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Information for Decisions™

Forecast Calendar

August 31, 2012

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

September 3 – September 14, 2012

3	4	5	6	7
Purchasing Managers' Index Manufacturing, Final (10:00) May 45.1 **Aug (p) 45.3** Jun 45.1 **Aug (f) 45.3** Jul 44.0 **Aug (c) 45.3** ECB President Draghi speaks in Brussels (14:30)	Producer Prices (NSA) (11:00) M/M Y/Y Jun -0.5% 1.8% **Jul (f) 0.1% 1.5%** **Jul (c) 0.2% 1.6%**	Service Sector Purchasing Managers Survey, Final (10:00) May 46.7 **Aug (p) 47.5** Jun 47.1 **Aug (f) 47.5** Jul 47.9 **Aug (c) 47.5** Retail Sales (SA) (11:00) M/M Y/Y Jun 0.2% -1.0% **Jul (f) -0.5% -1.9%** **Jul (c) -0.2% -1.7%**	Gross Domestic Product, Second Estimate, (SA) (11:00) Q/Q Y/Y QI'12 unch unch **QII'12 (p) -0.2% -0.4%** **QII'12 (f) -0.2% -0.4%** **QII'12 (c) -0.2% -0.4%** ECB Governing Council meeting (decision at 13:45) *(25 bp refi rate cut expected, bond purchase plan detailed alongside updated economic forecasts)* *Press conference at 14:30*	
10	**11**	**12**	**13**	**14**
		Industrial Production (SA) (11:00) M/M Y/Y May 0.9% -2.6% Jun -0.6% -2.1% **Jul (f) -0.7% -4.0%**	ECB Monthly Bulletin (Sep) (10:00)	Harmonized Index of Consumer Prices, Final (11:00) M/M Y/Y Jul -0.5% 2.4% **Aug (p) 2.6%** **Aug (f) 0.4% 2.6%** Employment (Q2) (11:00) EU Finance Ministers meeting in Cyprus

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

27	28	29	30	31
	M3 Money Supply (Y/Y) (SA) (10:00) Feb 2.8 May 3.1 Mar 3.2 Jun 3.2 Apr 2.6 Jul 3.8 Private Sector Loans (Y/Y) (SA) (10:00) Feb 0.8 May -0.1 Mar 0.6 Jun -0.2 Apr 0.2 Jul 0.1		Retail PMI (Jul) (10:10) EU Commission Business and Consumer Survey (Jul) (11:00)	Harmonized Index of Consumer Prices, Flash (11:00) M/M Y/Y Jun -0.1% 2.4% Jul -0.5% 2.4% Aug 2.6% Unemployment Rate (%) (SA) (11:00) Feb 10.9 May 11.2 Mar 11.0 Jun 11.3 Apr 11.1 Jul 11.3

Indicator Highlights

Key potential market-moving indicators and events include: the final Manufacturing PMI (Mon. Sep. 3, 10:00 a.m.), Producer Prices (Tue. Sep. 4, 11:00 a.m.), the final Services PMI (Wed. Sep. 5, 10:00 a.m.), Retail Sales (Wed. Sep. 5, 11:00 a.m.), the second estimate of Q2 Gross Domestic Product (Thu. Sep. 6, 11:00 a.m.) and the ECB Council meeting (decision due Thu. Sep. 6, 1:45 p.m.). In the following week, there is Industrial Production (Wed. Sep. 12, 11:00 a.m.) and Harmonized Consumer Prices (Fri. Sep. 14, 11:00 a.m.).

The August flash **manufacturing PMI** improved, more than unwinding the drop seen in the previous month. June **producer prices** fell further. The August flash **services PMI** fell slightly. Real **retail sales** rose in M/M terms in June.Q2 Eurozone **GDP** numbers fell in Q/Q terms according to preliminary data. Eurozone **industrial production** fell afresh in June, dropping after the rise in May. Flash numbers for August saw **HICP inflation** rise to a five-month high.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA) - Final			
- Manufacturing	45.3	45.3	No revision expected.
Producer Prices			
M/M	0.1%	0.2%	Y/Y rate hits lowest in 27 months.
Y/Y	1.5%	1.6%	
Purchasing Managers' Index (SA) - Final			
- Services	47.5	47.5	No revision expected.
Retail Sales (SA)			
M/M	-0.5%	-0.2%	Fresh fall.
Y/Y	-1.9%	-1.7%	
Gross Domestic Product, Q2 (SA) – Second Estimate			
Q/Q	-0.2%	-0.2%	Break-down detailed.
Y/Y	-0.4%	-0.4%	
Industrial Production (SA)			
M/M	-0.7%		Broad-based weakness.
Y/Y	-4.0%		
Consumer Prices – HICP (Final) (NSA)			
M/M	0.4%		No revision envisaged.
Y/Y	2.6%		

Post Mortem—Prior Week Results

Lending Less Weak? July M3 money supply growth picked up further, rising clearly by 0.6 percentage point to 3.8% Y/Y, the highest since May 2009.

Broad-Based Weakness! EU Commission business and consumer survey figures for August provided even more sobering messages, with a clearer contraction being flagged in all Eurozone countries, including a more sobering result for Germany.

