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Information for Decisions™

Forecast Calendar

January 27, 2012

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

January 30 – February 10, 2011

30	31	1	2	3
EU Commission Business and Consumer Survey (Jan) (11:00) EU Leaders summit in Brussels	Unemployment Rate (%) (SA) (11:00) Aug 10.1 Nov 10.3 Sep 10.2 **Dec (f) 10.4** Oct 10.3 **Dec (c) 10.4**	ECB Bank Lending Survey (Jan) (10:00) Purchasing Managers' Index Manufacturing, Final (10:00) Oct 47.1 **Jan (p) 48.7** Nov 46.4 **Jan (f) 48.7** Dec 46.9 **Jan (c) 48.7** Harmonized Index of Consumer Prices, Flash (11:00) M/M Y/Y Dec 0.3% 2.7% **Jan (f) 2.8%** **Jan (c) 2.7%**	Producer Prices (NSA) (11:00) M/M Y/Y Nov 0.2% 5.3% **Dec (f) -0.2% 4.3%** **Dec (f) -0.2% 4.3%**	Service Sector Purchasing Managers Survey, Final (10:00) Oct 46.4 **Jan (p) 50.5** Nov 47.5 **Jan (f) 50.5** Dec 48.8 **Jan (c) 50.5** Retail Sales (SA) (11:00) M/M Y/Y Nov -0.8% -2.5% **Dec (f) 0.1% -1.4%** **Dec (c) 0.3% -1.3%**
6	**7**	**8**	**9**	**10**
			ECB Governing Council meeting (decision at 13:45) *(no change expected)* *Press conference at 14:30*	

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

23	24	25	26	27
Consumer Confidence, Flash (Jan) (16:00) Eurozone Finance Ministers met in Brussels	Purchasing Managers' Index Manufacturing, Flash (10:00) Aug 49.0 Nov 46.4 Sep 48.5 Dec 46.9 Oct 47.1 Jan 48.7 Service Sector Purchasing Managers Survey, Flash (10:00) Aug 51.5 Nov 47.5 Sep 48.8 Dec 48.8 Oct 46.4 Jan 50.5 Industrial Orders (SA) (M/M) (11:00) Jun -0.9% Sep -7.8% Jul -1.9% Oct 1.5% Aug 1.7% Nov -1.3% EU Finance Ministers met in Brussels			M3 Money Supply (Y/Y) (SA) (10:00) Jul 2.1 Oct 2.6 Aug 2.8 Nov 2.0 Sep 2.9 Dec 1.6 Private Sector Loans (Y/Y) (SA) (10:00) Jul 2.4 Oct 2.7 Aug 2.5 Nov 1.7 Sep 2.5 Dec 1.0 ECB President Draghi spoke in Switzerland (14:15)

Indicator Highlights

Key potential market-moving indicators and events include: Unemployment Rate (Tue. Jan. 31, 11:00 a.m.), the final Manufacturing PMI (Wed. Feb. 1, 10:00 a.m.), preliminary Harmonized Consumer Prices (Wed. Feb. 1, 11:00 a.m.), Producer Prices (Thu. Feb. 2, 11:00 a.m.), the final Services PMI (Fri. Feb. 3, 10:00 a.m.) and Retail Sales (Fri. Feb. 3, 11:00 a.m.). In the following week, there is the ECB Council meeting (decision due Thu. Feb. 9, 1:45 p.m.).

The **unemployment rate** was unchanged in November from the October reading but still up clearly from the cycle-low set in April. The flash January **manufacturing PMI** bounced, the second rise in a row and far stronger than the December gain. December data saw **HICP inflation** fall from a three-year high. **Producer prices** rose in November, twice the rise of the previous month. The January flash **services PMI** showed a third successive rise, hitting a five-month high. Real **retail sales** dropped in M/M terms in November, more than unwinding the rise seen in October.

Indicator	Forecast	Consensus	Analysis
Unemployment Rate (SA)	10.4%	10.4%	Uptrend continues!
Purchasing Managers' Index (SA) - Final			
- Manufacturing	48.7	48.7	No major revision expected.
Consumer Prices – HICP (Flash) (NSA)			
Y/Y	2.8%	2.7%	Disinflation interrupted?
Producer Prices			
M/M	-0.2%	-0.2%	Y/Y rate hits 15-month low.
Y/Y	4.3%	4.3%	
Purchasing Managers' Index (SA) - Final			
- Services	50.5	50.5	No major revision expected.
Retail Sales (SA)			
M/M	0.1%	0.3%	Q4 decline on the cards!
Y/Y	-1.4%	-1.3%	

Post Mortem—Prior Week Results

Consumer sentiment edged back up. The flash consumer confidence reading for January rose to -20.6 from -21.3 in the preceding month, thereby up from a 28-month low and the first rise in seven months.

No longer contracting? The January flash PMIs suggest that Eurozone economic activity stabilized into the current quarter. Specifically, the manufacturing PMI bounced 1.8 points to 48.7, the second rise in a row and far stronger than the 0.5 point December gain. More notably, the flash services PMI hita five-month high, showing a third successive and larger rise of 1.7 points, to 50.5.

