

Valance Company, Inc.



Weekly

April 18, 2012

III

Highlights

US – Strong Retail sales, Initial Claims increasing

EU – CPI growth was stronger than expected in March

JN – Corporate Goods Prices increase in March

CA – BoC kept its bench mark lending rate at 1.00%

SW – The Riksbank kept its repo rate unchanged at 1.5%

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Valance Economic Reports

Valance Co., Inc.

Valance Economic Report: United States

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April 18, 2012

A mixed week of data: Retail Sales continue to show strength, though warm weather likely is pushing sales forward. Initial claims moved higher after staying reliably close to 360k over the past month. The recent small gains in the housing market continue to be largely driven by multi-housing units, as every component in the NAHB survey declined.

Weekly Highlights

Retail Sales, ex. autos – gained 0.8% M/M and 7.2% Y/Y in March. (US 1)

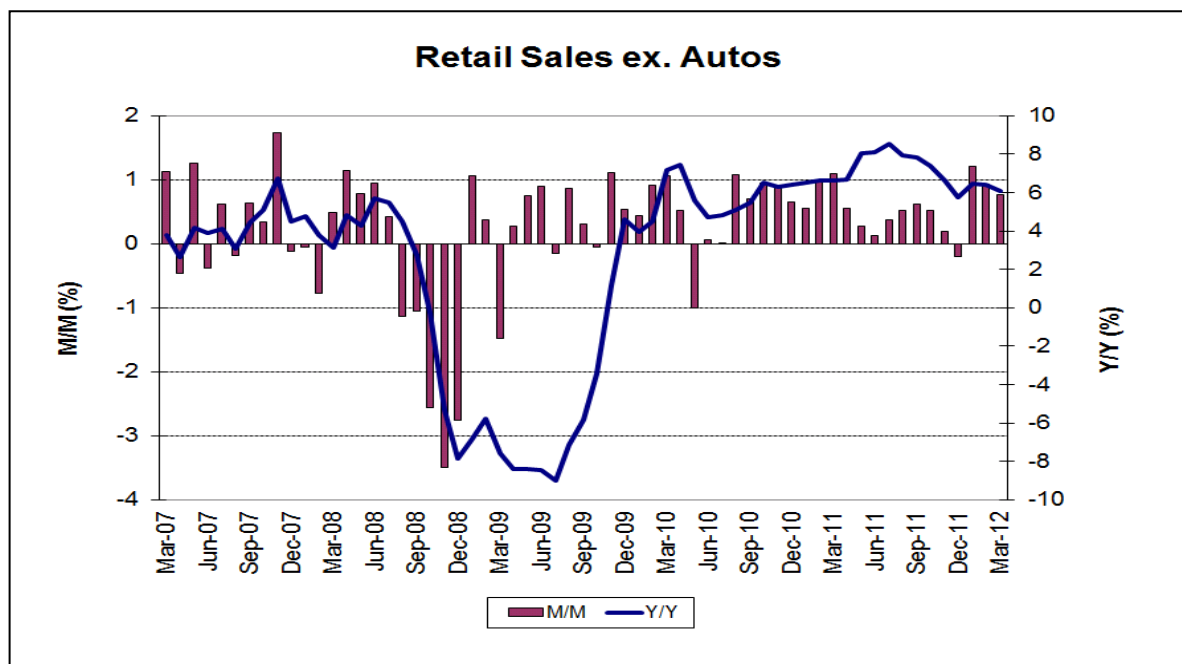
Initial Claims – increased from 367k to 380k. (US 2)

Core CPI – increased 0.2% M/M and 2.3% Y/Y in March. (US 2)

The NAHB Index – dropped from 3 points to 25 in April (US 6)

Weekly Releases

Chart of the Week: Retail Sales Ex Auto & Gas



Retail Sales, excluding autos, gained 0.8% M/M and 7.2% Y/Y in March, following a gain of 0.9% in February, beating expectations for a 0.6% gain. Headline Retail Sales also rose 0.8% M/M and 7.4% Y/Y. Core Retail Sales (excluding gas, building materials and autos), gained 0.4% M/M and 6.3% Y/Y. The three-month annualized rate jumped from 3.9% to 5.9%. Building materials spiked 3.0% M/M, likely due to unseasonably warm weather.