Retail Sector Weakness More Acute. According to the latest retail PMI, sentiment in the sector slumped more markedly in August as the headline index fell back further. It actually dropped 2.0 points to 44.4.

Inflation Rises. Flash numbers for August saw HICP inflation rise 0.2 percentage point to 2.6% Y/Y, thereby swinging from a 15-month low to a five-month high.

Unemployment at Record-high. The unemployment rate was 11.3% in July, a record-high, matching the upwardly revised June numbers, therefore even more clearly up from the 9.9% cycle-low set in April last year.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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September 3 – September 14, 2012

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

Apr	50.2	Jul	45.4
May	45.9	**Aug (f)**	**46.5**
Jun	48.4	**Aug (c)**	**46.3**

Possibly from today:

HBOS House Prices (Aug) (8:00)

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

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

5

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

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

Apr	53.3	Jul	51.0
May	53.3	**Aug (f)**	**51.0**
Jun	51.3	**Aug (c)**	**51.6**

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

6

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

New Car Registrations (Jul)

7

Manufacturing Production (SA) (9:30)

	MM	Y/Y
Jun	-2.9%	-4.3%
Jul (f)	**0.1%**	**-4.2%**
Jul (c)	**2.0%**	**-2.3%**

Industrial Production (SA) (9:30)

	M/M	Y/Y
Jun	-2.5%	-4.3%
Jul (f)	**-0.2%**	**-4.3%**
Jul (c)	**1.8%**	**-2.4%**

PPI Output (NSA) (9:30)

	MM	Y/Y
Jul	unch	1.7%
Aug (f)	**unch**	**1.8%**
Aug (c)	**0.2%**	**2.0%**

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

	MM	Y/Y
Jul	unch	1.3%
Aug (f)	**unch**	**1.2%**
Aug (c)	**0.1%**	**1.3%**

PPI Input (NSA) (9:30)

	MM	Y/Y
Jul	1.3%	-2.4%
Aug (f)	**2.3%**	**1.7%**
Aug (c)	**1.5%**	**1.0%**

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

10

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

11

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

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

Apr	-9809	Jun	-10119
May	-8364	**Jul (f)**	**-9500**

12

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

May	6.9	Jul	-5.9
Jun	1.0	**Aug (f)**	**7.0**

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

Apr	8.2	Jun	8.0
May	8.1	**Jul (f)**	**8.0**

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

Apr	1.4	Jun	1.6
May	1.5	**Jul (f)**	**1.4**

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BoE Quarterly Bulletin (Q3) (00:01)

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Construction Output (Jun) (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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BoE Lending to Individuals (9:30)

Mortgage Lending (SA, Net, £ Billion)

Feb	1.0	May	0.6
Mar	0.8	Jun	-0.2
Apr	1.1	Jul	1.1

M4 Money Supply (SA) (9:30)

	M/M	Y/Y
May	unch	-4.1%
Jun	-1.6%	-5.2%
Jul	0.5%	-4.6%

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

Apr	6.6	Jun	-29.5
May	-11.1	Jul	-9.4

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GfK Consumer Confidence (Aug) (00:01)

Nationwide House Prices (Aug) (7:00)

Indicator Highlights

United Kingdom

Key potential market-moving indicators and events include: the Manufacturing PMI (Mon. Sep. 3, 9:30 a.m.), the Services PMI (Wed. Sep. 5, 9:30 a.m.), the Bank of England Monetary Policy Committee Meeting (rate decision announced Thu. Sep. 6, 12 noon) as well as Industrial Production and Producer Prices (both Fri. Sep. 7, 9:30 a.m.). In the following week, there is the Trade Balance (Tue. Sep. 11, 9:30 a.m.) and the Labor Market Report – including unemployment and average earnings details – (Thu. Sep. 12, 9:30 a.m.).

The headline **manufacturing PMI** was far weaker in July. The July **services PMI** dropped to a 19-month low. June **manufacturing output** slumped, more than unwinding the bounce seen in the previous month. **Producer output prices** for July were unchanged in M/M terms, a contrast to the falls of the previous two months. The total **visible trade** deficit was up in June from the gap in the previous month. Claimant count **unemployment** fell in July, more than unwinding the gain seen in June. Average weekly **earnings** growth edged up in the three months to June.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Manufacturing	46.5	46.3	CBI data weak, but not as soft as PMI figure.
Purchasing Managers' Index (SA)			
- Services	51.0	51.6	Barely growing.
Industrial Production (SA)			
M/M	-0.2%	1.8%	Downtrend clearer?
Y/Y	-4.3%	-2.4%	
PPI Output (NSA)			
M/M	unch	0.2%	Fuel price rise afresh.
Y/Y	1.8%	2.0%	
PPI Input (SA)			
M/M	2.3%	1.5%	Oil prices bounce back.
Y/Y	1.7%	1.0%	
Visible Trade Balance, Global (SA)	-£ 9500 mln		June distortions unwinding.
Claimant Count Unemployment (SA)			
M/M (change, thousands)	7.0		Trend unclear.
ILO Unemployment Rate (SA)	8.0%		Stabilizing?
Headline Average Earnings (Y/Y)	1.4%		Still below CPI inflation.

