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Information for Decisions™

Forecast Calendar

October 5, 2012

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 8 – October 19, 2012

8	9	10	11	12
Eurozone Finance Ministers Meeting in Luxembourg	ECB President Draghi speaks before European Parliament in Brussels (9:30) EU Finance Ministers Meeting in Luxembourg	ECB President Draghi speaks before European Parliament in Brussels (10:30)	ECB Monthly Bulletin (Oct) (10:00)	Industrial Production (SA) (11:00) M/M / Y/Y Jul 0.6% -2.3% **Aug (f) -1.0% -4.7%** **Aug (c) -0.4% -4.1%**
15	**16**	**17**	**18**	**19**
	Harmonized Index of Consumer Prices, Final (11:00) M/M / Y/Y Aug 0.4% 2.6% **Sep (p) 2.7%** **Sep (f) 0.8% 2.7%** Trade Balance (Euro billion) (NSA) (11:00) '11/12 / '10/11 Jun 13.6 0.2 Jul 15.6 2.1 **Aug (f) 8.0** -5.7 New Car Registrations (Sep) (8:00)	Construction Output (Aug) (11:00)	EU Leaders Summit in Brussels Begins	EU Leaders Summit in Brussels Continues

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

1	2	3	4	5
Purchasing Managers' Index Manufacturing, Final (10:00) Apr 45.9 Jul 44.0 May 45.1 Aug 45.1 Jun 45.1 Sep 46.1 Unemployment Rate (%) (SA) (11:00) Mar 11.0 Jun 11.4 Apr 11.2 Jul 11.4 May 11.3 Aug 11.4	Producer Prices (NSA) (11:00) M/M / Y/Y Jun -0.5% 1.8% Jul 0.3% 1.6% Aug 0.9% 2.7%	Service Sector Purchasing Managers Survey, Final (10:00) Apr 46.9 Jul 47.9 May 46.7 Aug 47.2 Jun 47.1 Sep 46.1 Retail Sales (SA) (11:00) M/M / Y/Y Jun 0.1% -0.8% Jul 0.1% -1.4% Aug 0.1% -1.3%	ECB Governing Council meeting (decision at 13:45) *(no change)* *Press conference at 14:30*	Gross Domestic Product, Final Estimate, (SA) (11:00)

Indicator Highlights

Key potential market-moving indicators and events include: Industrial Production (Fri. Oct. 12, 11:00 a.m.). In the following week, there are Harmonized Consumer Prices and the Visible Trade Balance (Tue. Oct. 16, 11:00 a.m.).

Eurozone **industrial production** rose afresh in July, bouncing to unwind exactly the fall seen in June. Flash numbers for September saw **HICP inflation** rise to a six-month high. Seasonally adjusted **trade** data showed a smaller surplus in July from the previous months.

Indicator	Forecast	Consensus	Analysis
Industrial Production (SA)			
M/M	-1.0%	-0.4%	Y/Y rate hits cycle-low.
Y/Y	-4.7%	-4.1%	
Consumer Prices – HICP (Final) (NSA)			
M/M	0.8%		Breakdown detailed. Core rate lower?
Y/Y	2.7%		
Visible Trade (NSA)	€ 8.0 bln		Higher oil bill.

Post Mortem—Prior Week Results

Unemployment at Record-high. The unemployment rate was 11.4% in August, a record-high, matching the upwardly revised July numbers, therefore even more clearly up from the 9.9% cycle-low set in April last year.

Manufacturing Less Weak. Still very much reiterating the message of the previous data, the September final manufacturing PMI suggested that economic activity in the Eurozone is still contracting and on a relatively broad basis geographically. Specifically, the manufacturing PMI came in a notch above the flash estimate, improving a full point to a six-month high of 46.1.

Steeper Rise in Producer Prices. August producer prices rose further and more steeply. Prices actually increased 0.9% M/M, three times that seen in August and again largely due to strength in energy costs.

Retail Sales Edging Higher? Real retail sales rose a little further in August. Indeed, the 0.1% M/M rise matched that seen in July, but notably being the fourth successive gain and enough to suggest that Q3 may see a slight Q/Q gain.

Contraction Continues But No Deeper Amidst Survey Volatility. Still very much reiterating the message of the previous data, the September final PMIs suggest that economic activity in the Eurozone is still contracting. Specifically, the services PMI was a notch higher than the flash estimate, albeit still suffering a clear 1.1 points fall to 46.1, a larger drop than seen in August and the lowest reading in just over three years.

Rates on hold. The ECB Council kept all its rates on hold after its October council meeting. As a result, record lows remain in place in regard to the refi rate (at 0.75%) and the deposit rate (at zero).