US 1

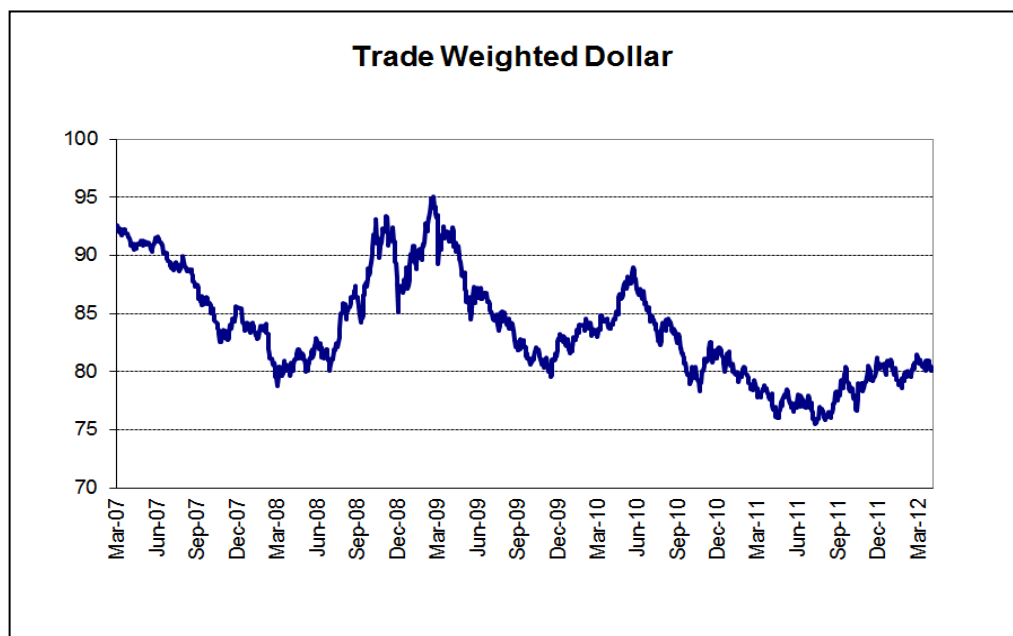
U.S. Financial Balances & Trade Weighted Dollar

Financial Balances

U.S.	Latest period (\$blns)	Last 12mth. as a % of GDP
Budget Balance	-198.2 (March)	-8.1%
Trade Balance	-52.6 (Feb)	-3.7%
Current Account Balance	-110.3B (Q3)	-3.1%
Private Balance	--	5.3%

The budget deficit on a trailing twelve month basis as of March is 8.1% of GDP. The trade deficit as of February is 3.7% 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 budget deficit will help build private balances and support an economic recovery.

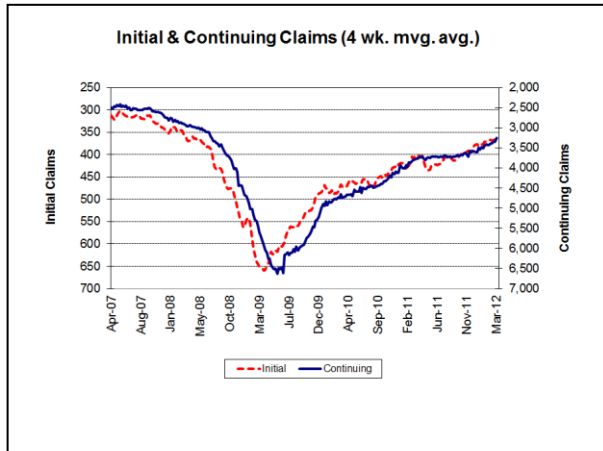
Trade Weighted Dollar



Initial Jobless Claims, CPI & PPI

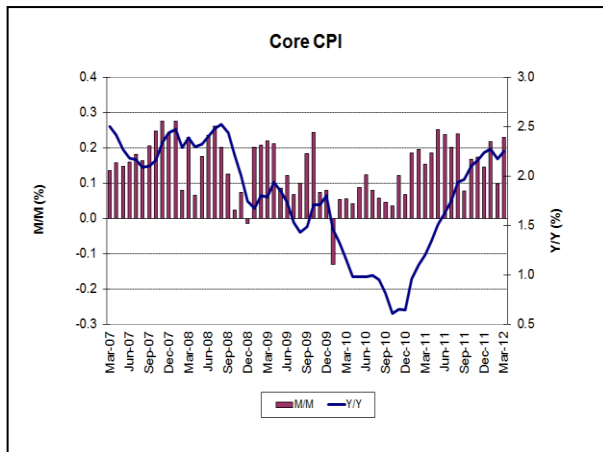
Initial Jobless Claims

Initial Claims increased from 367k to 380k. The series has been volatile since the beginning of the year and had been stabilizing in the 360k range. The four week moving average of Initial Claims rose from 364k to 369k. Continuing Claims fell from 3349k to 3251k.



