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The Morning Briefing

North American Edition
Wednesday, February 29, 2012
6:30 am (EST), 11:30 am (GMT)
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GLOBE AT A GLANCE – Andrew Wroblewski, London / Pierre Ellis, New York

Equities: Mostly higher. Japanese equity markets were mixed, with the Nikkei index largely flat but the broader Topix index closing moderately lower. Other major Asian markets were mostly higher however, save for China. European bourses rose through most of early morning trade, but gave up some of the gains as midday approached and as the ECB carried out the second round of its LTRO earlier today.

Bonds: Europe mostly higher, Japan mixed. JGB prices were higher across nearly all maturities, with the yield curve steepening slightly on the medium-term end. European bond prices saw continued divergences, however, with France, Spanish and Italian markets higher, but German, Greek and particularly Portuguese markets lower.

Currencies: Weaker euro. The dollar see-sawed against the yen through both the Asian and morning European sessions, moving little changed around ¥/$ 80.52. Against the euro, the US currency moved mostly sideways through Asian hours, but rose in the morning European session, trading slightly higher to near $/€ 1.344.

ECB: Larger and wider liquidity provision. The ECB allotted a somewhat higher than-expected € 529.5 bln in its second 3-year LTRO. The amount was higher than the € 489.2 bln in the previous such provision made in December with the amount of participating banks also higher (800 vs 523).

Eurozone: Inflation slips. Seeing a 0.1 percentage point downward revision from the flat numbers, final January data saw HICP inflation drop from to 2.6%, a five-month low

United Kingdom: Better monetary messages. BoE numbers on underlying monetary dynamics showed more reassuring messages in January data.

Sweden: Economy shrinks. Preliminary national accounts data for Q4 came in below already-muted expectations, as Q4 GDP fell 1.1% Q/Q

India: Growth slows further. Coming in below expectations this time around, GDP growth fell by 0.8 percentage point to 6.1% Y/Y in Q4.

South Korea: Mixed messages in output. Surprising to the upside, January industrial production rose by 3.3% M/M in seasonally adjusted terms.

Australia: Correction in construction. Surprising clearly to the downside, data for Q4 showed seasonally adjusted construction sector work done falling by 4.6% Q/Q.

U.S. ECONOMIC AND CREDIT MARKET OUTLOOK – Pierre Ellis, New York

Treasuries gave back some ground Tuesday, with the ten-year yield rising two basis points while the two-year yield held about steady. Prices were roughly flat overnight, then strengthened slightly in the morning, only to fall back over the remainder of the day. A weak January durable goods report added to ongoing European concerns in supporting the early market strength, while technical factors, and caution in front of Chairman Berrnanke's testimony today, pulled in the other direction.

Durable goods orders fell a more-than-expected 4.0% (Consensus: -1.0%; Decision Economics: -1.5%) from a marginally upward-revised December level. The decline did, as expected, incorporate a drop in commercial aircraft orders (-14.3%), but extended far beyond that—a generally discouraging set of results, but with the significance contained, for the moment, by uncertainty about turn-of-year seasonal adjustment, and by allowance for the normal gross volatility in these numbers.

Excluding defense orders, the durables total fell 4.5%, and with commercial aircraft stripped out too, the decline was a still-severe 3.7% (following on +2.3% last month).

Within the latter total, the important non-defense capital goods ex-aircraft group dropped 4.5% (after +3.4% in December), a negative indication on business sentiment, and possibly on exports too. Orders for all remaining categories together fell 3.2%--with considerable breadth to the decline, as far as can be determined from the data provided today.

Taken at face value the results are quite troubling—pointing to a sharp contraction in demand, on a broad front, despite all the interest rate stimulus being thrown at the economy. The indication is of hesitation, at best, or of a collapse in willingness to take risk, at worst.

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Of course, there is more and more reason to expect some softening in export demand, which may be manifesting itself in the numbers—but the darker indication would be of serous domestic deterioration too, or at least of the slowdown in inventory building that is widely expected to limit first-quarter GDP growth.

The jury will surely remain out, for at least a few months, given the normal gross volatility in these numbers. But, the arithmetical calculation of first-quarter GDP starts out with a limp.

In another uncertain indication, the December **Case-Shiller house price index** showed an unexpected acceleration in its year-on-year decline, from -3.8% (revised from -3.7%) in November to -4.0% (Consensus: -3.6%; Decision Economics: -3.5%).

