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DECISION ECONOMICS, INC.
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Forecast Calendar

September 28, 2012

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 1 – October 12, 2012

1	2	3	4	5
Purchasing Managers' Index Manufacturing, Final (10:00) Jun 45.1 **Sep (p) 46.0** Jul 44.0 **Sep (f) 46.0** Aug 45.1 **Sep (c) 46.0** Unemployment Rate (%) (SA) (11:00) Apr 11.1 Jul 11.3 May 11.2 **Aug (f) 11.4** Jun 11.3 **Aug (c) 11.4**	Producer Prices (NSA) (11:00) M/M Y/Y Jul 0.4% 1.8% **Aug (f) 0.8% 2.8%** **Aug (c) 0.6% 2.6%**	Service Sector Purchasing Managers Survey, Final (10:00) Jun 47.1 **Sep (p) 46.0** Jul 47.9 **Sep (f) 46.0** Aug 47.2 **Sep (c) 46.0** Retail Sales (SA) (11:00) M/M Y/Y Jul -0.2% -1.7% **Aug (f) unch -1.7%** **Aug (c) -0.1% -1.9%**	ECB Governing Council meeting (decision at 13:45) *(25 bp refi rate cut possible)* *Press conference at 14:30*	Gross Domestic Product, Final Estimate, (SA) (11:00)
8	**9**	**10**	**11**	**12**
Eurozone Finance Ministers Meeting in Luxembourg	EU Finance Ministers Meeting In Luxembourg		ECB Monthly Bulletin (Oct) (10:00)	Industrial Production (SA) (11:00) M/M Y/Y Jun -0.6% -2.1% Jul 0.6% -2.3% **Aug (f) -1.0% -4.7%**

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

24	25	26	27	28
	ECB President Draghi spoke in Berlin, Germany (15:00)		M3 Money Supply (Y/Y) (SA) (10:00) Mar 2.9 Jun 3.1 Apr 2.4 Jul 3.6 May 2.9 Aug 2.9 Private Sector Loans (Y/Y) (SA) (10:00) Mar 0.2 Jun -0.4 Apr 0.0 Jul -0.4 May -0.2 Aug -0.6 Retail PMI (Sep) (10:10) EU Commission Business and Consumer Survey (Sep) (11:00)	Harmonized Index of Consumer Prices, Flash (11:00) M/M Y/Y Jul -0.5% 2.4% Aug 0.4% 2.6% Sep 2.7%

Indicator Highlights

Key potential market-moving indicators and events include: the final Manufacturing PMI (Mon. Oct. 1, 10:00 a.m.), the Unemployment Rate (Mon. Oct. 1, 11:00 a.m.), Producer Prices (Tue. Oct. 2, 11:00 a.m.), the final Services PMI (Wed. Oct. 3, 10:00 a.m.), Retail Sales (Wed. Oct. 3, 11:00 a.m.) and the ECB Council meeting (decision due Thu. Oct. 4, 1:45 p.m.). In the following week, there is Industrial Production (Fri. Oct. 12, 11:00 a.m.).

The September flash **manufacturing PMI** improved further and to a six-month high. The **unemployment rate** was stable in July, still a record-high. July **producer prices** rose afresh, largely due to a recovery in energy costs. The September flash **services PMI** fell, twice the drop seen in August and now the lowest reading in just over three years. Real **retail sales** fell afresh in July, unwinding some of the gains seen in the two preceding months. Eurozone **industrial production** rose afresh in July, bouncing to unwind exactly the fall seen in June.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA) - Final			
- Manufacturing	46.0	46.0	No revision expected.
Unemployment Rate (SA)	11.4%	11.4%	New high!
Producer Prices			
M/M	0.8%	0.6%	Largely energy-driven.
Y/Y	2.8%	2.6%	
Purchasing Managers' Index (SA) - Final			
- Services	46.0	46.0	No revision expected.
Retail Sales (SA)			
M/M	unch	-0.1%	Fragility continues.
Y/Y	-1.7%	-1.9%	
Industrial Production (SA)			
M/M	-1.0%		Y/Y rate hits cycle-low.
Y/Y	-4.7%		

Post Mortem—Prior Week Results

Lending Still Very Weak? August M3 money supply growth slowed for the first time in four months, easing back by 0.7 percentage point to 2.9% Y/Y, thereby backing off from a July reading that was the highest since May 2009.