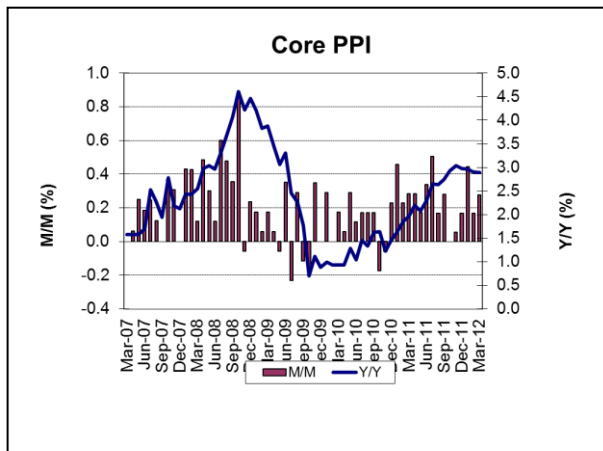
CPI

Core CPI increased 0.2% M/M and 2.3% Y/Y in March. The three-month annualized core rate is 1.9%. Owners equivalent rent rose 0.1% M/M. The headline rate increased 0.4% M/M and 2.9% Y/Y. Energy prices gained 3.2% M/M and 7.0% Y/Y.



PPI

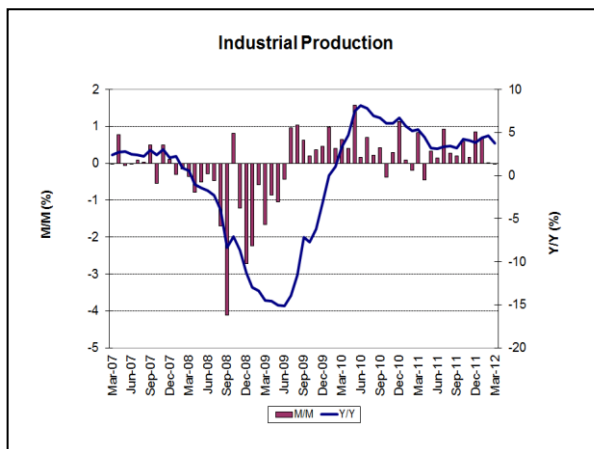
Core PPI increased 0.3% M/M and 2.9% Y/Y in March. Headline PPI was flat M/M and decelerated to 2.8% Y/Y growth. The three-month annualized core rates remains at 3.6%. Core intermediate goods increased by 0.6% M/M.



Industrial Production, Empire Manufacturing & Mortgage Apps

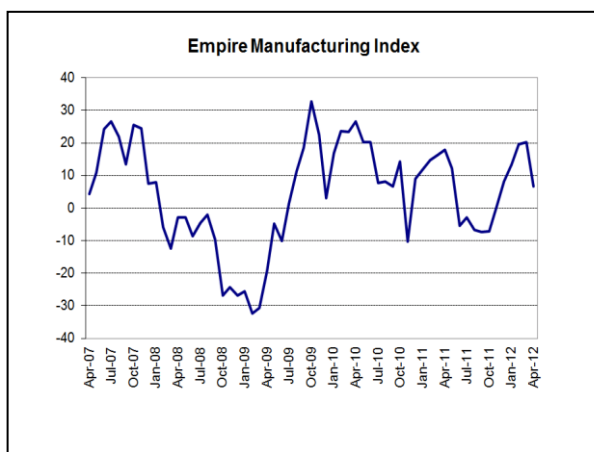
Industrial Production

Industrial Production was flat M/M and up 3.8% Y/Y in March. Manufacturing fell 0.2% M/M but up 4.8% Y/Y; February was revised from 0.3% to 0.8%. Utilities and mining increased 1.5% and 0.2% M/M, respectively.