Post Mortem—Prior Week Results

Monetary Messages Less Troubling. BoE numbers on underlying monetary dynamics provided some less troubling messages in July data. These aggregates showed a M/M rise of 1.0% in underlying M4, accentuating the 0.4% June bounce.

Mortgage Approvals Bounce Clearly. According to BoE-computed data, the number of mortgage approvals bounced back clearly in July, albeit with the 7.3% M/M jump to 47 312 failing to repair fully the drop seen in June which resulted in the lowest reading since end-2010.

Consumer Confidence Stable. The GfK consumer confidence gauge in August was stable for a third successive month, remaining at -29, thereby still some way from the 35-month low of -33 set in December.

House Prices Bounce Back. According to Nationwide, seasonally adjusted house prices in August bounced clearly, rising 1.3% M/M, more than unwinding the 0.8% July fall, but still only the second rise in the last six months of data.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Germany

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September 3 – September 14, 2012

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

May	45.2	**Aug (p)**	**45.1**
Jun	45.0	**Aug (f)**	**45.1**
Jul	43.0	**Aug (c)**	**45.1**

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

May	51.8	**Aug (p)**	**48.3**
Jun	49.9	**Aug (f)**	**48.3**
Jul	50.3	**Aug (c)**	**48.3**

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

Mar	3.0%	Jun	-1.7%
Apr	-1.4%	**Jul (f)**	**-1.0%**
May	0.7%	**Jul (c)**	**0.3%**

ECB Governing Council meeting (decision at 13:45)
(25 bp refi rate cut expected, bond purchase plan detailed alongside updated economic forecasts)
Press conference at 14:30

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

	2012	2011
Jun	17.9	12.5
Jul (f)	**14.0**	10.4
Jul (c)	**15.3**	

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

	2012	2011
Jun	16.5	11.0
Jul (f)	**11.0**	8.3
Jul (c)	**13.3**	

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

May	1.7%	**Jul (f)**	**-1.0%**
Jun	-0.9%	**Jul (c)**	**unch**

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

Apr	-2.3%	Jun	-1.0%
May	2.0%	**Jul (f)**	**-1.0%**

Labor Costs (Q1-Q2) (8:00)

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Possibly from today:

Wholesale Price Index (NSA) (8:00)

	M/M	Y/Y
Jun	-1.1%	1.1%
Jul	0.3%	2.0%
Aug (f)	**0.3%**	**2.2%**

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12

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

	M/M	Y/Y
Jul	0.4%	1.7%
Aug (p)	**0.3%**	**2.0%**
Aug (f)	**0.3%**	**2.0%**

Constitutional Court rules on the European Stability Mechanism

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M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

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Import Prices (NSA) (8:00)

	M/M	Y/Y
May	-0.7%	2.2%
Jun	-1.5%	1.3%
Jul	0.7%	1.2%

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

Mar	109.8	Jun	105.2
Apr	109.8	Jul	103.2
May	106.8	Aug	102.3

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

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Cost-of-Living, Preliminary (NSA)

	M/M	Y/Y
Jun	-0.1%	1.7%
Jul	0.4%	1.7%
Aug	0.3%	2.0%

30

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

May	1	Jul	9
Jun	7	Aug	9

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

Apr	30	Jun	25
May	34	Jul	16

31

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

Feb	-0.4%	May	unch
Mar	0.9%	Jun	0.5%
Apr	-0.2%	Jul	-0.9%

Indicator Highlights

Germany

Key potential market-moving indicators and events include: the final Manufacturing PMI (Mon. Sep. 3, 9:55 a.m.), the final Services PMI (Wed. Sep. 5, 9:55 a.m.), Manufacturing Orders (Thu. Sep. 6, 12 noon), the Trade Balance and Current Account (Fri. Sep. 7, 8:00 a.m.) as well as Industrial Production (Fri. Sep. 7, 12 noon). In the following week, there are final Consumer Prices (Wed. Sep. 12, 8:00 a.m.) and possibly Wholesale Prices.

The flash August **manufacturing PMI** rose, more than unwinding the fall in the previous month and now a three month high. The flash August **services PMI** slid to a 37-month low. Manufacturing **orders** fell afresh in June. The June (unadjusted) **trade** surplus widened from the same month of last year. June **industrial production** dropped, partly unwinding the clear bounce seen in the previous month. According to the preliminary estimate, August **CPI inflation** rose to a four-month high. **Wholesale prices** rose in M/M terms in July, the first rise in three months.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA) - Final			
- Manufacturing	45.1	45.1	No revision anticipated.
Purchasing Managers' Index (SA) - Final			
- Services	48.3	48.3	No revision anticipated.
Manufacturing Orders, (SA)			
M/M	-1.0%	0.3%	Clearer weakness emerging.
Trade Balance, (NSA)	€ 14.0 bln	€ 15.3 bln	Exports fall again!
Industrial Production, (SA)			
M/M	-1.0%	unch	Third fall in four months?
Consumer Prices – Final (NSA)			
M/M	0.3%		Break-down detailed.
Y/Y	2.0%		
Wholesale Prices (NSA)			
M/M	0.3%		Higher energy prices.
Y/Y	2.2%		

Post Mortem—Prior Week Results

Ifo Survey Loses More Froth. The August Ifo business climate index fell 0.9 point to 102.3, a fourth successive drop.