More Broad-Based Weakness! EU Commission business and consumer survey figures for September provided even more sobering messages, with a clear contraction being flagged in all Eurozone countries.

Retail Sector Weakness Less Acute. According to the latest retail PMI, sentiment in the sector slumped less markedly in September. Indeed, the headline index rose 2.7 points to 47.1.

Inflation Rises Further. Flash numbers for September saw HICP inflation rise 0.1 percentage point to 2.7% Y/Y, a six-month high.

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Forecast Calendar

September 28, 2012

United Kingdom

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 1 – October 12, 2012

1	2	3	4	5
BoE Lending to Individuals (9:30) Mortgage Lending (SA, Net, £ Billion) Apr 1.1 Jul 1.1 May 0.6 **Aug (f) 1.0** Jun -0.2 **Aug (c) 0.5** M4 Money Supply (SA) (9:30) M/M Y/Y Jun -1.6% -5.2% Jul 0.5% -4.6% **Aug (f) 0.4% -3.8%** M4 Lending (9:30) (SA, Change, £ billion) May -11.1 Jul -9.4 Jun -29.5 **Aug (f) -2.5** Purchasing Managers' Survey - Manufacturing (SA) (9:30) May 45.9 Aug 49.5 Jun 48.4 **Sep (f) 50.5** Jul 45.2 **Sep (c) 49.9** **Possibly from today:** HBOS House Prices (Sep) (8:00)	Nationwide House Prices (Sep) (7:00) Purchasing Managers' Survey – Construction (SA) (Sep) (9:30)	BRC Shop Price Index (Sep) (00:01) Purchasing Managers' Survey - Services (SA) (9:30) May 53.3 Aug 53.7 Jun 51.3 **Sep (f) 52.3** Jul 51.0 **Sep (c) 53.0** Housing Equity Withdrawal (Q2) (9:30) Narrow Money & Reserve Balances (Sep) (9:30)	Corporate Profitability (Q2) (9:30) Bank of England MPC meeting (rate announcement 12 noon – *no change expected)* New Car Registrations (Sep)	
8	**9**	**10**	**11**	**12**
REC/KPMG Report on Jobs (Sep) (00:01)	BRC Retail Sales Monitor (Sep) (00:01) RICS House Price Survey (Sep) (00:01) Manufacturing Production (SA) (9:30) MM Y/Y Jun -2.9% -3.9% Jul 3.2% -0.5% **Aug (f) -1.0% -1.0%** Industrial Production (SA) (9:30) M/M Y/Y Jun -2.4% -3.8% Jul 2.9% -0.8% **Aug (f) -1.0% -1.6%** Visible Trade Balance, Global (SA) (£ Million) (9:30) May -7939 Jul -7149 Jun -10068 **Aug (f) -8200**			Construction Output (Aug) (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

24	25	26	27	28
	British Bankers Association Consumer Lending (Aug) (9:30)	BoE Credit Conditions Survey (Q3) (9:30) CBI Distributive Trades Monthly Survey (Sep) (11:00)	Gross Domestic Product, Final Estimate (SA) (9:30) Q/Q Y/Y QIV'11 -0.4% 0.7% QI'12 -0.3% -0.1% QII'12 -0.4% -0.5% Current Account Balance, (SA) (£ million) (9:30) QIII'11 -10997 QI'12 -15366 QIV'11 -8456 QII'12 -20767 Business Investment, Final (Q2) (9:30)	GfK Consumer Confidence (Sep) (00:01) Index of Services (Jul) (9:30) Productivity (Q2) (9:30)

Indicator Highlights

United Kingdom

Key potential market-moving indicators and events include: BoE data on Lending to Individuals and Money Supply as well as the Manufacturing PMI (both Mon. Oct. 1, 9:30 a.m.), the Services PMI (Wed. Oct. 3, 9:30 a.m.) and the Bank of England Monetary Policy Committee Meeting (rate decision announced Thu. Oct. 4, 12 noon). In the following week, there is Industrial Production and the Trade Balance (both Tue. Oct. 9, 9:30 a.m.).