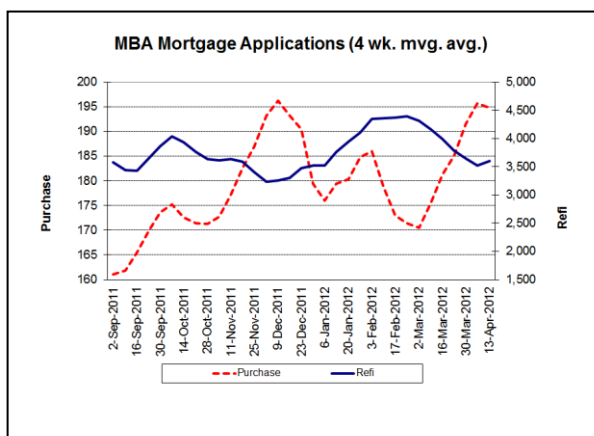
Empire Manufacturing

The Empire Manufacturing Index declined sharply from 20.2 to 6.6 in April, much lower than expectations of 18.0. The Employment component improved from 13.6 to 19.3 though the Average Workweek dropped from 18.5 to 6.0. New orders were flat.



MBA Mortgage Applications

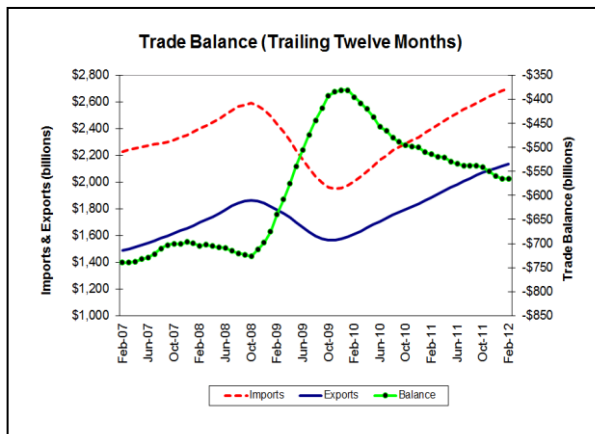
Purchase Mortgage Applications fell 11.2% W/W. Refi applications jumped 13.5% W/W. The FRM 30-year contract fell to 4.05%, an all-time low.



Trade Balance, U. of Michigan Confidence & Bloomberg Consumer Comfort

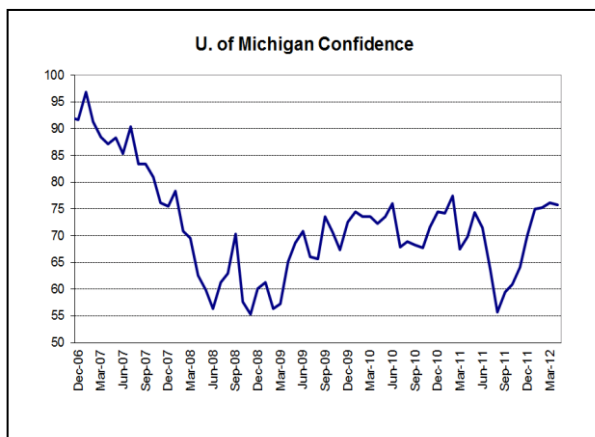
Trade Balance

The Trade Deficit increased from -\$52.6 bln to -\$46.0 bln in February. Total exports gained 0.1% M/M and 9.3% Y/Y. Imports fell 2.7% M/M and 7.6% Y/Y. The trailing twelve month trade deficit is now \$558 bln or 3.7% of GDP.



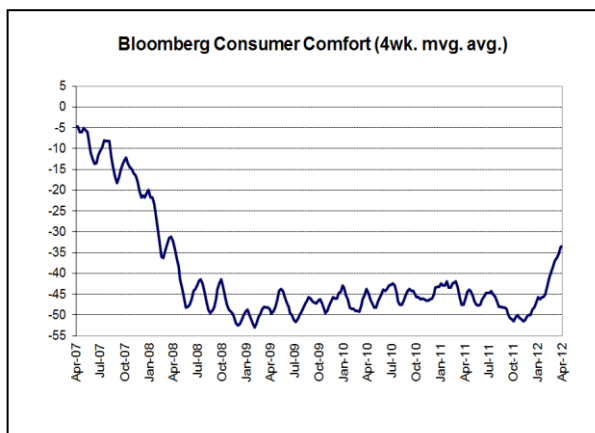
U. of Michigan Confidence

The preliminary University of Michigan Confidence Index dipped slightly from 76.2 to 75.7 in April. The current conditions component declined from 86.0 to 80.6 while the expectations component improved from 69.8 to 72.5. Inflation expectations over the next year fell from 3.9% to 3.4% while the five year expectations remained at 3.0%.