Orders fall afresh. Industrial new orders dropped 1.3% M/M in November, unwinding most of 1.5% October bounce, but very much leaving in place the unrevised 7.8% slump seen in the previous month, the latter still being the largest fall since late-2008.

Even clearer monetary weakness? Coming in below expectations even more clearly this time around, December M3 money supply growth slowed by 0.4 percentage point to 1.6% Y/Y, thereby easing back to an 11-month low.

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Forecast Calendar

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United Kingdom

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

January 30 – February 10, 2012

30

Possibly from today:

HBOS House Prices (Jan) (8:00)

31

GfK Consumer Confidence (Jan) (00:01)

BoE Lending to Individuals (9:30)
Mortgage Lending
(SA, Net, £ Billion)

Aug	0.6	Nov	0.6
Sep	0.4	**Dec (f)**	**0.9**
Oct	1.2	**Dec (c)**	**0.8**

M4 Money Supply (SA) (9:30)

	M/M	Y/Y
Oct	-0.3%	-2.7%
Nov	-0.6%	-2.6%
Dec (f)	**-0.3%**	**-1.5%**

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

Sep	-23.2	Nov	-21.6
Oct	-25.1	**Dec (f)**	**-20.0**

1

Nationwide House Prices (Jan) (7:00)

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

Sep	50.8	Nov	47.7
Oct	47.8	**Jan (f)**	**50.5**
Nov	47.7	**Jan (c)**	**50.0**

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

2

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

3

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

Sep	52.9	Dec	54.0
Oct	51.3	**Jan (f)**	**52.5**
Nov	52.1	**Jan (c)**	**53.5**

6

New Car Registrations (Jan)

7

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

8

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

9

Manufacturing Production (SA) (9:30)

	MM	Y/Y
Oct	-0.9%	0.1%
Nov	-0.2%	-0.6%
Dec (f)	**unch**	**0.1%**

Industrial Production (SA) (9:30)

	M/M	Y/Y
Oct	-1.0%	-2.1%
Nov	-0.6%	-3.1%
Dec (f)	**-0.3%**	**-3.6%**

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

Sep	-10175	Nov	-8644
Oct	-7868	**Dec (f)**	**-8250**

Bank of England MPC meeting (rate announcement 12 noon – *further asset purchases announced.)*

10

PPI Output (NSA) (9:30)

	MM	Y/Y
Nov	0.2%	5.4%
Dec	-0.2%	4.8%
Jan (f)	**unch**	**3.7%**

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

	MM	Y/Y
Nov	-0.1%	3.1%
Dec	-0.1%	3.0%
Jan (f)	**-0.1%**	**2.1%**

PPI Input (NSA) (9:30)

	MM	Y/Y
Nov	0.3%	13.6%
Dec	-0.6%	8.7%
Jan (f)	**1.2%**	**7.5%**

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

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BoE MPC Member Posen spoke in Nottingham (18:00)

24

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

	'11/'12	'10/'11
Oct	6.6	7.6
Nov	18.0	20.4
Dec	13.7	15.9

BoE Governor King spoke in Brighton (20:00)

25

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

	Q/Q	Y/Y
QII'11	unch	0.6%
QIII'11	0.6%	0.5%
QIV'11	-0.2%	0.8%

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

Index of Services (Nov) (9:30)

Minutes of the Bank of England Monetary Policy Committee Meeting (January 11-12) (9:30)

CBI Industrial Trends Monthly & Quarterly Survey (Jan) (11:00)

26

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

27

Indicator Highlights

United Kingdom

Key potential market-moving indicators and events include: BoE data on Lending to Individuals and Money Supply (Tuesday. Jan. 31, 9:30 a.m.), the Manufacturing PMI (Wed. Feb. 1, 9:30 a.m.) and the Services PMI (Fri. Feb. 3, 9:30 a.m.). In the following week, there is Industrial Production and the Trade Balance (both Thu. Feb. 9, 9:30 a.m.), the Bank of England Monetary Policy Committee Meeting (rate decision announced Thu. Feb. 9, 12 noon) and Producer Prices (Fri. Feb. 10, 9:30 a.m.).

According to BoE-computed data, the number of **mortgage approvals** rose further in November, with the reading not only above the recent average, but also the highest in 23 months. BoE numbers on underlying monetary dynamics showed no further growth in underlying broad **money supply**, the first such lull in five months. The headline **manufacturing PMI** for December rose, thereby helping unwind the acute slump seen in October. The December **services PMI** increased, more than twice the rise seen in the previous month and resulting in the highest reading since July 2010. November **manufacturing output** dropped, accentuating the fall seen in October. The total **visible trade** gap widened from a shortfall in October to a larger deficit in November. December **producer output prices** fell in M/M terms, a contrast to the rise seen in November and actually the first decline since June 2010.