BoE numbers on underlying **monetary dynamics** showed an M/M rise in underlying M4, accentuating the June bounce. According to BoE-computed data, the number of **mortgage approvals** bounced back clearly in July, albeit with the jump failing to repair fully the drop seen in June. The headline **manufacturing PMI** jumped in August, thereby more than unwinding the July slump which had resulted in the lowest reading since May 2009. The August **services PMI** rose, swinging from a 19-month low to the highest reading since March. 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.

Indicator	Forecast	Consensus	Analysis
BoE Mortgage Lending (SA, Net)	£ 1.0 bln	£ 0.5 bln	Any sign of Funding for Lending Scheme?
Money Supply, M4			
M/M	0.4%		More focus on lending numbers.
Y/Y	-3.8%		
Purchasing Managers' Index (SA)			
- Manufacturing	50.5	49.9	Has been very volatile of late!
Purchasing Managers' Index (SA)			
- Services	52.3	53.0	Survey results in the coming week will offer more clues.
Industrial Production (SA)			
M/M	-1.0%		Volatile, but flat trend evident.
Y/Y	-1.6%		
Visible Trade Balance, Global (SA)	-£ 8200 mln		Exports fall back after July distortion.

Post Mortem—Prior Week Results

Mortgage Approvals Increase. According to the British Bankers' Association, net mortgage lending in August fell £ 0.3 bln.

Funding Scheme Boosting Mortgage Lending? The latest (ie Q3) BoE quarterly Credit Conditions Survey was notable in suggesting that lenders reported a marked increase in the amount of secured credit made available to households in the last three months, with a further significant increase anticipated in the coming quarter.

Sales Recover. The latest (September) CBI distributive trades survey suggested that retail sales recovered in the last month, actually bouncing from a August reading of -3 (a four-month low) to 6, thereby unwinding half of the drop seen previously.

Less Marked Contraction. Real GDP decreased by 0.4% in Q/Q terms last quarter, a notch less weak than previously estimated albeit still showing a steeper fall than the 0.3% drop in the previous quarter.

Record External Gap. The current account deficit widened clearly to £ 20.77 bln in Q2 (5.4% of GDP) from an upwardly revised shortfall of £ 15.37 bln in Q3.

Capex Bounces Back. Business investment data showed capex recovering in Q2, albeit with a bounce of 0.9% repairing little of the 2.6% fall of the previous quarter.

Consumer Confidence Edges Back Up. The GfK consumer confidence gauge in September rose a point, ending a run of three successive stable readings but also further away from the 35-month low of -33 set in December.

Services Bounce Clearly. The index of services rose by 0.7 % Y/Y in July, a contrast to the 0.4% fall seen in June, the latter having been the first fall in the cycle.

Productivity Drops Even Further. Output per worker fell 1.2% in Y/Y terms in Q2, a softening from the 0.1% Q1 drop.

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Forecast Calendar

September 28, 2012

Germany

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 1 – October 12, 2012

1

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

Jun	45.0	**Sep (p)**	**47.3**
Jul	43.0	**Sep (f)**	**47.3**
Aug	44.7	**Sep (c)**	**47.3**

2

3

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

Jun	49.9	**Sep (p)**	**50.6**
Jul	50.3	**Sep (f)**	**50.6**
Aug	48.3	**Sep (c)**	**50.6**

4

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

5

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

Apr	-1.2%	Jul	0.5%
May	0.8%	**Aug (f)**	**unch**
Jun	-1.6%	**Aug (c)**	**-0.5%**

8

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

	2012	2011
Jun	18.0	12.5
Jul	16.9	10.4
Aug (f)	**13.0**	11.7

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

	2012	2011
Jun	18.5	11.0
Jul	12.8	8.3
Aug (f)	**10.0**	7.9

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

May	1.7%	Jul	1.3%
Jun	-0.4%	**Aug (f)**	**-1.5%**

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

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

Possibly from today:

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%**

9

10

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%**

12

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

f=forecast
r=revised
c=consensus

Recent History-Latest Results

24

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

Apr	109.7	Jul	103.2
May	106.8	Aug	102.3
Jun	105.2	Sep	101.4

25

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

Construction Orders (Jul) (8:00)

26

Cost-of-Living, Preliminary (NSA)

	M/M	Y/Y
Jul	0.4%	1.7%
Aug	0.4%	2.1%
Sep	unch	2.0%

27

Import Prices (NSA) (8:00)

