

Valance Company, Inc.



Weekly

June 15, 2011

III

Highlights

US – Inflation firming

EU – ECB kept rates at 1.25% and signals July hike

JN – Economy contracted more than expected in Q1

UK – BoE kept rate unchanged

CA – Unemployment Rate fell to its lowest level since January 2009

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Valance Co., Inc.

Valance Economic Report: United States

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June 15, 2011

Strong data this week showed better than expected Retail Sales and firming inflation. The Trade Balance deficit shrank, while Obama's discussion of extending the payroll tax cut and the fall in Commodity Prices bode well for improved GDP forecasts. The Home Builders Association Index hit a nine month low. The FOMC meeting is next week; no major shift in Fed policy or outlook is expected.

Weekly Highlights

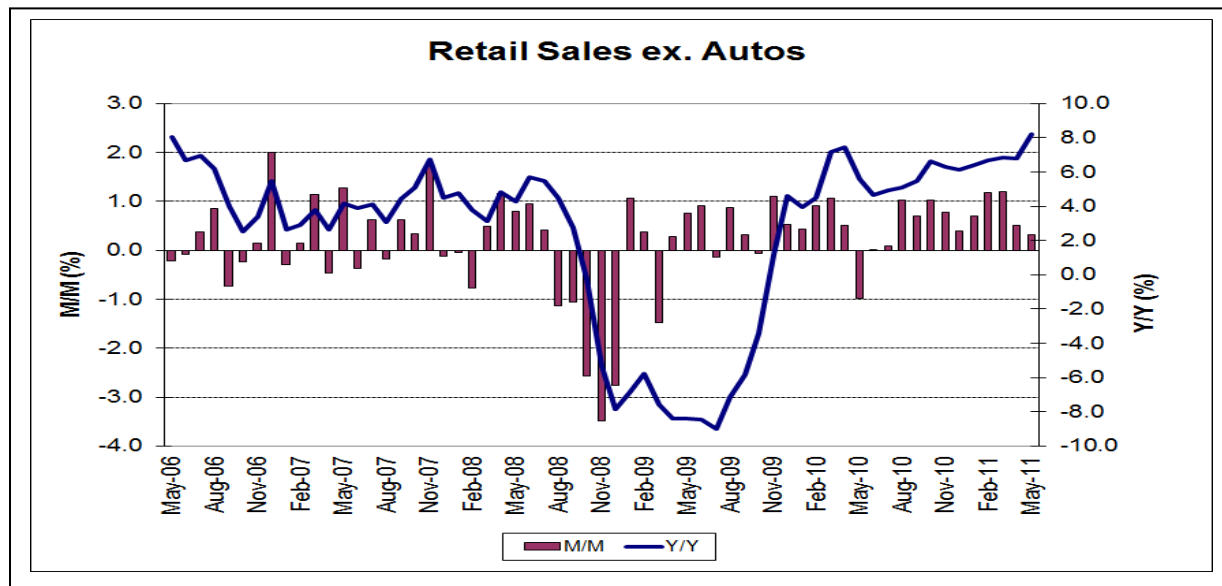
Retail Sales ex Autos – increased 0.3% M/M and 8.2% Y/Y. (US 1)

Core CPI – up 0.3% M/M; three-month annualized core rate is now at 2.5%. (US 3)

Bloomberg Consumer Comfort Index – improved from -47.1 to -45.9, the highest reading since April. (US 6)

Weekly Releases

Chart(s) of the Week: *Retail Sales ex. Autos*



Retail Sales, excluding autos, were up 0.3% M/M and 8.2% Y/Y in May, matching expectations. Headline Retail Sales fell 0.2% M/M and have increased 7.8% Y/Y. Core Retail Sales (excluding gas, building materials and autos), rose 0.2% M/M and increased 8.0% Y/Y and are now growing at an 11.1% three-month annualized rate. An improving labor market and declines in the personal savings rate as individual balance sheets improve, will continue to help drive consumption higher.

US-1

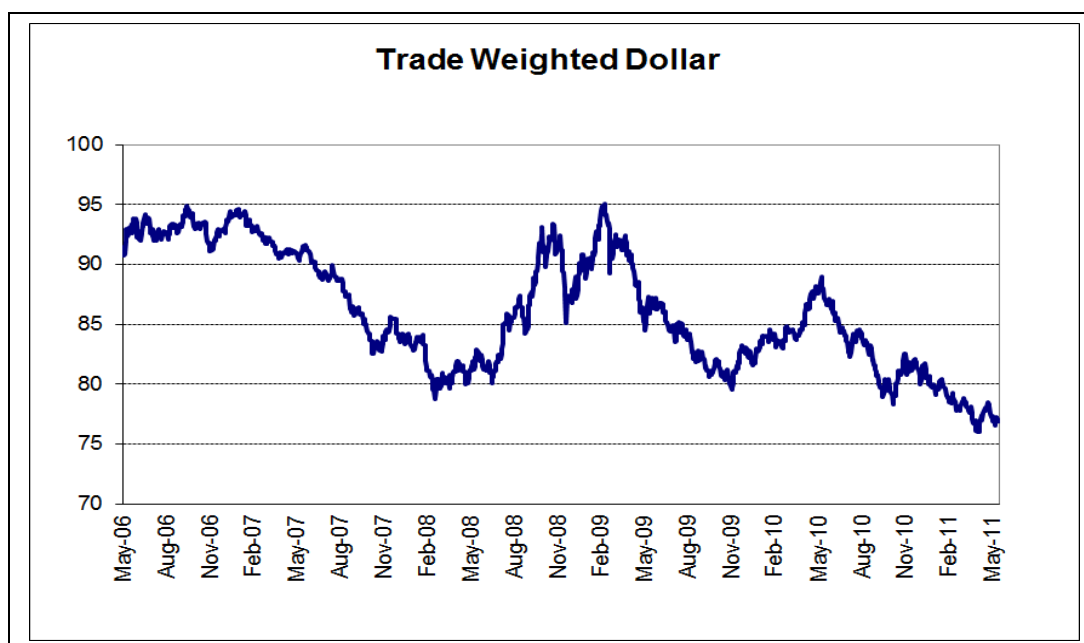
U.S. Financial Balances & Trade Weighted Dollar

Financial Balances

<i>U.S.</i>	<i>Latest period (\$blns)</i>	<i>Last 12mth. as a % of GDP</i>
Budget Balance	-188.1 (May)	-8.6%
Trade Balance	-43.7 (May)	-3.5%
Current Account Balance	-113.3B (Q4)	-3.1%
Private Balance	--	5.3%

The budget deficit on a trailing twelve month basis as of March is 8.6% of GDP. The trade deficit as of March is 3.5% of GDP. The budget deficit is quite large and should remain that way due to tax cuts, high expenditures and revenues that are just starting to turn upwards. The large budget deficit will help private balances build and support an economic recovery.

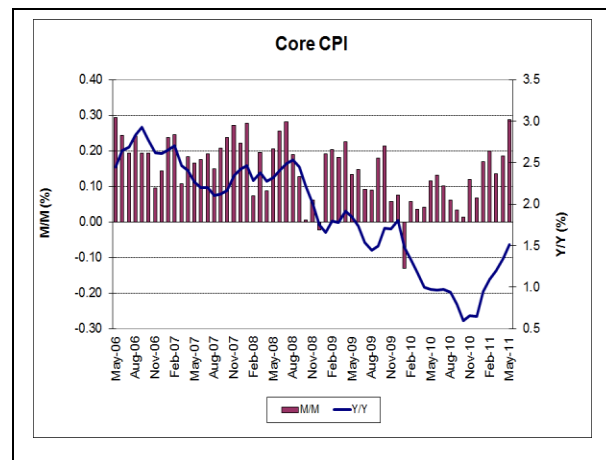
Trade Weighted Dollar



CPI, PPI & Unemployment Claims

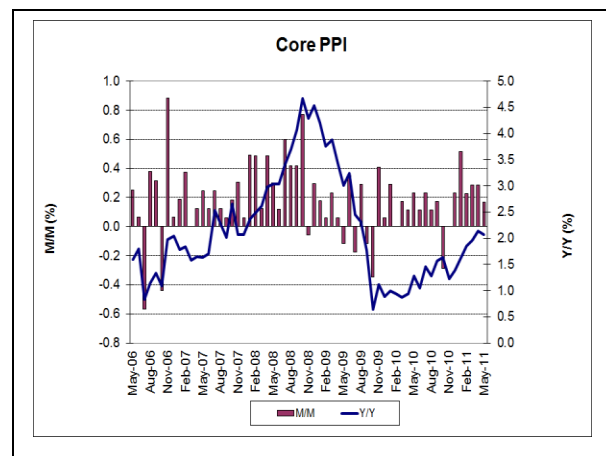
Core CPI

Core CPI was up 0.3% M/M and 1.5% Y/Y in May. The three-month annualized core rate is now up 2.5%, after only increasing 0.4% as recently as October 2010. It appears that core inflation has bottomed. The headline rate rose 0.2% M/M and 3.6% Y/Y. Energy prices increased 9.1% M/M and 21.5% Y/Y.



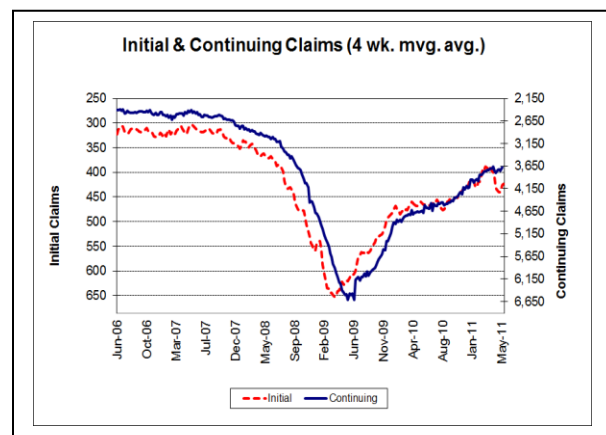
Core PPI

Core PPI increased 0.2% M/M and 2.1% Y/Y in May. Headline PPI rose 0.2% M/M and 7.3% Y/Y. Core intermediate goods increased by .9% M/M and 6.3% Y/Y. Core crude goods fell .9% M/M, but are still up 19.2% Y/Y.



Initial & Continuing Claims

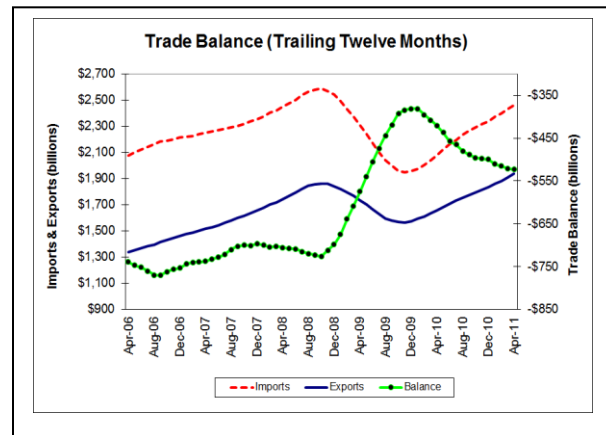
Initial Claims increased from 422k to 427k. The four week moving average of Initial Claims fell from 425k to 424k and Continuing Claims dropped 3711k to 3676k. Initial Claims have trended down from 500k in the summer of 2010 and after stabilizing last year, are again showing improving momentum though the recent jump needs to be closely monitored.



Trade Balance, Import Prices & Monthly Budget Statement

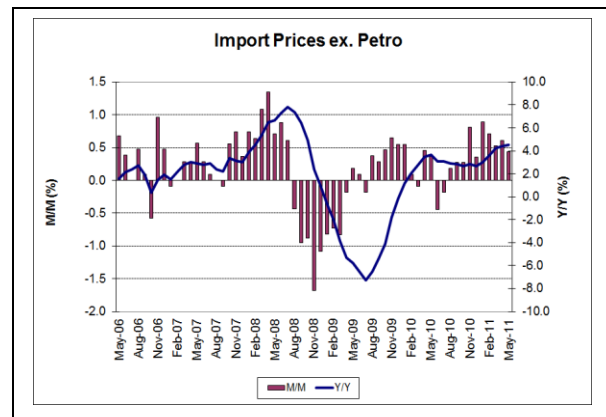
Trade Balance

The Trade Deficit unexpectedly fell from a revised -\$46.8 bln to -\$43.7 bln in April. Total exports rose 1.3% M/M and are up 18.8% Y/Y. Imports declined 0.4% M/M and are up 15.9% Y/Y. The trailing twelve month trade deficit is now \$523.4 bln or 3.48% of GDP.



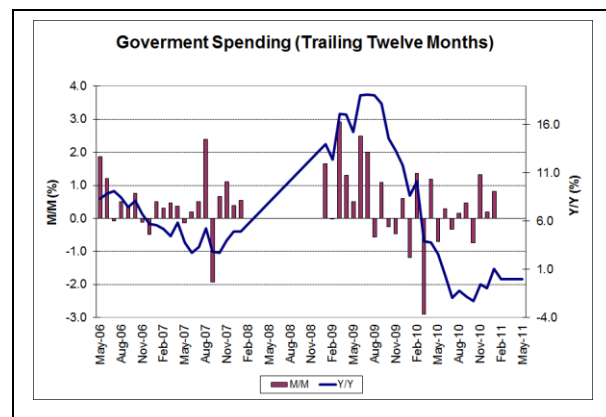
Import Prices ex. Petro

Import Prices, excluding petroleum, increased 0.2% M/M and 12.5% Y/Y in May. Prices of all goods imported into the US rose 0.2% M/M and 12.5% Y/Y. This is the first month since September 2010 that prices have increased less than 1.0% M/M. Goods from China rose 0.3% M/M and 2.8% Y/Y.



Fiscal Budget

The Trade Deficit unexpectedly fell from a revised -\$46.8 bln to -\$43.7 bln in April. Total exports rose 1.3% M/M and are up 18.8% Y/Y. Imports declined 0.4% M/M and are up 15.9% Y/Y. The trailing twelve month trade deficit is now \$523.4 bln or 3.48% of GDP.



Industrial Production, Empire Index & Capacity Utilization

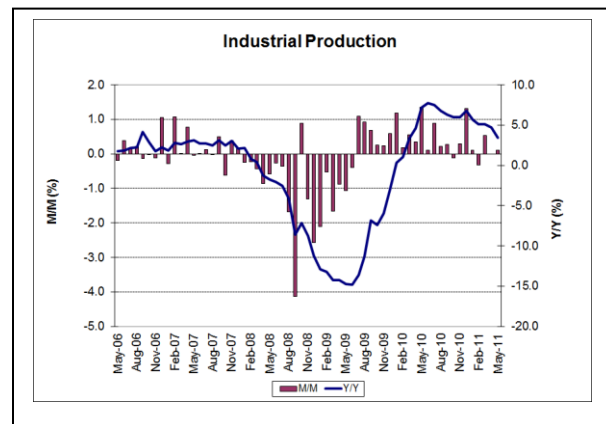
Industrial Production

Industrial Production increased 0.1% M/M and 3.4% Y/Y in May.

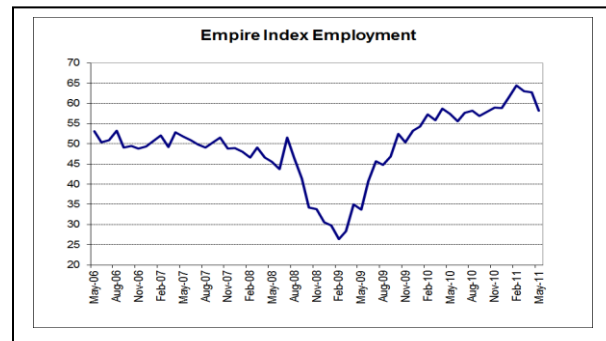
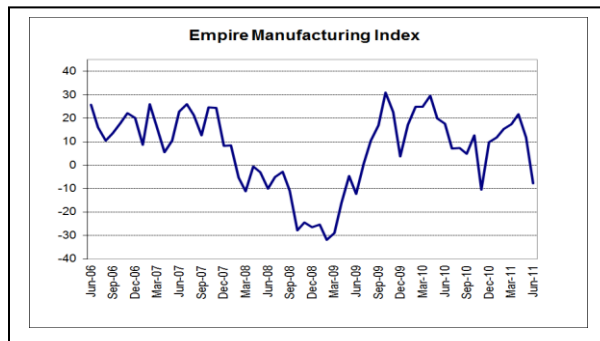
Manufacturing experienced a gain of 0.4% M/M and is at 3.7% Y/Y.

Utilities fell 2.8% M/M and 0.4% Y/Y.

Mining rose 0.6% M/M and is up 5.2% Y/Y. This month's results are slightly lower than expected (0.1% versus 0.2% M/M). Production has fallen on a M/M basis only once in the past 23 readings.



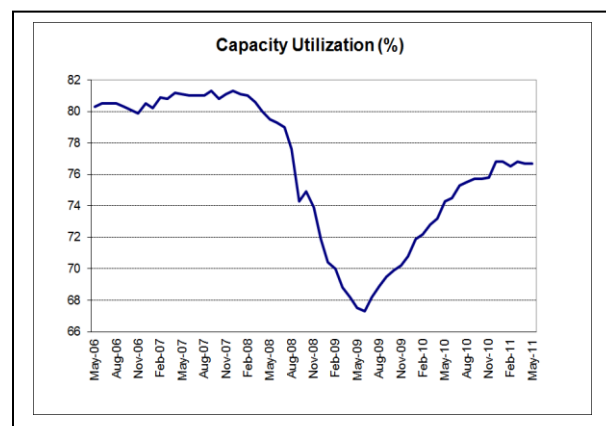
Empire Index



The Empire Manufacturing Index showed a sharp decline, falling from 11.88 to -7.79 in June. The Employment component index decreased from 24.73 to 10.2. The Orders component dropped from 17.19 to -3.61. Prices paid and prices received both dropped from 69.89 and 27.96 to 56.12 and 11.11, respectively.

Capacity Utilization

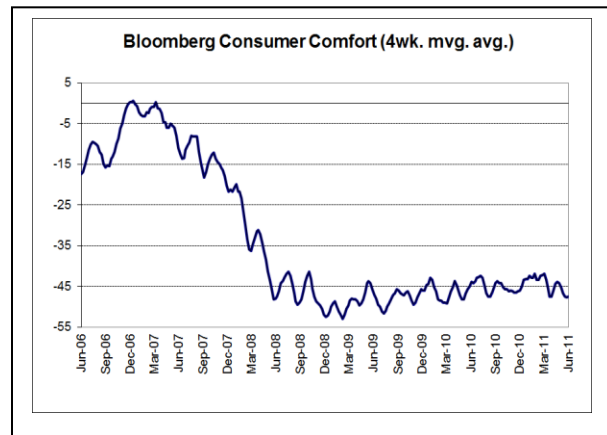
Capacity Utilization remained at a revised 76.7% in May. Although Utilization has not declined in 20 months, it is still well below 80% and shows the economy still has plenty of slack.