Indicator	Forecast	Consensus	Analysis
BoE Mortgage Lending (SA, Net)	£ 0.9 bln	£ 0.8 bln	Approvals data have improved.
Money Supply, M4			
M/M	-0.3%		More focus on underlying numbers.
Y/Y	-1.5%		
Purchasing Managers' Index (SA)			
- Manufacturing	50.5	50.0	CBI data very much more upbeat.
Purchasing Managers' Index (SA)			
- Services	52.5	53.5	Modest growth?
Manufacturing Production (SA)			
M/M	unch		Y/Y rate turns positive.
Y/Y	0.1%		
Industrial Production (SA)			
M/M	-0.3%		Warm weather hits utilities.
Y/Y	-3.6%		
Visible Trade Balance, Global (SA)	-£ 8250 mln		EU exports resilience dissipates?
PPI Output (NSA)			
M/M	unch		Core rate down again.
Y/Y	3.7%		
PPI Input (SA)			
M/M	1.2%		Imported goods prices recover.
Y/Y	7.5%		

Post Mortem—Prior Week Results

Better fiscal messages continue. Public Sector Net Borrowing was £ 13.71 bln in December, down from the £ 15.91 bln outcome in the same month of 2010.

Modest drop in GDP. Real GDP decreased by 0.2% in Q/Q terms in Q4 2011, a contrast to the (unrevised) 0.6% rise seen in the previous quarter.

BoE still unanimous over no further QE for now. The minutes from the 11-12 January 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 last October.

Manufacturing orders and output improve. The CBI Industrial Trends survey for January showed a clearly better reading for overall orders, which rose seven points to -16, up from the December outcome which was the softest reading since October 2010.

Mortgage approvals rise. According to the British Bankers' Association, net mortgage lending in December was £ 0.7 bln, £ 0.2 bln up on the previous month but still a little below the recent trend.

Stronger services. The index of services rose by 1.6% Y/Y in November, up clearly from the 1.2% pace set in the previous month.

Sales stall afresh. The latest (January) CBI distributive trades survey suggested that retail sales slumped back following the clear improvement seen in the previous month.

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Germany

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January 30 – February 10, 2012

30

Cost-of-Living, Preliminary (NSA)

	M/M	Y/Y
Dec	0.7%	2.1%
Jan (f)	**-0.3%**	**2.1%**
Jan (c)	**-0.4%**	**2.1%**

31

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

Aug	-0.6%	Nov	-1.0%
Sep	0.9%	**Dec (f)**	**0.5%**
Oct	unch	**Dec (c)**	**0.8%**

Unemployment (Change, 000's) (SA) (9:55)

Nov	-23	**Jan (f)**	**-10**
Dec	-22	**Jan (c)**	**-10**

Employment (Change, 000's) (SA) (9:55)

Sep	31	Nov	25
Oct	34	**Dec (f)**	**5**

1

Purchasing Managers Survey Manufacturing, Final (SA) (9:45)

Oct	49.1	**Jan (p)**	**50.9**
Nov	47.9	**Jan (f)**	**50.9**
Dec	48.4	**Jan (c)**	**50.9**

2

3

Purchasing Managers Survey Services, Final (SA) (9:45)

Oct	50.6	**Jan (p)**	**54.5**
Nov	50.3	**Jan (f)**	**54.5**
Dec	52.4	**Jan (c)**	**54.5**

6

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

Jul	-2.4%	Oct	5.0%
Aug	-1.4%	Nov	-4.8%
Sep	-4.6%	**Dec (f)**	**0.5%**

Possibly from today:

Wholesale Price Index (NSA) (8:00)

	M/M	Y/Y
Nov	0.7%	4.9%
Dec	unch	3.0%
Jan (f)	**unch**	**1.8%**

7

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

Sep	-2.8%	Nov	-0.6%
Oct	0.8%	**Dec (f)**	**0.2%**

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

Sep	-2.8%	Nov	-1.0%
Oct	0.6%	**Dec (f)**	**0.2%**

8

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

	'11	'10
Oct	11.5	14.5
Nov	16.2	13.9
Dec (f)	**12.5**	12.6

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

	'11	'10
Oct	10.0	14.2
Nov	14.3	14.4
Dec (f)	**18.0**	19.3

9

ECB Governing Council meeting (decision at 13:45)
(no change expected)
Press conference at 14:30

10

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

	M/M	Y/Y
Nov	unch	2.4%
Dec	0.7%	2.1%
Jan (f)	**-0.3%**	**2.1%**

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

23

24

Construction Orders (Nov) (8:00)

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

Aug	50.9	Nov	47.9
Sep	50.3	Dec	48.4
Oct	49.1	Jan	50.9

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

Aug	51.1	Nov	50.3
Sep	49.7	Dec	52.4
Oct	50.6	Jan	54.5

25

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

Aug	108.6	Nov	106.7
Sep	107.5	Dec	107.3
Oct	106.5	Jan	108.3

26

GfK Consumer Confidence Outlook (Feb) (8:00)

27

Import Prices (NSA) (8:00)

	M/M	Y/Y
Oct	-0.3%	6.8%
Nov	0.4%	6.0%
Dec	0.3%	3.9%

Indicator Highlights

Germany

Key potential market-moving indicators and events include: Preliminary Consumer Prices (Mon. Jan. 30), Retail Sales (Tue. Jan. 31, 8:00 a.m.), Unemployment (Tue. Jan. 31, 9:55 a.m.), the final Manufacturing PMI (Wed. Feb. 1, 9:55 a.m.) and the final Services PMI (Fri. Feb. 3, 9:55 a.m.). In the following week, there are Manufacturing Orders (Mon. Feb. 6, 12 noon), Industrial Production (Tue. Feb. 7, 12 noon), the Trade Balance and Current Account (both Wed. Feb. 8, 8:00 a.m.), final Consumer Prices (Fri. Feb. 10, 8:00 a.m.) and possibly Wholesale Prices.

