrowed clearly to ¥ 562.4 bln from the ¥ 1494.9 bln surplus seen in the same month of 2010. In seasonally adjusted terms, the current account surplus also shrank, slipping to ¥ 518.6 bln in October from ¥ 1186.6 bln in September.

Lending growth turns positive. Bank lending data for November showed total bank loans at 0.2% Y/Y, a further slight improvement from the revised 0.1% reading of the previous month, the latter having been the first positive reading in 23 months.

Orders slump further. Surprising to the downside one again, core machinery orders (excluding shipping and utilities) slumped further in October, albeit with the 6.9% M/M drop a little less marked than the 8.2% reversal seen in September. The weakness this time around was more manifest on the non-manufacturing side.

GDP bounces back. Surprising few, the Q3 preliminary estimate showed GDP rising for the first quarter in four, bouncing by 1.5% Q/Q (6.0% annualized) following a 0.3% drop in the previous quarter. As a result, the Y/Y rate continued to register negative readings, albeit recovering to a pint to -0.7%. The Q/Q break-down showed that the downward revision was a reflection a of weaker growth in private consumption and a what is now seen as a further drop in capex. Meanwhile, the Q3 GDP deflator fell by a revised 2.2% Y/Y, a less steep drop than the 2.4% fall in Q2.

Better monetary dynamics. Coming in higher than expected, November M2 money supply growth improved to 3.0% Y/Y from an October reading of 2.7%, the former a joint-highest for the year. Meanwhile, growth in the broader M3 measure picked back up to 2.5% Y/Y.

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Forecast Calendar

December 9, 2011

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Husby

December 12 – December 23, 2011

12

13

14

Capacity Utilization (8:30)

11:Q1	78.9%	**11:Q3 (f)**	**80.3%**
11:Q2	78.4%	**11:Q3 (c)**	**79.0%**

15

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

	Ships.	Inv.	New Ord.
Jul	3.3%	0.2%	1.4%
Aug	1.4%	0.4%	0.9%
Sep	2.6%	0.4%	4.8%
Oct (f)	**-0.8%**	**0.2%**	**-1.3%**
Oct (c)	**-0.6%**		

16

19

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

(SA)	Sales	Inv.
Jul	1.0%	0.6%
Aug	0.3%	1.0%
Sep	0.3%	0.6%
Oct (f)	**0.3%**	**0.2%**

20

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 (f)	**2.7%**	**2.1%**

21

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

	Total	Ex-Auto
Jul	-0.5%	0.1%
Aug	0.6%	0.4%
Sep	1.0%	0.5%
Oct (f)	**0.4%**	**0.3%**

22

23

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

May	-0.3%	Aug	0.4%
Jun	0.2%	Sep	0.2%
Jul	0.4%	**Oct (f)**	**unch**

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

Recent History-Latest Results

5

6

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

May	20.9%	Aug	-10.1%
Jun	2.8%	Sep	-4.1%
Jul	-0.4%	Oct	11.9%

Bank of Canada Rate Decision
(9:00)

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

Jun	59.9	Sep	55.7
Jul	46.8	Oct	54.4
Aug	56.4	Nov	59.9

7

8

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

Jun	196.1	Sep	208.5
Jul	213.2	Oct	208.8
Aug	191.4	Nov	181.1

9

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

	Prod.	Comp.	ULC
10:Q4	0.1%	0.7%	0.7%
11:Q1	0.3%	1.0%	0.6%
11:Q2	-1.0%	unch	1.0%
11:Q3	0.4%	-0.1%	-0.5%

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

May	-1.2	Aug	-0.5
Jun	-1.5	Sep	1.0
Jul	-0.1	Oct	-0.9

Indicator Highlights

Canada

Key potential market-moving indicators and events include: Capacity Utilization (Wed., Dec. 14, 8:30 a.m.); the Survey of Manufacturing (Thu., Dec. 15, 8:30 a.m.); the Consumer Price Index (Tue., Dec. 20, 7:00 a.m.); Retail Trade (Wed., Dec. 21, 8:30 a.m.); and Monthly GDP (Fri., Dec. 23, 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 be important in gauging the extent and nature of a pickup in activity following auto and energy sector disruptions.

Retail trade data kicks off the Q4 consumer spending trend. The Consumer Price Index, especially the Bank of Canada "core" measure, will be watched for confirmation that price pressures are moderating. Monthly GDP should provide an early read on the broad Q4 growth picture.

Indicator	Forecast	Consensus	Analysis
Capacity Utilization	80.3%	79.0%	Further recovery from production disruptions.
Survey of Manufacturing (M/M) (SA)			
Shipments	-0.8%	-0.6%	Lower prices for some products, and September surge in petroleum not repeatable.
Inventories	+0.2%		
New Orders	-1.3%		
Wholesale Trade (M/M)			
Sales	+0.3%		Modest gain.
Inventories	+0.2%		
Consumer Prices (Y/Y)			
Total	+2.7%		Gasoline prices decelerating in year-ago comparison.
Core	+2.1%		
Retail Trade (M/M)			
Total	+0.4%		Vehicles sales moved higher.
Ex-Auto	+0.3%		
Real GDP (M/M) (SA)	unch		Weakness in energy sector, services soft too.