Bloomberg Consumer Comfort

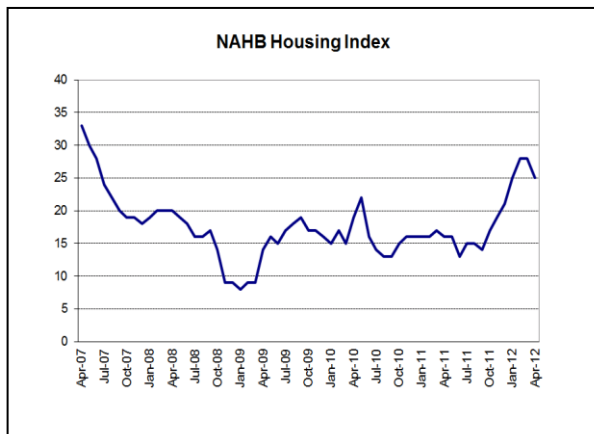
The Bloomberg Consumer Comfort Index dropped from -31.4 to -32.8. The buying climate fell from -33.9 to -37.3, as did the state of the economy, dropping from -63.6 to -66.0.



NAHB Housing Market Index, Building Permits & Housing Starts

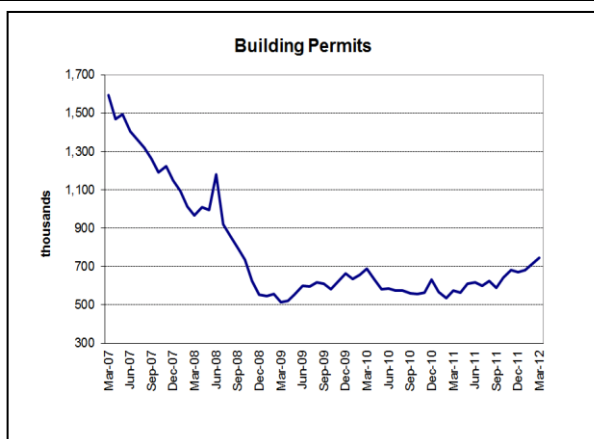
NAHB Housing Market Index

The NAHB Index dropped from 3 points to 25 in April. Every component declined: traffic from 22 to 18, future sales from 35 to 32 and present sales 29 to 26.



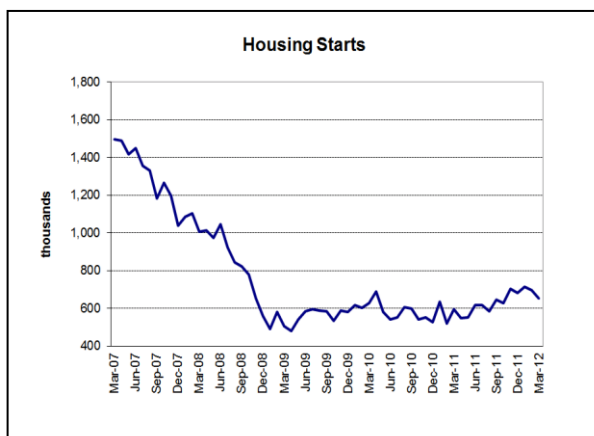
Building Permits

Building Permits improved 4.5% M/M in March, rising from 717k to 747k, led by the jump in multi-family permits from 236k to 285k. Single-family permits fell from 479k to 462k. Permits lead housing starts and suggest that housing starts could begin to improve from these low levels in the second half of 2012.



Housing Starts

Housing Starts fell 5.8% M/M in March, down from 694k to 654k on a seasonally adjusted annualized basis. Single family starts declined from 463k to 462k. Multi-family fell from 231k to 192k. Housing Starts are up 10.3% Y/Y.



Key Dates This Week

Dates	Indicators		Expectations	Previous
19-Apr	Initial Jobless Claims Bloomberg Consumer	14-Apr	370K	380K
19-Apr	Comfort	15-Apr	--	-32.8
19-Apr	Philadelphia Fed.	APR	12	12.5
19-Apr	Existing Home Sales M/M	MAR	0.70%	-0.90%
24-Apr	S&P/CS 20 City M/M% SA	FEB	0.10%	-0.04%
24-Apr	Consumer Confidence	APR	70	70.2
24-Apr	New Home Sales M/M	MAR	2.20%	-1.60%
25-Apr	MBA Mortgage Applications	20-Apr	--	--
25-Apr	Durables Ex Transportation	MAR	0.20%	1.60%
25-Apr	FOMC Rate Decision	25-Apr	--	0.25%

Valance Co., Inc.