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

9

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

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

Manufacturing Production (SA) (9:30)

	MM	Y/Y
Jul	3.2%	-0.5%
Aug (f)	**-1.0%**	**-1.0%**
Aug (c)	**-0.7%**	**-0.7%**

Industrial Production (SA) (9:30)

	M/M	Y/Y
Jul	2.9%	-0.8%
Aug (f)	**-1.0%**	**-1.6%**
Aug (c)	**-0.5%**	**-1.1%**

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

Jun	-10068	**Aug (f)**	**-8200**
Jul	-7149	**Aug (c)**	**-8500**

10

11

12

Construction Output (Aug) (9:30)

15

Rightmove House Prices (Oct) (00:01)

Tuesday 16 October Continued...

PPI Output (NSA) (9:30)

	MM	Y/Y
Jul	0.1%	1.8%
Aug	0.5%	2.2%
Sep (f)	**0.5%**	**2.4%**

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

	MM	Y/Y
Jul	-0.1%	1.2%
Aug	0.1%	1.2%
Sep (f)	**0.1%**	**1.1%**

PPI Input (NSA) (9:30)

	MM	Y/Y
Jul	0.4%	-2.4%
Aug	2.0%	1.4%
Sep (f)	**unch**	**-0.4%**

16

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

	M/M	Y/Y
Jul	0.1%	2.6%
Aug	0.5%	2.5%
Sep (f)	**0.4%**	**2.2%**

Retail Prices (NSA) (9:30)

	M/M	Y/Y
Jul	0.1%	3.2%
Aug	0.4%	2.9%
Sep (f)	**0.5%**	**2.6%**

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

	M/M	Y/Y
Jul	0.1%	3.2%
Aug	0.4%	2.9%
Sep (f)	**0.5%**	**2.6%**

House Price Index (Aug) (9:30)

17

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

Jun	1.0	Aug	-15.0
Jul	-13.6	**Sep (f)**	**unch**

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

May	8.1	Jul	8.1
Jun	8.0	**Aug (f)**	**8.1**

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

May	1.7	Jul	1.5
Jun	1.8	**Aug (f)**	**1.5**

Minutes of the Bank of England Monetary Policy Committee Meeting (October 3-4) (9:30)

18

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

(Inc. Fuels)	M/M	Y/Y
Jul	0.3%	2.3%
Aug	-0.2%	2.7%
Sep (f)	**0.3%**	**2.0%**

BoE Trends in Lending (Oct) (9:30)

19

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

	'11/'12	'10/'11
Jul	0.1	-3.1
Aug	14.4	14.4
Sep (f)	**13.0**	13.4

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

1

BoE Lending to Individuals (9:30)

Mortgage Lending (SA, Net, £ Billion)

Mar	0.8	Jun	-0.3
Apr	1.1	Jul	0.9
May	0.5	Aug	-0.3

M4 Money Supply (SA) (9:30)

	M/M	Y/Y
Jun	-1.6%	-5.2%
Jul	0.5%	-4.6%
Aug	0.2%	-4.1%

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

May	-11.2	Jul	-9.3
Jun	-29.7	Aug	-5.5

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

Apr	50.2	Jul	45.2
May	45.9	Aug	49.6
Jun	48.4	Sep	48.4

2

British Chambers of Commerce Survey (Q3) (00:01)

Nationwide House Prices (Sep) (7:00)

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

3

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

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

Apr	53.3	Jul	51.0
May	53.3	Aug	53.7
Jun	51.3	Sep	52.2

Housing Equity Withdrawal (Q2) (9:30)

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

4

HBOS House Prices (Sep) (8:00)

Corporate Profitability (Q2) (9:30)

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

New Car Registrations (Sep)

5

Indicator Highlights

United Kingdom

Key potential market-moving indicators and events include: Industrial Production and the Trade Balance (both Tue. Oct. 9, 9:30 a.m.). In the following week, there are Consumer Prices and Producer Prices (both Tue. Oct. 16, 9:30 a.m.), the Labor Market Report – including unemployment and average earnings details – (Wed. Oct. 17, 9:30 a.m.), Retail Sales (Thu. Oct. 18, 9:30 a.m.) and Public Sector Net Borrowing (Fri. Oct. 19, 9:30 a.m.).