Confidence, NAHB Housing Index & Mort. Applications

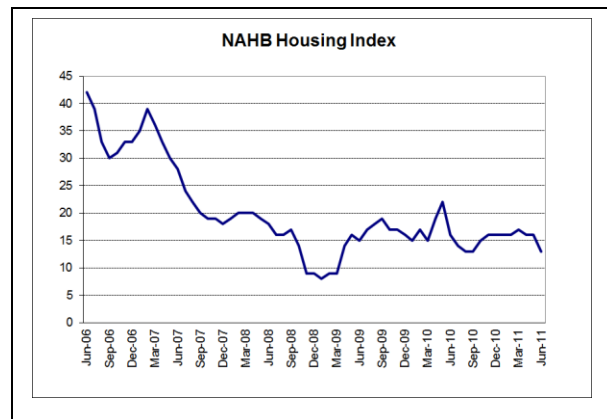
Bloomberg Consumer Comfort

The Bloomberg Consumer Comfort Index improved from -47.1 to -45.9, this was the third consecutive gain and the highest reading since April. The state of the economy component declined from -74.6 to -75.5 and the personal finance component increased from -13.4 to -8.5. The buying climate dropped from -53.1 to -53.8. This series is slowly trending higher from its absolute lows and has regained momentum in recent weeks.



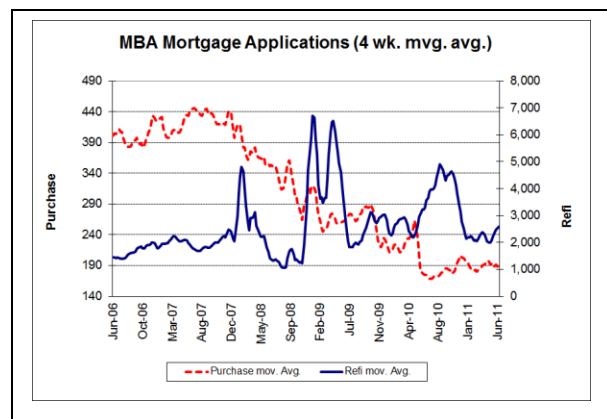
NAHB Housing Market Index

The NAHB Index fell from 16 to 13 in June, a nine month low. Traffic and Present sales fell 2 points to 12 and 13, respectively. Future sales fell from 19 to 15.



MBA Mortgage Applications

Purchase Mortgage Applications increased 4.5% W/W and refi applications increased 13.0% W/W this week. Purchase and refi applications both remain at low absolute levels.



Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/16	Initial Jobless Claims	JUN 11	420K	427K
06/16	Housing Starts	MAY	545K	523K
06/16	Building Permits	MAY	556K	551K
06/16	Current Account Balance	Q1	-\$130.0B	-\$113.3B
06/16	Philadelphia Fed.	JUN	7	3.9
06/17	U. of Michigan Confidence	JUN	74	74.3
06/21	Existing Home Sales	MAY	4.85M	5.05M
06/22	MBA Mortgage Applications	JUN 17	--	--
06/22	House Price Index (M/M)	APR	--	-0.30%
06/22	FOMC Rate Decision	JUN 22	0.25%	0.25%

Valance Co., Inc.

Valance Economic Report: Euro Zone

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June 15, 2011

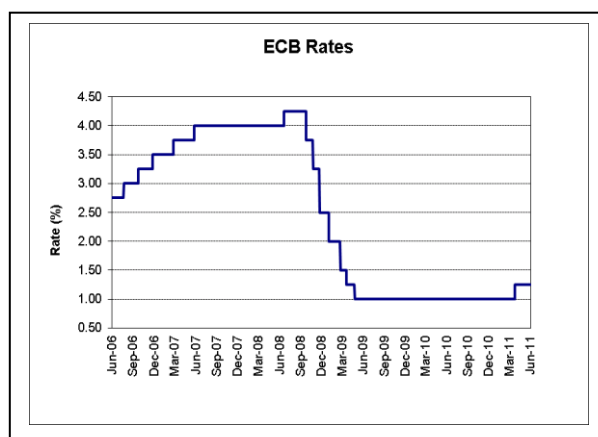
The ECB held rates steady at 1.25%, but signaled an interest rate hike in July through its “strong vigilance” code phrase. On the data front, EU Industrial Production posted an upside surprise, increasing 0.2% M/M in April and French Business Sentiment fell in May.

Weekly Highlights

ECB - held interest rates steady at 1.25%. (EU 1)

EU Industrial Production – increased 0.2% M/M and 5.2% Y/Y in April. (EU 3)

French Business Sentiment - fell from 106 in April to 103 in May. (EU 4)

Weekly Releases & News**Chart(s) of the Week: *ECB Interest Rates***

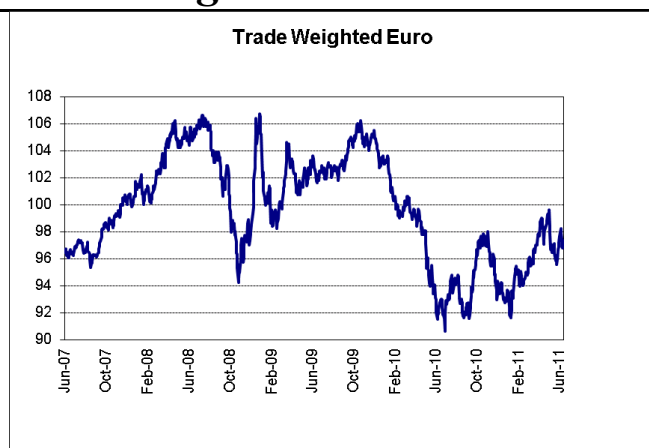
ECB held interest rates steady at 1.25%, as expected, citing that “overall our monetary policy stance remains accommodative.” “Strong vigilance is warranted,” Trichet commented. “It means that we are in a mode where there might be in the next meeting an increase of rates, but we are never pre-committed.”

Euro Zone Financial Balances & Trade Weighted Euro

Financial Balances

<i>Germany</i>	<i>Last period (\$blns euros)</i>	<i>Last 12mth. as a % of GDP</i>
Budget Balance		-3.2%*
Trade Balance	10.9 (April)	2.0%
Current Account Balance	8.8 (April)	3.6%
Private Savings Balance		6.8%
<i>France</i>		
Budget Balance		-8.2%*
Trade Balance	-7.1 (April)	-4.7 %
Current Account Balance	-4.1 (March)	-3.6%
Private Savings Balance		4.6%
<i>Italy</i>		
Budget Balance		-5.5 %*
Trade Balance	-3.9(March)	-0.6%
Current Account Balance	-5.5 (March)	-3.8%
Private Savings Balance		1.7
*Budget Balance as of year end 2009 – Source OECD		

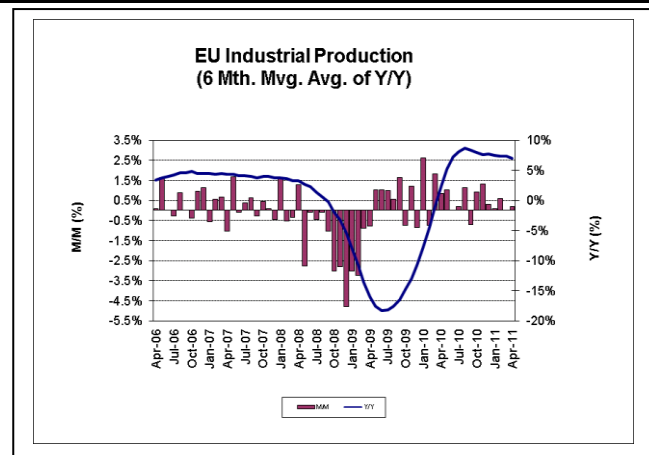
Trade-Weighted Exchange Rate



EU Industrial Production, German CPI & French CPI

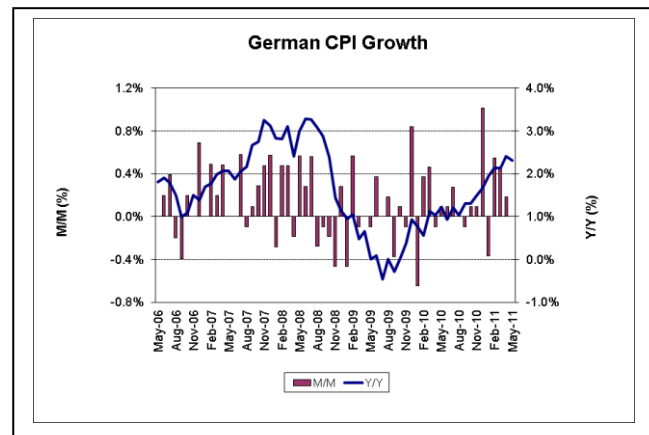
EU Industrial Production

EU Industrial Production posted an upside surprise, increasing 0.2% M/M and 5.2% Y/Y in April. Market expectations were for a decrease of 0.2% M/M and an increase of 4.8% Y/Y. Intermediate goods increased 0.1% M/M and 5.7% Y/Y. Capital Goods increased 0.5% M/M and 9.7% Y/Y.



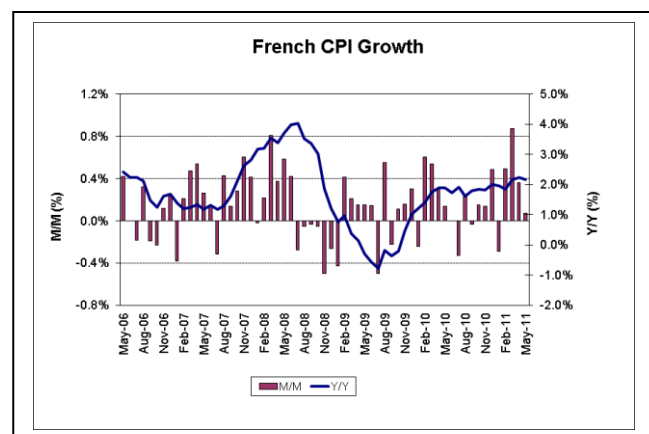
German CPI

Final figures show German CPI remained flat M/M and increased 2.3% Y/Y in May, matching market expectations as well as the initial reading. CPI, calculated using a harmonized European Union method, fell 0.2% M/M and increased 2.4% Y/Y.



French CPI

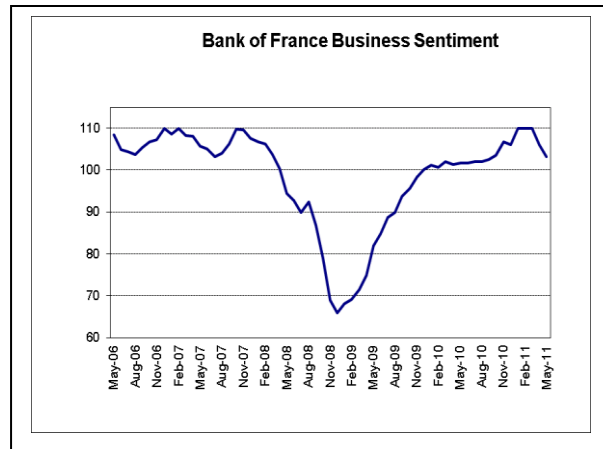
French CPI increased 0.1% M/M in May, its fourth straight month of gains. Y/Y growth increased 2.2%.



French Bus. Sentiment, Current Acct & Industrial Production

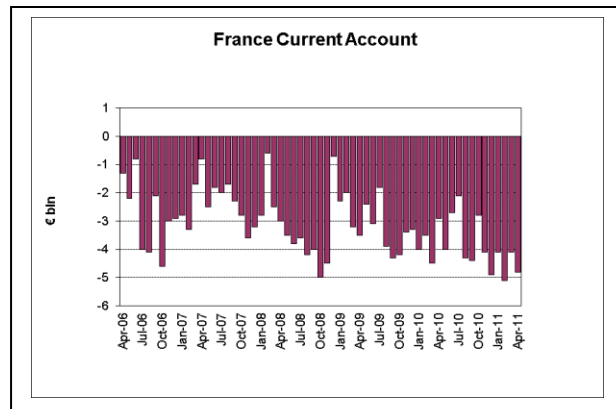
Bank of France Business Sentiment

French Business Sentiment fell from 106 in April to 103 in May. Market expectations were for the index to remain at 106. Price of Finish Goods component fell from 8 to 5 and the Order Level component fell from 6 to 5. The Production Outlook component increased from 7 to 8. The Capacity Utilization Rate increased from 80.5 to 81.1.



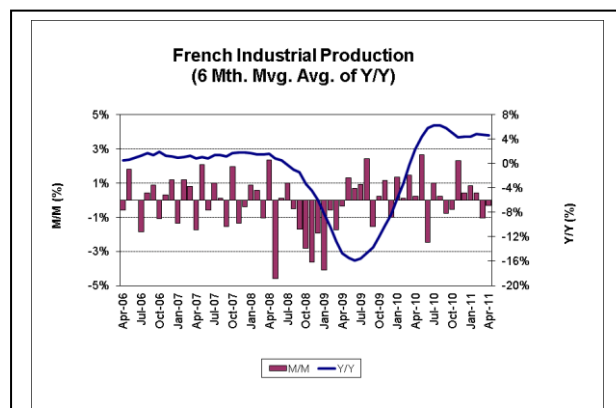
French Current Account Balance

The French Current Account Deficit widened from €4.1 bln in March to €4.8 bln in April. The Current Account Balance stood at a deficit of €2.9 bln in April 2010.



French Industrial Production

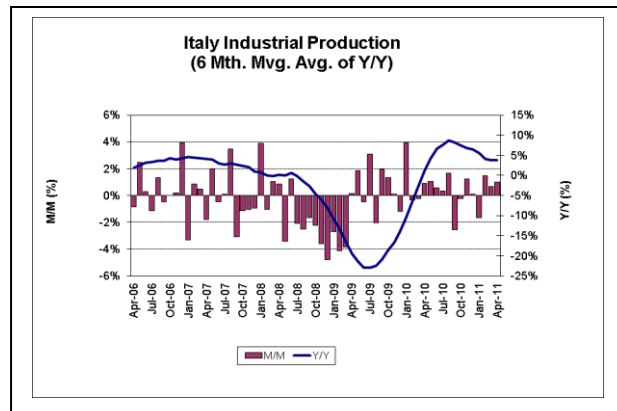
French Industrial Production fell 0.3% M/M and increased 2.6% Y/Y.



Italian Industrial Production, Spanish CPI & News/Comments

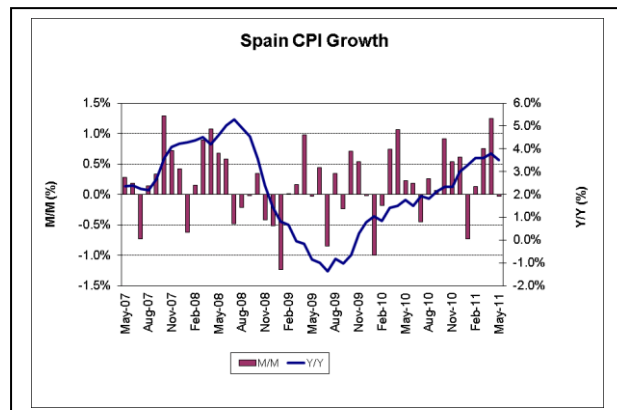
Italian Industrial Production

Italian Industrial Production increased 8.1% M/M and 15.7% Y/Y in April.



Spanish CPI

Spanish CPI remained flat M/M and increased 3.5% Y/Y in May.



News/Comments

June 15th - Draghi Wins EU Parliament Panel Support to Be New ECB President (Bloomberg) – The Bank of Italy’s Governor, Mario Draghi won a European Parliament committee’s endorsement to succeed Jean-Claude Trichet as head of the European Central Bank. The Parliament’s Economic and Monetary Affairs Committee today in Brussels approved Draghi’s nomination to become ECB president for an eight-year term starting on Nov. 1st. The full 736-seat European Union assembly is due to give its verdict on June 23rd. “He will certainly make a good president,” Werner Langen, a German member of the 27-nation EU Parliament who sits on the committee, said yesterday after Draghi completed a confirmation hearing at the panel. The 63-year-old Draghi, the sole nominee for ECB president, is preparing for the job as the euro area works on the second financial rescue of Greece in little more than a year. Approval of more Greek aid is being held up by ECB resistance to German government demands that private investors contribute.

News/Comments Cont'd

June 15th - Draghi: Debt Crisis Won't Ever Force ECB to Deviate From Mandate (Bloomberg) -

European Central Bank Governing Council member Mario Draghi said that the financial crisis, and the shaky condition of some of Europe's' banks, should not hinder the ECB from carrying out its main mission of fighting inflation. "No sovereign debt crisis, nor any persistent-bidder bank, could ever make the ECB detour from its price stability objective," Draghi said at a hearing of the European Parliament on his candidacy to succeed Jean-Claude Trichet as president of the ECB. "If the ECB were to become a part of the political solution by itself it would lose its independence," Draghi said. "We have to be extremely careful about not overstepping our mandate and entering into an area that the treaty is not asking the ECB to."

June 14th - Greek rating now worst in the world (FT) -

Standard & Poor's cut Greece's long-term sovereign credit rating by three notches to triple C. The agency said: "In our view, Greece is increasingly likely to restructure its debt in a manner that, under the conditions of any package of additional funding provided by Greece's official creditors, would result in one or more defaults under our criteria." A restructuring of Greece's debt looks increasingly likely to be imposed by European policymakers as a means of sharing the burden of Greece's crisis with the private sector, S&P said. "In our view, any such transactions would likely be on terms less favourable than the debt being refinanced, which we, in turn, would view as a de facto default according to Standard & Poor's published criteria," the agency said.

June 14th - ECB's Nowotny Warns Against 'Rush' Into Ever Higher Bank Capital (Bloomberg) --

European Central Bank Governing Council member Ewald Nowotny warned against a rush into ever higher capital requirements for banks, saying they were only one of the ways to increase banking stability. "I want to warn against a competitive rush to higher and higher capital rules," Nowotny told journalists in Vienna today. While tighter capital rules would add to banks' stability, capital is one of many ways to increase the stability of a banking system, he added.

June 13th - Stark Says ECB Inflation Forecast Assumes Higher Interest Rates (Bloomberg) -

European Central Bank Executive Board member Juergen Stark said the "underlying assumption" of the central bank's latest inflation forecasts are "higher short term interest rates." The ECB yesterday raised its inflation forecast for this year to 2.6 percent from 2.3 percent predicted in March, and left its estimate for 2012 at 1.7 percent. "You shouldn't forget that the underlying assumption is higher short-term interest rates," Stark told reporters. When asked whether the bank's unchanged forecast for next year means that policy makers have less pressure to act on interest rates, he said "the projections are staff projections. We said that we see the risks to price stability to the upside over the medium term."