But, seasonally adjusted numbers actually showed a slowing in month-to-month declines from -0.7% in November (and in October and September) to -0.5% in December—hinting, faintly, at stabilization in prices. Notably, 15 out of 20 regional figures showed steady, or improving, month-to-month changes.

To the degree that the seasonal adjustment can be trusted, the slowdown in monthly declines is the important indication—suggesting, again faintly, that current supply and demand are coming more closely into balance. Obviously, any solid conclusion will require much additional corroborating evidence.

Last, but not least, the headline February **Conference Board Consumer Confidence** index jumped a more-than-expected 9.3 points (Consensus: +1.9 points; Decision Economics: +3.6 points).

The gain sharply more than offset a 3.3-point drop in the index suffered last month, in a rebound pattern driven by outsized improvement in the expectations component. That index jumped 11.3 points, after having fallen just 0.3 point in January, while the present conditions component rose 6.2 points, after having fallen 7.7 points.

Essentially, consumer perceptions of the current situation have stabilized, while optimism about the situation six months from now has surged.

There were improvements in all three subcomponents of the expectations index—business conditions, employment, and income--but of those, only income had suffered any deterioration last month, and the bounce there this month did not absolutely recover the ground lost.

The other two components were steady-to-better last month, and added on substantially this month. Consumers evidently look forward to a better economy, and more jobs, but do not see much benefit to their incomes.

In an indication that cannot be negative for the upcoming payroll report, even the present-situation employment reading showed some net improvement from December, with the jobs-hard-to-get index dropping 4.6 points in February, after having risen just 1.7 points in January.

Those lost share points were split between the jobs-plentiful index (+0.4 point, after -0.4 point last month) and the not-so-plentiful index (+4.2 points, after -1.3 point last month). Obviously, that is not reflecting full-throated optimism—but perceptions of this nature would change only glacially in the current environment, and the fact that changes are happening suggests that the actual situation has been improving for some time.

Confidence-type indicators tend to be pointed-to enthusiastically by whatever side of the economic-outlook debate sees its case bolstered by the results, and dismissed as worthless by the other.

Optimists will be the proponents of the numbers this time—though most FOMC hawks tend to be dubious about survey-type data, and probably will not make much note of these. Still, the new readings cannot be construed as bad news.

DAILY CALENDAR

Scheduled today are revised fourth-quarter GDP figures, at 8:30 EST/13:30 GMT, a speech by Dallas Fed President Fisher, at 9:30 EST/14:30 GMT, the February Chicago Purchasing Managers Survey, at 9:45 EST/14:45 GMT, Chairman Bernanke's first round of "Humphrey Hawkins" testimony, at 10:00 EST/15:00 GMT, a speech from Philadelphia Fed President Plosser, at 13:00 EST/18:00 GMT, and the FOMC Beige Book, at 14:00 EST/19:00 GMT.

Expectations are that the **GDP revision** will have minimal effect on the overall growth total (Consensus: unrevised at +2.8%; Decision Economics: +2.9%). However, there is likely to be a multiplicity of technical revisions to GDP components, and the implicit forecast, based on input data received since the first GDP estimate, is that they will be small and largely, if not totally, offsetting.

On that basis, there should be no change in the overall story of the report, or any new implications for the outlook. The major potential exception to that might be in the case of an unexpectedly big revision to the inventory

component—with an upward revision probably pushing Q1 forecasts downward and a downward revision perhaps opening the way to mildly higher forecasts.

The **Chicago Purchasing Managers Report**, meanwhile, is seen showing a mild firming in the headline index (Consensus: +1.3 points, to 61.5; Decision Economics: +1.1 points). That sort of result would sustain optimism that manufacturing activity continues to expand, but point to no significant acceleration. It would also show an uncharacteristic lack of volatility for this report..

Suggestions that whatever motion occurs in the Chicago survey reflects a national-level trend would be stronger if the driving force in the report is the one major potentially national-level component—new orders.

Among the Fed speakers, Chairman **Bernanke** will obviously be the main focus of interest. He appears before the House Financial Services Committee, which includes in its majority-party membership some of the Republicans most dubious of the Fed's social value—including Ron Paul, though whether he will attend is uncertain.