July **manufacturing output** jumped, more than unwinding the slump seen in the previous month. The total **visible trade** deficit narrowed sharply from the record-high gap seen in the previous month to the smallest shortfall since February 2011. August **consumer price inflation** slipped back afresh, reversing half of the gain seen in July numbers. **Producer output prices** for August jumped clearly. **Claimant count unemployment** actually fell further and slightly more clearly in August. Average weekly **earnings** growth slowed in the three months to July. Real **retail sales** (including fuels) dropped back slightly in August, albeit only partly unwinding the clear gains of the previous months. **Public sector net borrowing**, excluding financial interventions, was little different in August from the outcome in the same month last year.

Indicator	Forecast	Consensus	Analysis
Industrial Production (SA)			
M/M	-1.0%	-0.5%	Volatile, but flat trend evident.
Y/Y	-1.6%	-1.1%	
Visible Trade Balance, Global (SA)	-£ 8200 mln	-£ 8500 mln	Exports fall back after July distortion.
CPI (NSA)			
M/M	0.4%		Base effects take Y/Y rate to 34-month low.
Y/Y	2.2%		
RPI (NSA)			
M/M	0.5%		Fresh cycle-low.
Y/Y	2.6%		
PPI Output (NSA)			
M/M	0.5%		Oil driven rise once again.
Y/Y	2.4%		
PPI Input (SA)			
M/M	unch		Oil price falls back.
Y/Y	-0.4%		
Claimant Count Unemployment (SA)			
M/M (change, thousands)	unch		Post-Olympic correction?
ILO Unemployment Rate (SA)	8.1%		Jobs growth still solid.
Headline Average Earnings (Y/Y)	1.5%		Still very soft.
Retail Sales (Volumes, SA)			
M/M	0.3%		Modest uptrend continues.
Y/Y	2.0%		
Public Sector Net Borrowing (NSA)	£ 13.0 bln		No underlying improvement.

Post Mortem—Prior Week Results

Manufacturing Contraction Sharpens Afresh? The headline manufacturing PMI dropped afresh in September, easing 1.2 points to 48.4, albeit only unwinding some of the 4.4 points jump seen in August, when the index recovered from the lowest reading since May 2009.

More Mixed Monetary Messages. BoE numbers on underlying monetary dynamics provided some less troubling messages in August data, albeit with mixed undertones. These aggregates showed a M/M rise of 0.5% in underlying M4, accentuating the 1.0% July rise.

Mortgage Approvals Rise Further. According to BoE-computed data, the number of mortgage approvals rose a little further in August, albeit with the 0.2% M/M rise to 47 665 merely accentuating the 7.5% jump seen in July, when approvals recovered from the lowest reading since end-2010.

Construction Sector Still Under Pressure? The construction PMI still increased 0.5 point in September to 49.5, thereby unwinding some of 1.9 points August correction.

House Prices Drop Back. According to Nationwide, seasonally adjusted house prices in September fell back 0.4% M/M, partly unwinding the 1.1% August bounce, the latter now only the second rise in the last seven months of data.

Sobering Survey Results. The latest (Q3) British Chambers of Commerce Survey results are seen as being weak and disappointing. For both manufacturing and services, almost all the key Q3 balances worsened compared with Q2.

Services See Increased New Orders. The September services PMI dropped 1.5 points to 52.2, thereby unwinding just over half of the bounce seen in August when the headline index saw the highest reading since March.

Shop Price Inflation Edges Back Down. According to the BRC, September shop price inflation decreased 0.1 percentage point to 1.0% Y/Y, exactly reversing the bounce seen in August, returning back to the a figure that is the lowest since November 2009.

Housing Equity Injection Continues. In Q2, housing equity withdrawal was little changed at -£ 9.83 bln according to the latest figures from the BoE, ie meaning that households actually injected this further amount into housing.

Profitability Little Changed But Still High. The net rate of return for UK non-financial companies in Q2 decreased to 12.7%, down 0.2 percentage point from the upwardly revised previous quarter.

House Prices Fall Further. The latest house price data from HBOS showed house prices sliding 0.4% M/M in September.

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Forecast Calendar

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Germany

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 8 – October 19, 2012

8

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

	2012	2011
Jul	16.9	10.4
Aug (f)	**13.0**	11.7
Aug (c)	**15.6**	

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

	2012	2011
Jul	12.8	8.3
Aug (f)	**10.0**	7.9
Aug (c)	**13.0**	

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

Jun	-0.4%	**Aug (f)**	**-1.5%**
Jul	1.3%	**Aug (c)**	**-0.5%**

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

May	2.0%	Jul	1.7%
Jun	-0.8%	**Aug (f)**	**-1.5%**

9

10

Wholesale Price Index (NSA)
(8:00)