	M/M	Y/Y
Jun	-1.5%	1.3%
Jul	0.7%	1.2%
Aug	1.3%	3.2%

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

Jun	7	Aug	11
Jul	8	Sep	9

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

May	34	Jul	16
Jun	25	Aug	4

28

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

Mar	1.0%	Jun	0.3%
Apr	-0.4%	Jul	-1.0%
May	-0.1%	Aug	0.3%

Key potential market-moving indicators and events include: the final Manufacturing PMI (Mon. Oct. 1, 9:55 a.m.), the final Services PMI (Wed. Oct. 3, 9:55 a.m.) and Manufacturing Orders (Fri. Oct. 5, 12 noon). In the following week, there is the Trade Balance and Current Account (Mon. Oct. 8, 8:00 a.m.), Industrial Production (Mon. Oct. 8, 12 noon), final Consumer Prices (Thu. Oct. 11, 8:00 a.m.) and possibly Wholesale Prices.

The September flash **manufacturing PMI** rose to a six-month high. The September flash **services PMI** bounced from a 37-month low to the highest since May. **Manufacturing orders** rose afresh in July, albeit with the rise unwinding little of the drop seen in June. 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. According to the preliminary estimate, September **CPI inflation** fell back a notch from the previous month. **Wholesale prices** jumped in M/M terms in August, accentuating the July increase.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA) - Final			
- Manufacturing	47.3	47.3	No revision expected.
Purchasing Managers' Index (SA) - Final			
- Services	50.6	50.6	No revision expected.
Manufacturing Orders, (SA)			
M/M	unch	-0.5%	Softer trend emerging.
Trade Balance, (NSA)	€ 13.0 bln		Exports correct back.
Industrial Production, (SA)			
M/M	-1.5%		Echoes survey data; Q3 still looking solid, however!
Consumer Prices – Final (NSA)			
M/M	unch		Break-down detailed.
Y/Y	2.0%		
Wholesale Prices (NSA)			
M/M	unch		Brief spike higher curtailed?
Y/Y	2.8%		

Post Mortem—Prior Week Results

Ifo Survey Eases Further. The September Ifo business climate index fell 0.9 point to 101.4, a fifth successive drop, albeit with the headline figure still implying a somewhat above-par level of activity.

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

Construction Orders Recover. July construction orders bounced by 1.74% M/M, the first rise in five months and a result still more consistent to a weaker pattern of late rather than merely renewed volatility.

Consumer Price Inflation Falls Back. According to the preliminary estimate, September CPI inflation fell back by 0.1 percentage point from the 2.1% Y/Y rate seen in the previous month.

Labor Market Deteriorating. Unemployment increased for the sixth successive month in September and with the 9 000 rise a little less than the 11 000 August increase.

Import Prices Rise More clearly. Import prices rose by 1.3% in M/M terms in August, a rise that was almost twice the 0.7% rise seen in the previous month.

Sales softness Continues. According to Federal Statistics Office data, real retail sales (excluding auto and petrol sales) rose by 0.3% in M/M terms in August, an outcome that failed to reverse the 1.0% slump of the previous month.

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Forecast Calendar

September 28, 2012

France

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 1 – October 12, 2012

1 Purchasing Managers' Index Manufacturing, Final (SA) (9:50) Jun 45.2 **Sep (p) 42.6** Jul 43.4 **Sep (f) 42.6** Aug 46.0 **Sep (c) 42.6** New Car Registrations (Sep)	**2**	**3** Purchasing Managers' Index Services, Final (SA) (9:50) Jun 47.9 **Sep (p) 46.1** Jul 50.0 **Sep (f) 46.1** Aug 49.2 **Sep (c) 46.1**	**4** ECB Governing Council meeting (decision at 13:45) *(25 bp refi rate cut possible)* *Press conference at 14:30*	**5**
8 **Possibly from today:** BoF Business Sentiment Survey (Aug) (8:45)	**9** Visible Trade Balance (SA) (8:45) (Euro Billion) Mar -5.69 Jun -6.07 Apr -6.20 Jul -4.27 May -5.63 **Aug (f) -5.25** Central Government Budget (Aug) (8:45)	**10** Industrial Production, exc. Construction (SA) (8:45) M/M Y/Y Jun unch -2.5% Jul 0.2% -3.1% **Aug (f) -0.7% -4.4%** Manufacturing Production (SA) (8:45) M/M Y/Y Jun unch -2.9% Jul 0.9% -2.8% **Aug (f) -0.7% -4.1%**	**11** Consumer Prices (NSA) (7:30) M/M Y/Y Jul -0.4% 1.9% Aug 0.7% 2.1% **Sep (f) unch 2.1%**	**12**