There is very unlikely to be any new economic-outlook content in the Chairman's formal testimony, given the earlier release of the FOMC central-tendency forecasts, and his own post-meeting press conference. In any case, it is unlikely that data received since the FOMC met has changed any participant's view of the medium-term outlook. Bernanke himself delivered testimony to the Senate Budget Committee following the very important January employment report—and gave no hint that it had affected his outlook.

Obviously, the questioning will be the main event today, and, apart from the usual smattering of TV posturing by Financial Services Committee members, there is the likelihood of some fairly probing queries. Monetary policy will not be the only topic, but interesting questions in that realm might relate to the QE3 possibility, and to the mortgage-securities-buying option—both of which policy tools are basically anathema to some of the Representatives likely to be in attendance.

Another hot issue, though a bit less political, might be the Fed's potential flexibility in breaking its interest-rate "promise." Bernanke might be more cagey than some of his colleagues on that issue, given that doves regard near inviolability of the pledge as being important to its effectiveness

Fisher and **Plosser** are, of course, some of the most committed hawks in the Fed aviary, and both fell out of voting status at the turn of the year—perhaps leaving them quietly frustrated at their inability to protest the recent turn of policy any more forcefully than by simply speaking out in public. Today, Fisher will be talking about the U.S. outlook at a Mexican Stock Exchange gathering, while Plosser will speak to the Forecasters Club of chief economists in New York City.

Neither will express any new dovish turn, and both might point to the recent mild, but broad, strengthening in economic data as strengthening the argument against new stimulus—and maybe the argument in favor of withdrawing some.

The **Beige Book** will be looked to for any regional color that might clarify, the still somewhat mixed economic picture painted by the latest data. However, current developments may be too subtle for Beige Book reports to deliver much information.

WESTERN EUROPE – Andrew Wroblewski, London

EUROZONE – Inflation slips. Seeing a 0.1 percentage point downward revision from the flat numbers, final January data saw HICP inflation drop from to 2.6%, a five-month low, down from the 2.7% December reading. Prices fell by 0.8% in M/M terms, largely due a decrease in airfares and clothing.

The breakdown released for the first time with this update showed that the fall in headline inflation was very much based around the impact of lower airfares and clothing costs. As a result, core rates were down slightly, with narrowest measure (which excludes energy, food, tobacco and alcohol) down 0.1 percentage point to a five-month low of 1.5% Y/Y, while the core measure more favored by the ECB (where only energy and unprocessed foods are excluded) edged down to 1.9%%.

The ECB has clearly become less clamed about inflation, no longer pointing to lower wage, cost and price pressures that characterized its thinking in late 2011.

ECB: Larger and wider liquidity provision. The ECB allotted a somewhat higher than-expected €529.5 bln in is second 3-year LTRO. The amount was higher than the € 489.2 bln in the previous such provision made inDecember with the amount of participating banks also higher (800 vs 523).

Expectations for the allotment had risen afresh in the last day or so, mainly as a result of banks being more cautious than expected in tapping other (but less prolonged) liquidity provisions from the ECB earlier in the week. Even so,

the higher overall allotment (and greater participation) will be of little surprise to markets, especially as this tender involved easier collateral rules to those applicable to the December LTRO.

Nevertheless, while possibly being consistent with evidence of some banks still having funding stresses, the larger allotment will be seen as supportive for peripheral markets especially in the wake of recent data suggesting that the December injection may have been the force behind a clear step-up in the purchase of government debt by banks in these markets. NB: at this juncture, the ECB is planning no further such 3-year LTROs.

GERMANY – Strength in labor market less evident. Showing an unexpected failure to fall further, unemployment was unchanged in February, following the 26 000 slide seen in the previous month. As a result, the level of joblessness (at 2.86 mln) remained at a 20-year low, while the adjusted unemployment rate was steady at an upwardly revised 6.8%.

Notably, there was also a sharp fall back in vacancies. Even so, (December) employment continued to grow, with the Y/Y growth edging up to 1.4%.

Import prices rise even faster. Import prices jumped 1.3% in M/M terms in January, another and broadly-based rise that was much stronger than the rises seen in the two previous months, as well as being higher than expected. Even so, the overall Y/Y rate eased 0.2 percentage point to 3.7% last month. The M/M increase was led by fuels.

FRANCE – Household spending slips further. Surprising to the downside once again, household spending on goods in January fell 0.4% in M/M terms, adding to the 0.2% drop seen in the previous month (revised from -0.7%). The latest drop was fairly broad-based by led by a fall back in vehicle sales. Regardless, Y/Y household consumption growth was slightly less negative at -2.2%.