June 9th - Trichet Signals July Rate Increase With 'Strong Vigilance' (Bloomberg) -

Latest data confirm "continued upward pressure on inflation," President Jean- Claude Trichet said. "Accordingly, strong vigilance is warranted." The ECB's monetary policy "remains accommodative," Trichet said. Still, the bank is "not signaling any particular pace for the next decisions on our interest rates," he said. "We are not pre-committed. We decide on interest rates when we judge it is necessary to deliver price stability." The ECB increased its 2011 inflation forecast to 2.6 percent from the 2.3 percent, and left the forecast for next year at 1.7 percent. The 17-nation euro-area economy will grow 1.9 percent in 2011, up from the previous 1.7 percent projection. Growth will slow to 1.7 percent in 2012, the ECB said, reducing its forecast from 1.8 percent.

Key Dates This Week

<i>Date</i>	<i>Country</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/16	EC	Euro-Zone CPI - Core (Y/Y)	MAY	1.60%	1.60%
06/16	EC	Euro-Zone CPI (M/M)	MAY	0.00%	0.60%
06/16	EC	Euro-Zone CPI (Y/Y)	MAY	2.70%	2.80%
06/16	EC	Eurozone Employment (Q/Q)	1Q	--	0.10%
06/16	EC	Eurozone Employment (Y/Y)	1Q	--	0.30%
06/17	EC	Euro-Zone Trade Balance	APR	-1.9B	2.8B
06/20	EC	Euro-Zone Current Account nsa	APR	--	-3.8B
06/20	EC	Euro-Zone Labour Costs (Y/Y)	1Q	--	1.60%
06/21	EC	ZEW Survey (Econ. Sentiment)	JUN	--	13.6
06/22	EC	Euro-Zone Consumer Confidence	JUN A	--	-9.8
06/20	GE	Producer Prices (M/M)	MAY	--	1.00%
06/20	GE	Producer Prices (Y/Y)	MAY	--	6.40%
06/21	GE	Zew Survey (Current Situation)	JUN	--	91.5
06/21	GE	ZEW Survey (Econ. Sentiment)	JUN	--	3.1
06/17	FR	Wages (Q/Q)	1Q F	1.00%	1.00%
06/22	FR	Own-Company Production Outlook	JUN	--	11
06/22	FR	Production Outlook Indicator	JUN	--	15
06/22	FR	Business Confidence Indicator	JUN	--	107
06/16	IT	CPI - EU Harmonized (M/M)	MAY F	0.20%	0.20%
06/16	IT	CPI - EU Harmonized (Y/Y)	MAY F	3.00%	3.00%
06/17	IT	Trade Balance (Total) (Euros)	APR	--	-3943M
06/17	IT	Trade Balance Eu (Euros)	APR	--	-1079M
06/17	IT	Current Account (mlns euro)	APR	--	-5507M
06/16	SP	Labour Costs (Y/Y)	1Q	--	-0.30%

Valance Co., Inc.

Valance Economic Report: Japan

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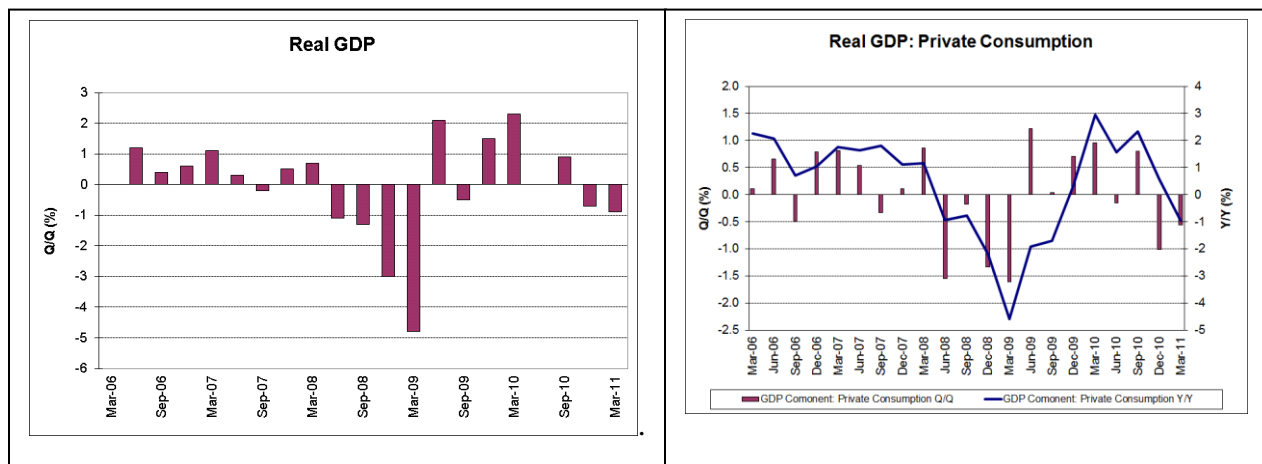
June 15, 2011

Real GDP was revised slightly lower in Q1. The BSI Large Firm Index saw a sharp decline in Q2 although Consumer Confidence and Tertiary Industry Activity improved in April and May, respectively.

Weekly Highlights

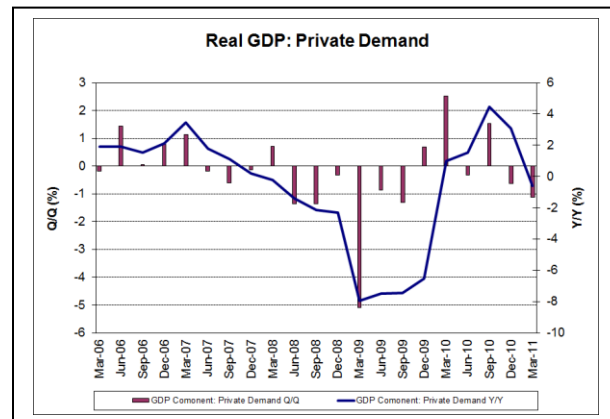
Real GDP – the economy contracted 0.9% Q/Q in Q1. (JN 1)
CGPI – dropped 0.1% M/M and increased 2.2% Y/Y in May. (JN 5)
BSI Large Firm Conditions - declined from -1.1 to -22.0 in Q2. (JN 7)

Chart(s) of the Week: *Gross Domestic Product*

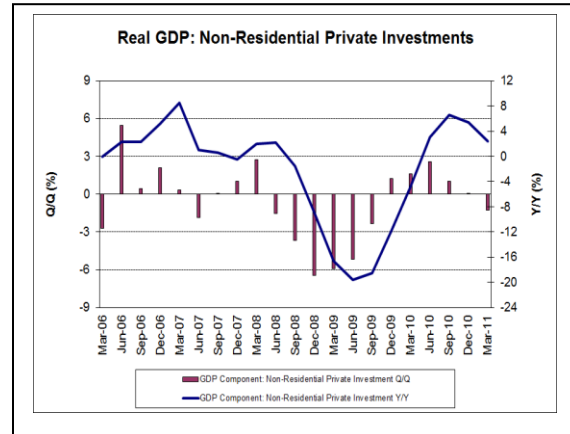
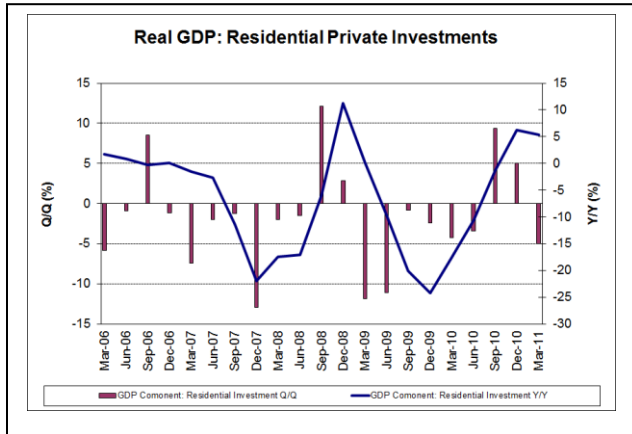
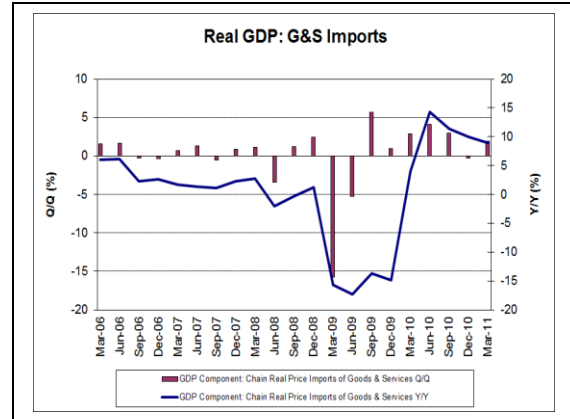
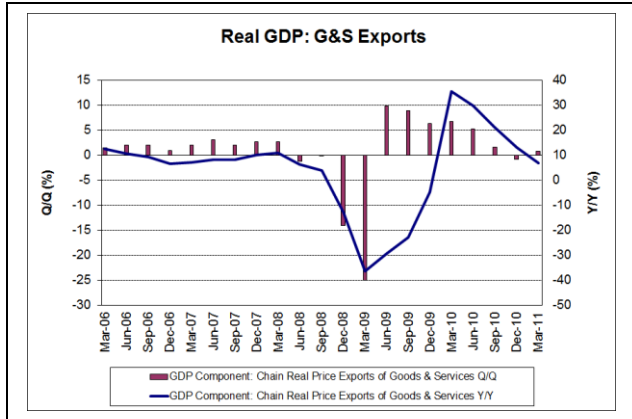


According to the latest estimate of Q1 Real GDP growth, Japan's economy contracted 0.9% Q/Q, against predictions for a 0.8% Q/Q decline. At an annualized pace, the economy declined 3.5%.

Within the data, private consumption and household spending dropped 0.6% Q/Q, residential investment increased 0.7% Q/Q, non-residential investment dropped 1.3% Q/Q, and public investment dropped 1.4% Q/Q. Domestic demand dropped 0.7% Q/Q and public demand dropped 0.6% Q/Q. Fixed capital formation dropped 1.0% Q/Q.



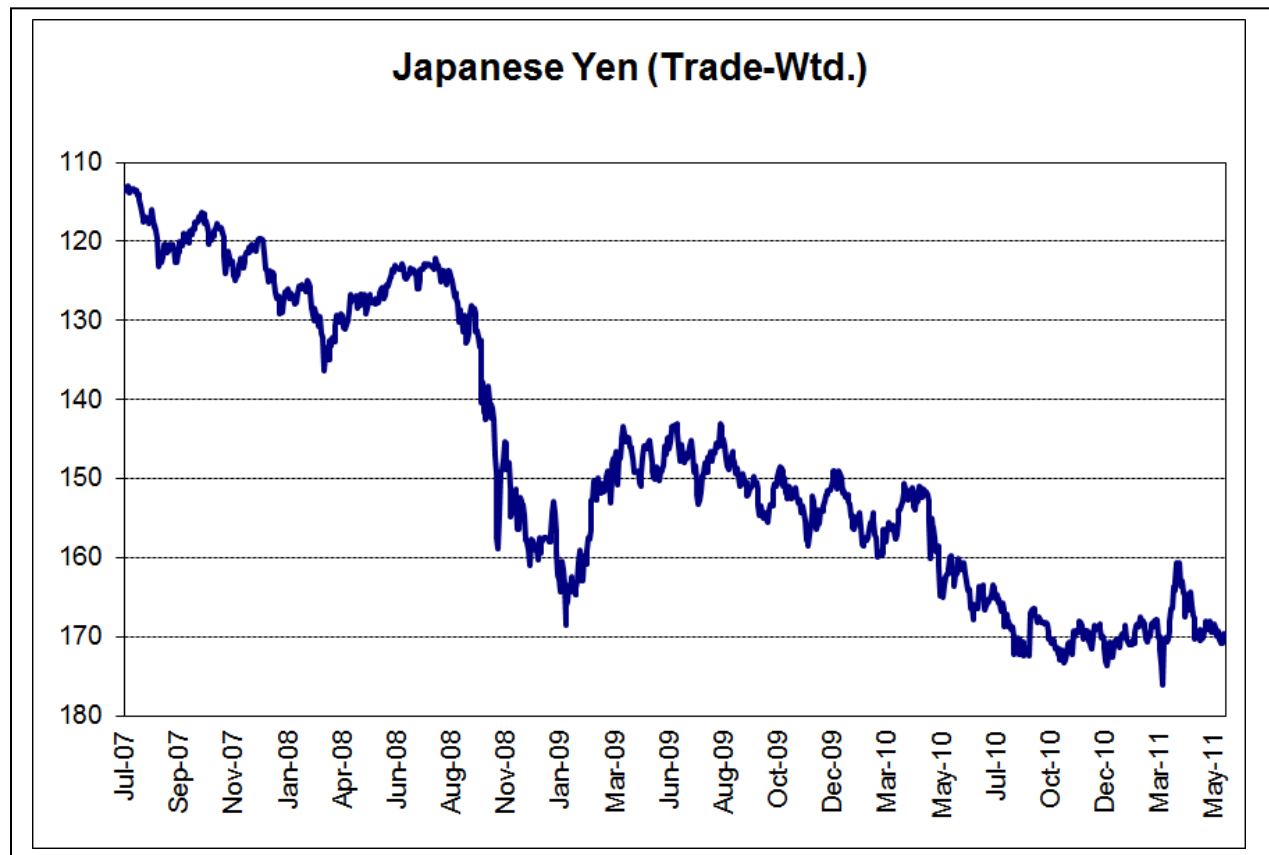
Gross Domestic Product Components



Japan's Financial Balances

Financial Balances

Japan	Last period (¥trln)	Last 12mth. as a % of GDP
Budget Balance	-3.50 (Dec)	-6.9%
Trade Balance	0.58 (Dec)	1.5%
Current Account Balance	1.87 (Dec)	3.5%
Private Balance	--	11.6%

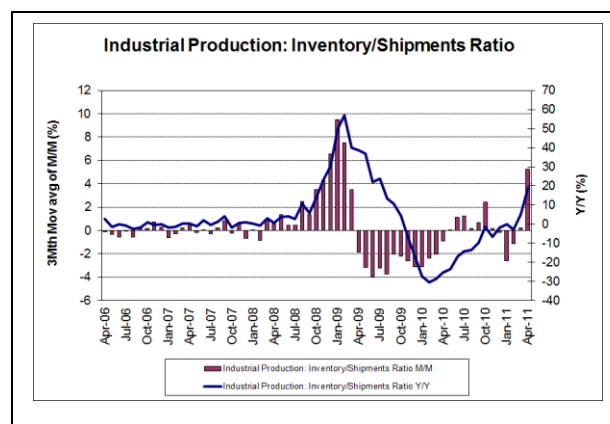
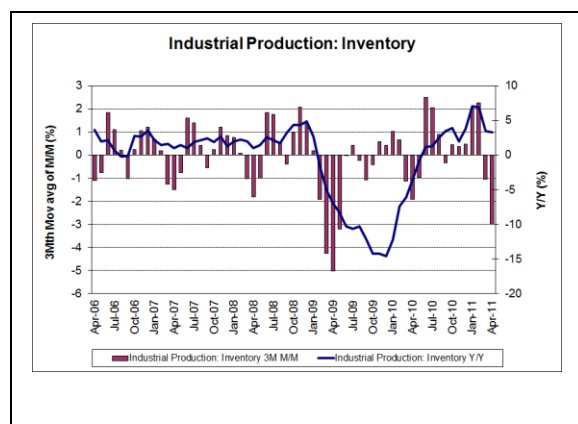
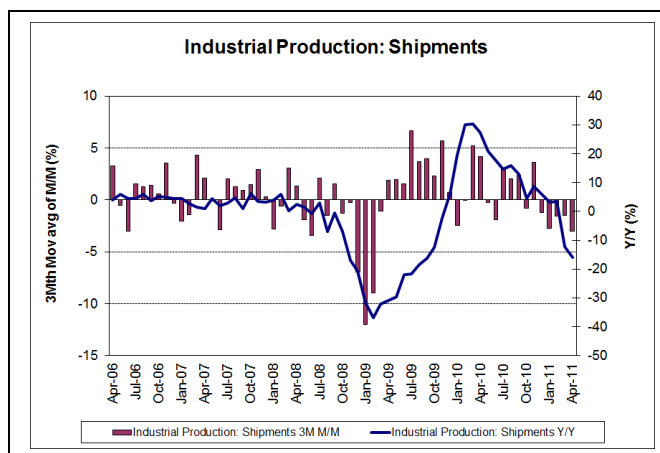
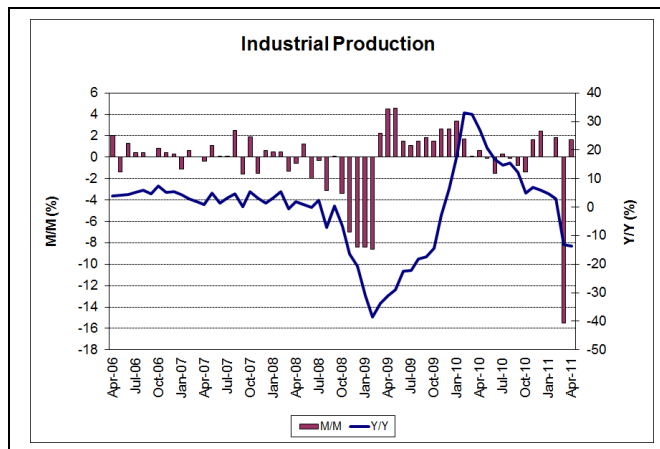


Industrial Production

After revision, Industrial Production increased 1.6% M/M and dropped 13.6% Y/Y in April, against initial estimates of a 1.0% M/M decline.

Shipments dropped 2.6% M/M and 16.1% Y/Y against original estimates of a 2.7% M/M decline. Inventory increased 0.5% M/M and 3.3% Y/Y as originally estimated. The inventory ratio increased 14.9% M/M and 18.9% Y/Y against original estimates of a 14.5% M/M increase.

As noted in the preliminary report, surveyed businesses expect production to improve 8.0% M/M in May and 7.7% M/M in June.