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

f=forecast
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Recent History-Latest Results

24	**25** INSEE Monthly Survey of Industry (Sep) (8:45) Housing Starts (Aug) (8:45)	**26** INSEE Monthly Survey of Households (Sep) (8:45) Unemployment (Aug) (18:00)	**27**	**28** Gross Domestic Product, Second Estimate, (SA) (7:30) Q/Q Y/Y QIV'11 unch 1.2% QI'12 unch 0.4% QII'12 unch 0.3% Household Consumption of Goods (SA) (8:45) M/M Y/Y Jun 0.4% 0.3% Jul 0.4% 1.0% Aug -0.8% -0.5% Producer Prices (NSA) (8:45) M/M Y/Y Jun -0.9% 1.3% Jul 0.4% 1.3% Aug 1.2% 2.6%

Indicator Highlights

Key potential market-moving indicators and events include: the final Manufacturing PMI (Mon. Oct. 1, 9:50 a.m.) and the final Services PMI (Wed. Oct. 3, 9:50 a.m.). In the following week, there is 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.).

The September flash **manufacturing PMI** fell to a 41-month low. The September flash **services PMI** fell for the first month in four, slumping to a four-month low. 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
Purchasing Managers' Index (SA)			
- Manufacturing – Final	42.6	42.6	No revision expected.
Purchasing Managers' Index (SA)			
- Services – Final	46.1	46.1	No revision expected.
Visible Trade (SA)	-€ 5.25 bln		Imports rebound clearly.
Industrial Production (SA)			
M/M	-0.7%		Clear, further Q/Q fall on the cards!
Y/Y	-4.4%		
Consumer Prices (NSA)			
M/M	unch		Core rate much lower.
Y/Y	2.1%		

Post Mortem—Prior Week Results

Business Sentiment Stabilizes. The September INSEE industry confidence indicator was steady, albeit consolidating the one-point rise seen in August, the latter having risen from the cycle-low seen in July.

Consumer Confidence Slips Further. The September INSEE-computed consumer confidence index dropped one more point to 85, the lowest reading since February.

Flat Activity Confirmed. Final data confirmed that real GDP was flat in Q/Q terms in Q2, matching the outcomes seen in the two previous quarters, although there was actually a small fall, albeit one masked by rounding.

Household Spending Falls back. Household spending on goods in June dropped 0.8% in M/M terms, thereby reversing the 0.4% rises seen in each of the two previous months.

Producer Price Pressures Rise More Sharply. Producer prices jumped 1.2% in M/M terms in August, three times the size of the bounce seen in July, led higher by energy costs.

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Forecast Calendar

September 28, 2012

Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 1 – October 12, 2012

1 Purchasing Managers' Survey Manufacturing (SA) (9:45) May 44.8 Aug 43.6 Jun 44.6 **Sep (f) 44.7** Jul 44.3 **Sep (c) 44.1** New Car Registrations (Sep)	**2**	**3** Purchasing Managers Survey Service (SA) (9:45) May 42.8 Aug 44.0 Jun 43.1 **Sep (f) 43.0** Jul 43.0 **Sep (c) 43.7**	**4** ECB Governing Council meeting (decision at 13:45) *(25 bp refi rate cut possible)* *Press conference at 14:30*	**5**
8	**9**	**10** Industrial Production* (10:00) M/M Y/Y Jun -1.3% -7.9% Jul -0.2% -7.3% **Aug (f) -0.5% -10.0%**	**11**	**12** 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%**

* 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
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f=forecast

Recent History-Latest Results

24	**25** ISAE Consumer Sentiment (Aug) (10:00) Hourly Wages (NSA) (Y/Y) (11:00) Mar 1.2% Jun 1.5% Apr 1.4% Jul 1.5% May 1.4% Aug 1.6%	**26** Retail Sales (NSA) (Y/Y) (10:00) Feb 0.5% May -1.7% Mar 1.5% Jun -0.5% Apr -6.8% Jul -3.2%	**27** ISAE Business Sentiment (Aug) (10:00)	**28** Producer Prices (NSA) (10:00) M/M Y/Y Jun -0.1% 2.2% Jul 0.2% 2.2% Aug 0.8% 3.0% NIC Consumer Prices, Preliminary, (NSA) (11:00) M/M Y/Y Jul 0.1% 3.1% Aug 0.4% 3.2% Sep unch 3.2%