Valance Economic Report: Euro Zone

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April 18, 2012

Some positive surprises were posted in the EU economic data over the past week. Euro Zone CPI growth was stronger than expected in March and German ZEW Survey unexpectedly posted it highest reading in two years. Industrial Production also unexpectedly grew in February.

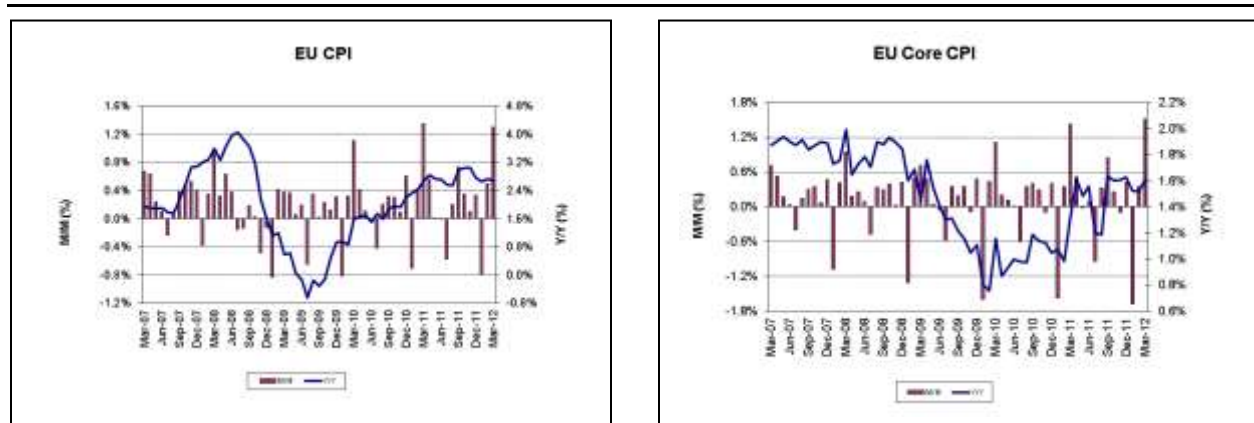
Weekly Highlights

Euro Zone CPI – increased 1.3% M/M and 2.7% Y/Y in March. (EU 1)

EU ZEW Survey (Economic Sentiment) - increased in April. (EU 4)

Weekly Releases & News

Chart(s) of the Week: *EU CPI*



Euro Zone CPI increased 1.3% M/M and 2.7% Y/Y in March versus market expectation for a 1.2% M/M and a 2.6% Y/Y gain. Core CPI increased 1.5% M/M and 1.6% Y/Y.

EU 1

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		-4.3%
Trade Balance	14.7 (February)	2.0%
Current Account Balance	11.1 (February)	5.6%
Private Savings Balance		9.9%
<i>France</i>		
Budget Balance		-2.7%
Trade Balance	-6.4 (February)	-4.9 %
Current Account Balance	-4.2 (January)	-3.9%
Private Savings Balance		-1.2%
<i>Italy</i>		
Budget Balance		-4.5 %
Trade Balance	4.3 (January)	-7.7%
Current Account Balance	-8.0 (January)	-3.5%
Private Savings Balance		1.0%

**Budget Balance as of June 2011 – Source OECD*

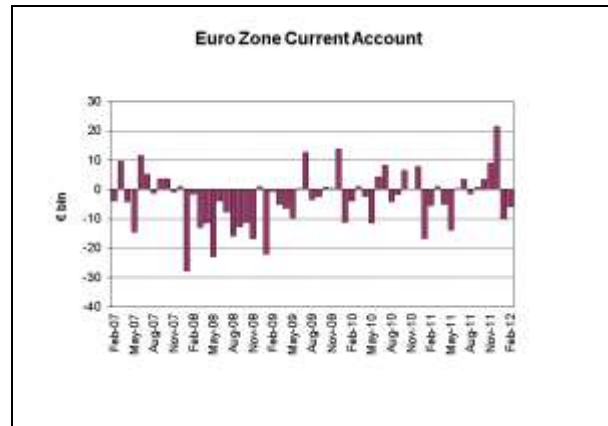
Trade Weighted Euro



EU Current Account & Trade Balance

EU Current Account

EU Current Account deficit narrowed from €10.1 bln in January to €5.9 bln in February. The Current Account deficit stood at €5.5 bln in February 2011.