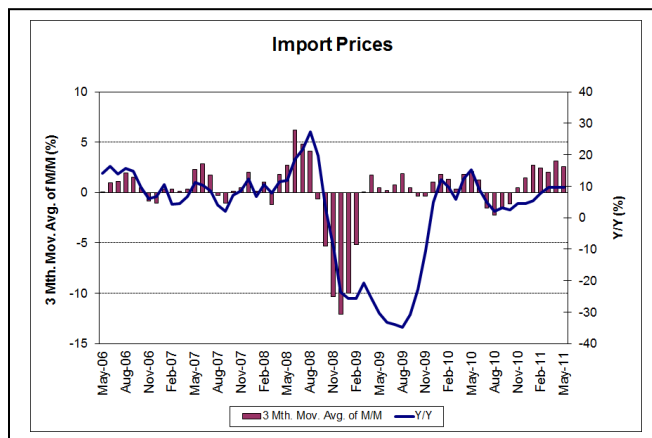
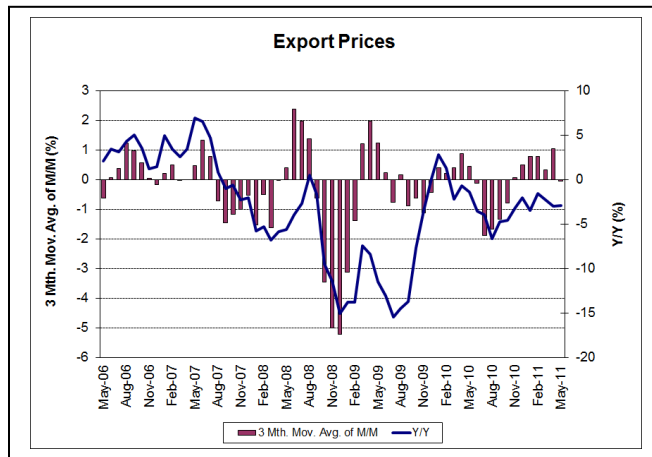
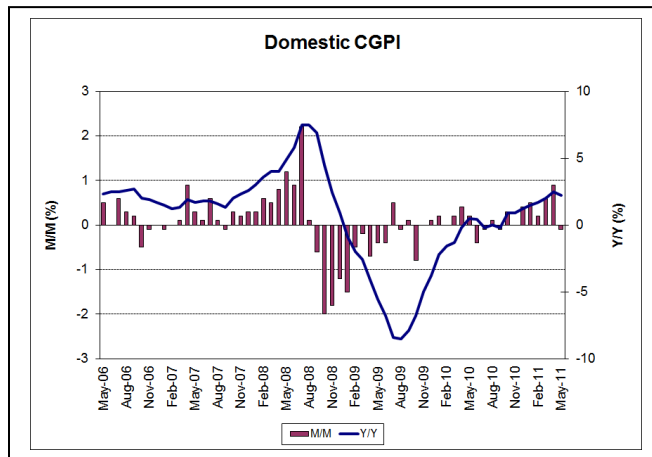


CGPI, Export & Import Prices

Japan's Domestic CGPI dropped 0.1% M/M and increased 2.2% Y/Y in May, against market expectations for a 0.2% M/M and 2.5% Y/Y increase.

Within the data, while electricity and water prices increased, most sectors including metals, agriculture, waste, IT, and electrical machinery declined.

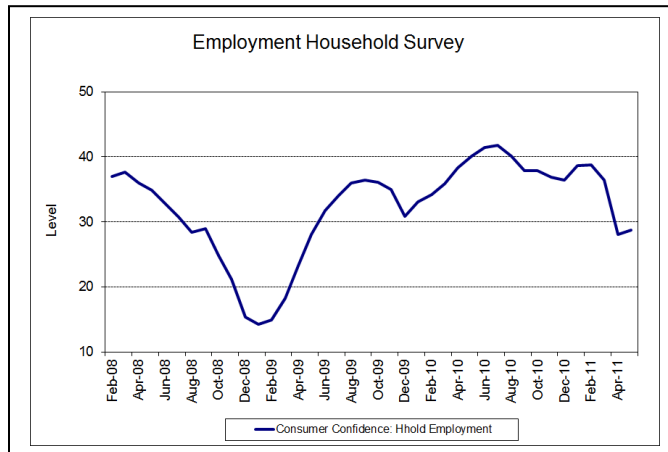
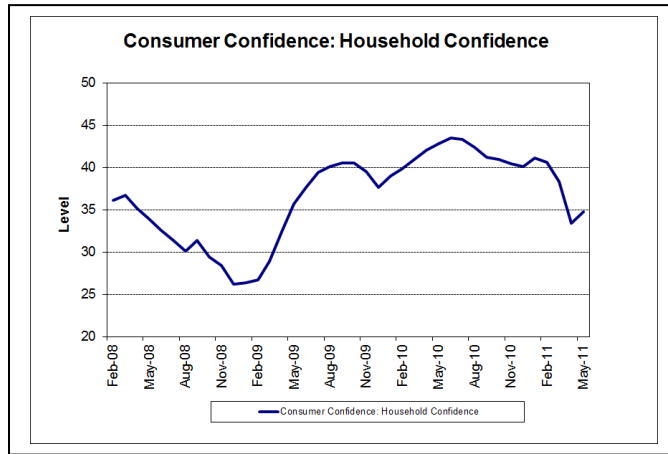
Export Prices dropped 2.2% M/M and 2.9% Y/Y on a yen basis. Import Prices increased 0.2% M/M and 9.5% Y/Y.



CAPEX & Consumer Sentiment

Consumer Sentiment

Nationwide Consumer Confidence improved 1.1pts to 34.2 in May. Overall livelihood increased 1.6pts to 36.4. Income growth improved 0.2pts to 37.2. Employment improved 0.2pts to 27.8. Willingness to buy durable goods increased 2.6pts to 35.5.

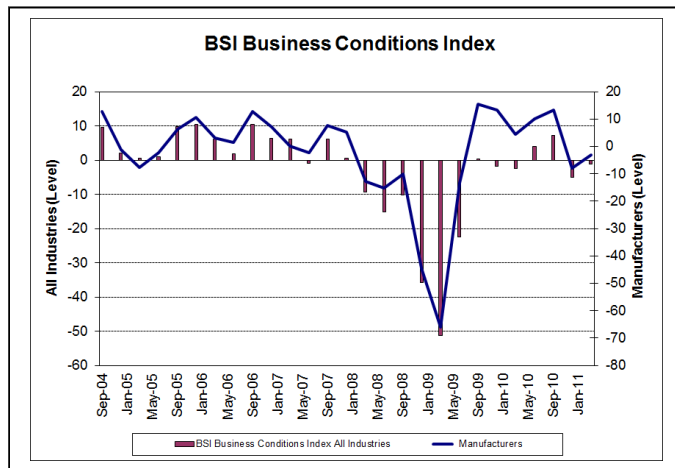


BSI Business Conditions & Tertiary Industry Activity

BSI Business Conditions

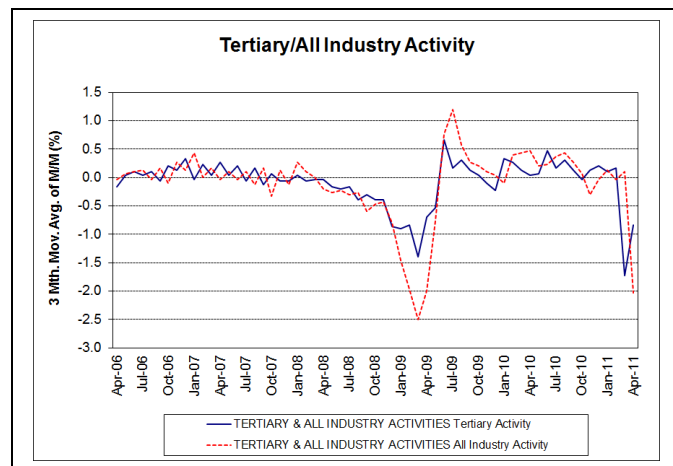
The BSI All Industry Index for Large Firms saw a decline from -1.1 to -22.0 in Q2 2011. (A positive number indicates that the number of optimists outweigh the number of pessimists.) Among manufacturers, conditions dropped from -3.2 to -23.3. Among non-manufacturers, conditions dropped from 0.0 to -21.4. Among medium firms, overall conditions dropped from -7.4 to -28.6. Among small firms, overall conditions dropped from -23.3 to -41.1.

Looking forward, overall conditions are expected to bounce back and increase to +4.4 in Q3 before increasing to +11.3 in Q4. This is expected to occur on improvements among both manufacturers and non-manufacturers.



Tertiary Industry Activity

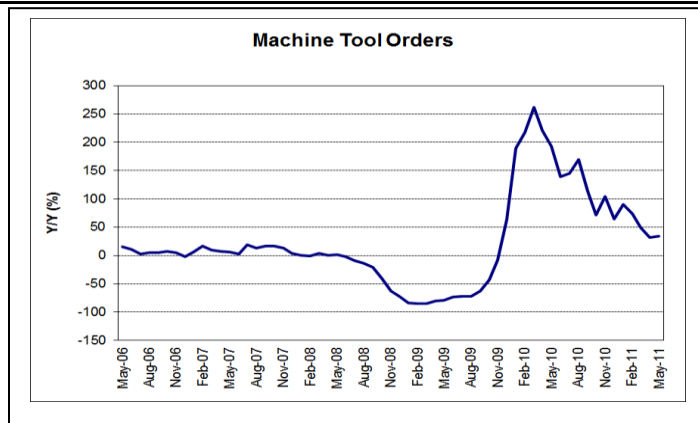
The Tertiary Industry Activity Index increased 2.6% M/M in April. The increase was a tick below the 2.7% M/M gain the market expected and occurred as IT, wholesale/retail, and living related personal services industries saw growth while financial/insurance, electricity/gas, and learning support industries saw weaker conditions



Machine Tool Orders & News

Machine Tool Orders

Machine Tool Orders increased
34.0% Y/Y in May.



News

June 15th – Noda on Extra Budget – Finance Minister Noda commented that an extra budget drafted by the government probably will not require bond sales as it would likely be followed by a larger package to spend for reconstruction. Noda also previously commented in favor of the passage of bills related to bond sales and tax reform, and added that he's ready to resign in exchange for their passage.

June 15th – Kan on Second Stimulus Plan – Prime Minister Naoto Kan commented that he wants to be responsible for a second stimulus plan to aid victims of the March earthquake. Kan has not yet said when he'll resign after having promised to step down earlier this month. He had previously commented that he expects the economy to recover in the second half of the year.

June 14th – BoJ Sees Signs of Economic Pickup – The Bank of Japan upgraded its economic assessment, on an easing in supply side constraints, and commented that the economy will return to moderate recovery in the second half of the year, while continuing to face downward pressure and uncertainty over the earthquake effects. Meanwhile, the BoJ limited its extra assistance for the economy to a \$6 bln lending program to help companies without real estate collateral.

June 14th – Yosano's Concern – Economy Minister, Kaoru Yosano commented that power supply is the biggest area of concern for the economy.

June 14th – DPJ Lawmaker: Kan to Last Six More Weeks – Democratic Party of Japan lawmaker, Hajime Ishii commented in an interview that Prime Minister Kan will last "one more month and a half" until he finishes the jobs he promised to do.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
6/16	Tokyo Condominium Sales (Y/Y)	N/A	-27.30%
6/17	Nationwide Dept. Sales (Y/Y)	N/A	-1.50%
6/17	Tokyo Dept. Store Sales (Y/Y)	N/A	-5.50%
6/19	Merchnds Trade Balance Total	N/A	-¥463.7B
6/19	Adjusted Merchnds Trade Bal.	N/A	-¥496.4B
6/19	Merchnds Trade Exports (Y/Y)	N/A	-12.5
6/19	Merchnds Trade Imports (Y/Y)	N/A	8.9
6/19-6/20	Cabinet Office Monthly Economic Report	N/A	N/A
6/20	Coincident Index CI	N/A	103.8
6/20	Leading Index CI	N/A	96.4
6/20	Convenience Store Sales (Y/Y)	N/A	1.60%
6/21	All Industry Activity Index (M/M)	N/A	-6.30%
6/22	Supermarket Sales (Y/Y)	N/A	-1.30%

Valance Co., Inc.

Valance Economic Report: United Kingdom

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June 15, 2011

The BoE kept its benchmark rate unchanged. Both Producer Input/Output Prices increased, but less than expected and the Unemployment Rate remained flat though jobless claims surged. The RICS Survey fell for the first time this year.

Weekly Highlights

CPI – rose 0.2% M/M and 4.5% Y/Y in May. (UK 1)

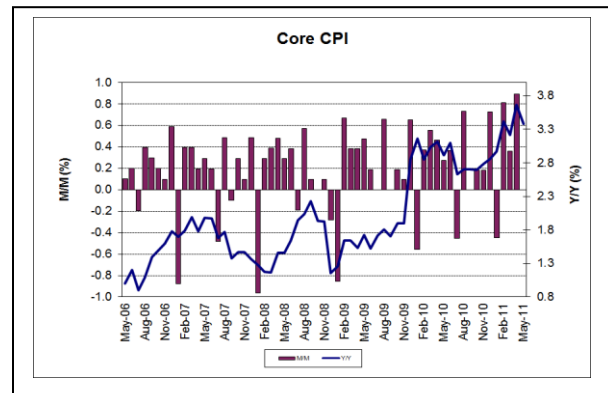
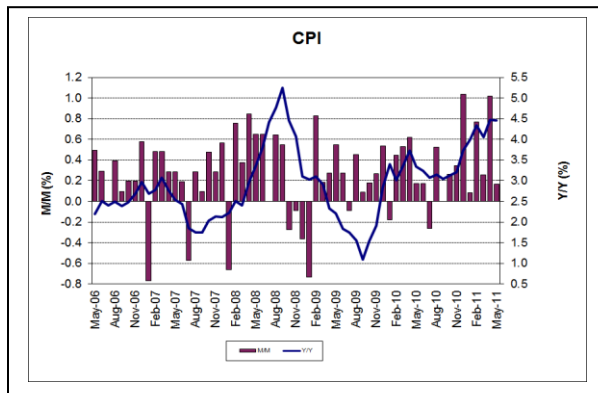
BoE Overnight Rate – held at 0.50%. (UK 2)

Unemployment Rate – remained at 7.7% in April. (UK 3)

RICS House Price Balance – fell to from -21 to -28 in May, the lowest level this year. (UK 5)

Weekly Releases & News

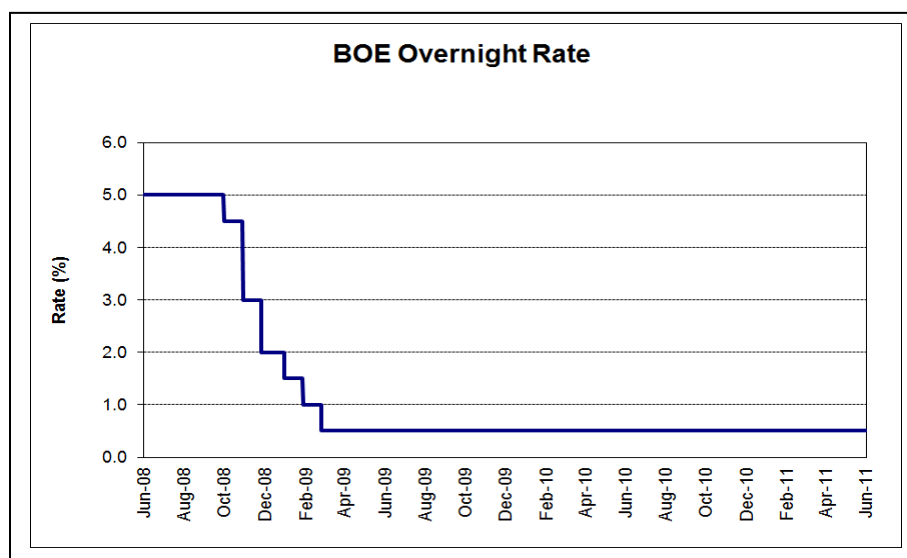
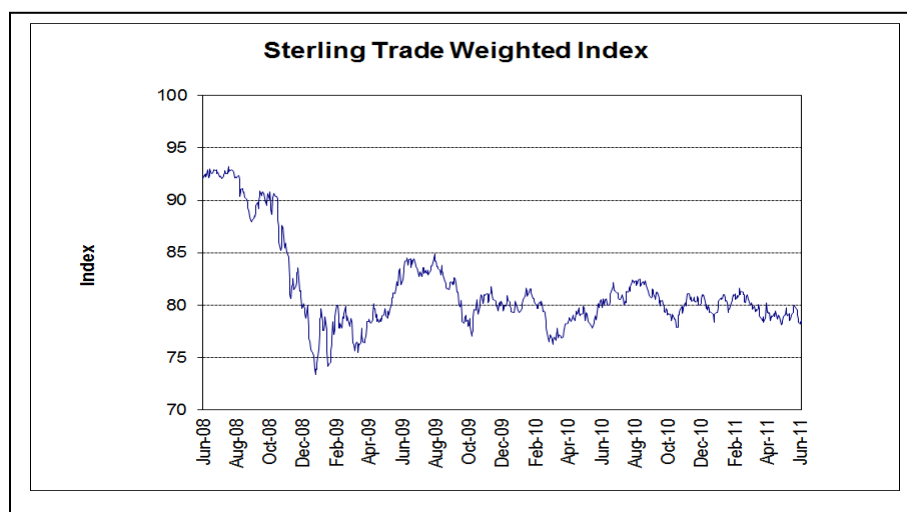
Chart(s) of the Week: CPI



Headline CPI increased 0.2% M/M (0.3% exp.) and remained at 4.5% Y/Y in May. Food prices gained 1.1% M/M and Vehicle fuels 0.9% M/M. Transportation cost fell 4.9% after April's sharp increase of 10.3%. Core CPI increased 0.2% M/M and 3.3% Y/Y (3.7% previously).

Financial Balances & FX

U.K.	Last Period (blns)	Last 12mth. % of GDP
Budget Balance (monthly/total)	+£7.7 (Apr)	+6.8%
Curr. Acct. Balance (quarterly)	-£10.5(Dec)	-2.9%
Private Balance	-£2.8	+3.9%

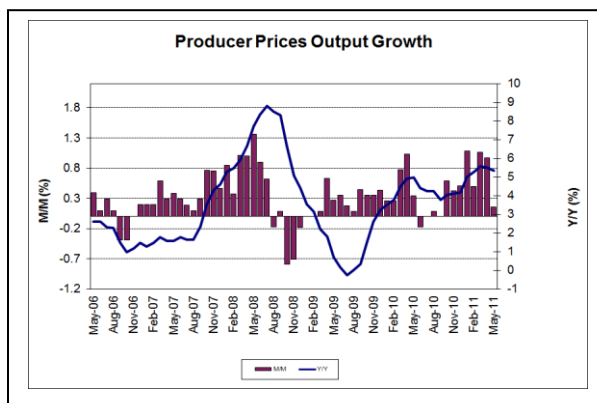


The MPC voted to leave its benchmark interest rate unchanged at 0.50%, the lowest level since the BoE was founded in 1694. The minutes of the meeting will be released on June 22nd. Ben Broadbent, who joined the MPC on June 1st to replace Sentance, voted for the first time.

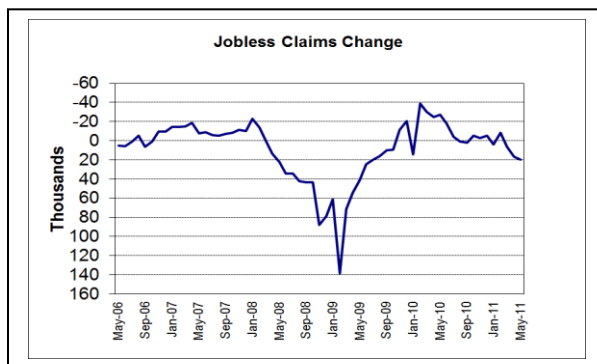
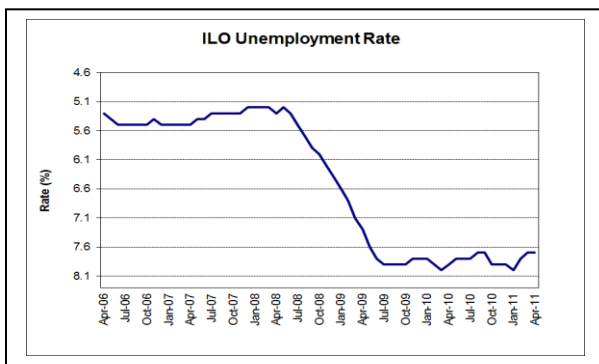
PPI & Employment Data

Producer Prices Input/Output Growth

May Prices charged by factories rose 0.2% M/M and 5.3% Y/Y. Expectations were for a 0.3% M/M gain. Core Producer Prices rose 0.2% M/M and 3.4% Y/Y. Raw Material Prices declined 2.0% M/M and rose 15.7% Y/Y, driven by a sharp increase in crude oil costs.