	M/M	Y/Y
Jul	0.3%	2.0%
Aug	1.1%	3.1%
Sep (f)	**unch**	**2.8%**

11

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

	M/M	Y/Y
Aug	0.4%	2.1%
Sep (p)	**unch**	**2.0%**
Sep (f)	**unch**	**2.0%**
Sep (c)	**unch**	**2.0%**

12

15

16

ZEW Financial Experts Survey
(Oct) (11:00)

17

18

19

Producer Prices (NSA) (8:00)

	M/M	Y/Y
Jul	unch	0.9%
Aug	0.5%	1.6%
Sep (f)	**0.2%**	**1.6%**

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

f=forecast
r=revised
c=consensus

Recent History-Latest Results

1

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

Apr	46.2	Jul	43.0
May	45.2	Aug	44.7
Jun	45.0	Sep	47.4

2

3

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

Apr	52.2	Jul	50.3
May	51.8	Aug	48.3
Jun	49.9	Sep	49.7

4

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

5

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

Mar	2.7%	Jun	-1.6%
Apr	-1.2%	Jul	0.3%
May	0.8%	Aug	-1.3%

Key potential market-moving indicators and events include: the Trade Balance and Current Account (Mon. Oct. 8, 8:00 a.m.), Industrial Production (Mon. Oct. 8, 12 noon), Wholesale Prices (Wed. Oct. 10, 8:00 a.m.) and final Consumer Prices (Thu. Oct. 11, 8:00 a.m.). In the following week, there are Producer Prices (Fri. Oct. 19, 8:00 a.m.).

The July (unadjusted) **trade** surplus widened from the same month of last year. July **industrial production** jumped back, more than unwinding the drop seen in the previous month. **Wholesale prices** jumped in M/M terms in August, accentuating the July increase. According to the preliminary estimate, September **CPI inflation** fell back a notch from the previous month. August **producer prices** rose in M/M terms, the first rise since April and a contrast to the flat July reading.

Indicator	Forecast	Consensus	Analysis
Trade Balance, (NSA)	€ 13.0 bln	€ 15.6 bln	Exports correct back.
Industrial Production, (SA)			
M/M	-1.5%	-0.5%	Echoes survey data; Q3 still looking solid, however!
Wholesale Prices (NSA)			
M/M	unch		Brief spike curtailed.
Y/Y	2.8%		
Consumer Prices – Final (NSA)			
M/M	unch	unch	Breakdown detailed.
Y/Y	2.0%	2.0%	
Producer Prices (NSA)			
M/M	0.2%		Less pronounced gain.
Y/Y	1.6%		

Post Mortem—Prior Week Results

Stronger Survey Message. The final September manufacturing PMI number confirmed clearly better fortunes for the factory sector. Specifically, the manufacturing PMI rose by 2.7 points to 47.4, building on the 1.7 point August gain to establish a six-month high, it also being a notch above the flash estimate.

Softer Services. The final services PMI for September saw a clear downward revision to the flash number worth 0.9 point, now meaning that the bounce last month was a more modest 1.4 points to 49.7.

Orders Fall back Clearly. Manufacturing orders dropped afresh in August, with the 1.3% M/M drop more than unwinding the (downwardly unrevised) 0.3% bounce seen in July.

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Forecast Calendar

October 5, 2012

France

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 8 – October 19, 2012

8	9	10	11	12
BoF Business Sentiment Survey (Aug) (8:45)	Visible Trade Balance (SA) (8:45) (Euro Billion) Apr -6.20 Jul -4.27 May -5.63 **Aug (f) -5.25** Jun -6.07 **Aug (c) -5.00** Central Government Budget (Aug) (8:45)	Industrial Production, exc. Construction (SA) (8:45) M/M Y/Y Jul 0.2% -3.1% **Aug (f) -0.7% -4.4%** **Aug (c) unch -4.2%** Manufacturing Production (SA) (8:45) M/M Y/Y Jul 0.9% -2.8% **Aug (f) -0.7% -4.1%** **Aug (c) -0.7% -4.1%**	Consumer Prices (NSA) (7:30) M/M Y/Y Aug 0.7% 2.1% **Sep (f) unch 2.1%** **Sep (c) 0.1% 2.3%**	
15	**16**	**17**	**18**	**19**

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

1	2	3	4	5
Purchasing Managers' Index Manufacturing, Final (SA) (9:50) Apr 46.9 Jul 43.4 May 44.7 Aug 46.0 Jun 45.2 Sep 42.7 New Car Registrations (Sep)		Purchasing Managers' Index Services, Final (SA) (9:50) Apr 45.2 Jul 50.0 May 45.1 Aug 49.2 Jun 47.9 Sep 45.0	ECB Governing Council meeting (decision at 13:45) *(no change)* *Press conference at 14:30*	

Indicator Highlights

Key potential market-moving indicators and events include: the Trade Balance (Tue. Oct. 9, 8:45 a.m.), Industrial Production (Wed. Oct. 10, 8:45 a.m.) and Consumer Prices (Thu. Oct. 11, 7:30 a.m.). In the following week, there are no data releases of any note.