According to final data, December **CPI inflation** decreased to a nine-month low. According to Federal Statistics Office data, real **retail sales** (excluding auto and petrol sales) dropped in M/M terms in November. **Unemployment** decreased in December, a similar result to that of the previous month. The flash January **manufacturing PMI** rose, ending a three-month run of sub-50 readings. The flash January **services PMI** recovered further to a seven-month high. **Manufacturing orders** slumped in November, the largest drop in almost three years. November **industrial production** fell from the recovery seen in the previous month. The November (unadjusted) **trade** surplus widened from the same month of the previous year. **Wholesale prices** were unchanged in M/M terms in December, a contrast to the November rise.

Indicator	Forecast	Consensus	Analysis
Consumer Prices – Preliminary (NSA)			
M/M	-0.3%	-0.4%	Fuel prices upside risk?
Y/Y	2.1%	2.1%	
Retail Sales ex. Autos & Gas (Volume, SA) (M/M)	0.5%	0.8%	Flat trend still evident!
Unemployment, (SA) (change, 000's)	-10	-10	Weather less supportive.
Purchasing Managers' Index (SA) - Final - Manufacturing	50.9	50.9	No major revision expected.
Purchasing Managers' Index (SA) - Final - Services	54.5	54.5	No major revision expected.
Manufacturing Orders, (SA)			
M/M	0.5%		Bounce in volatile capex area.
Industrial Production, (SA)			
M/M	0.2%		Mild weather boosts construction but hits utilities. Q4 sees clear fall.
Trade Balance, (NSA)	€ 12.5 bln		Exports slip back.
Consumer Prices – Final (NSA)			
M/M	-0.3%		Break-down detailed.
Y/Y	2.1%		
Wholesale Prices (NSA)			
M/M	unch		Y/Y rate hits 25-month low.
Y/Y	1.8%		

Post Mortem—Prior Week Results

Better survey messages. The January flash PMI numbers revealed better fortunes for the private sector, more clearly suggesting positive overall rates of growth. Indeed, the manufacturing PMI rose 1.5 points to 50.9, ending a three-month run of sub-50 readings. Meanwhile, the services PMI recovered a further 2.1 points to 54.5, a seven-month high and unwinding some more of 10 point drop seen since the series hit a 4½-year high in January.

Construction jumps. November construction orders increased by 9.8% M/M, largely unwinding the slumps seen in the three prior months, but still very much continuing the volatility in the series seen in the last year.

Ifo survey surprisingly rises further. The January Ifo business climate index actually rose for a third successive month. Specifically, the index gained exactly one point to 108.3, now part of a 1.8 point cumulative bounce from the October reading that was the lowest in 17 months.

Consumer confidence rises further. The GfK measure of the consumer confidence outlook for February rose to 5.9, up from an upwardly-revised 5.7, an 11-month high.

Import prices recover further. Import prices rose by 0.3% in M/M terms in December, a broadly-based rise that was similar to the 0.4% recovery seen in the previous month.

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Producer Prices (NSA) (8:45)

	M/M	Y/Y
Nov	0.4%	5.6%
Dec (f)	**-0.1%**	**4.6%**
Dec (c)	**-0.1%**	**4.7%**

Household Consumption of Goods (SA) (8:45)

	M/M	Y/Y
Nov	-0.1%	-2.1%
Dec (f)	**0.5%**	**-1.7%**
Dec (c)	**0.2%**	**-2.1%**

Housing Starts (Dec) (8:45)

1

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

Oct	48.5	**Jan (p)**	**48.5**
Nov	47.3	**Jan (f)**	**48.5**
Dec	48.9	**Jan (c)**	**48.5**

New Car Registrations (Jan)

2

3

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

Oct	44.6	**Jan (p)**	**51.7**
Nov	49.6	**Jan (f)**	**51.7**
Dec	50.3	**Jan (c)**	**51.7**

6

7

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

Jul	-6.53	Oct	-5.58
Aug	-4.82	Nov	-4.41
Sep	-6.01	**Dec (f)**	**-4.50**

8

BoF Business Sentiment Survey (Jan) (8:45)

Central Government Budget (Dec) (8:45)

9

INSEE Quarterly Survey of Investment (January) (8:45)

ECB Governing Council meeting (decision at 13:45)
(no change expected)
Press conference at 14:30

10

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

	M/M	Y/Y
Oct	0.1%	1.7%
Nov	1.1%	0.9%
Dec (f)	**-0.7%**	**-0.4%**

Manufacturing Production (SA) (8:45)

	M/M	Y/Y
Oct	0.2%	2.6%
Nov	1.3%	2.2%
Dec (f)	**-0.7%**	**1.2%**

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

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

24

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

Aug	49.1	Nov	47.3
Sep	48.2	Dec	48.9
Oct	48.5	Jan	48.5

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

Aug	56.8	Nov	49.6
Sep	51.5	Dec	50.3
Oct	44.6	Jan	51.7

25

Unemployment (Dec) (18:00)

26

INSEE Monthly Survey of Households (Jan) (8:45)

INSEE Quarterly Survey of Industry (Jan) (8:45)

27

Indicator Highlights

Key potential market-moving indicators and events include: Producer Prices and Household Consumption (both Tue. Jan. 31, 8:45 a.m.), the final Manufacturing PMI (Wed. Feb. 1, 9:50 a.m.) and the final Services PMI (Fri. Feb. 3, 9:50 a.m.). In the following week, there is the Trade Balance (Tue. Feb. 7, 8:45 a.m.) and Industrial Production (Fri. Feb. 10, 8:45 a.m.).