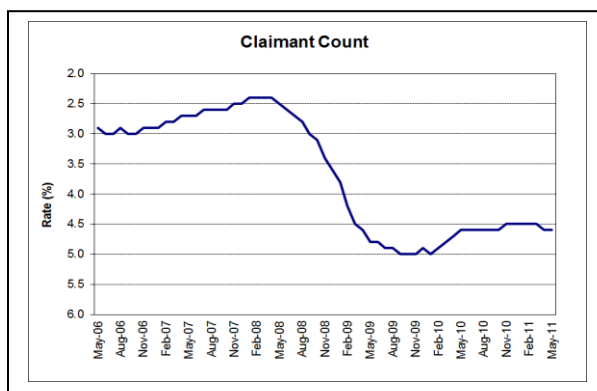
Employment Data



The ILO Unemployment Rate remained at 7.7% in the three months through April, matching expectations.

The Claimant Count Rate remained at 4.6% in May.

The number of people claiming benefits rose by 19.6k in May, against expectations of 6.5k. Unemployment fell by 88k in the 3mths through April.

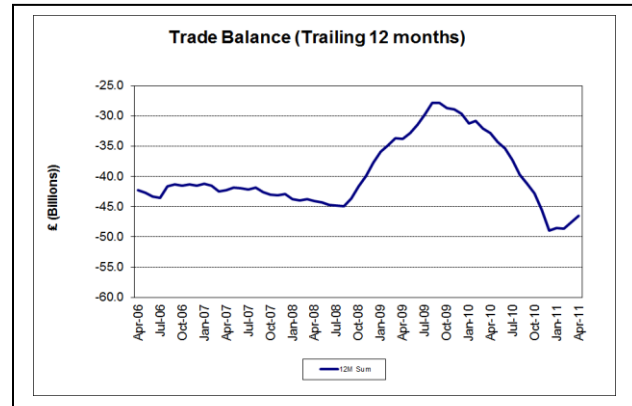


Weekly pay including bonuses rose 1.8% in the quarter from a year earlier, compared to a 2.4% gain in the previous three months. Excluding bonuses, pay growth eased to 2.0% from 2.1%.

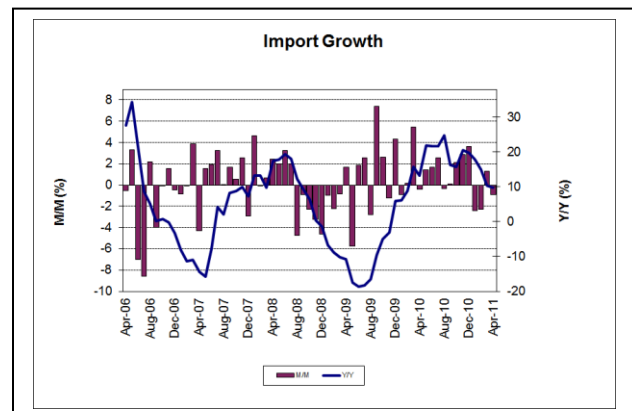
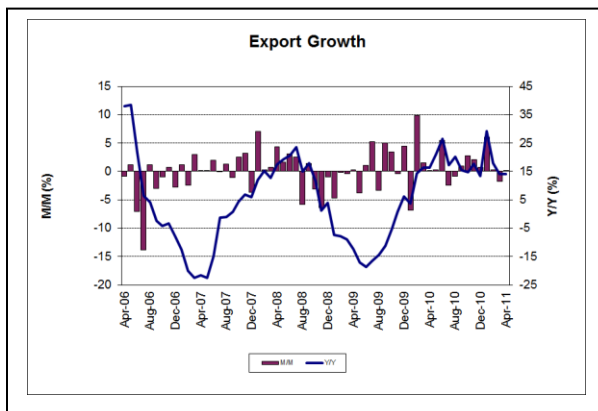
Trade Balance & DCLG Housing Survey

Trade Balance

The April Trade Deficit narrowed slightly from £2.79bln to £2.76bln. The trailing twelve month trade deficit is now £ 46.5bln (about 3.0% of GDP).



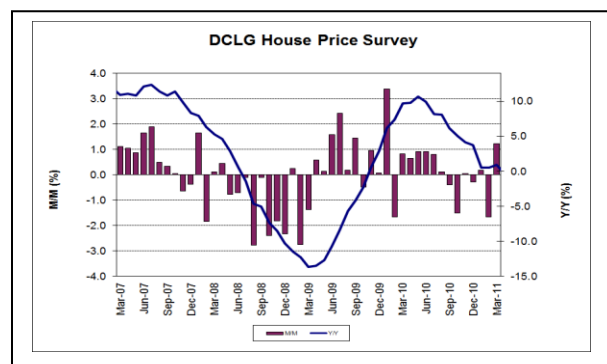
Exports & Imports



Imports fell 0.9% M/M and rose 9.8 Y/Y in April. Exports rose 0.1% M/M and 14.1% Y/Y. The trade deficit with countries outside the EU narrowed from £4.5bln from £4.3bln.

DCLG House Price Survey

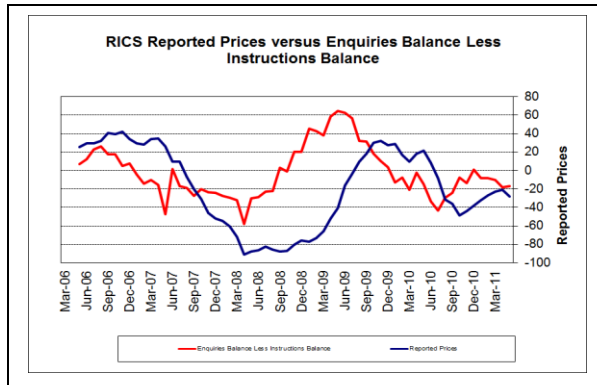
According to the Department for Communities and Local Government, House Prices fell 0.6% M/M and 0.3% Y/Y in April. In London, prices rose 3.6% Y/Y in April from 5.6% Y/Y in March.



RICS House Price Survey

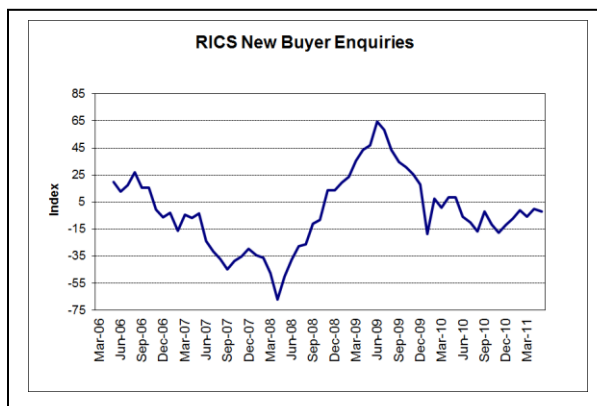
RICS House Price Survey

The RICS House Price survey declined from -21 to -28 in May. This was the first decline this year after showing gains for five consecutive months.

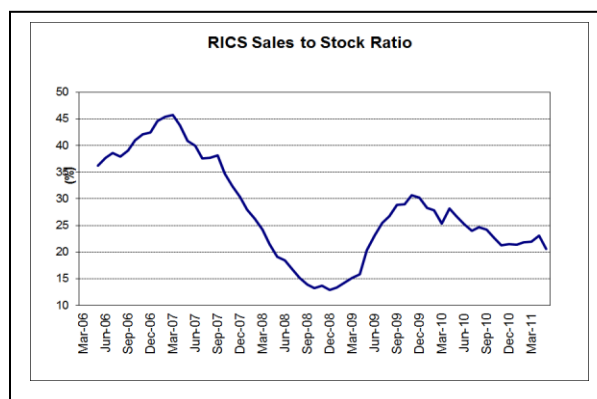
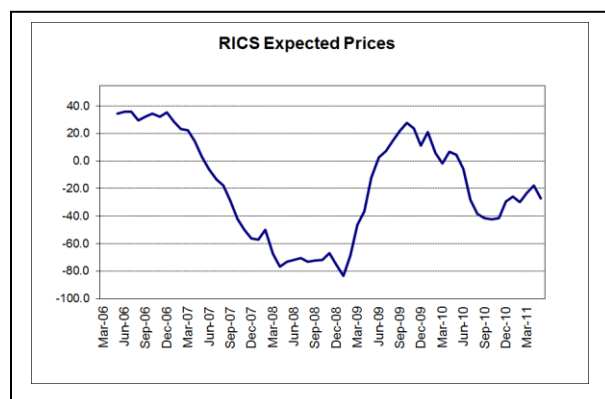


RICS New Buyer Enquiries

New Buyer Enquiries fell from 0 to -2 in May.



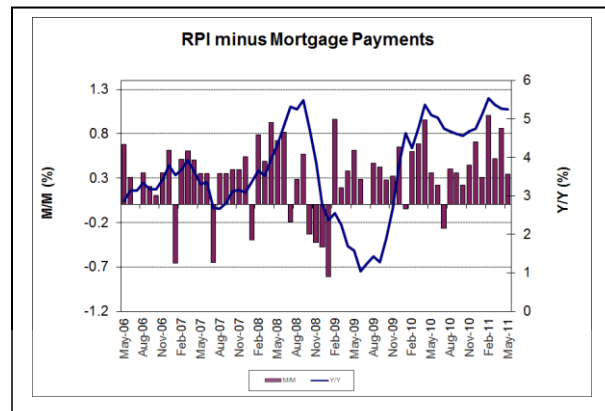
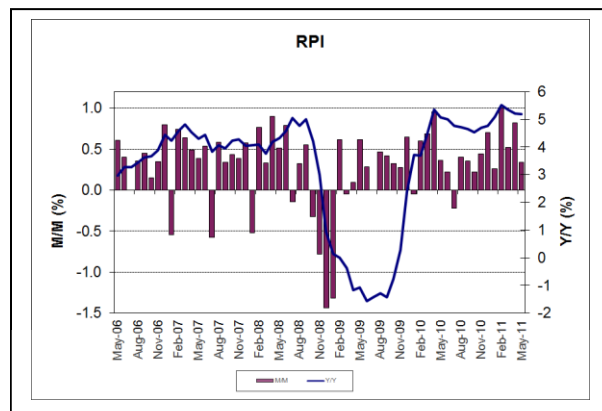
RICS Expected Prices & Sales to Stock Ratio



The House Price Outlook fell 9 pts to -27 in April. The ratio of completed sales (over the last three months), compared to stocks of unsold property on the market, fell 2.5 pts to 20.6. New Instructions continued to increase, although at a slower pace, with the net balance slipping from 18 to 15.

RPI & Other Data

RPI Growth & RPI ex. Mortgage Interest Payments



RPI rose 0.3% M/M in May and 5.2% Y/Y. RPI, excluding cost of home loans, rose 0.3% M/M and 5.3% Y/Y.

Other Data

NIESR GDP Estimate - According to the National Institute of Economic and Social Research (NIESR), the U.K. economy expanded in the three months to April. GDP rose 0.4% after rising 0.1% in the quarter through April. NIESR commented as follows:

- *Economic growth in the UK remains subdued. These figures suggest the level of output is still almost 4 per cent below its pre-recession peak.*
- *We do not expect the level of output to return to the pre-recession peak until early 2013.*

Comments

June 15th - Osborne Said to Publish BOE Financial-Stability Powers Tomorrow (Bloomberg)

Chancellor of the Exchequer George Osborne will publish draft legislation tomorrow that hands powers to the Bank of England to police Britain's banks in the biggest regulatory overhaul since 1997.

The Financial Regulation Bill will be published for so-called pre-legislative scrutiny, according to a person with knowledge of the bill's contents. It will give lawmakers the chance to pick through legislation that will abolish the U.K.'s Financial Services Authority and transfer most of its powers to the central bank, said the person, who declined to be named because the plans aren't public. Treasury minister Mark Hoban intends to spell out the plans in detail to Parliament tomorrow.

June 13th - BOE Says Long-Term Inflation Expectations Are Well-Anchored (Bloomberg)

The Bank of England said Britons' outlook for inflation is "reasonably well-anchored," while acknowledging that its failure to control price growth has undermined consumers' faith in policy makers.

"Current data suggest that long-term inflation expectations remain reasonably well anchored," Chief Economist Spencer Dale said in the bank's Quarterly Bulletin published in London today. "The signals regarding short and medium-term inflation expectations are more mixed, but there are few signs that they have become significantly de-anchored."

Inflation is outpacing wage growth and probably stayed at the fastest since 2008 last month. While the central bank forecasts price gains may accelerate to 5 percent in the coming months, it held the benchmark interest rate at a record-low 0.5 percent last week to the aid the recovery.

"Despite a modest improvement in the May 2011 survey, the extent of public satisfaction with the way in which the bank has set interest rates to control inflation has declined since the middle of 2010," the bank said. This is "perhaps in part reflecting a rise in households' perceptions of inflation over that period."

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/16	Retail Sales (M/M)	MAY	-	+1.2%
06/19	Rightmove Home Prices (M/M)	JUN	-	+1.3%
06/21	Budget	MAY	-	+7.7bln
06/22	BoE Minutes	JUN	-	-

Valance Economic Report: Canada

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June 15, 2011

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The Canadian economy gained 22.3k jobs in May, following a solid 58.3k job gain in April. The Unemployment Rate fell from 7.6% to 7.4%, its lowest level in two years. Manufacturing Shipments fell in April.

Weekly Highlights

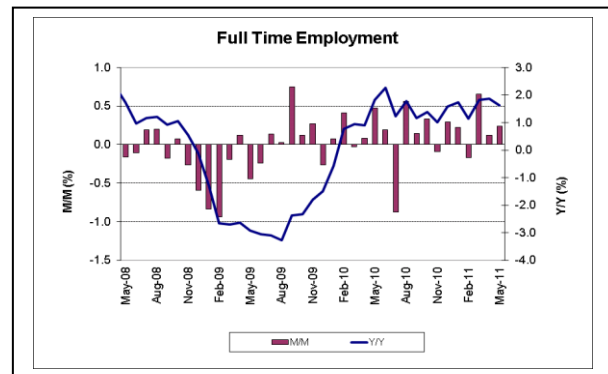
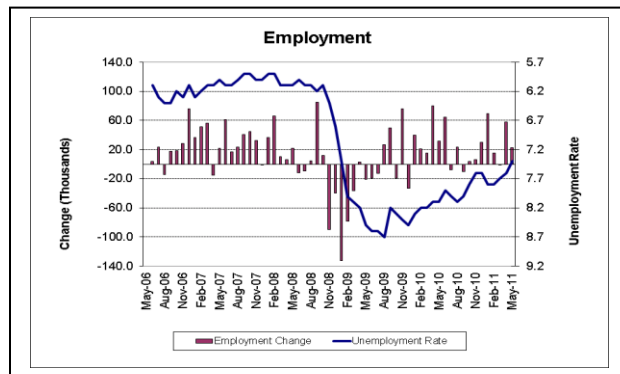
Employment – rose 22.3k in May. (CA 1)

Manufacturing Sales – fell 1.3% M/M and increased 6.5% Y/Y in April. (CA 3)

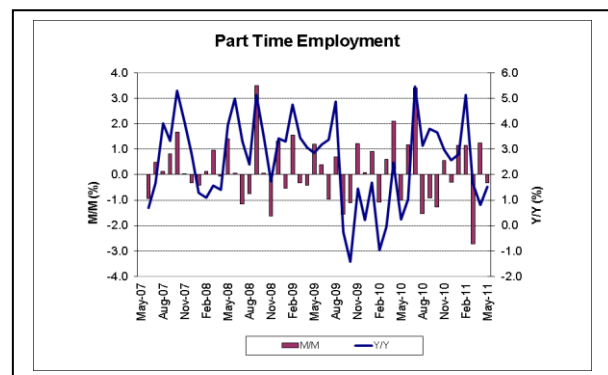
Trade Deficit – widened to C\$ 0.9bln in April. (CA 5)

Weekly Releases & News

Chart(s) of the Week: *Employment Data*



The Canadian economy gained 22.3k jobs in May, following a 58.3k job gain in April. The Unemployment Rate fell from 7.6% to 7.4%. Full Time Employment increased by 32.9k while Part Time Employment fell 10.6k. Average hourly wage growth advanced 2.0% Y/Y, following the 2.7% Y/Y growth in April.