Import Prices Rise. Import prices rose by 0.7% in M/M terms in July, unwinding part of the 1.5% drop in the previous month and ending a run of three successive declines.

Consumer Confidence Stable. The GfK measure of the consumer confidence outlook for September was stable at 5.9, a joint six-month high.

Consumer Price Inflation Rises. According to the preliminary estimate, August CPI inflation rose by 0.3 percentage point from the 1.7% Y/Y rate seen in the previous month.

Labor Market Deteriorating Once again showing a larger rise than widely expected, unemployment increased for the fifth successive month in August and with the 9 000 rise matching the July increase.

Fresh Sales Slippage. According to Federal Statistics Office data, real retail sales (excluding auto and petrol sales) fell by 0.9% in M/M terms in July, an outcome more than reversed the modest 0.5% bounce of the previous month.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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France

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September 3 – September 14, 2012

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Purchasing Managers' Index Manufacturing, Final (SA) (9:50) May 44.7 **Aug (p) 46.2** Jun 45.2 **Aug (f) 46.2** Jul 43.4 **Aug (c) 46.2** New Car Registrations (Aug)		Purchasing Managers' Index Services, Final (SA) (9:50) May 45.1 **Aug (p) 50.2** Jun 47.9 **Aug (f) 50.2** Jul 50.0 **Aug (c) 50.2**	Unemployment (Q2) (7:30) ECB Governing Council meeting (decision at 13:45) *(25 bp refi rate cut expected, bond purchase plan detailed alongside updated economic forecasts)* *Press conference at 14:30*	Visible Trade Balance (SA) (8:45) (Euro Billion) Mar -5.63 Jun -5.99 Apr -5.90 **Jul (f) -6.50** May -5.47 **Jul (c) -5.70** Central Government Budget (Jul) (8:45)
10	**11**	**12**	**13**	**14**
BoF Business Sentiment Survey (Jul) (8:45) Industrial Production, exc. Construction (SA) (8:45) M/M Y/Y May -2.1% -3.7% Jun unch -2.3% **Jul (f) -0.3% -4.0%** Manufacturing Production (SA) (8:45) M/M Y/Y May -1.1% -4.6% Jun 0.1% -2.6% **Jul (f) -0.2% -3.4%**	Salaried Employment, Final (SA) (8:45) Q/Q Y/Y QIV'11 -0.1% 0.5% QI'12 0.1% 0.2% **QII'12 (p) -0.1% -0.2%** **QII'12 (f) -0.1% -0.2%**	Consumer Prices (NSA) (7:30) M/M Y/Y Jun unch 1.9% Jul -0.4% 1.9% **Aug (f) 0.5% 2.0%**		

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
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c=consensus

Recent History-Latest Results

27	28	29	30	31
Unemployment (Jul) (18:00)	Housing Starts (Jul) (8:45) INSEE Quarterly Survey of Investment (Jul) (8:45)	INSEE Monthly Survey of Industry (Aug) (8:45)		

Indicator Highlights

Key potential market-moving indicators and events include: the final Manufacturing PMI (Mon. Sep. 3, 9:50 a.m.), the final Services PMI (Wed. Sep. 5, 9:50 a.m.) and the Trade Balance (Fri. Sep. 7, 8:45 a.m.). In the following week, there is Industrial Production (Mon. Sep. 10, 8:45 a.m.), the final estimate for Salaried Employment (Tue. Sep. 11, 8:45 a.m.) and Consumer Prices (Wed. Sep. 12, 7:30 a.m.).

The August flash **manufacturing PMI** rose to a four-month high. The August flash **services PMI** rose for a third successive month, bouncing to a seven-month high. The June **trade gap** widened afresh to a larger deficit from the shortfall seen in May. **Manufacturing output** edged up in M/M terms in June, stabilizing after the drop seen in the previous month. Preliminary data for Q2 showed **(non-farm) employment** slipping afresh, with the decrease exactly reversing the positive swing seen in the previous quarter. Headline **CPI inflation** was unchanged in July, still the lowest since last July.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Manufacturing – Final	46.2	46.2	No revision anticipated.
Purchasing Managers' Index (SA)			
- Services – Final	50.2	50.2	No revision anticipated.
Visible Trade (SA)	-€ 6.50 bln	-€ 5.70 bln	Further export slide.
Industrial Production (SA)			
M/M	-0.3%		Further fall.
Y/Y	-4.0%		
Salaried Employment (SA) – Final			
Q/Q	-0.1%		No revision envisaged.
Y/Y	-0.2%		
Consumer Prices (NSA)			
M/M	0.5%		Higher energy prices.
Y/Y	2.0%		

Post Mortem—Prior Week Results

Slightly Weaker Capex Outlook. According to the latest (July) INSEE quarterly survey, manufacturing executives expect investment spending this year to slow a little more than envisaged in the previous survey in April, revising down their forecast to +5% from +6%.