The July **trade** gap narrowed markedly from the shortfall seen in June. **Manufacturing output** rose in M/M terms in July, bouncing after the flat reading seen in the previous month. Headline **CPI inflation** rose in August, up from the previous outcome which was the lowest since July last year.

Indicator	Forecast	Consensus	Analysis
Visible Trade (SA)	-€ 5.25 bln	-€ 5.00 bln	Imports rebound clearly.
Industrial Production (SA)			
M/M	-0.7%	unch	Clear, further Q/Q fall on the cards!
Y/Y	-4.4%	-4.2%	
Consumer Prices (NSA)			
M/M	unch	0.1%	Core rate much lower.
Y/Y	2.1%	2.3%	

Post Mortem—Prior Week Results

Much Weaker Survey Messages. The September final manufacturing PMI was 42.7, this 3.3 points slump taking the headline figure to a 41-month low, albeit a notch above the flash estimate.

Services Weakness Returns. Showing a clear downward revision of 1.1 point from the flash estimate, the final services PMI for September was even more sobering. Indeed, the services PMI fell for the first month in four, slumping 4.2 points to an 11-month low of 45.0.

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Forecast Calendar

October 5, 2012

Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 8 – October 19, 2012

8	9	10	11	12
		Industrial Production* (10:00) M/M Y/Y Jul -0.2% -7.3% **Aug (f) -0.5% -10.0%** **Aug (c) -0.8% -10.3%**		NIC Consumer Prices, Final, (NSA) (11:00) M/M Y/Y Aug 0.4% 3.2% **Sep (p) unch 3.2%** **Sep (f) unch 3.2%** **Sep (c) unch 3.2%**
15	**16**	**17**	**18**	**19**
	Visible Trade Balance, Global (NSA) (Euro billion) (11:00) '11/12 '10/11 Jun 2.5 -1.7 Jul 4.5 1.5 **Aug (f) -1.5** -2.9			Industrial Orders (NSA) (Y/Y) (10:00) Mar -14.3% Jun -10.8% Apr -12.3% Jul -4.9% May -9.4% **Aug (f) -3.0%**

* 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

1	2	3	4	5
Purchasing Managers' Survey Manufacturing (SA) (9:45) Apr 43.8 Jul 44.3 May 44.8 Aug 43.6 Jun 44.6 Sep 45.7 New Car Registrations (Sep)		Purchasing Managers Survey Service (SA) (9:45) Apr 42.3 Jul 43.0 May 42.8 Aug 44.0 Jun 43.1 Sep 44.5	ECB Governing Council meeting (decision at 13:45) *(no change)* *Press conference at 14:30*	

Key potential market-moving indicators and events include: Industrial Production (Wed. Oct. 10, 10:00 a.m.) and final Consumer Prices (Fri. Oct. 12, 11:00 a.m.). In the following week, there is the Global Trade Balance (Tue. Oct. 16, 11:00 a.m.) and Industrial Orders (Fri. Oct. 19, 10:00 a.m.).

July **industrial production** dropped further, albeit with the seasonally adjusted M/M fall far less acute than the June slump. Preliminary data showed that **consumer price inflation** was stable in September from the previous month, still up from a July reading which had been the lowest in almost a year. The (unadjusted) July **trade balance** showed a surplus, a clear improvement from same month of 2011. July **industrial orders** fell, albeit slowing from the drop than seen in June.

Indicator	Forecast	Consensus	Analysis
Industrial Production*			
M/M	-0.5%	-0.8%	Y/Y rate hits cycle-low.
Y/Y	-10.0%	-10.3%	
Consumer Prices – Final (NSA)			
M/M	unch	unch	EU-harmonized break-down released.
Y/Y	3.2%	3.2%	
Trade Balance – Global	-€ 1.5 bln		Non-EU trade already improving.
Industrial Orders (NSA)			
Y/Y	-3.0%		Weakness continues, but less marked.

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

Post Mortem—Prior Week Results

Manufacturing Contraction Less Acute. The manufacturing PMI recovered somewhat in September. Indeed, it increased 2.1 point to 45.7, a six-month high.