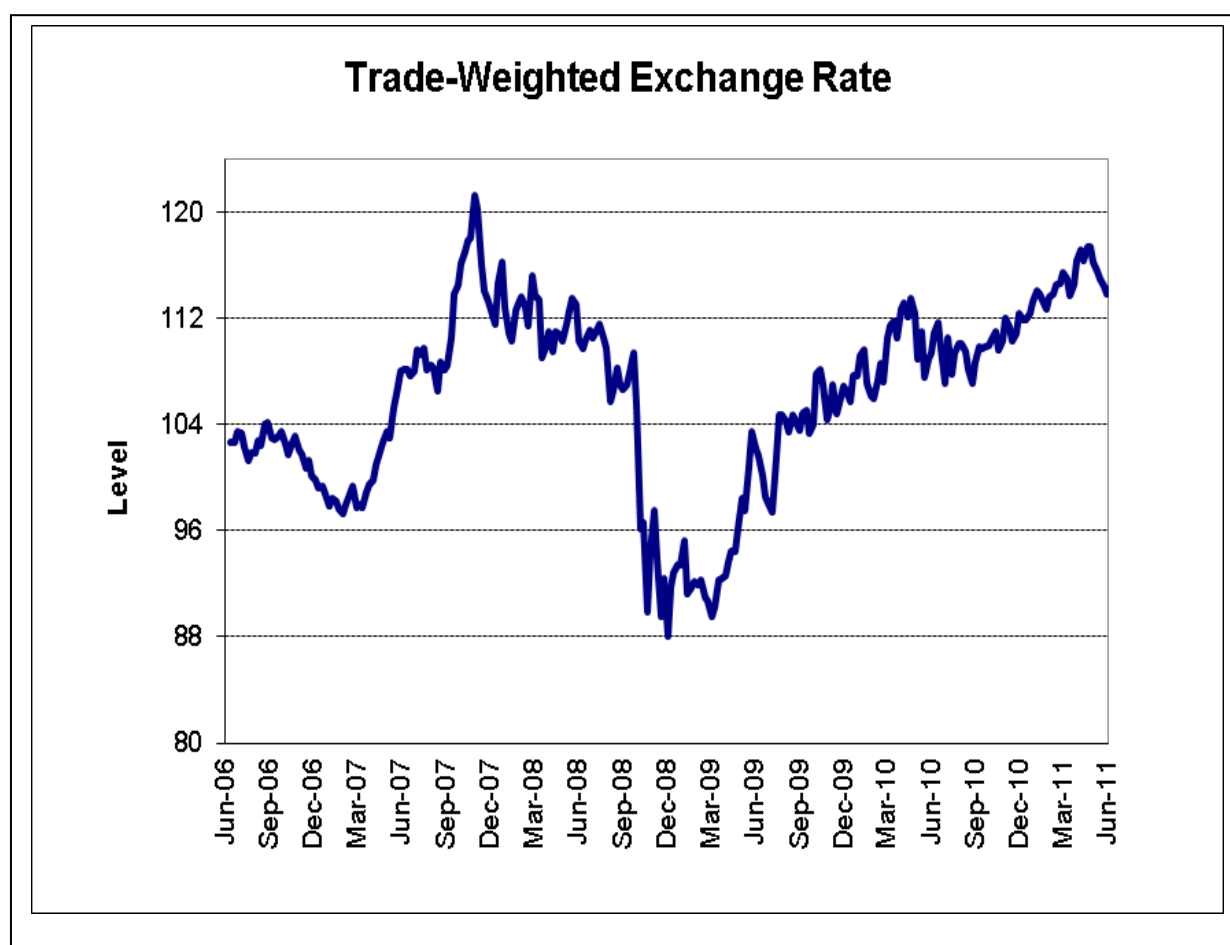


Financial Balances & Trade Weighted Exchange Rate

Financial Balances

Canada	Latest period (C\$bln)	Last 12mth. as % of GDP
Budget Balance	-0.9 (Feb)	-2.3%
Trade Balance	-0.9 (Apr)	-0.9%
Current Account Balance	-8.9 (Q4)	-5.1%
Private Balance	--	-2.8%

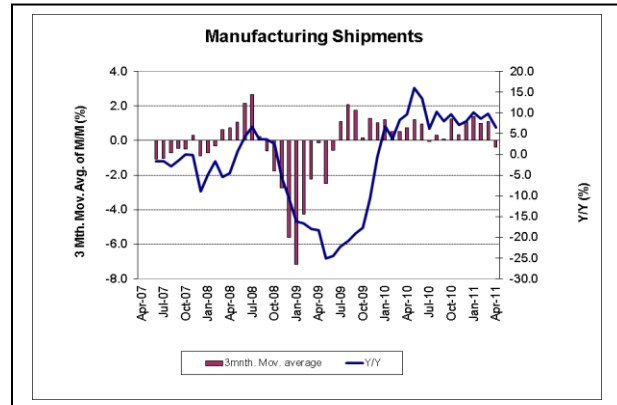
Trade-Weighted Exchange Rate



Manufacturing Data

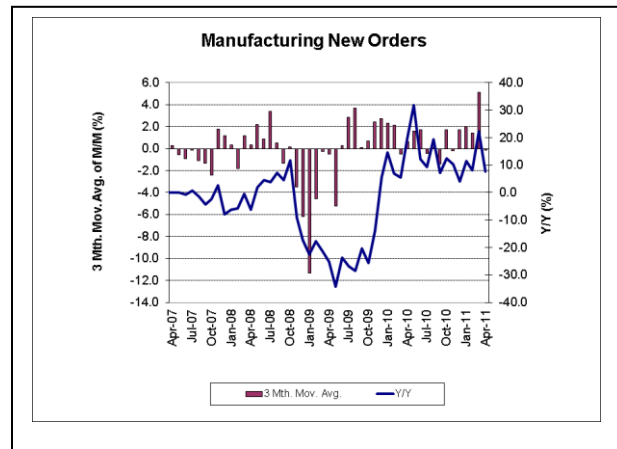
Manufacturing Shipments

Manufacturing Shipments fell 1.3% M/M in April with the transportation sector accounting for most of the decline. Y/Y growth increased 6.5%. Sales increased in 15 of 21 industries.



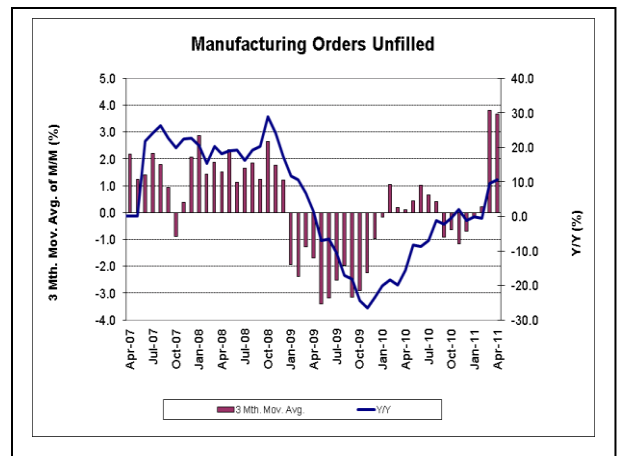
Manufacturing New Orders

New Orders fell 10.3% M/M and increased 7.6% Y/Y in April.



Manufacturing Orders Unfilled

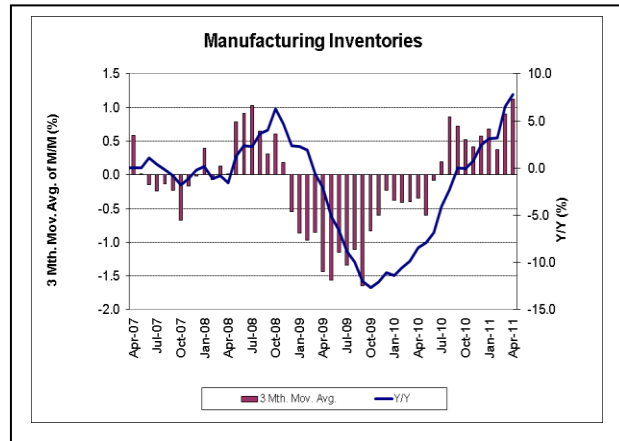
Unfilled Manufacturing Orders rose 0.4% M/M and 10.6% Y/Y in April.



Mfg. Inventories, Labor Productivity & Cap. Utilization

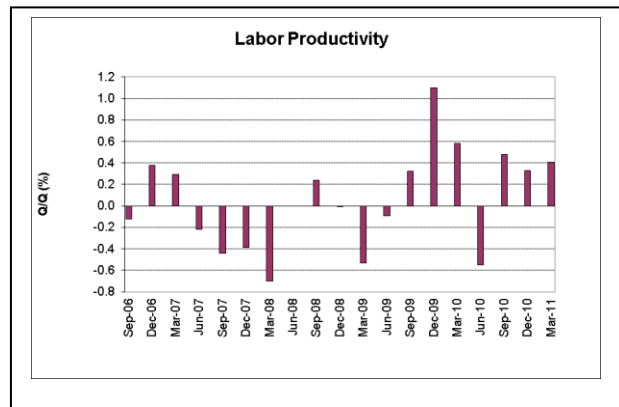
Manufacturing Inventories

Manufacturing Inventory levels increased 1.2% M/M in April, its seventh straight month of gains. Y/Y growth increased 7.8%.



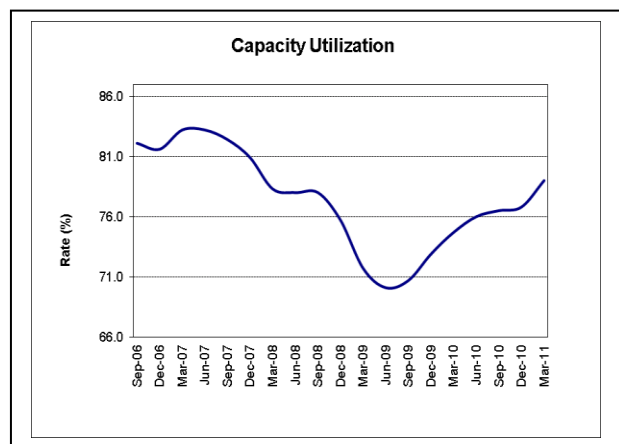
Labor Productivity

Labor Productivity rose 0.4% Q/Q in Q1. Unit Labor Costs increased 0.6% Q/Q, while Hours worked increased 0.7% Q/Q. Hourly compensation matched the previous quarter's reading with 1.0% Q/Q growth.



Capacity Utilization

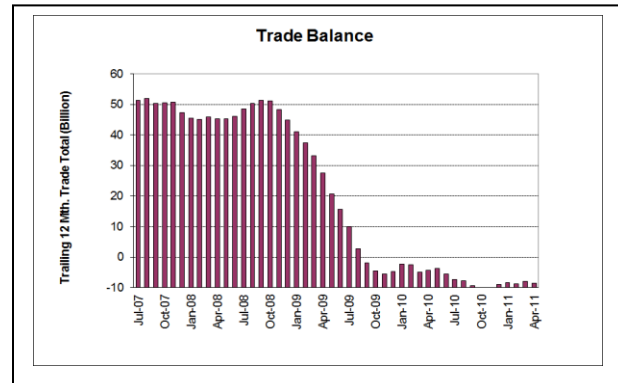
Total Industry Capacity Utilization rose from 76.8% in Q4 to 79.0% in Q1 and the record low of 68.1% set in Q2 2009. Manufacturing Capacity increased from 76.9% in Q4 to 79.7% in Q1 and Capacity Utilization in the Construction sector increased from 74.9% to 76.0%.



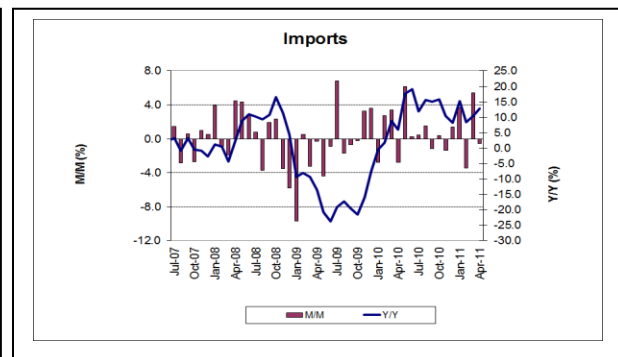
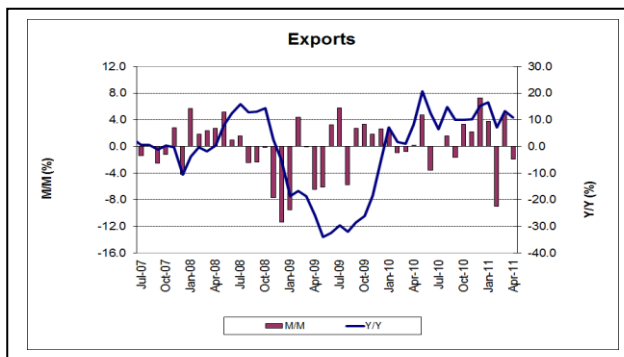
Trade Balance, Exports/Imports & New House Prices

Trade Balance

Canada's Trade Deficit widened from a revised C\$ 0.4 bln in March (previously a C\$ 0.6 bln surplus) to C\$ 0.9 bln in April. The surplus with the US narrowed from C\$ 4.2 bln in March to C\$ 3.9 bln in April, as imports from the US increased 1.7% to C\$ 23.1 bln, reaching their highest level since November 2008.



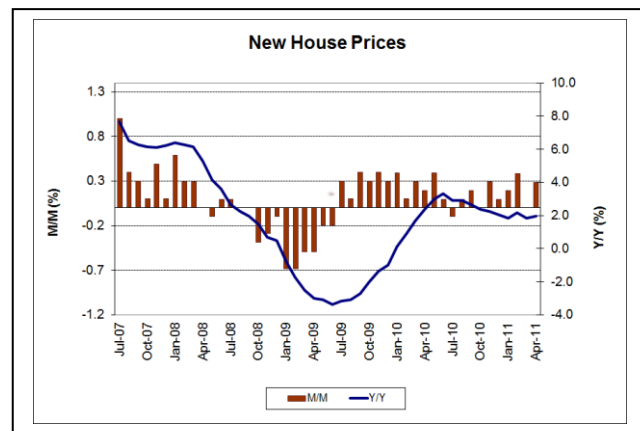
Exports & Imports



Total Exports fell 1.9% M/M and rose 10.8% Y/Y in April. Exports to the United States increased for the second month in a row, edging up 0.3% to \$26.9 bln. Exports to countries other than the United States fell 7.9% in April to \$9.3 bln. Total Imports fell 0.6% M/M and rose 12.9% Y/Y.

New House Prices

The New House Price Index increased 0.3% M/M in April, following the flat M/M result in March. Y/Y, prices rose 1.9%, the same as in March.



News & Upcoming Dates

News

June 15th - Canada May Home Resales Fall 0.6% From April, CREA Says (Bloomberg) - Canadian Existing Home Sales fell in May by 0.6%, the Canadian Real Estate Association said. Sales fell to 36,410 units on a seasonally adjusted basis, from 36,621 units in April, the Ottawa-based group said in a statement sent by e-mail today. Sales during the month were down 0.7% in dollar terms and up 12% from May last year. The average sales price was down 0.2% on a seasonally adjusted basis in May, the group said. Finance Minister, Jim Flaherty set rules that took effect on March 18th to shorten the maximum amortization period for government-insured mortgages to 30 years from 35 years and lower the maximum homeowners can borrow against the value of their homes, citing concern that Canadians had taken on record debt levels.

June 13th - Canadian Bankruptcies Dropped 8.3% in April From March to 7,405 (Bloomberg) - Canadian bankruptcies fell 8.3% in April from the previous month to 7,405, the country's bankruptcy superintendent said. From a year earlier, bankruptcies declined 18.3%, the report said.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/17	Wholesale Sales (M/M)	APR	--	+0.1%
06/21	Leading Indicators (M/M)	MAY	--	+0.8%
06/21	Retail Sales (M/M)	APR	--	0.0%

Valance Co., Inc.

Valance Economic Report: Australia

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June 15, 2011

Job growth rebounded in May, but was weaker than expected; the Unemployment Rate Remained at a historical low of 4.9%. Westpac Leading Index dropped as did the NAB Business Confidence survey.

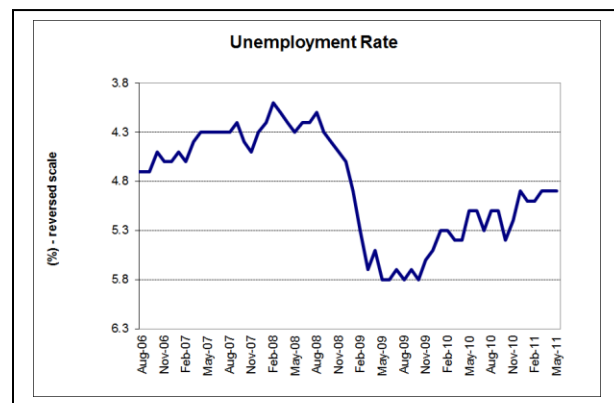
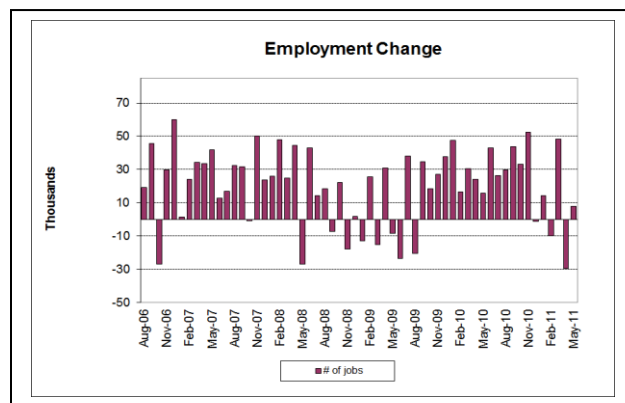
Weekly Highlights

Unemployment Rate – remained at 4.9% in May. (AU 1)

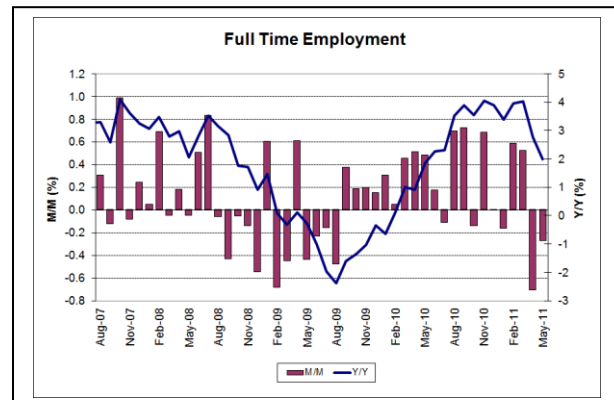
Westpac Leading Index – dropped 2.6% M/M in June. (AU 3)

Weekly Releases & News

Chart(s) of the Week: *Employment Data*



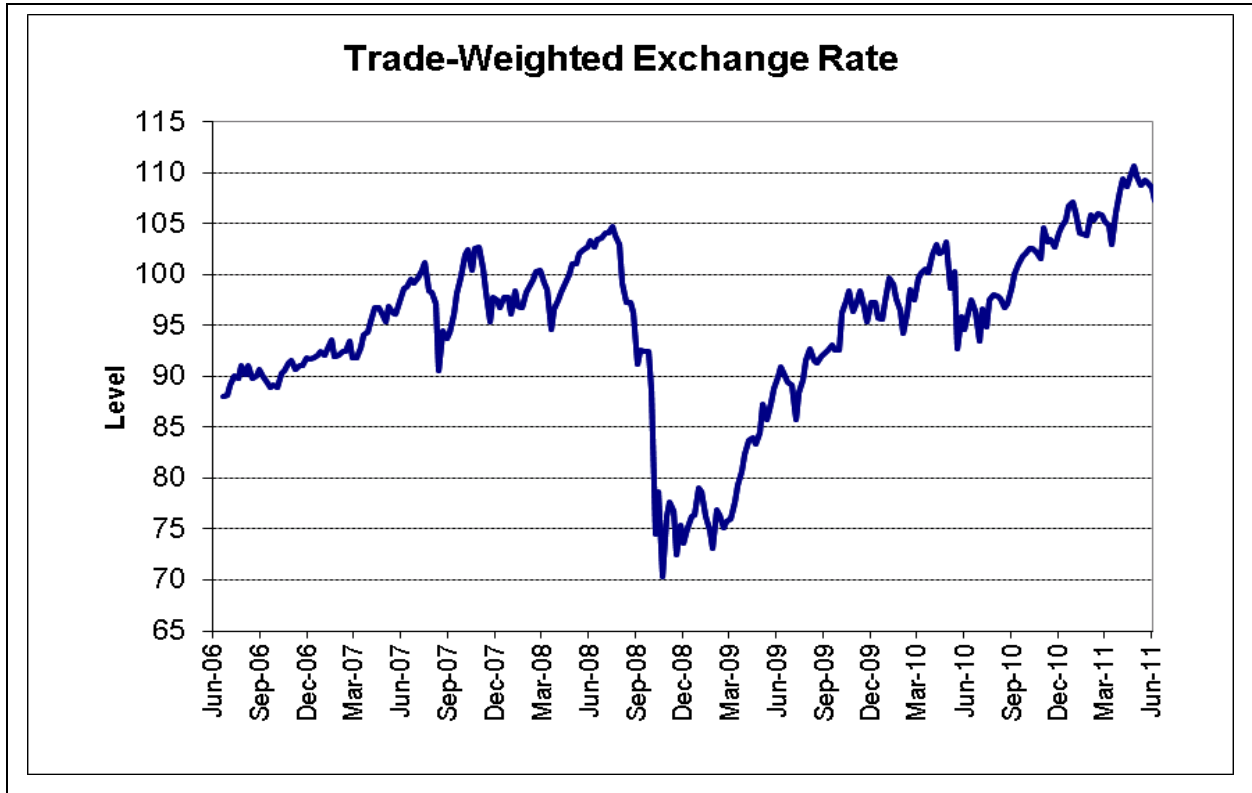
Total Employment rose by 7.8k in May after a revised -29.4k (previously -22.0k) in April. This is the largest number of new jobs in more than three years. The Unemployment Rate remained at 4.9%. The market expected a 25k job gain and an unchanged unemployment rate. Full time jobs fell by 22.0k after dropping 57.2k in April. This is the largest two-month decline in more than two years. Part time jobs rose by 29.8k.