Business Sentiment Less Weak. The August INSEE industry confidence indicator rose for the first time in five months, albeit only edging up by one point to 90, still the second-lowest outcome in the cycle.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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DECISION ECONOMICS, INC.
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Forecast Calendar

August 31, 2012

Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

September 3 – September 14, 2012

3	4	5	6	7
Purchasing Managers' Survey Manufacturing (SA) (9:45) Apr 43.8 Jul 44.3 May 44.8 **Aug (f) 44.6** Jun 44.6 **Aug (c) 45.0** New Car Registrations (Aug)		Purchasing Managers Survey Service (SA) (9:45) Mar 44.3 Jun 43.1 Apr 42.3 Jul 43.0 May 42.8 **Aug (f) 44.0**	ECB Governing Council meeting (decision at 13:45) *(25 bp refi rate cut expected, bond purchase plan detailed alongside updated economic forecasts)* *Press conference at 14:30*	
10	**11**	**12**	**13**	**14**
Gross Domestic Product, Second Estimate (SA) (11:00) Q/Q Y/Y QIV'11 -0.7% -0.5% QI'12 -0.8% -1.4% **QII'12 (p) -0.7% -2.5%** **QII'12 (f) -0.7% -2.5%**		Industrial Production* (10:00) M/M Y/Y May 1.0% -6.7% Jun -1.4% -8.2% **Jul (f) unch -8.0%**	NIC Consumer Prices, Final, (NSA) (11:00) M/M Y/Y Jul 0.1% 3.1% **Aug (p) 0.4% 3.2%** **Aug (f) 0.4% 3.2%**	

* 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

27	28	29	30	31
		Retail Sales (NSA) (Y/Y) (10:00) Jan -1.1% Apr -6.8% Feb 0.5% May -1.7% Mar 1.5% Jun -0.5% ISAE Consumer Sentiment (Jul) (10:00)	ISAE Business Sentiment (Jul) (10:00) Hourly Wages (NSA) (Y/Y) (11:00) Feb 1.4% May 1.4% Mar 1.2% Jun 1.5% Apr 1.4% Jul 1.5%	Producer Prices (NSA) (10:00) M/M Y/Y May -0.3% 2.3% Jun -0.1% 2.2% Jul 0.4% 2.4% NIC Consumer Prices, Preliminary, (NSA) (11:00) M/M Y/Y Jun 0.2% 3.3% Jul 0.1% 3.1% Aug 0.4% 3.2%

Key potential market-moving indicators and events include: the Manufacturing PMI (Mon. Sep. 3, 9:45 a.m.) and the Services PMI (Wed. Sep. 5, 9:45 a.m.). In the following week, there is the second estimate of Q2 Gross Domestic Product (Mon. Sep. 10, 11:00 a.m.), Industrial Production (Wed. Sep. 12, 10:00 a.m.) and final Consumer Prices (Thu. Sep. 13, 11:00 a.m.).

The **manufacturing PMI** slipped back a little further in July to a three-month low. The July **services PMI** fell slightly, ending a run of two consecutive rises but still above the three-year low seen in April. **Q2 GDP** decreased according to preliminary data, accentuating the drop of the previous quarter but in line with the Q4 fall. June **industrial production** dropped afresh, with the fall more than offsetting the May bounce. Preliminary data showed that **consumer price inflation** increased in August, up from a July reading which had been the lowest in almost a year.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Manufacturing	44.6	45.0	Again little changed.
Purchasing Managers' Index (SA)			
- Services	44.0		Less weak?
Gross Domestic Product, 2nd Estimate (SA)			
Q/Q	-0.7%		Breakdown detailed.
Y/Y	-2.5%		
Industrial Production*			
M/M	unch		Further weakness.
Y/Y	8.0%		
Consumer Prices – Final (NSA)			
M/M	0.4%		No revision expected.
Y/Y	3.2%		

* 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 Weakness Continues. Unadjusted nominal retail sales dropped 0.5% Y/Y in June, a less steep fall than the 1.7% decline posted in the preceding month.

Consumer Sentiment Falls Slightly. The August consumer confidence index, as measured by ISAE, dropped slightly by 0.5 point to 86.0, albeit still unwinding little of the 1.1 point increase seen in the previous month.

Manufacturing Confidence Steadies. The August ISAE business confidence steadied, edging up 0.1 point to 87.2.

Still Soft Wage Growth. Hourly wage growth for July remained at 1.5% Y/Y, thereby still up from the cycle-low of 1.2% posted in March.