Post Mortem—Prior Week Results

BoC gives little support to rate-cut crowd, Europe remains key concern. Surprising no one, the Bank of Canada left the target for the overnight rate on hold at 1.0%, and reiterated that there remains "considerable monetary policy stimulus in Canada." But disappointing some, there was little in the accompanying statement that hinted at any material shift in the balance of risks to the Bank's outlook, certainly nothing to suggest a rate cut in the immediate future in the absence of clearer deterioration in global growth prospects, or significantly heightened liquidity strains. Nevertheless, markets will continue to err on the side of a cut, if only because a liquidity shock can appear overnight, while lasting resolution to the upside will take quite some time.

If anything, the statement – while acknowledging material downside risks out of Europe, and dimmer growth prospects therein – left the Bank in a slightly more balanced position, able to respond to upside surprises in global growth, however unlikely that might seem to some. Of course, even a move toward "more balanced" is the correct interpretation, it does little to move forward rate hikes into 2012, from a more-likely 2013 and beyond. A modest upgrade to the inflation picture, discussed below, appears to be, in part the reason for continued hesitation about signaling a need to ease policy. With respect to the balance of growth risks, the Bank expects the recession in Europe to be deeper than it projected in October, but that downgrade was offset by a brightening in the near-term data flow ("slightly more robust") out of the U.S. and the domestic economy. "Household deleveraging, fiscal consolidation and negative spillover effects from the European crisis" are all expected to dampen growth in the U.S.. None of those drivers can clear up quickly, supporting the case for low rates, for quite some time.

As expected, the BoC noted firmer domestic growth, and specifically highlighted solid business investment and more momentum in household spending. Interestingly, the data points the BoC chose were relatively weak in the Q3 GDP release (see Dec 2nd Global Markets Weekly), and could be a bit lackluster in coming quarters. The Bank's read on relative growth drivers has been off the mark before, and may be so yet again. Unsurprisingly, the policy statement saw the weaker external outlook dampening Canadian growth through financial, trade, and confidence channels.

On inflation, the Bank's language hinted at a slight firming in expectations relative to the admittedly left-tail projections made in October, where the Bank saw headline CPI troughing at a soft 1% in 2012. The recent recovery in commodity prices is to blame there. It is likely that the Bank's fresh projections, accompanying its next policy meeting, will be taken higher – not to a level that would augur rate hikes, just soften the risk of too-material an undershoot of the 1-3% target band. In that sense, the Bank appears to be worried that inflation risks, though not brewing in any immediate sense, could surface were the Bank to be wrong-footed by easing into either fresh stimulus out of Asia or the Federal Reserve, or greater confidence in a stable European environment.

Ivey PMI rises. The Ivey PMI firmed to 59.9 in November, the firmest reading since June. The Employment sub-index softened to modestly to 49.4, signaling more firms saw the month-to-month hiring trend weaken, echoing hard employment data in recent months.

Housing starts give back some ground. Housing starts dipped 13.3% in November to a 181,000 annual rate, as multi-family starts finally gave back ground (-23.3% to 95,300), after four prints above 120,000 in the July to October period. Permits data had showed some flagging performance in recent months, the question was timing. Single-family starts continue to bounce around the lower end of the 60-70K range, rising 3.6% during the month. Residential investment will be hard-pressed to contribute strongly to growth in the near-term, a plus for those worried about longer-term stability in the housing market after very strong growth in recent years, but it weakens another leg of the near-term growth stool.

Productivity rose in Q3. Real business sector output outpaced (+1.0%) the rise in hours worked (+0.7%), as Q3 labor productivity rose 0.4% following a 1.0% decline in Q2. Unit labor costs fell for the first time in six quarters (-0.5%), on a second straight flat print for total compensation.

Trade balance back in red. Undershooting expectations, but reflecting anticipatable factors, the merchandise trade balance swung from a $1.0 billion surplus to a $0.9 billion deficit in October, as exports fell 3.0%, and imports rose 1.9%. The hit to exports was driven in large part by a 5.9% drop in energy exports, on price and volume effects. The 5.9% October drop offsets about half of a 12.3% September surge, which had been helped by production coming back online after earlier disruptions. But, the export decline was reasonably broad-based, with industrial goods off 6.0%, reversing three months of advances, and machinery and equipment down 0.5%, following a 5.2% drop the month prior. Autos were a bright spot, up 4.0% during the month. On the import side, the major autos and machinery categories rebounded after September swoons. The constant-dollar figures give an early indication that net exports will drag on Q4 growth, with a 1.4% drop in export volumes, paired with a 1.3% jump in imports. That puts exports down 1.5% from their Q3 average, and imports down only 0.5%.

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