AU - 1

FX

Trade-Weighted Exchange Rate



Data/News & Upcoming Dates

Data/News

Westpac/MI Consumer Confidence - The Consumer Sentiment Index dropped 2.6% M/M in June after falling 1.3% M/M in May. Y/Y, the index fell 0.6%. The index is currently at 101.2, compared to the reading of 103.9 the month prior and 101.9 from a year ago. A reading above 100 indicates optimists outnumbered pessimists.

NAB Business Confidence Survey - The Australian Business Confidence Index fell from 7 points in April to 6 points in May. The Business Conditions Index dropped from 5 points in April to 1 point in May.

Q1 Dwelling Starts - Total dwelling unit starts increased 3.1% Q/Q and dropped 12.9% Y/Y in Q1, against market expectations for a 0.8% Q/Q decline. Q4's 5.3% Q/Q drop was revised to a 4.0% Q/Q drop. Of note, new private sector dwellings increased 3.8% Q/Q while new private sector houses dropped 1.9% Q/Q.

June 15th – RBA Stevens Comments on Rates, Savings - Reserve Bank Governor, Glenn Stevens commented on the recent increase in Australian Households' savings, stating that it reflects a return to historical norms. He added that the previous 15 years weren't normal, when the savings rate dropped as people borrowed to make investments, including residential properties. On Rates, he reiterated his view that policy makers will need to raise interest rates at some stage and noted that inflation data next month will likely be key in the decision.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/15	New Car Sales (M/M)	MAY	--	-3.5%
06/20	RBA Minutes	JUN	--	--

Valance Co., Inc.

Valance Economic Report: New Zealand

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June 15, 2011

As widely expected, the RBNZ left its benchmark interest rate unchanged, but firmed its language as the Bank expects the recovery to continue along with rising inflation.

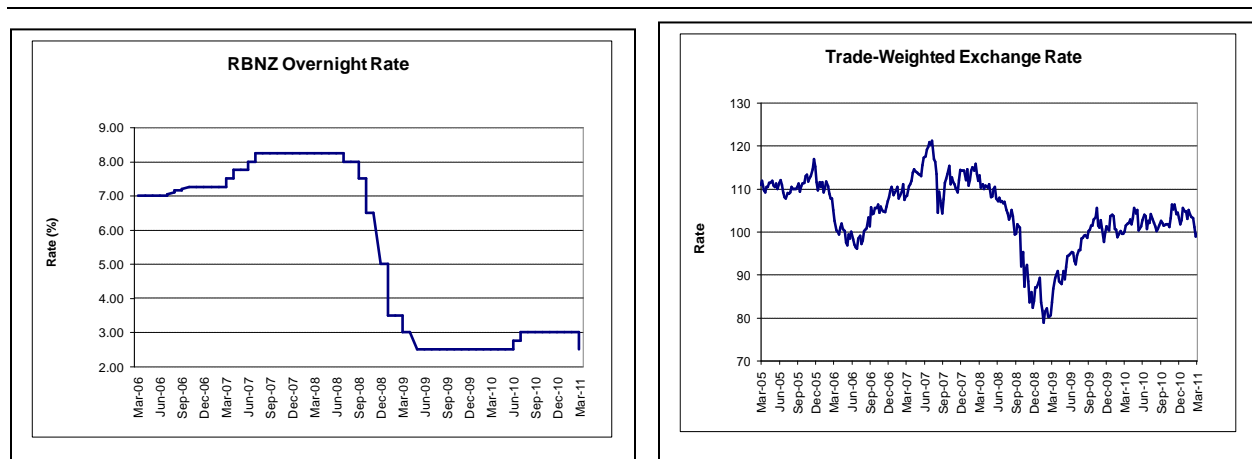
Weekly Highlights

Overnight Rate – left unchanged at 2.50%. (NZ 1)

REINZ House Sales – increased 0.5% M/M and 7.4% Y/Y in May. (NZ 2)

Weekly Releases & News

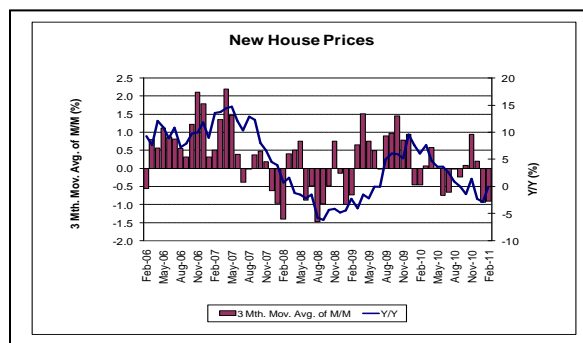
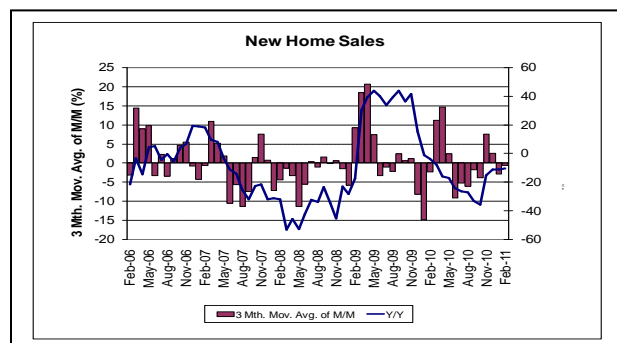
Charts of the Week: *OCR & TWE Rate*



The RBNZ left its benchmark interest rate unchanged at 2.50%. The main take away from the short RBNZ statement was that “as GDP growth picks up, underlying inflation is expected to rise. A gradual increase in the OCR over the next two years will be required to offset this.”

REINZ Housing Survey & RBNZ Statement

REINZ House Sales/Prices



According to the Real Estate Institute of New Zealand Inc., House Sales increased 15.6% M/M and 10.8% Y/Y in May. Median House Prices dropped 2.8% M/M and were unchanged Y/Y. It took 45 days to sell a house, compared to 43 days in April. The median price dropped from \$360k to \$350k.

RBNZ Statement

The Reserve Bank today left the Official Cash Rate (OCR) unchanged at 2.5%.

Reserve Bank Governor Alan Bollard said:

The outlook for the New Zealand economy has improved since the publication of the March Statement.

Economic activity has been significantly disrupted by the Christchurch earthquake. However, while many firms and households – particularly within Canterbury – continue to be adversely affected, it appears the negative confidence effect of the earthquake on economic activity throughout the rest of the country has been limited.

The early signs of recovery noted in the March Statement have continued. **Despite some continuing signs of weakness in the world economy, commodity prices remain very strong and firms expect to increase their hiring and capital investment. Reconstruction in Canterbury is projected to add about 2 percentage points to GDP growth over 2012, and boost the level of activity for several years thereafter.**

Despite the strong outlook for export earnings, household expenditure is expected to grow only modestly. Household debt remains very high and is expected to constrain retail spending and the housing market for some time. Continued fiscal consolidation will also act to dampen activity.

The New Zealand dollar has appreciated substantially over the past two months. This appreciation, supported by high export prices for primary producers, is negatively affecting other parts of the tradable sector, constraining rebalancing of the New Zealand economy.

Headline inflation is currently being boosted by recent increases in indirect taxes, food and petrol prices, and surveyed expectations of future inflation have edged up. **Despite this, indicators of capacity usage and core inflation suggest underlying inflation remains constrained.**

As GDP growth picks up, underlying inflation is expected to rise. **A gradual increase in the OCR over the next two years will be required to offset this, such that CPI inflation tracks close to the midpoint of the target band over the latter part of the projection. The pace and timing of increases will be guided by the speed of recovery, but for now the OCR remains on hold.**

Data/News & Upcoming Dates

Data/News

Food Prices - According to Statistics New Zealand, May's food prices increased 0.5% M/M and 7.4% Y/Y. Within the data, monthly price increases were seen in fruits/vegetables, meats, non-alcoholic beverages, and restaurant meals while grocery food prices declined.

Consumer Confidence Rises - Consumer Confidence in New Zealand increased from 103.3 to 112.5 in May, according to the ANZ-Roy Morgan Confidence Index. The increase brings the series to a five month high, and adds to signs of recovery in regions outside of the earthquake damaged Christchurch.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/15	Business PMI	MAY	-	51.5
06/15	Mfg Activity (Q/Q)	Q1	-	+3.1%
06/15	ANZ Consumer Confidence Index	MAY	-	103.3
06/19	Services	JUN	-	52.6
06/20	Permanent Migration	MAY	-	-100
06/21	Current Account Balance	Q1		-NZ\$ 3.52bln

Weekly Economic Report: China

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June 15, 2011

Data released this week dimmed some concern that growth in China is starting to slow. In May, China's Trade Surplus widened as Imports expanded significantly faster than expected. Consumer Prices rose to their highest level in almost 3 years and continued to be above the government's 4% target so far this year; and PPI remained unchanged from the previous month.

Weekly Highlights

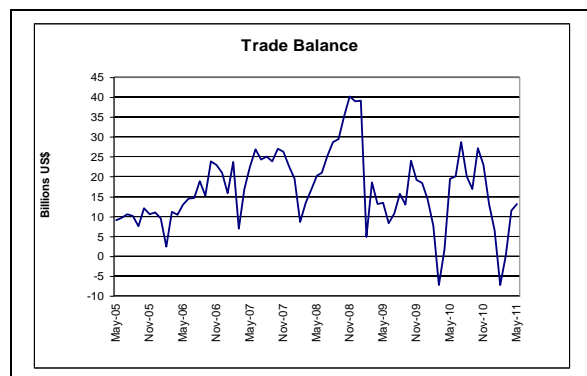
Trade Balance – rose to a \$13.05 bln surplus. (CH - 1)

CPI – rose from 5.3% in April to 5.5% in May. (CH - 2)

PPI – was unchanged at 6.8% in May. (CH - 2)

Weekly Releases & News

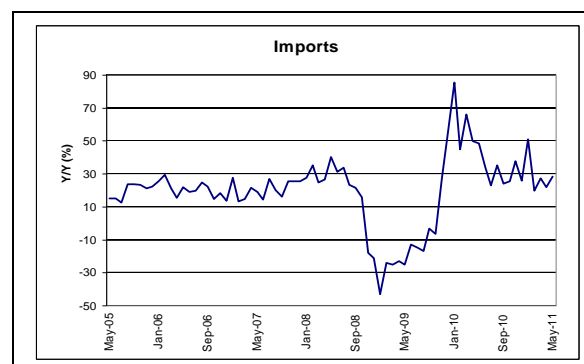
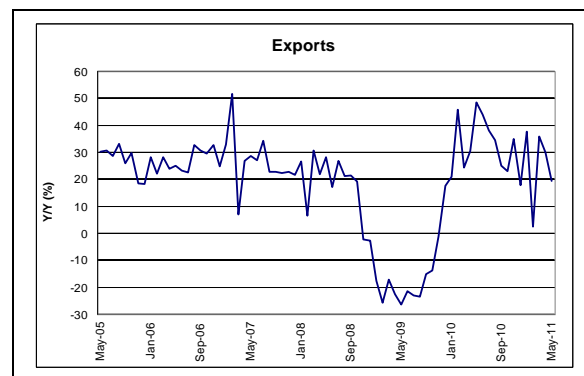
Chart(s) of the Week: Trade Data



China's Trade Balance widened from a surplus of \$11.42 bln in April to a surplus of \$13.05 bln in May. The surplus was expected to reach \$19.0 bln.

Exports growth slowed from 29.9% Y/Y in April to 19.4% in May – below expectations of a 20.4% gain.

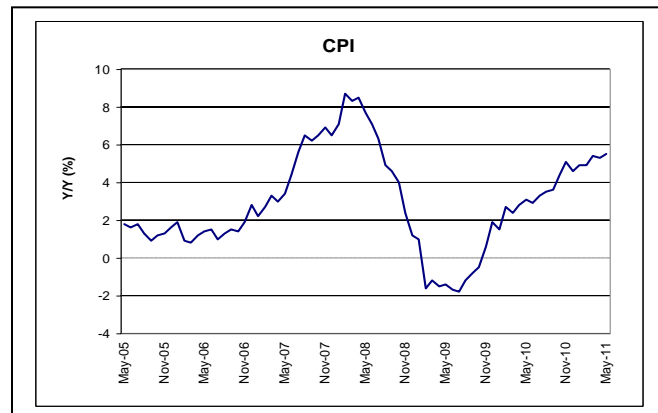
Imports growth rose 28.4% Y/Y in May, compared with 21.8% Y/Y in April – above expectations of a 22.0% gain.



CPI, PPI & Industrial Production

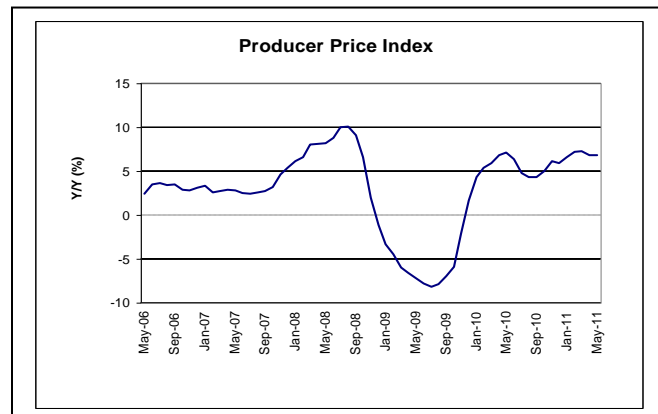
CPI

As expected, the Consumer Price Index rose from 5.3% Y/Y in April to 5.5% Y/Y in May – a 34-month high and far above the 4.0% annual target – as food prices jumped to 11.7%.



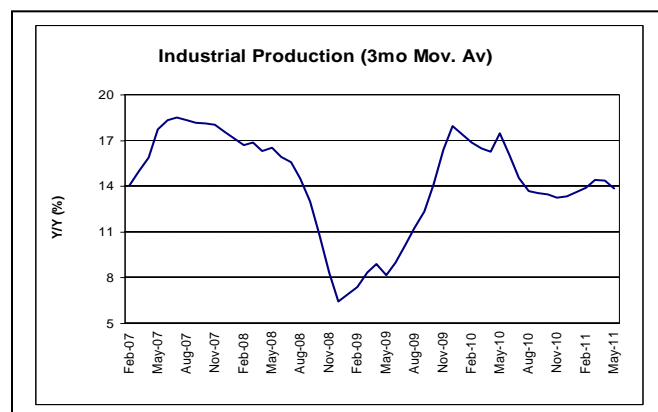
PPI

The Producer Price Index was unchanged at 6.8% Y/Y in May. The Index was expected to reach 6.5% Y/Y.



Industrial Production

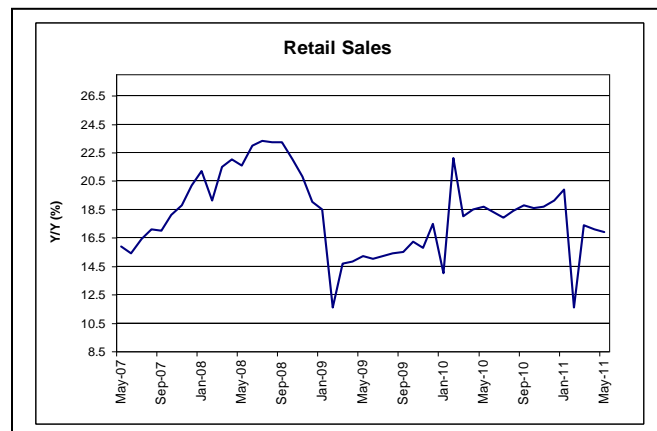
Industrial Production ticked slightly lower, from 13.4% Y/Y in April to 13.3 Y/Y in May - above expectations of 13.1% Y/Y growth.



Retail Sales, Actual FDI & Money Supply

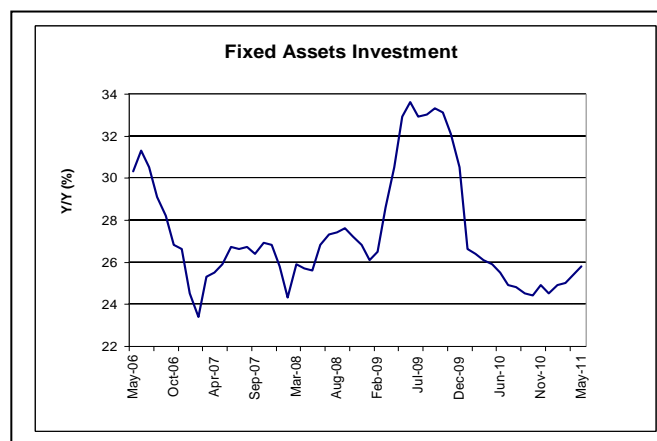
Retail Sales

Retail Sales rose 16.9% Y/Y in May, compared with 17.1% Y/Y the previous month. Sales were expected to advance 17.0% Y/Y.



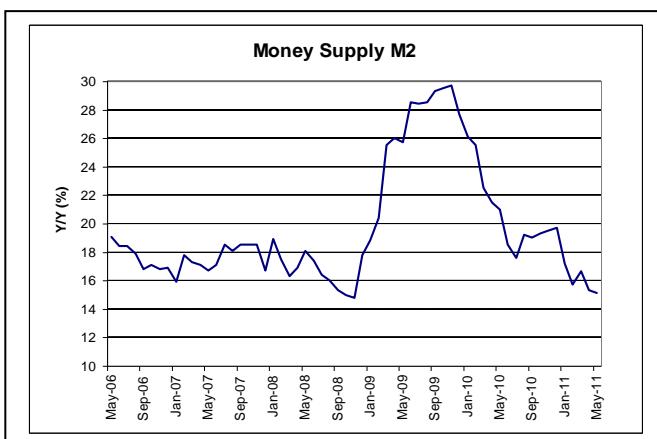
Actual FDI

Foreign Direct Investment slowed from 15.2% Y/Y growth in April to 13.4% Y/Y in May; \$9.2 bln was invested in May, up from \$8.5 bln in April. Yao Jian, Ministry of Commerce Spokesperson remarked, "We still are a host country that has its attractiveness to foreign investors. The outlook for foreign companies operating in China is very good."