Producer prices rose in M/M terms in November, a reading that was down only a notch from the October outcome. **Household spending** on goods in November fell in M/M terms, exactly unwinding the rise of the previous month. The flash January **manufacturing PMI** slipped afresh, more than unwinding the December slide. The January flash **services PMI** jumped for a third successive month, rising to a five-month high. The November **trade gap** narrowed clearly from October. **Manufacturing output** rose in M/M terms in November.

Indicator	Forecast	Consensus	Analysis
Producer Prices (NSA)			
M/M	-0.1%	-0.1%	Y/Y rate falls to 14-month low.
Y/Y	4.6%	4.7%	
Household Consumption (SA)			
M/M	0.5%	0.2%	Little change during Q4!
Y/Y	-1.7%	-2.1%	
Purchasing Managers' Index (SA)			
- Manufacturing – Final	48.5	48.5	No major revision expected.
Purchasing Managers' Index (SA)			
- Services – Final	51.7	51.7	No major revision expected.
Visible Trade (SA)	-€ 4.50 bln		Trade flows drop back.
Industrial Production (SA)			
M/M	-0.7%		Q4 sees clear drop.
Y/Y	-0.4%		

Post Mortem—Prior Week Results

Business sentiment drops further. The January INSEE industry confidence indicator fell for a seventh successive month. Indeed, the headline figure dropped a further three points to 91, a 23-month low, and therefore further below the long-term average (of 100).

Less weakness. The January flash PMIs moved in opposite directions. Most notably, the services PMI jumped for a third successive month, rising 1.4 points to a five-month high of 51.7, thereby further accentuating the recovery from the 27-month low in October. Meanwhile, the manufacturing PMI slipped afresh, albeit by just 0.4 point to 48.5, thereby more than unwinding the December slide.

Consumer confidence edges up. The January INSEE-computed consumer confidence index rose for the first time since last October, with the one point rise to 81 taking the reading up from a December outcome which had been softest since early-2009.

Manufacturing sentiment falls further and more markedly. The January INSEE quarterly survey of manufacturing revealed further weakness in the sector, with the net balance for past production dropping clearly to -12 from 4 in October, while forecast production swung more into the negative at -8.

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Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

January 30 – February 10, 2012

30 ISAE Business Sentiment (Jan) (10:00)	**31** Producer Prices (NSA) (10:00) M/M Y/Y Oct -0.2% 4.7% Nov 0.2% 4.5% **Dec (f) unch 3.7%**	**1** Purchasing Managers' Survey Manufacturing (SA) (9:45) Sep 48.3 Dec 44.3 Oct 43.3 **Jan (f) 45.0** Nov 44.0 **Jan (c) 45.0** New Car Registrations (Jan)	**2**	**3** Purchasing Managers Survey Service (SA) (9:45) Sep 45.8 Dec 44.5 Oct 43.9 **Jan (f) 45.0** Nov 45.8 **Jan (c) 45.0** NIC Consumer Prices, Preliminary, (NSA) (11:00) M/M Y/Y Dec 0.4% 3.3% **Jan (f) 0.2% 3.0%** **Jan (c) 0.3% 3.2%**
6	**7**	**8**	**9** ECB Governing Council meeting (decision at 13:45) *(no change expected)* *Press conference at 14:30*	**10** Industrial Production* (10:00) M/M Y/Y Oct -0.9% -4.1% Nov 0.3% -4.1% **Dec (f) -0.5% -7.0%**

* 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

23	**24**	**25** Retail Sales (NSA) (Y/Y) (10:00) Jun -1.1% Sep -1.6% Jul -2.3% Oct -1.4% Aug -0.3% Nov -1.8%	**26** ISAE Consumer Sentiment (Jan) (10:00) Hourly Wages (NSA) (Y/Y) (11:00) Jul 1.7% Oct 1.7% Aug 1.7% Nov 1.5% Sep 1.7% Dec 1.4%	**27**

Indicator Highlights

Key potential market-moving indicators and events include: Producer Prices (Tue. Jan. 31, 10:00 a.m.), the Manufacturing PMI (Wed. Feb. 1, 9:45 a.m.), the Services PMI (Fri. Feb. 3, 9:45 a.m.) and Consumer Prices (Fri. Feb. 3, 11:00 a.m.). In the following week, there is Industrial Production (Fri. Feb. 10, 10:00 a.m.).

The **manufacturing PMI** recovered a little further in December, up from an October reading that was the lowest since June 2009. The December **services PMI** fell, largely unwinding the rise seen in the previous month. December **consumer price inflation** was unchanged from the previous month, still down from the three-year high seen in October. November **industrial production** rose, albeit hardly unwinding the falls of the previous two months.