Key potential market-moving indicators and events include: the Manufacturing PMI (Mon. Oct. 1, 9:45 a.m.) and the Services PMI (Wed. Oct. 3, 9:45 a.m.). In the following week, there is Industrial Production (Wed. Oct. 10, 10:00 a.m.) and final Consumer Prices (Fri. Oct. 12, 11:00 a.m.).

The **manufacturing PMI** slipped back a little further in August to a 10-month low. The August **services PMI** rose, the third rise in four months. 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.

Indicator	Forecast	Consensus	Analysis
Purchasing Managers' Index (SA)			
- Manufacturing	44.7	44.1	How weak?
Purchasing Managers' Index (SA)			
- Services	43.0	43.7	Volatile!
Industrial Production*			
M/M	-0.5%		Y/Y rate hits cycle-low.
Y/Y	-10.0%		
Consumer Prices – Final (NSA)			
M/M	unch		EU-harmonized break-down released.
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

Consumer Sentiment Little Changed. The September consumer confidence index, as measured by ISAE, edged up slightly by 0.1 point to 86.2.

Still Soft Wage Growth. Hourly wage growth for July edged up 0.1 percentage point to 1.6% Y/Y, thereby up a touch further from the cycle-low of 1.2% posted in March.

Retail Sales Weakness Continues. Unadjusted nominal retail sales dropped 3.2% Y/Y in July, a much steeper fall than the 0.5% decline posted in the preceding month.

Manufacturing Confidence Improves. The September ISAE business confidence bounced back, rising 1.0 point to 88.3, a three-month high.

Mixed Inflation Picture. Preliminary data showed that consumer price inflation stayed at 3.2% Y/Y in September, still up from a July reading which had been the lowest in almost a year.

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Forecast Calendar

September 28, 2012

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

October 1 – October 12, 2012 (Local Times)

1

Tankan (Large Manufacturers) (8:50)

11:Q2	-9	12:Q1	-4
11:Q3	2	12:Q2	-1
11:Q4	-4	**12:Q3 (f)**	**-3**

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

Apr	92.0%	Jul	36.1%
May	66.3%	Aug	7.3%
Jun	40.9%	**Sep (f)**	**3.0%**

2

3

4

BOJ Monetary Policy Meeting

5

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 (f)**	**1280.0**

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

	Leading	Coincident
Jun	94.1	94.9
Jul	93.0	93.8
Aug (f)	**93.4**	**93.5**

BOJ Shirakawa Press Conference (15:30)

8

Holiday

9

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

BOJ Monthly Report (14:00) (October)

10

11

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**

12

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%**

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

Recent History-Latest Results

24

BOJ Monetary Policy Meeting Minutes (8:50) (August 8-9)

25

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

Mar	-0.2%	Jun	-0.3%
Apr	0.3%	Jul	-0.3%
May	0.1%	Aug	-0.3%

26

27

28

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

	Total	Ex-Fresh Food
Aug	-0.7%	-0.5%
Sep	-0.7%	-0.4%

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

	Total	Ex-Fresh Food
Jul	-0.4%	-0.3%
Aug	-0.4%	-0.3%

Unemployment Rate (SA) (8:30)

May	4.4%	Jul	4.3%
Jun	4.3%	Aug	4.2%

Effective Job Offers to Applicants Ratio (8:30)

May	0.81	Jul	0.83
Jun	0.82	Aug	0.83

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

	PCE (All)	PCE (Workers)	Disp. Income
Jun	1.6%	2.5%	3.7%
Jul	1.7%	1.5%	-4.0%
Aug	1.8%	0.9%	2.6%

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

May	3.6%	Jul	-0.8%
Jun	0.2%	Aug	1.8%

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

May	-3.4%	Jul	-1.0%
Jun	0.4%	Aug	-1.3%

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

May	9.3%	Jul	-9.6%
Jun	-0.2%	Aug	-5.5%

MOF FX Intervention Report (19:00) (September)

Indicator Highlights

Key potential market-moving indicators and events include: Tankan (Large Manufacturers) (Mon., Oct. 1, 8:50); Vehicle Sales (Mon., Oct. 1, 14:00); Machinery Orders, Core (Thu., Oct. 11, 8:50); and Tertiary Industry Activity (Fri., Oct. 12, 8:50).