M2

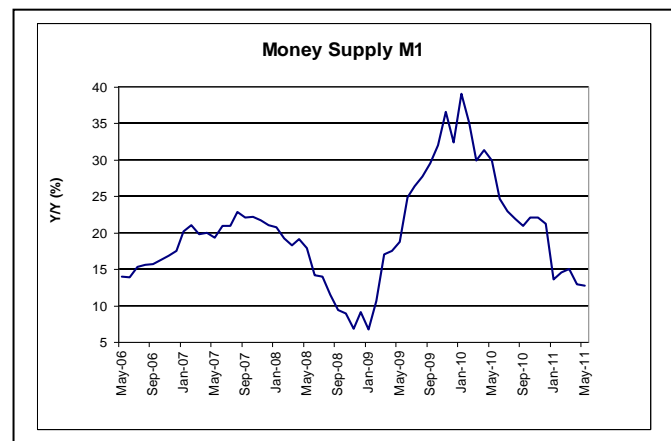
M2, the broadest measure of money supply, slowed from 15.3% Y/Y in April to 15.1% Y/Y in May.



Money Supply (Cont'd.), New Yuan Loans & News

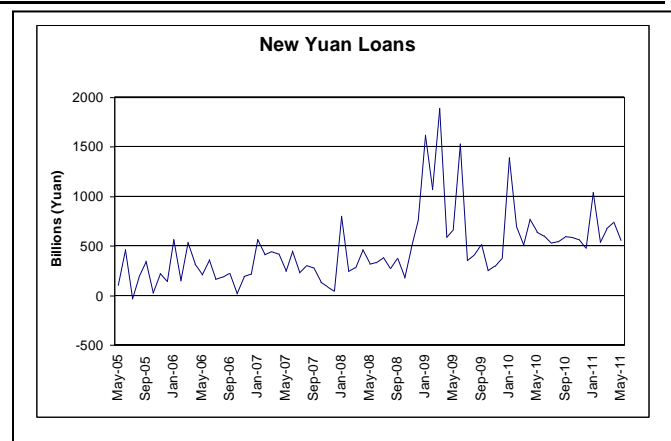
M1

M1 Money Supply growth slowed from 12.9% Y/Y in April to 12.7% Y/Y in May. It was expected to reach 13.7% Y/Y.



New Yuan Loans

New Yuan Loans fell from \$739.6 bln in April to \$551.6 bln in May; below expectations of \$650 bln.



News (Cont'd.)

June 14th - China Raises Bank Reserve Requirements as Inflation Quickens – Effective June 20th, China's lenders are expected to raise their reserve requirements by half a percentage point, to 21.5%. This followed the release of the CPI data showing an increase to 5.5% Y/Y.

June 13th - China to Widen Yuan Trading Band – Callum Henderson, Global Head of Currency Research at Standard Chartered, stated the following in a radio interview:

China is about to widen its daily trading band. In an environment where risk appetite is relatively weak, this should be a positive for market reform and a positive for the Chinese yuan.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/13-15	Actual FDI Y/Y	MAY	--	29%
06/15	Conference Board China April Leading Economic Index			

Valance Co., Inc.

Valance Economic Report: Sweden

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June 15, 2011

In May, Y/Y CPI inflation continued to remain above the Riksbank's 2% target and the Unemployment Rate fell further to 3.8%. Industrial Output unexpectedly declined and M/M Orders dropped slightly in April.

Weekly Highlights

CPI – rose 0.2% M/M and 3.3% Y/Y in May. (SW - 1)

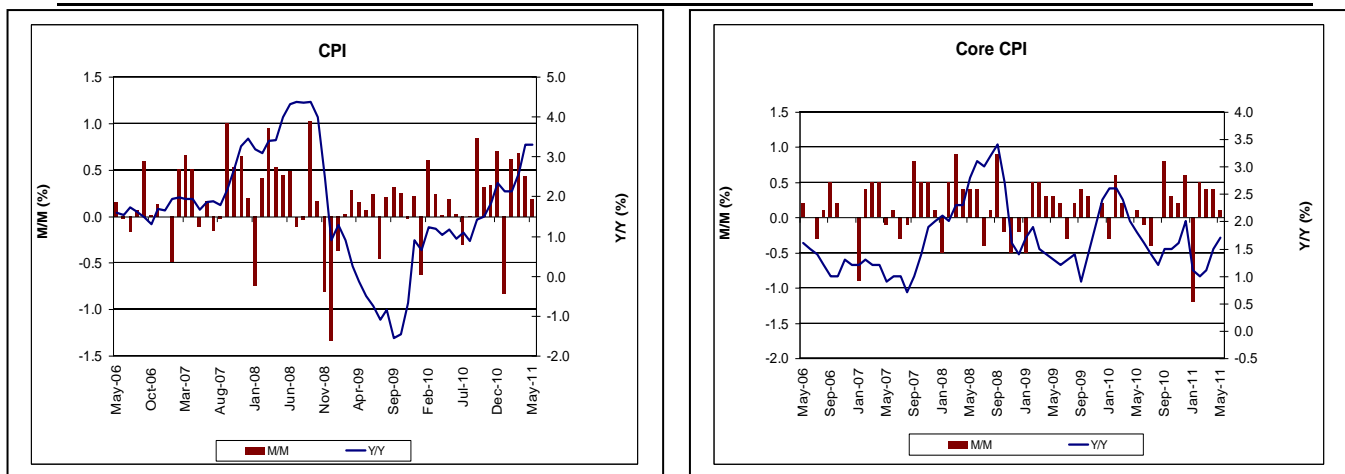
Core CPI – rose 0.1 M/M and 1.7% Y/Y in May. (SW - 1)

Industrial Production – fell 0.7% M/M and rose 12.0% Y/Y in April. (SW - 2)

PES Unemployment Rate – fell to 3.8% in May. (SW - 3)

Weekly Releases & News

Chart(s) of the Week: CPI



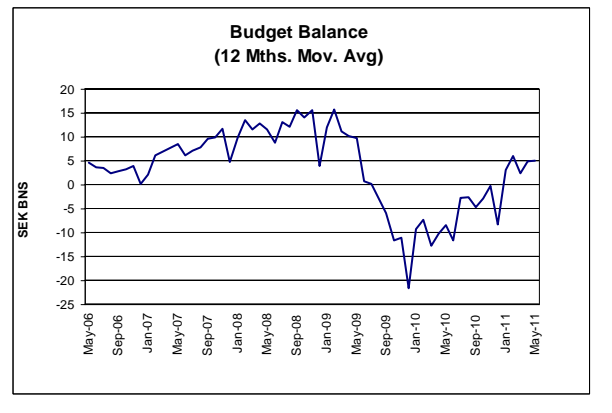
Headline Consumer Price growth rose 0.2% M/M in May (in line with expectations), compared with 0.4% M/M growth posted the month before. Annually, prices were unchanged at 3.3% in May from the previous month. Increases in housing costs (+0.7%), interest costs for owner occupied housing (+2.7%), clothing/footwear (+1.2%), and restaurant/hotel services all had a positive effect on the monthly rate; while prices for international flights (-17.2%) and food (-0.4%) contributed negatively. On a core basis, prices rose 0.1% M/M and 1.7% Y/Y, compared to 0.4% M/M and 1.8% Y/Y the previous month.

SW - 1

Budget Surplus, Industrial Orders & Production

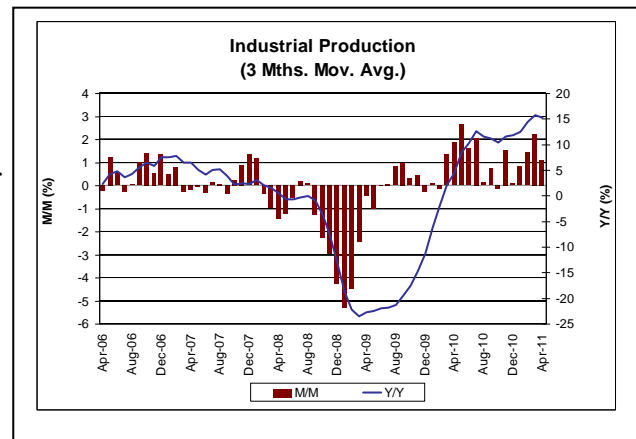
Budget Surplus

Sweden posted a Budget Surplus of SEK 31.1 bln in May, below the surplus of SEK 38.0 bln posted the previous month, and significantly lower than the SEK 40.5 bln surplus expected. Lower tax incomes and higher interest payments on government debt contributed to the smaller-than-expected surplus. On a 12-mth. mov. avg. basis, the budget balance widened from a surplus of SEK 4.89 bln in April to a surplus of SEK 4.99 bln in May.



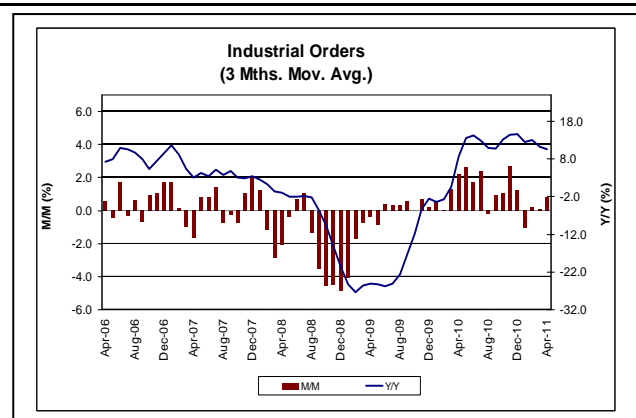
Industrial Production

Industrial Production fell 0.7% M/M and rose 12.0% Y/Y in April, compared with 0.9% M/M and 14.9% Y/Y the previous month. On a monthly basis, the pharmaceutical industry contributed negatively with a decrease of 9.1%; while the annual advance was partly attributed to an increase in the electrical equipment industry by 57.6%. Production was expected to reach 0.3% M/M and 13.0% Y/Y.



Industrial Orders

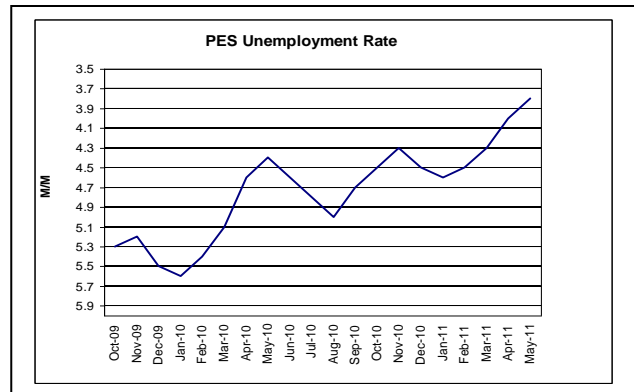
April Industrial Orders fell 0.1% M/M and rose 9.2% Y/Y, compared with 0.9% M/M and 8.0% Y/Y in March. The monthly slowdown was partly attributed to a decrease in the electrical equipment industry by 24.1%. New Orders in the domestic market increased by 0.4% M/M (from -2.7% M/M in March) and New Orders in the export market slowed by 0.4% M/M (from +3.4% M/M in March).



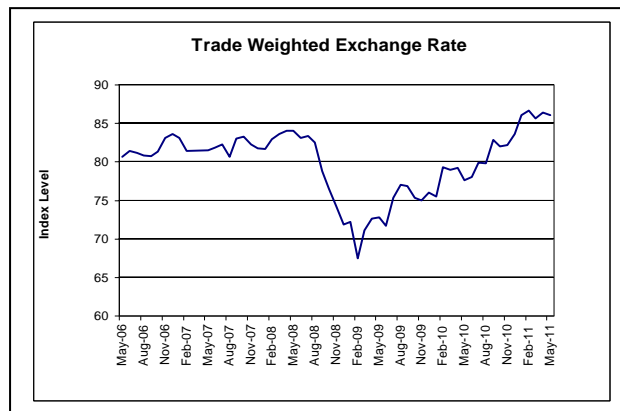
Unemployment Rate, Trade Weighted Exchange Rate & News

Unemployment Rate

As expected, the PES' non-seasonally adjusted Unemployment Rate fell from 4.0% in April to 3.8% in May.



Trade Weighted Exchange Rate



News

June 15th - Swedes See Key Interest Rate at 2.8% in One Year – A survey by TNS SIFO Prospera showed that Sweden's key interest rate will reach 2.8% by next year – slightly down from the 2.9% forecasted in May.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/16	Average House Prices	MAY	--	2.035M
06/20	Unemployment Rate	MAY	--	7.9%
06/22	Consumer Confidence	JUN	--	--
06/22	Economic Tendency Survey	JUN	--	112.4
06/22	Manufacturing Confidence	JUN	--	11

Valance Co., Inc.

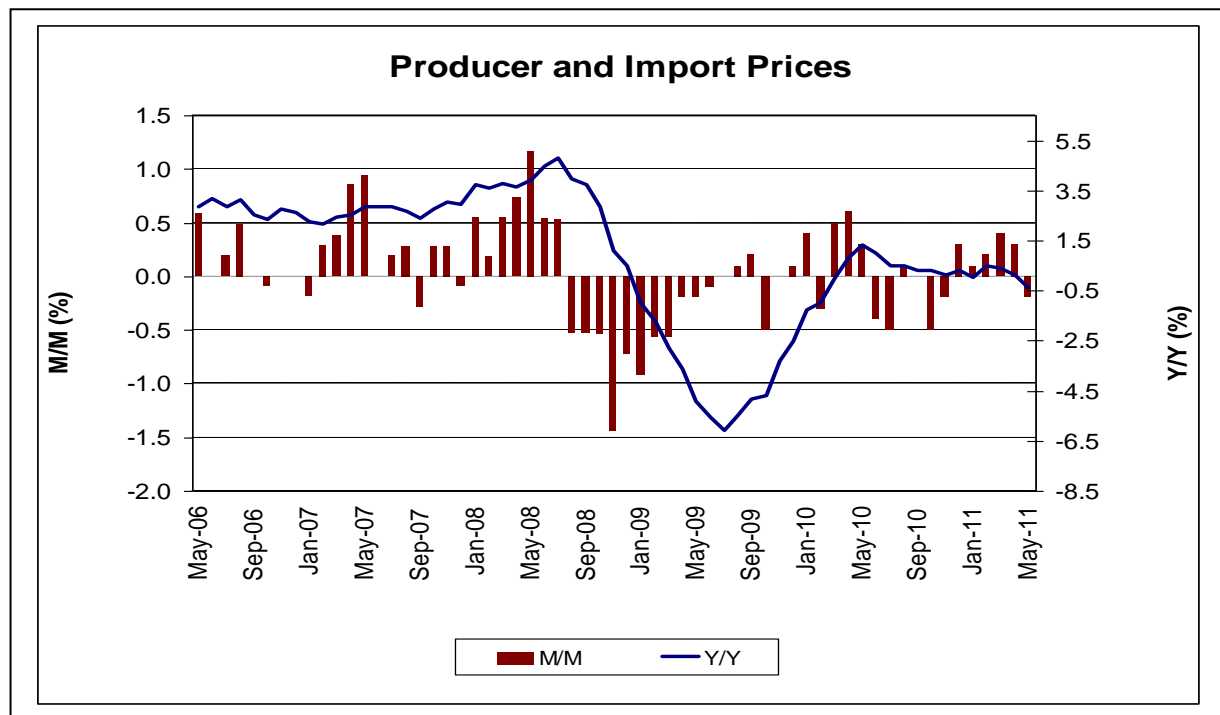
Valance Economic Report: Switzerland

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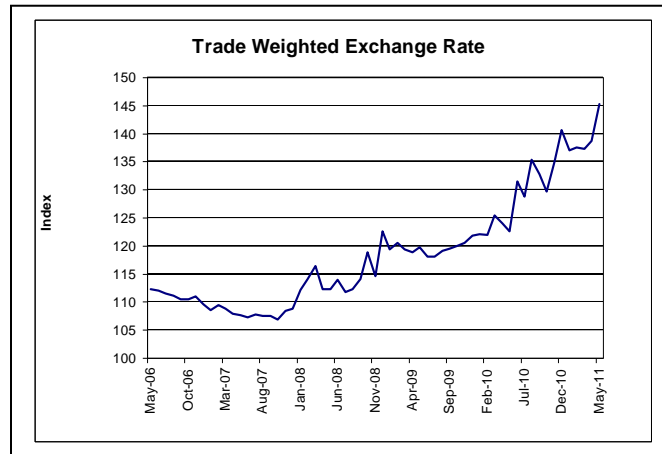
June 15, 2011

Switzerland's Producer & Import Prices dropped below expectations in May.**Chart(s) of the Week: *Producer & Import Prices***

Switzerland's combined Producer & Import Price Index ticked down 0.2% M/M in May, compared with +0.3% M/M the previous month. Annually, the Index slipped 0.4% in May, compared with +0.1% the previous year – the biggest drop since February 2010. Prices were expected to gain 0.1% M/M and fall 0.1% Y/Y. Separately, Producer Prices fell 0.4% M/M and 1.1% Y/Y; while Import Prices rose 0.3% M/M and 1.1% Y/Y.

Trade Weighted Exchange Rate & News

Trade Weighted Exchange Rate



News

June 14th - Switzerland Lowers 2012 Growth Forecast - The State Secretariat for Economic Affairs stated that its growth forecast for Switzerland will remain unchanged at 2.1% for this year, but will be lower in 2012, from 1.9% (forecast in March) to 1.5%. The State Secretariat remarked, “Economic growth in Switzerland has been solid so far. However, the currency appreciation, which already represented a burden on Swiss exports the last few months, has jumped even higher over the last few weeks. With the recent added strength to the franc, new risks have emerged.”

June 14th - Swiss Banking System Outlook Raised to Stable by Moody's – Moody's Investors Service recently changed Switzerland's banking system's outlook from negative to stable citing the country's “swift” recovery. Managing Director, Carola Schuler, remarked, “Profitability for the overall banking system has improved and is at a sustainable level, supporting the outlook change to stable.”

June 10th - Swiss Economy May Expand Faster Than Projected – A survey by the KOF Swiss Economic Institute showed that Swiss GDP will likely reach 2.2% this year, up from a March forecast of 2.0%, and will drop to 1.9% in 2012.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
06/16	Industrial Production	Q1	-7.8% / 5.6%	7.4% / 6.1%
06/16	SNB 3-Month Libor Target Rate	JUN 16	0.25%	0.25%
06/21	Money Supply M3	MAY	--	6.9%
06/21	KOF Institute June Economic Forecast			
06/22	Credit Suisse ZEW Survey	JUN	--	-11.5