Less Steep Contraction in Services? The September services PMI rose by half a point to 44.5, the fourth rise in five months.

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Forecast Calendar

October 5, 2012

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

October 8 – October 19, 2012 (Local Times)

8	9	10	11	12
Holiday	Current Account Balance (¥Billion, NSA) (8:50) 2012 2011 Jun 433.3 538.9 Jul 625.4 1053.7 **Aug (f) 615.0** 436.3 Current Account Visible Trade (¥Billion, NSA) (8:50) 2012 2011 Jun 112.0 129.9 Jul -373.6 141.8 **Aug (f) -656.0** -690.3 Shirakawa Speech (9:20) (Introductory Program on BOJ Policies and Operations) BOJ Monthly Report (14:00) (October)	Shirakawa Speech (14:00) (SCCIJ 30th Anniversary Luncheon)	Bank Lending (Y/Y) (8:50) Apr 0.2% Jul 0.7% May 0.2% Aug 0.9% Jun 0.6% **Sep (f) 0.9%** BOJ Monetary Policy Meeting Minutes (8:50) (September 18, 19) Machinery Orders, Core (SA) (8:50) Mar -2.8% Jun 5.6% Apr 5.7% Jul 4.0% May -14.8% **Aug (f) unch** BOJ Nishimura Speech (11:30) (BOJ-CEMLA Seminar)	Money Supply (M2) (Y/Y) (8:50) Apr 2.6% Jul 2.2% May 2.2% Aug 2.4% Jun 2.2% **Sep (f) 2.4%** Tertiary Industry Activity (SA) (M/M) (8:50) Mar -0.6% Jun 0.2% Apr -0.2% Jul -0.8% May 0.9% **Aug (f) 0.5%** Corporate Goods Price Index (Y/Y) (8:50) Apr -0.4% Jul -2.2% May -0.7% Aug -1.8% Jun -1.4% **Sep (f) -1.5%** BOJ Nishimura Speech (18:00) (Deutschebank Panel Discussion) Shirakawa Speech (21:30) (Institute for International Finance) **Sunday October 14:** Shirakawa Speech (14:30) (BOJ-IMF High-Level Seminar)
15	**16**	**17**	**18**	**19**
Industrial Production (Revised) (SA) (M/M) (13:30) Apr 0.2% Jul -1.0% May -3.4% Aug (p) -1.3% Jun 0.4% **Aug (f) -1.3%**				All Industry Activity (SA) (M/M) (13:30) Mar -0.3% Jun 0.3% Apr 0.1% Jul -0.6% May -0.2% **Aug (f) 0.2%**

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

Recent History-Latest Results

1	2	3	4	5
Tankan (Large Manufacturers) (8:50) 11:Q2 -9 12:Q1 -4 11:Q3 2 12:Q2 -1 11:Q4 -4 12:Q3 -3 Vehicle Sales (Y/Y) (14:00) Apr 92.0% Jul 36.1% May 66.3% Aug 7.3% Jun 40.9% Sep -8.1%			BOJ Monetary Policy Meeting	BOJ Monetary Policy Meeting Official Reserves ($ Billion, NSA) (8:50) Apr 1289.5 Jul 1272.8 May 1277.7 Aug 1273.2 Jun 1270.5 Sep 1277.0 Business Conditions Composite Indexes (Prelim.) (14:00) Leading Coincident Jun 94.1 94.9 Jul 93.0 93.8 Aug 93.6 93.6 BOJ Shirakawa Press Conference (15:30)

Indicator Highlights

Key potential market-moving indicators and events include: Machinery Orders, Core (Thu., Oct. 11, 8:50); Tertiary Industry Activity (Fri., Oct. 12, 8:50); Industrial Production (Revised) (Mon., Oct. 15, 13:30); and All Industry Activity (Fri., Oct. 19, 13:30).

Machinery orders give a near real-time reading on business confidence, though the result this time will not capture any impact from the latest BOJ easing moves. Tertiary industry data reflect the largest sector on the supply-side of the economy–where activity stumbled last month.

Revisions to industrial production data will be watched for any muting of the ongoing-decline message given by the preliminary report. The all industry report will combine those revised numbers with Tertiary-industry and other production measures to produce an output-side overview of the August economy—telling how much of a bounce occurred from the July decline.