Indicator	Forecast	Consensus	Analysis
Producer Prices (NSA)			
M/M	unch		Y/Y rate at 18-month low?
Y/Y	3.7%		
Purchasing Managers' Index (SA)			
- Manufacturing	45.0	45.0	Still contacting!
Purchasing Managers' Index (SA)			
- Services	45.0	45.0	Little change.
Consumer Prices – Preliminary (NSA)			
M/M	0.2%	0.3%	Y/Y rate hits four-month low.
Y/Y	3.0%	3.2%	
Industrial Production*			
M/M	-0.5%		Steep Q/Q fall in store for Q4.
Y/Y	-7.0%		

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

Post Mortem—Prior Week Results

Retail sales fall further. Unadjusted nominal retail sales fell 1.8% Y/Y in November, a slightly larger drop to that of the previous month.

Softer wage growth. Hourly wage growth for October slowed 0.1 percentage point to 1.4% Y/Y, a new cycle-low.

Consumer sentiment stabilizes. The January consumer confidence index, as measured by ISAE, stayed at 91.6, matching the record-low set in December. The stable reading was a reflection of a bounce in expectations offset by a recovery in the current climate index.

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Forecast Calendar

January 27, 2012

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

January 30 – February 10, 2012 (Local Times)

30

31

Unemployment Rate (SA) (8:30)

Jul	4.7%	Oct	4.5%
Aug	4.3%	Nov	4.5%
Sep	4.1%	**Dec (f)**	**4.4%**

Effective Job Offers to Applicants Ratio (8:30)

Jul	0.64	Oct	0.67
Aug	0.66	Nov	0.69
Sep	0.67	**Dec (f)**	**0.70**

Family Income and Expenditure Survey (Real) (Y/Y) (8:30)

	PCE (All)	PCE (Workers)	Disp. Income
Oct	-0.4%	-1.8%	-3.8%
Nov	-3.2%	-4.1%	-1.2%
Dec (f)	**-1.0%**	**-2.5%**	**-0.8%**

Industrial Production (SA) (M/M) (8:50)

Jul	0.4%	Oct	2.2%
Aug	0.6%	Nov	-2.7%
Sep	-3.3%	**Dec (f)**	**3.0%**

Housing Starts (Y/Y) (14:00)

Jul	21.2%	Oct	-5.8%
Aug	14.0%	Nov	-0.3%
Sep	-10.8%	**Dec (f)**	**-4.5%**

1

Vehicle Sales (Y/Y) (14:00)

Aug	-25.5%	Nov	24.1%
Sep	1.7%	Dec	23.5%
Oct	28.3%	**Jan (f)**	**28.0%**

2

BOJ Yamaguchi Speech (11:10)
(Kagawa Business Leaders)

3

6

Sometime during the week:

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

Aug	1218.5	Nov	1304.8
Sep	1200.6	Dec	1295.8
Oct	1209.9	**Jan (f)**	**1301.0**

7

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

	Leading	Coincident
Oct	92.0	91.4
Nov	93.2	90.3
Dec (f)	**93.5**	**89.5**

8

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

	2011	2010
Oct	562.4	1494.9
Nov	138.5	955.4
Dec (f)	**305.0**	1197.9

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

	2011	2010
Oct	-206.1	903.6
Nov	-585.1	256.2
Dec (f)	**-115.0**	763.5

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

Aug	-0.5%	Nov	0.2%
Sep	-0.3%	Dec	0.4%
Oct	unch	**Jan (f)**	**0.4%**

BOJ Nishimura Speech (10:00)
(Tokyo: OECD-ADB Roundtable)

9

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

Aug	2.7%	Nov	3.0%
Sep	2.7%	Dec	3.1%
Oct	2.8%	**Jan (f)**	**3.1%**

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

Jul	-8.2%	Oct	-6.9%
Aug	11.0%	Nov	14.8%
Sep	-8.2%	**Dec (f)**	**-1.5%**

10

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

Aug	2.6%	Nov	1.6%
Sep	2.5%	Dec	1.3%
Oct	1.6%	**Jan (f)**	**1.3%**

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

Recent History-Latest Results

23

BOJ Monetary Policy Meeting

BOJ Senior Loan Officer Opinion Survey (8:50) (January)

24

BOJ Monetary Policy Meeting

BOJ Shirakawa Press Conference (15:30)

25

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

	2011	2010
Oct	-281.8	812.6
Nov	-687.6	157.6
Dec	-205.1	719.6

BOJ Monthly Report (14:00)
(January)

26

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

Jul	-0.3%	Oct	0.1%
Aug	-0.3%	Nov	-0.1%
Sep	unch	Dec	0.1%

27

Tokyo CPI (Y/Y) (8:30)

	Total	Ex-Fresh Food
Nov	-0.9%	-0.5%
Dec	-0.4%	-0.3%
Jan	-0.3%	-0.4%

Nationwide CPI (Y/Y) (8:30)

	Total	Ex-Fresh Food
Oct	-0.2%	-0.1%
Nov	-0.5%	-0.2%
Dec	-0.2%	-0.1%

BOJ Monetary Policy Meeting Minutes (8:50)
(December 20-21)