Mixed Inflation Picture. Preliminary data showed that consumer price inflation increased 0.1 percentage point to 3.2% Y/Y in August, up from a July reading which had been the lowest in almost a year.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Forecast Calendar

August 31, 2012

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

September 3 – September 14, 2012 (Local Times)

3

MOF Corporate Financial Statistics (8:50) (Second Quarter)

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

Mar	78.2%	Jun	40.9%
Apr	92.0%	Jul	36.1%
May	66.3%	**Aug (f)**	**15.0%**

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Shirakawa Speech (14:00) (Tokyo, Yomiuri International Economic Society)

7

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

Mar	1288.7	Jun	1270.5
Apr	1289.5	Jul	1272.8
May	1277.7	**Aug (f)**	**1276.0**

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

	Leading	Coincident
May	95.2	95.8
Jun	93.2	94.1
Jul (f)	**93.0**	**93.5**

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Real GDP Revised (Q/Q) (8:50)

11:Q2	-0.5%	12:Q1	1.3%
11:Q3	1.8%	12:Q2 (p)	0.3%
11:Q4	0.1%	**12:Q2 (f)**	**0.3%**

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

Mar	0.7%	Jun	0.6%
Apr	0.2%	Jul	0.7%
May	0.2%	**Aug (f)**	**0.7%**

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

	2012	2011
May	215.1	574.4
Jun	433.3	538.9
Jul (f)	**975.0**	1053.7

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

	2012	2011
May	-844.2	-771.3
Jun	112.0	129.9
Jul (f)	**-150.0**	141.8

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

Mar	3.0%	Jun	2.2%
Apr	2.6%	Jul	2.2%
May	2.2%	**Aug (f)**	**2.2%**

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Corporate Goods Price Index (Y/Y)

Mar	0.3%	Jun	-1.4%
Apr	-0.4%	Jul	-2.1%
May	-0.7%	**Aug (f)**	**-2.3%**

Tertiary Industry Activity (SA) (M/M) (8:50)

Feb	unch	May	0.9%
Mar	-0.6%	Jun	0.1%
Apr	-0.2%	**Jul (f)**	**0.2%**

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

Feb	2.8%	May	-14.8%
Mar	-2.8%	Jun	5.6%
Apr	5.7%	**Jul (f)**	**2.0%**

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Industrial Production (Revised) (SA) (M/M) (13:30)

Mar	1.3%	Jun	0.4%
Apr	-0.2%	Jul (p)	-1.2%
May	-3.4%	**Jul (f)**	**-1.2%**

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

Recent History-Latest Results

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

Feb	3.4%	May	3.6%
Mar	10.3%	Jun	0.2%
Apr	5.7%	Jul	-0.8%

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

	Total	Ex-Fresh Food
Jun	-0.6%	-0.6%
Jul	-0.8%	-0.6%
Aug	-0.7%	-0.5%

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

	Total	Ex-Fresh Food
May	0.2%	-0.1%
Jun	-0.2%	-0.2%
Jul	-0.4%	-0.3%

Unemployment Rate (SA) (8:30)

Apr	4.6%	Jun	4.3%
May	4.4%	Jul	4.3%

Effective Job Offers to Applicants Ratio (8:30)

Apr	0.79	Jun	0.82
May	0.81	Jul	0.83

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

	PCE (All)	PCE (Workers)	Disp. Income
May	4.0%	0.9%	-0.4%
Jun	1.6%	2.5%	3.7%
Jul	1.7%	1.5%	-4.0%

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

Apr	-0.2%	Jun	0.4%
May	-3.4%	Jul	-1.2%

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

Apr	10.3%	Jun	-0.2%
May	9.3%	Jul	-9.6%

MOF FX Intervention Data (19:00) (August)

Indicator Highlights

Key potential market-moving indicators and events include: Vehicle Sales (Mon., Sep. 3, 14:00); Real GDP (Revised) (Mon., Sep. 10, 8:50); Bank Lending (Mon., Sep. 10, 8:50); Corporate Goods Price Index (Wed., Sep. 12, 8:50); Tertiary Industry Activity (Wed., Sep. 12, 8:50); Machinery Orders, Core (Wed., Sep. 12, 14:00); and Industrial Production (Revised) (Fri., Sep. 14, 13:30).

Vehicle sales results should be reflecting the exhaustion of subsidy funds soon, if not now, and the question will be where demand settles naturally, after a payback period.

Revised GDP figures will incorporate refined estimates of business Capex—where continued confident expansion is a key issue. Bank lending results give an important update on credit flows, while. corporate goods prices are a key channel for global conditions and the yen to indirectly affect domestic inflation. Tertiary industry results reflect activity in the largest single production-side sector of the economy. Machinery orders give a fresh update on business willingness to commit to investment spending. Preliminary industrial production data surprised sharply to the weak side, so revisions will be watched for any amelioration of that shock.

Indicator	Forecast	Consensus	Analysis
Vehicle Sales (Y/Y)	+15.0%		Weakening impact from subsidies.
Official Reserves (NSA)	$1276.0 Billion		Moderate gain, boosted by favorable currency translation.
Business Conditions Composite Indexes (Prelim.)			
Leading	93.0		Further mild slippage.
Coincident	93.5		
Real GDP (Revised) (Q/Q)	+0.3%		No significant revision.
Bank Lending (Y/Y)	+0.7%		Continuing moderate growth.
Current Account Balance (NSA)	¥975.0 Billion		Strong income flows boost the total.
Current Account Visible Trade (NSA)	-¥150.0 Billion		
Money Supply (M2) (Y/Y)	+2.2%		Still too-slow growth.
Corporate Goods Price Index (Y/Y)	-2.3%		Imported input prices still a depressant.
Tertiary Industry Activity (SA) (M/M)	+0.2%		Trend-like growth.
Machinery Orders, Core (SA)	+2.0%		Modest rebound continues.
Industrial Production (Revised) (SA) (M/M)	-1.2%		Little revision, if any.