SPAIN – Inflation down again. Coming in lower than expected, flash data showed EU harmonized CPI inflation at 1.9% Y/Y in February, 0.1 percentage point down on the previous month. However, headline CPI inflation was steady at 2.0%.

OTHER WESTERN EUROPE

UNITED KINGDOM – Mortgage approvals rise yet again. According to BoE-computed data, the number of mortgage approvals rose even further in January, with the 58 728 reading not only above the recent average, but also the highest in 25 months. Moreover, the value of overall approvals also rose, recovering to £ 13.2 bln and with actual net mortgage lending rising to a 13-month high of £ 0.4 bln.

Meanwhile, and of some note, average mortgage rates were down slightly at 3.34%, a fresh cycle-low. Otherwise, consumer credit remained weak, edging up 0.1% M/M, albeit with the record 0.4% previously estimated for December revised away.

Better monetary messages. BoE numbers on underlying monetary dynamics showed more reassuring messages in January data. These aggregates, which exclude intermediate other financial companies, are the ones that the BoE has been using to help assess the health of bank lending and monetary conditions generally. They showed a marked M/M rebound of 1.9%, more than repairing the record fall of 0.7% in underlying broad money supply seen in December, the result of which pulled the three-month annualized rate (possibly more closely watched by the BoE given the volatility in the numbers) back to a three-month high of 4.28%.

On an equally more upbeat note, the underlying lending numbers rose further, actually showing a rise of 0.5% M/M, the third positive reading in four months and enough to make the three-month annualized rate more positive (at 4.2%).

The still very soft lending data will cause no celebrations within the BoE, especially as the rebound in underlying broad money supply seemingly mainly sprang from a reversal of an unusual drop in deposits held by securities dealers that occurred in December.

Otherwise, the data show resilience in the housing market, but policy makers will take little solace from this, aware that should the labor market deteriorate further, then distress selling could very well emerge to undermine house prices that are still far from being on the cheap side. Even so, the balance of (domestic) data continues to suggest that the MPC is far from assured to increase its asset purchases when the current program ends in May.

Consumer confidence steady. The GfK consumer confidence gauge in February remained at -29, thereby still up from a 35-month low in December. The breakdown showed no major swings across components save for a clear fall back in the willingness to spend.

SWEDEN – Economy shrinks. Preliminary national accounts data for Q4 came in below already-muted expectations, including those of the Riksbank. Indeed, Q4 GDP fell 1.1% Q/Q, a contrast to the downwardly-revised 0.9% Q3 outcome, also ending a run of eight successive gains in quarterly activity. The fresh drop was far from

broad-based, however, showing weakness very much on the external side, a contrast to the Q3 numbers. Regardless, Y/Y GDP growth was much lower at 1.2%.

It is unclear what impact these weaker than expected GDP data will have on Riksbank thinking which was only too aware of the weakness in exports in late-2011. The policy reaction is complicated by the fact that activity levels are still high, as (despite the downward revision to previous quarter growth), the actual level of GDP was revised higher. In addition, the GDP data are not only prone to marked revisions but subject to clear volatility.

More notably, data so far this year have perked up, not only in terms of continued signs of firmness in domestic demand but also on the business side, not only in terms of survey data. The next of these keenly-watched surveys arrives on Thursday with the PMI numbers. The index last time jumped clearly showing the first above-50 reading since mid-2011, this jump then having been echoed by more upbeat National Institute figures. Regardless, official data have also taken a turn for the better with industrial orders leaping at the end of last year due to a surge in exports, with that better external signal echoed in the latest set of visible trade data where export growth returned to the positive (and clearly so).

Even so, the softer export backdrop in the GDP numbers will reinforce the caution that lay behind the last rate cut announced on February 16. However, despite the Q4 GDP numbers, the balance of data surely corroborates the stable policy outlook that the Riksbank signaled when it made that cut.