Tankan results, particularly regarding expectations, will be read for indications whether reconstruction-related spending is offsetting export weakness. Vehicle sales numbers will show demand behavior as the exhaustion of subsidy funds approaches.

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.

Indicator	Forecast	Consensus	Analysis
Tankan (Large Manufacturers)	-3		Shaky but not too weak.
Vehicle Sales (Y/Y)	+3.0%		Subsidies petering out.
Official Reserves (NSA)	$1280.0 Billion		Favorable currency translation.
Business Conditions Composite Indexes (Prelim.)			
Leading	93.4		Still falling.
Coincident	93.5		
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.

Post Mortem—Recent Data Results

Corporate Services Prices Drop Further. July corporate services prices fell 0.3% in M/M terms, now a fourth successive fall given downward revisions to previous month. As a result, the Y/Y rate remained negative at -0.3%.

Core Inflation Still Little-Changed. Largely matching expectations again, national core CPI inflation (ex fresh food) remained at -0.3% Y/Y in August. Headline CPI inflation, meanwhile, was also stable but at -0.4%. Meanwhile, the rate excluding food and energy edged up to -0.5%. On a more up-to-date basis, the headline Tokyo CPI reading (for September) stayed at -0.7% Y/Y, while the core (ex-fresh food) CPI inflation edged up to -0.4%.

Lower Jobless Rate. Undershooting expectations, the unemployment rate in August dropped a notch to 4.2%, the lowest since last September. However, employment slipped slightly, while the participation rate edged down to 59.1%. Also of note, the job-to-applicant ratio improved no further, staying at 0.83, still the highest since September 2008.

Household Spending Growth Continues. The Y/Y growth rate for overall household spending was little changed at 1.8% in August, albeit partly a result of a 2.2% M/M recovery. The outcome was a little stronger than expected, however, albeit with Y/Y growth in household spending for workers actually worsening once again to 0.9%.

Sales Bounce. Retail sales rose 1.5% M/M in August, exactly reversing the drop seen in the previous month. As a result, Y/Y growth turned positive at 1.8%.

Industrial Production Falls Further. Surprising somewhat to the downside, preliminary data for August showed industrial production falling for fourth month in five, with the 1.3% M/M decline slightly more acute than the fresh 1.0% fall seen in July. 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 sizeable fall of 2.9% in September, with a flat outcome in October. Elsewhere, the data also showed a small bounce in shipments in August (0.4% M/M vs -3.1%), while inventories slumped back 1.6%.

Manufacturing Less Weak. The manufacturing PMI rose 0.3 point to 48.0 in September, still the fourth successive sub-50 reading since last November but up from an August reading that was the lowest since April last year.

Housing Data Less Weak. Housing starts rose once again in M/M terms and were less weak on a Y/Y basis, as the growth rate for the latter turned less negative at -5.5%.

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Forecast Calendar

September 28, 2012

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Pumphrey/Husby

October 1 – 12, 2012

1

Industrial Product Prices (8:30)

(NSA)	M/M	Y/Y
Jun	-0.3%	0.5%
Jul	-0.5%	0.3%
Aug (f)	**-0.4%**	**-0.6%**
Aug (c)	**-0.2%**	**-0.4%**

Raw Materials Prices (8:30)

(NSA)	M/M	Y/Y
Jun	-4.1%	-11.8%
Jul	0.9%	-10.0%
Aug (f)	**1.5%**	**-5.3%**
Aug (c)	**1.2%**	**-5.6%**

2

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4

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

May	60.5	Aug	62.5
Jun	49.0	**Sep (f)**	**55.0**
Jul	62.8	**Sep (c)**	**59.9**

5

Labor Force Survey (8:30)

Employment (Change, Thous., SA)

May	7.7	Aug	34.3
Jun	7.3	**Sep (f)**	**10.0**
Jul	-30.4	**Sep (c)**	**10.0**

Unemployment Rate (SA)

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

Building Permits (8:30)

(M/M) (SA)