Retail Sales (Y/Y) (8:50)

Jul	0.6%	Oct	1.9%
Aug	-2.6%	Nov	-2.2%
Sep	-1.1%	Dec	2.5%

Indicator Highlights

Key potential market-moving indicators and events include: Unemployment Rate (Tues., Jan. 31, 8:30); Effective Job Offers to Applicants Ratio (Tues., Jan. 31, 8:30); Industrial Production (Tues., Jan. 31, 8:50); Housing Starts (Tues., Jan. 31, 14:00); Vehicle Sales (Wed., Feb. 1, 14:00); Current Account Balance and Current Account Visible Trade (Wed., Feb. 8, 8:50); Bank Lending (Wed., Feb. 8, 8:50); Money Supply (M2) (Thu., Feb. 9, 8:50); Machinery Orders, Core (Thu., Feb. 9, 14:00); and Corporate Goods Price Index (Fri., Feb. 10, 8:50).

Labor market data will hint whether employers are becoming significantly more cautious, while industrial production data are being watched for confirmation that output is rebounding with the force that managers predicted last month. Housing starts and vehicle sales data are important as indicators of consumer confidence, in the current seemingly precarious environment.

Balance of payments results will reveal the extent to which the income surplus offset the trade deficit—hinting at when the overall current account may tip into deficit. Bank lending and money supply results give a spot check on the volume of flow through an important channel of credit provision. Machinery orders now are most important as an indicator of business confidence, while corporate goods prices hint at the cost pressures companies are facing.

Indicator	Forecast	Consensus	Analysis
Unemployment Rate (SA)	4.4%		Some very modest demand-driven improvement.
Effective Job Offers to Applicants Ratio	0.70		Still firming up slowly.
Family Income and Expenditure Survey (Real) (Y/Y)			
PCE (All)	-1.0%		Tracking closer to year-ago than was the case last month.
PCE (Workers)	-2.5%		
Disposable Income	-0.8%		
Industrial Production (SA) (M/M)	+3.0%		A healthy rebound, but less than planned.
Housing Starts (Y/Y)	-4.5%		Cool modestly on a running basis.
Vehicle Sales (Y/Y)	+28.0%		Still flattered by year-ago weakness
Official Reserves (NSA)	$1301.0 Billion		Currency translation modestly favorable this month.
Business Conditions Composite Indexes (Prelim.)			
Leading	93.5		Mixed performances.
Coincident	89.5		
Current Account Balance (NSA)	¥305.0 Billion		Income surplus still a buffer against deficits on other balances.
Current Account Visible Trade (NSA)	-¥115.0 Billion		
Bank Lending (Y/Y)	+0.4%		Slow improvement continues.
Money Supply (M2) (Y/Y)	+3.1%		Steady growth, firmer than before.
Machinery Orders, Core (SA)	-1.5%		Pause, after big November jump.
Corporate Goods Price Index (Y/Y)	+1.3%		Pressures more restrained than a few months ago.

Post Mortem—Recent Data Results

BoJ steady again, pares back assessment further. Surprising no-one, the BoJ Board once again voted unanimously to continue the target for the overnight call loan rate at zero to 0.1%. Equally unsurprising, the Board unveiled no further policy moves in relation to the size of its asset-buying program. Possibly more notable, the BoJ downgraded its assessment of the Japanese economy's current performance once again, now noting that activity has been more or less flat rather than having paused, hit by the higher yen and weaker growth abroad. The softer outlook was echoed in updated economic projections. Compared to the outlook offered last October, the BoJ now sees FY 2012 GDP growth based in range with a mid-point of 2.0%, 0.2 percentage points lower than previously thought. Growth for FY 2013, however, is seen at a little-changed 1.6%.

Exports remain weak. The December (unadjusted) trade balance deteriorated clearly to a deficit of ¥ 205.1 bln from a surplus of ¥ 725.9 bln in the same month of the previous year. Meanwhile, the seasonally adjusted trade gap moved into a slightly larger deficit to the tune of -¥ 567.6 bln. The latest adjusted result was a reflection of a failure of exports to rebound by any more than 0.2% M/M after the 2.6% drop seen in November, while imports bounced by 0.7% last month.

Corporate services unchanged. December corporate services prices were unchanged in M/M terms. Prices fell 0.1% in the preceding month, the first drop in three months. Partly as a result, the Y/Y rate of change turned back to the positive at 0.1%.

More mixed inflation updates. Largely matching expectations, national core CPI inflation (ex fresh food) gained a notch to -0.1% Y/Y in December, reversing the swing seen in the previous month. Headline CPI inflation, at -0.2%, also turned less negative last month, although the rate excluding food and energy remained at -1.0%. Meanwhile, the headline Tokyo CPI reading (for January) rose a notch to -0.3% Y/Y, a four-month high, while the core (ex-fresh food) CPI inflation fell by -0.4%, ie a slightly steeper fall than before but both still seeing less steep falls than the (unchanged) ex food and energy price drop of -1.1%.

Sales less weak. Retail sales rose by 0.3% M/M in December, unwinding little of the 2.0% slump of the previous month. Partly as a result, Y/Y growth turned back to the positive, at 2.5%.