Rates cut discussion clearer. The minutes to the February 15 Riksbank Board meeting saw the as-expected 25 bp in the repo rate justified by the fact that that inflationary pressures in the Swedish economy are low, that the economic outlook in Sweden has weakened as a result of developments abroad and that, in order to stabilize inflation around 2% and resource utilization in the economy around a normal level, a further cut was needed. The minutes noted that growth prospects have deteriorated in large parts of the Eurozone, whose sluggish growth has subdued the demand for Swedish exports, which slowed down significantly in late 2011. The weaker economic outlook has led households to begin saving more and to postpone their consumption, while the companies are postponing their investment. GDP growth will therefore be low in the period immediately ahead.

Overall, it was agreed that Sweden will now enter a period of much lower growth than has been experienced in recent years, before growth increases again, meaning that inflationary pressures are low. There is no disagreement about these directions. On the other hand, there are differing opinions on what constitutes a well-balanced monetary policy and how strong monetary policy stimulation should be to best stabilize inflation and resource utilization. Unsurprisingly, therefore, Deputy Governors Ekholm and Svensson entered a reservation against the decision to cut the repo rate to 1.50 and against the repo-rate path in the Monetary Policy Report.

NORWAY – Credit growth rises further. Private sector credit growth in January was 6.9% Y/Y, up 0.2 percentage point on the December reading. Within this, household credit was down a notch at 7.2% Y/Y, while non-financial company credit growth increased 0.4 percentage point to 5.8%.

SWITZERLAND – Business confidence less weak. According to KOF, the February business leading indicator rose 0.03 point to -0.12, a rise that ended a run of nine straight declines which saw the January reading hit the lowest in just over two years.

JAPAN – Andrew Wroblewski, London

Industrial production recovers clearly. Surprising to the upside once again, preliminary data for January showed industrial production rising 2.0% M/M, half the jump seen in December. However, the data seemingly continues volatility in the series, albeit with a firmer uptrend potentially emerging given METI's latest survey of firms pointing to a further bounce of 1.7% projected for February to be followed by a same-sized rise in March. Elsewhere, the data also showed a drop back in shipments in January (-0.7% M/M vs 4.6%), while inventories jumped 3.1%.

Housing data less weak. Housing starts fell for the fifth successive month in January, at least in Y/Y terms, but with the growth rate turning less negative (at -1.1%).

Manufacturing growing modestly. The February manufacturing PMI edged down 0.2 point to 50.5, albeit only from the five-month high seen in January.

ASIA – Chang Liu, London

INDIA – Growth slows further. Coming in below expectations this time around, GDP growth fell by 0.8 percentage point to 6.1% Y/Y in Q4, a fourth successive slowing following a same sized fall in the pervious quarter and now the joint-weakest gain since 2004.

The output side breakdown showed the latest moderation to be the result of a further slowing in agricultural sector growth (2.7% Y/Y from 3.2% in Q3), while the secondary sector showed more mixed messages, with a deterioration in manufacturing (0.4% from 2.7%), utilities (9.0% from 9.8) and mining (-3.1% from -2.9%) outweighing a pick up

in construction (7.2% from 4.3%). The services sector, meanwhile, also saw mixed tones, with slowing growth in trade/hotels/transport (9.2% from 9.8%) being contrasted by improvements in community & social services (7.9% from 6.6%).

SOUTH KOREA – Mixed messages in output. Surprising to the upside, January industrial production rose by 3.3% M/M in seasonally adjusted terms, more than unwinding the 0.7% fall in December and ending a run of three consecutive declines. On a Y/Y basis, however, output fell by 2.0% following a 2.8% gain in the previous month, the first drop since June 2009. Elsewhere, growth in shipments also fell in January by 2.4% Y/Y, almost exactly offsetting a same-sized drop in the preceding month.

However, and on a further downbeat note, services sector output growth slowed by 0.7 percentage point to 0.9% Y/Y in January, accentuating the 1.4 percentage point drop seen in the preceding month and now the weakest outcome in the cycle. This was a reflection of deterioration in lodgings, finance and real estate, outweighing improvements in technology & science, business and education.

Leading index rises. The January leading index rose by 0.7% M/M to 138.7, a ninth-straight non-negative reading and now boosting the index to a fresh cycle-high. The coincident index, meanwhile, rose by 0.3% in January, also being a ninth consecutive non-negative outcome.

TAIWAN – Leading index rises. The January leading index rose 1.0% M/M to 130.4, a sixth straight increase and now a fresh cycle-high. The coincident index, meanwhile, picked up by 0.2% to 128.8, a second successive gain to a four-month high.