EU Trade Balance

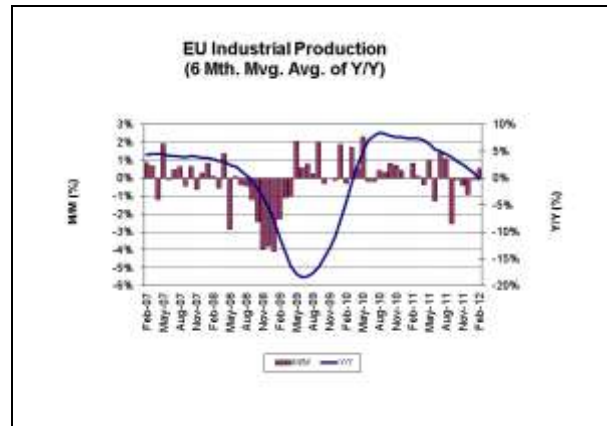
EU Trade Balance swung from a deficit of €7.9 bln in January to a surplus of €2.8 bln in February. Exports increased 8.2% M/M and 11.2% Y/Y and Imports increased 0.5% M/M and 4.0% Y/Y. The Trade Balance stood at a deficit of €2.8 bln in February 2011.



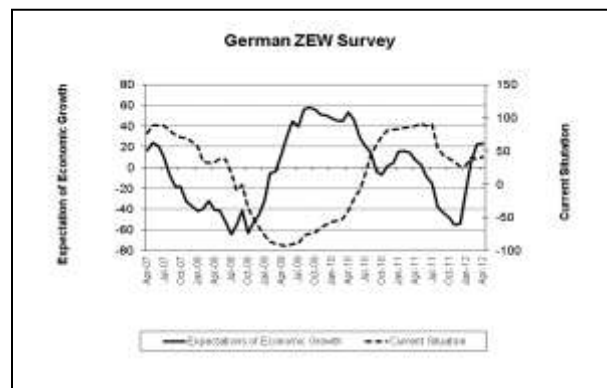
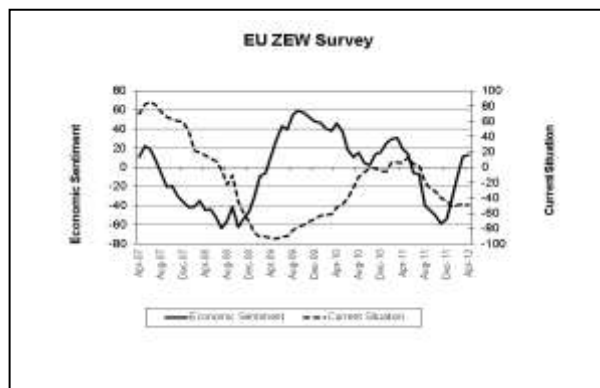
EU Industrial Prod. & ZEW Surveys

EU Industrial Production

EU Industrial Production unexpectedly increased 0.5% M/M in February. Market expectations were for a 0.2% M/M decrease. Y/Y growth fell 1.8%.



EU ZEW Surveys



The EU ZEW (Economic Sentiment) increased from 11 in March to 13.1 in April. The Current Situation component fell from -48.4 to -49.0. German ZEW Survey (Economic Sentiment) increased from 22.3 in March to 23.4 in April, a two year high. The Current Conditions Index increased from 37.6 to 40.7.

French CPI/Current Account & Italian Current Account

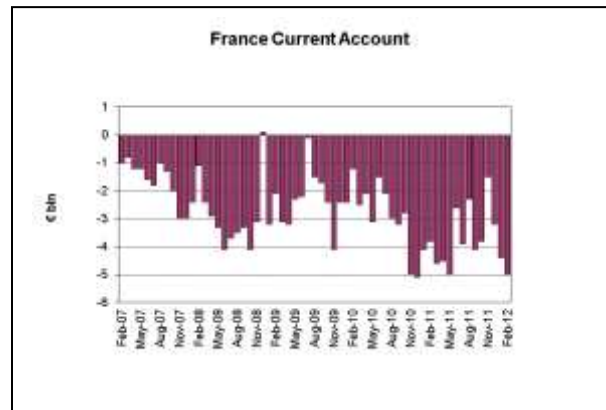
French CPI

French CPI increased 0.8% M/M and 2.3% Y/Y in March. Market expectations were for a 0.6% M/M and a 2.1% Y/Y gain.