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Forecast Calendar

January 27, 2012

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Husby/Pumphrey

January 30 – February 10, 2012

30

31

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

Jul	0.4%	Oct	unch
Aug	0.4%	**Nov (f)**	**0.2%**
Sep	0.2%	**Nov (c)**	**0.2%**

Industrial Product Prices (8:30)

(NSA)	M/M	Y/Y
Sep	0.5%	5.4%
Oct	-0.1%	4.7%
Nov	0.2%	4.3%
Dec (f)	**0.2%**	**3.7%**
Dec (c)	**-0.1%**	**3.4%**

Raw Materials Prices (8:30)

(NSA)	M/M	Y/Y
Sep	1.4%	15.1%
Oct	-1.0%	11.4%
Nov	3.8%	11.7%
Dec (f)	**0.6%**	**8.1%**
Dec (c)	**-0.5%**	**7.0%**

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Labor Force Survey (7:00)

Employment (Change, Thous., SA)

Sep	60.9	Dec	17.5
Oct	-54.0	**Jan (f)**	**15.0**
Nov	-18.6	**Jan (c)**	**22.3**

Unemployment Rate (SA)

Sep	7.1%	Dec	7.5%
Oct	7.3%	**Jan (f)**	**7.5%**
Nov	7.4%	**Jan (c)**	**7.5%**

6

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

Aug	56.4	Nov	59.9
Sep	55.7	Dec	63.5
Oct	54.4	**Jan (f)**	**62.5**

7

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

Jul	-0.4%	Oct	11.6%
Aug	-10.1%	Nov	-3.6%
Sep	-4.1%	**Dec (f)**	**1.0%**

8

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

Aug	191.4	Nov	181.1
Sep	208.5	Dec	199.9
Oct	208.8	**Jan (f)**	**195.0**

9

10

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

Jul	-0.1	Oct	-0.5
Aug	-0.5	Nov	1.1
Sep	1.0	**Dec (f)**	**-0.2**

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

Recent History-Latest Results

23

24

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

	Total	Ex-Auto
Aug	0.6%	0.5%
Sep	1.0%	0.4%
Oct	1.0%	0.7%
Nov	0.3%	0.3%

25

26

27

Indicator Highlights

Canada

Key potential market-moving indicators and events include: Monthly GDP (Tue., Jan. 31, 8:30 a.m.); the Labor Force Survey (Fri., Feb. 3, 7:00 a.m); Building Permits (Tues., Feb. 7, 8:30 a.m.); Housing Starts (Wed., Feb. 8, 8:15 a.m.); and International Trade (Fri., Feb. 10, 8:30 a.m.).

Monthly GDP should provide an early read on the broad Q4 growth picture. 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.

Housing starts and building permits data are showing moderation, suggesting the housing sector will be hard-pressed to contribute significantly to growth in the near term. The International Trade Balance report will give a better handle on Q4 net export performance.

Indicator	Forecast	Consensus	Analysis
Real GDP (M/M) (SA)	+0.2%	+0.2%	Manufacturing, housing contribute positively.
Industrial Product Prices (NSA)			
M/M	+0.2%	-0.1%	Softer sequentially, and will decelerate in year-ago comparison too.
Y/Y	+3.7%	+3.4%	
Raw Materials Prices (NSA)			
M/M	+0.6%	-0.5%	Commodity prices volatile, slightly higher.
Y/Y	+8.1%	+7.0%	
Labor Force Survey, Employment (Change, SA)	+15,000	+22,300	Manufacturing employment at historic lows, despite global rebound.
Unemployment Rate (SA)	+7.5%	+7.5%	Slack remains.
Ivey Purchasing Managers' Survey (SA)	62.5		Still moderate business activity.
Building Permits (M/M) (SA)	+1.0%		Offsetting moves in nonres and residential building intentions.
Housing Starts (SAAR)	195,000 units		Low mortgage rates keep housing starts above its projected long run level.
International Trade (Balance, SA)	C$ -0.2 billion		Lower oil prices likely depress exports.

Post Mortem—Prior Week Results—Prior Week Results

The **positive retail sales figures suggest healthy domestic demand.** Canada released its November retail sales figures Tuesday, with both total and ex auto figures exceeding the consensus forecasts. Total Retail Sales were reported at 0.3% M/M (Consensus: 0.15%, DE: 0.4%), bringing the Y/Y growth rate to 3.1%. Ex Auto Retail Sales were also reported at 0.3% M/M (Consensus: 0.2%, DE: 0.4%). Higher gasoline sales boosted November's numbers, which marked the fourth consecutive month of increasing retail sales.

While November's data suggests domestic demand is still healthy, retail sales growth appears to be slowing. Robust consumer spending has been contributing to recent positive retail sales; however, an increasing household debt-to-income ratio will eventually dampen consumer spending as credit becomes more expensive. Canada is relying heavily on domestic demand to fuel GDP growth in 2012, due to both a potential decline in global aggregate demand as well as the relative strength of the Canadian dollar, and it is unclear how long households will be either willing or able to increase their debt-to-income ratios. Households are more vulnerable to shocks, making it all the more important that the global economy, particularly the U.S., remains on the rails.

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