Indicator	Forecast	Consensus	Analysis
Current Account Balance (NSA)	¥615.0 Billion		Seasonally strong income flows support the overall balance.
Current Account Visible Trade (NSA)	-¥656.0 Billion		
Bank Lending (Y/Y)	+0.9%		Mildly firming trend.
Machinery Orders, Core (SA)	unch		Still shaky, but giving up little, if any, ground.
Money Supply (M2) (Y/Y)	+2.4%		Recent small speedup sustained.
Tertiary Industry Activity (SA) (M/M)	+0.5%		Mile rebound, after a relatively big decline.
Corporate Goods Price Index (Y/Y)	-1.5%		Oil prices level out, year-on-year.
Industrial Production (Revised) (SA) (M/M)	-1.3%		Little or no revision.
All Industry Activity (SA) (M/M)	+0.2%		A minimal rebound from July decline.

Post Mortem—Recent Data Results

Tankan Worsens. The September BoJ Tankan Business Survey showed some fresh deterioration. Manufacturing sentiment fell as the (headline) large manufacturer's business conditions decreased from -1 in June to -4, worse than expected last time around, but with no further slippage envisaged in the coming three months. Meanwhile, the headline non-manufacturing part of the survey remained at 8, ending a run of four successive improvements, albeit with some small setback envisaged for three months time. Overall capex plans were little-changed with firms overall envisaging their capital spending of 6.4% Y/Y.

Vehicle Sales Turn Negative. September data saw the first Y/Y fall in a year. Indeed, sales dropped 8.1%, a contrast to the 7.3% rise of the previous month.

BoJ On Hold. Surprising few, the BoJ Board again voted unanimously to continue the target for the overnight call loan rate at zero to 0.1%, also making no further addition (via a unanimous vote) to the size of the Asset Purchase Program, leaving the latter at around ¥ 80 tln. Notably, while citing a deeper global economic slowdown, the BoJ did suggest that Japanese economic activity is leveling off, pointing in particular to resilient domestic demand.

Leading Index Bounces. The preliminary leading index for August, as computed by the Cabinet Office, bounced 0.6 points (to 93.6), the first rise in five months. However, the coincident index fell 0.2 points (to 92.8), accentuating the slides seen in the four previous months. Even so, the Cabinet Office maintained its assessment of the economy, still saying the economy is marking time.

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Forecast Calendar

October 5, 2012

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Pumphrey/Husby

October 8 – 19, 2012

8

Holiday

9

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

May	216.2	Aug	223.8
Jun	222.1	**Sep (f)**	**205.0**
Jul	208.5	**Sep (c)**	**207.5**

10

11

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

Apr	-0.5	Jul	-2.3
May	-1.1	**Aug (f)**	**-1.5**
Jun	-1.9	**Aug (c)**	**-1.9**

12

15

Bank of Canada Senior Loan Officer Survey (10:30)

Bank of Canada Business Outlook Survey (10:30)

16

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

	Ships.	Inv.	New Ord.
May	0.4%	1.5%	1.6%
Jun	-0.8%	-1.8%	1.0%
Jul	-1.5%	1.0%	-5.6%
Aug (f)	**-0.5%**	**0.6%**	**2.2%**

17

18

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

(SA)	Sales	Inv.
May	0.9%	0.3%
Jun	-0.3%	0.6%
Jul	-0.6%	1.2%
Aug (f)	**0.2%**	**0.4%**

19

Consumer Prices (8:30) (Y/Y)

	Total	BOC Core
Jun	1.5%	2.0%
Jul	1.3%	1.7%
Aug	1.2%	1.6%
Sep (f)	**1.4%**	**1.7%**

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

Recent History-Latest Results

1

Industrial Product Prices (8:30)

(NSA)	M/M	Y/Y
May	-0.2%	0.7%
Jun	-0.3%	0.5%
Jul	-0.6%	0.3%
Aug	-0.1%	-0.3%

Raw Materials Prices (8:30)

(NSA)	M/M	Y/Y
May	-1.0%	-10.1%
Jun	-4.0%	-11.7%
Jul	0.8%	-10.1%
Aug	3.4%	-4.0%

2

3

4

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

Apr	52.7	Jul	62.8
May	60.5	Aug	62.5
Jun	49.0	Sep	60.4

5

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

Apr	58.2	Jul	-30.4
May	7.7	Aug	34.3
Jun	7.3	Sep	52.1

Unemployment Rate (SA)

Apr	7.3%	Jul	7.3%
May	7.3%	Aug	7.3%
Jun	7.2%	Sep	7.4%

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

Mar	4.9%	Jun	unch
Apr	-4.4%	Jul	-2.8%
May	7.1%	Aug	7.9%

Indicator Highlights

Key potential market-moving indicators and events include: Housing Starts (Tues., Oct. 9, 8:15 a.m.); International Trade (Thurs., Oct. 11, 8:30 a.m.); the Survey of Manufacturing (Tues., Oct. 16, 8:30 a.m.); and the Consumer Price Index (Fri., Oct. 19, 8:30 a.m.).