THAILAND – Less weak domestic demand, confidence rebounds slightly. The private consumption index rose by 0.4% in seasonally adjusted M/M terms in January, a second consecutive increase following the 4.8% gain in the previous month and now a new cycle high. On a Y/Y basis, growth also slowed, but to 2.6% after a 3.1% pick up in December. The private investment index, however, bounced back clearly to rise by 8.0% M/M, albeit still unable to fully unwind the drops seen in the previous months, including the 2.9% fall in December, and with the Y/Y rate also turning less negative to -0.4% from -3.9%.

Elsewhere, the Bank of Thailand Business Sentiment Index actually rose by 2.3 points to 50.8 in January, a five-month high and now the second-strongest outcome since the flooding began last year. The breakdown showed the latest deterioration to be a reflection of improvements across all components, led by a 7.4 point jump in total order book.

Notably, figures in recent months will have been distorted by the flooding in the nation (the worst in over 70 years), and subsequent stimulus measures taken by the Government and the Bank of Thailand.

SOUTH AFRICA – Chang Liu, London

Lending growth rebounds. Total domestic credit growth fell by 1.75 percentage points to 6.47% Y/Y in January, the fastest pace in more than two-and-a-half years, boosted by both the private and public sectors as private sector credit growth saw less marked gain to 7.33% from 6.14% in December. Meanwhile, the two broader measures of money supply M3 (the broadest measure) and M2 saw a further slowing in growth to 6.58% Y/Y and 6.61% from 8.27% and 7.17% respectively, while M1 growth picked up to 10.10% from 9.75%.

OCEANIA – Chang Liu, London

AUSTRALIA – Correction in construction. Surprising clearly to the downside, data for Q4 showed seasonally adjusted construction sector work done falling by 4.6% Q/Q, the first fall since Q3 2010 but still unwinding little of the 11.7% jump seen in the previous month. The latest outcome reflected falls for both building (-4.0% from 0.8) and engineering (-5.0% from 20.9%) works. Also notable, the latest correction was largely the result of a marked deterioration for the private sector (-5.6% from 18.2%), while public sector construction actually saw a slightly less steep drop of -1.0% compared to -5.9% in Q3.

Credit growth slows slightly. Undershooting expectations, January private sector credit rose by 0.2% M/M, slowing slightly from the 0.3% gains seen in the previous two months and now the joint-slowest pace in the cycle. This was a reflection of the first fall in business credit (-0.2% from 0.3%) since June 2011, outweighing improvements for housing (0.5% from 0.4%). In Y/Y terms, meanwhile, overall credit growth was stable at 3.5% from December.

Elsewhere, M3 money supply growth rose by 0.8% M/M in January, building on the 1.2% jump seen in the preceding month. The Y/Y rate, meanwhile, was stable at 8.0%.

Improvement in retail sales. Coming in largely in line with expectations, January seasonally adjusted nominal retail sales rose by 0.3% M/M, ending a run of two successive non-positive outcomes and now a four-month high. The breakdown showed the latest result to be a reflection of improvements in cafes & restaurants (4.3% from -1.9%) and food (0.0% from -0.5%), outweighing fairly broad based deterioration elsewhere.

Steeper fall in home sales. According to the Housing Industry Association, home sales fell in January, with the 7.3% M/M slump accentuating the 4.9% drop seen in December.

NEW ZEALAND – Credit growth rises. January total domestic credit growth jumped 1.2 percentage points to 3.2% Y/Y, a new cycle-high. Residents only credit growth, meanwhile, saw a slightly less marked increase in January to 3.6% from 2.6%. Private sector credit growth, meanwhile, improved to 2.1% from 1.6% in the preceding month, while the residents-only measure picked up to 2.5% from 2.1%.

Elsewhere, M3 money supply growth fell to 5.4% Y/Y in January from 6.0%, a four-month low.

Clear rebound in business confidence. The National Bank of New Zealand's measure of business confidence jumped to 28.0 in January from 16.9 in December, now a five-month high. The breakdown showed the latest result to be a reflection of fairly broad based improvements across components, led by activity outlook and construction, and outweighing falls in investment.

Building approvals rise further. Total building approvals for January rose by 8.3% M/M to 1 326, a five-month high and building on the 2.6% gain seen in the previous month. The latest increase appears to have been the result of improvements in both house and apartment approvals, with the ex-apartments figure showing a marked gain of 3.7% after a 0.2% fall in December.