Post Mortem—Recent Data Results

Sales Drop Further. Retail sales fell 1.5% M/M in July, the fourth fall in five months, the decline was also larger than the 1.2% June fall. As a result, Y/Y growth turned negative at -0.8%.

Core Inflation Still Little-Changed. Largely matching expectations, national core CPI inflation (ex fresh food) turned a touch more negative in July, slipping to -0.3% Y/Y. Headline CPI inflation, meanwhile, fell some what more steeply at -0.4%. Meanwhile, the rate excluding food and energy remained clearly negative at -0.6%. On a more up-to-date basis, the headline Tokyo CPI reading (for August) rose 0.1 percentage point to -0.7% Y/Y, while the core (ex-fresh food) CPI inflation edged up to -0.5%.

Stable Jobless Rate. In line with expectations, the unemployment rate in July remained at 4.3%, still the lowest since last September. However, employment failed to rise any further having bounced by 0.3% M/M in June the latter having ended a run of three successive falls. Otherwise, the participation rate slipped to 59.2% in July, while (more reassuringly) the job-to-applicant ratio improved to 0.83, now the highest since September 2008.

Soft Household Spending Figures. The Y/Y growth rate for overall household spending was little changed at 1.7% in July, albeit partly a result of a second successive 1.3% M/M drop. The outcome was a little stronger than expected, however, albeit with Y/Y growth in household spending for workers actually worsening to 1.5%.

Manufacturing Worsens Further. The manufacturing PMI dropped 0.2 point to 47.7 in June, the third successive sub-50 reading since last November and actually the lowest reading since April last year.

Industrial Production Falls Afresh. Surprising very much to the downside, preliminary data for July showed industrial production falling for third month in four, with the 1.2% M/M slippage more than unwinding the 0.4% bounce posted in May. As a result, the data seemingly points to more underlying weakness rather than merely more volatility that has been familiar in the series. The latter is something that may be evident again in METI's latest survey of firms pointing to a bounce of just 0.1% projected for August to be followed by a 3.3% drop in September. Elsewhere, the data also showed a further slide in shipments in July (-3.6% M/M vs -0.9%), while inventories rose 2.8%.

Housing Data Weakens. Housing starts rose in M/M terms but were much weaker on a Y/Y basis, as the growth rate for the latter turned much more negative at -9.6%.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 3rd Floor
London EC2M 4QB
Telephone: 011-44-20-7814-6706
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Forecast Calendar

August 31, 2012

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Pumphrey/Husby

September 3 –14, 2012

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Holiday

4

5
Bank of Canada Rate Decision (9:00)
(**Hold.** Inflation below target, decent gains in labor market. Eurozone presents near-term risk, household debt levels a longer-term concern. U.S. recovery still soft.)

6

7
Labor Force Survey (8:30)
Employment (Change, Thous., SA)

Apr	58.2	Jul	-30.4
May	7.7	**Aug (f)**	**15.0**
May	7.7	**Aug (c)**	**10.0**

Unemployment Rate (SA)

Apr	7.3%	Jul	7.3%
May	7.3%	**Aug (f)**	**7.3%**
Jun	7.2%	**Aug (c)**	**7.3%**

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

	Prod.	Comp.	ULC
11:Q4	0.7%	1.5%	0.8%
12:Q1	0.1%	0.5%	0.4%
12:Q2 (f)	**-0.3%**	**0.4%**	**0.7%**
12:Q2 (c)	**-0.2%**		

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

Mar	4.9%	Jun	-2.5%
Apr	-5.2%	**Jul (f)**	**4.0%**
May	7.4%	**Jul (c)**	**-1.0%**

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

Apr	52.7	Jul	62.8
May	60.5	**Aug (f)**	**52.0**
Jun	49.0	**Aug (c)**	**59.0**

Carney Speech (12:15)
(Spruce Meadows Round Table; Calgary, AB)

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11
Housing Starts (8:15)
(Thousand, SAAR)

Mar	214.2	Jun	222.1
Apr	252.1	Jul	208.5
May	216.2	**Aug (f)**	**215.0**

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

Feb	0.0	May	-1.0
Mar	0.1	Jun	-1.8
Apr	-0.5	**Jul (f)**	**-0.5**

12

13
Capacity Utilization (8:30)

11:Q3	79.9%	12:Q1	80.7%
11:Q4	80.5%	**12:Q2 (f)**	**80.5%**

14
Survey of Manufacturing (8:30)
(M/M) (SA)

	Ships.	Inv.	New Ord.
Apr	-0.7%	1.3%	-2.7%
May	unch	1.2%	0.4%
Jun	-0.4%	-1.7%	1.7%
Jul (f)	**0.5%**	**0.2%**	**-1.0%**

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

Recent History-Latest Results

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Industrial Product Prices (8:30)

(NSA)	M/M	Y/Y
Apr	0.1%	0.6%
May	-0.1%	0.7%
Jun	-0.3%	0.5%
Jul	-0.5%	0.3%

Raw Materials Prices (8:30)