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.

The Survey of Manufacturing will be important in gauging the extent and nature of a pickup in activity. New orders took a hit last month but should snap back, at least somewhat. Consumer prices will be impacted by a modest rise in gasoline prices, but the total CPI is still running well below the 2.0% y/y forecasted by the Bank of Canada for Q3.

Indicator	Forecast	Consensus	Analysis
Housing Starts (SAAR)	205,000 units	207,500 units	Tighter mortgage rules start to cool the pace of building—just a bit.
International Trade (Balance, SA)	-C$1.5 billion	-C$1.9 billion	Deficit narrows on rising energy prices offsetting stronger loonie.
Survey of Manufacturing (M/M) (SA)			
Shipments	-0.5%		Partial bounceback in new orders.
Inventories	+0.6%		
New Orders	+2.2%		
Wholesale Trade (M/M)			
Sales	+0.2%		Wholesale trade increases after two months in the red.
Inventories	+0.4%		
Consumer Prices (Y/Y)			
Total	+1.4%		Prices trough, but little sign of strong inflation pressure on the horizon.
Core	+1.7%		

Post Mortem—Prior Week Results

Strong loonie weighs on Industrial Product prices. The Industrial Product Price Index (IPPI) fell 0.1% m/m (Consensus: -0.1%; Decision Economics: -0.4%) in August as auto part prices dropped 1.3% m/m. Some Canadian exporters agree to contracts in U.S. dollars, so an appreciation of the loonie served to dampen the IPPI; ignoring the effect of the exchange rate, prices increased 0.1%. The IPPI has declined 0.3% over the past twelve months.

Oil powers surge in Raw Materials prices. The Raw Materials Price Index (RMPI) increased for the second consecutive month after five months of declines, exceeding forecasts at 3.4% m/m (Consensus: +1.2%; Decision Economics: +1.5%) in August. Nearly all of the increase is attributable to mineral fuels which gained 9.1% m/m. Vegetable prices also advanced 0.1% m/m on price effects from the drought.

PMI declines, still above 60. The Ivey PMI declined 2.1 points to 60.4 in September (Consensus: -2.5 points; Decision Economics: -7.5 points) suggesting purchasing activity grew over the month. The three month average is 61.9, well into expansion territory. Of note, the Employment index fell 3.2 points to 55.4. Therefore, the Friday employment report may be watched for signs of corroboration. *Canada PMI data has stood out among the G7 as being surprisingly strong throughout 2012 and this month is no different.*

Labor Force Survey shows strong jobs growth. The Canadian economy added 52,100 jobs in September (Consensus and Decision Economics: +10,000), the strongest gain in five months. The mix of jobs was broadly favorable, with 44,100 full time jobs added and 29,100 jobs added in the private sector. Sectors which have struggled with recent employment cuts showed some strength today. Employment in the retail industry grew by 34,100 jobs, while construction firms increased payrolls by 28,800.

The unemployment rate increased one-tenth to 7.4% (Consensus and Decision Economics: 7.3%) as more workers entered, or perhaps re-entered, the labor force. As a result, the labor force participation rate increased 0.2 percentage points to 66.8%.

This is the first solid employment report in five months. Specifically, the headline jobs numbers in the previous two months were dominated by a large swing in part-time employment—perhaps the result of a seasonal trend. The BoC would need to see a few more months of strong Labor Force Surveys, that is, headline numbers over 30,000 tilting towards full-time private sector jobs, before any move to raise interest rates.

Building permits gain on non-residential activity. Canadian building permits rose 7.9% m/m to C$7.3 billion (Consensus: -1.3%; Decision Economics: +3%) in August from a prior month revised downward five tenths to -2.8%. The gains were centered in the institutional sector which posted a 157.7% m/m increased to C$1 billion on higher construction intentions of schools and hospitals. Industrial permits also provided a lift, while commercial permits slightly offset the overall 25.2% m/m rise in nonresidential activity. On the other hand, residential activity faded 2.3% m/m to C$4.2 billion—with both single- and multiple-unit permits each sliding 2.3% as well.

Of note, residential permits fell in Ontario (-8.7% m/m) and Vancouver (-22.5% m/m), perhaps signaling that the tighter mortgage rules are in fact restraining development plans. However, residential construction intentions have still increased 16.4% in the past twelve months, suggesting that there would need to be significantly fewer permits going forward just to unwind the trend.

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