Apr	-4.4%	Jul	-2.3%
May	7.1%	**Aug (f)**	**3.0%**
Jun	unch	**Aug (c)**	**-1.5%**

8

Holiday

9

Housing Starts (8:15)

(Thousand, SAAR)

Apr	252.1	Jul	208.5
May	216.2	Aug	223.8
Jun	222.1	**Sep (f)**	**205.0**

10

11

International Trade (8:30)

(Balance, C$ Billion, SA)

Mar	0.1	Jun	-1.9
Apr	-0.5	Jul	-2.3
May	-1.1	**Aug (f)**	**-1.5**

12

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

Recent History-Latest Results

24

25

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

	Total	Ex-Auto
Apr	-0.6%	-0.4%
May	0.2%	0.4%
Jun	-0.3%	-0.4%
Jul	0.7%	0.4%

26

27

28

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

Feb	0.1%	May	0.1%
Mar	0.1%	Jun	0.1%
Apr	0.4%	Jul	0.2%

Indicator Highlights

Canada

Key potential market-moving indicators and events include: the Labor Force Survey (Fri., Oct. 5, 8:30 a.m.); Building Permits (Fri., Oct. 5, 8:30 a.m.); Housing Starts (Tues., Oct. 9, 8:15 a.m.); and International Trade (Thurs., Oct. 11, 8:30 a.m.).

Meaningful labor market gains (e.g. full-time private sector jobs) have slowed over recent months as volatile part-time employment has driven the headline figure the past two months. Expect only mild gains in September as the recent trend of mediocre growth does not support major jobs gains. Building permits numbers 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.

Indicator	Forecast	Consensus	Analysis
Industrial Product Prices (NSA)			
M/M	-0.4%	-0.2%	Stronger CAD weighs on index.
Y/Y	-0.6%	-0.4%	
Raw Materials Prices (NSA)			
M/M	+1.5%	+1.2%	Commodity prices back on uptrend.
Y/Y	-5.3%	-5.6%	
Ivey Purchasing Managers' Survey (SA)	55.0	59.9	Index stays within expansion zone.
Labor Force Survey, Employment (Change, SA)	+10,000	+10,000	Modest gains in full-time employment.
Unemployment Rate (SA)	7.3%	7.3%	Holding steady.
Building Permits (M/M) (SA)	+3.0%	-1.5%	Mild snapback in activity.
Housing Starts (SAAR)	205,000 units		Tighter mortgage rules start to cool the pace of building—just a bit.
International Trade (Balance, SA)	-C$1.5 billion		Deficit narrows on rising energy prices offsetting stronger loonie.

Post Mortem—Prior Week Results

Canadian retail sales exceed forecasts on autos. Canadian retail activity grew 0.7% m/m in July (Consensus: +0.2%; Decision Economics: unchanged) to C$39 billion, and the fastest pace since October 2011. Activity was led by sales of motor vehicles which increased 1.7% m/m, but also benefited from stronger sales at gas stations (+0.7% m/m) and department stores (+2.9% m/m). Retail sales ex auto also beat forecasts, coming in at +0.4% m/m (Consensus: +0.3%; Decision Economics: +0.2%). In volume terms, retail sales rose 0.6% m/m.

In year-on-year terms, retail sales still are showing some weakness at +3% and only +1.6% excluding automobiles. Retail sales are cyclical and tend to be more volatile than real GDP, so a weaker than expected consumer almost surely means weaker than expected growth. Upcoming months will be watched to see if July was just a temporary flurry of activity, or if the year-on-year figures continue to improve.

Canadian GDP gains on manufacturing, utilities. Output increased 0.2% m/m in July to an annualized C$1.29 trillion (Forecast and Decision Economics: +0.1%) from a prior month revised down one-tenth to 0.1%. The economy has expanded 1.9% over the past twelve months.

The goods and services sectors each increased 0.2% m/m as well. Manufacturing activity advanced 0.6% m/m—particularly on chemical and metals output—while utilities gained 2% m/m as warmer weather increased demand for electricity and natural gas. Retail trade increased 0.6% in July as well, providing a lift to the service sector. While the goods economy is currently running at a stronger pace of 2.5% y/y relative to services (+1.7% y/y), goods are still below the pre-recession peak.

Of note, the output of real estate agents and brokers fell 1.5% m/m suggesting that housing resale activity is cooling. Will housing starts follow suit?

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