(NSA)	M/M	Y/Y
Apr	-2.1%	-13.7%
May	-1.1%	-10.2%
Jun	-4.0%	-11.8%
Jul	0.9%	-10.0%

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

11:Q3	4.5%	12:Q1	1.8%
11:Q4	1.9%	12:Q2	1.8%

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

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

Indicator Highlights

Canada

Key potential market-moving indicators and events include: the Bank of Canada rate decision (Wed., Sept. 5, 9:00 a.m.); the Labor Force Survey (Fri., Sept. 7, 8:30 a.m.); Productivity and Costs (Fri., Sept. 7, 8:30 a.m.); Building Permits (Fri., Sept. 7, 8:30 a.m.); Housing Starts (Tues., Sept. 11, 8:15 a.m.); International Trade (Tues., Sept. 11, 8:30 a.m.); Capacity Utilization (Thurs., Sept. 13, 8:30 a.m.); and the Survey of Manufacturing (Fri., Sept. 14, 8:30 a.m.).

The Bank of Canada will hold rates at 1% with below-target inflation and rising tensions in the Eurozone tilting the balance towards easing. The BoC will continue with its "wait and see" approach as rising household debt levels make them reluctant to cut rates. The Labor Force Survey provides a timely-but-volatile read on the underlying economic backdrop. The labor market is likely to rebound from a July dominated by part-time job losses. Productivity and Costs is important in the estimation of potential GDP and as a gauge of labor costs. Building permits data are notoriously volatile, but positive data is still a leading indicator for the business cycle. Low interest rates should keep activity on the upswing.

Housing starts data likely show moderation from recent highs, however a building permits backlog will keep starts above their sustainable long-run pace. The International Trade Balance report likely will show another deficit, as decreasing global demand and a strong currency drag on Canadian exports. 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.

Indicator	Forecast	Consensus	Analysis
Labor Force Survey, Employment (Change, SA)	+15,000	+10,000	Snapback in volatile part-time sector.
Unemployment Rate (SA)	7.3%	7.3%	Holding steady.
Productivity and Costs (Q/Q) (SA)			
Productivity	-0.3%	-0.2%	Competitiveness woes continue.
Compensation	+0.4%		
Unit Labor Costs	+0.7%		
Building Permits (M/M) (SA)	+4.0%	-1.0%	Non-residential permits recover from low June, while residential activity hums along.
Ivey Purchasing Managers' Survey (SA)	52.0	59.0	Choppy readings recently, but three-month moving average softens further.
Housing Starts (SAAR)	215,000 units		Low mortgage rates keep housing starts above projected long run level.
International Trade (Balance, SA)	-C$0.5 billion		Deficit narrows on rising energy prices.
Capacity Utilization	80.5%		Slack unchanged.
Survey of Manufacturing (M/M) (SA)			
Shipments	+0.5%		Inventory building continues to slow in year-over-year terms.
Inventories	+0.2%		
New Orders	-1.0%		

Post Mortem—Prior Week Results

Raw Materials Prices rise on crude oil. The Raw Materials Price Index (RMPI) increased for the first time since January as crude oil prices rebounded. July results undershot forecasts, however, only advancing 0.9% m/m (Consensus: +2%; Decision Economics: +2.6%). The index rose mostly on crude oil (+1.1% m/m) and vegetables (+5.1% m/m). The index has declined 10% y/y, as crude oil prices have fallen 17.1% over the past twelve months. *While the increase in vegetable prices is likely somewhat temporary on the recent drought afflicting both Canada and the U.S., oil prices may be more persistent.*

Industrial Product Prices decline on chemicals. The Industrial Product Price Index (IPPI) surprised to the downside, falling 0.5% m/m in July (Consensus: +0.2%; Decision Economics: unchanged), posting its third consecutive decline. Chemicals and automobiles led the decline, dropping a respective 2.6% and 0.9% m/m. The IPPI has increased 0.3% y/y, its slowest pace in two years.

Monthly GDP exceeds forecasts. The Canadian economy expanded by 0.2% m/m in June (Consensus and Decision Economics: +0.1%). The goods sector of the economy advanced 0.3% m/m, led by oil and gas extraction (+1.1% m/m), mining (+0.4% m/m) and utilities (+0.8% m/m). The mining and drilling gains were mainly the result of reopenings following temporary maintenance shutdowns in April and May, whereas utilities increased on unseasonably warm weather in June—clearly both temporary boosts. Activity in the services sector was more tepid, as retail and wholesale output declined.

Quarterly GDP shows persistent slow growth trend. Real output posted a +1.8% q/q annualized print (Consensus: +1.6%; Decision Economics: +1.5%) in the second quarter of 2012, matching the pace of the previous two quarters. Non-residential business investment provided a boost, gaining 9.4% q/q, and businesses added to inventories at a quicker pace. Export growth slowed, only increasing 0.8% q/q, as commodity prices fell during Q2. Domestic spending picked up four tenths to +1.1% q/q annualized, while domestic demand growth also increased four tenths to +1.7%. The personal saving rate rose to 3.6%, from 3.1% in Q1.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 3rd Floor
London EC2M 4QB
Telephone: 011-44-20-7814-6706
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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