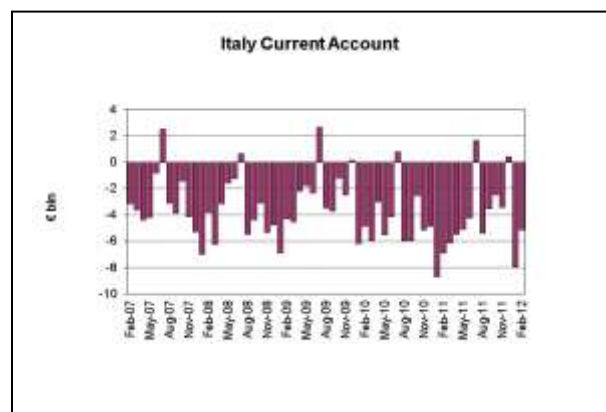
French Current Account

French Current Account deficit widened from €4.4 bln in January to €5.0 bln in February. The Current Account deficit stood at €3.8 bln in February 2011.



Italian Current Account

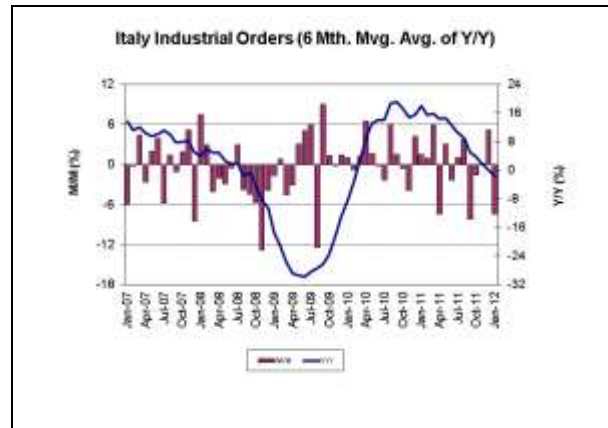
Italian Current Account deficit narrowed from €7.9 bln in January to €5.1 bln in February. The Trade Balance stood at a deficit of €6.9 bln in February 2011.



Italian Industrial Prod. & Italian/Spanish Trade Balance

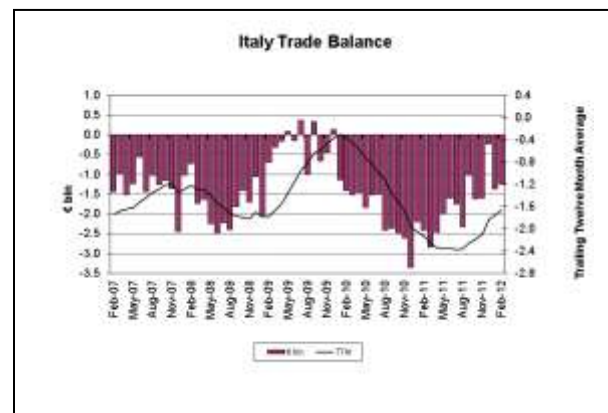
Italian Industrial Production

Italian Industrial Production fell 0.7% M/M in February, in line with market expectations. Production decreased 6.1% Y/Y.



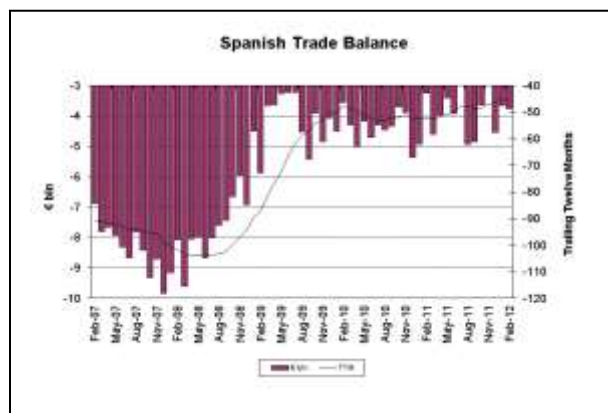
Italian Trade Balance

Italian Trade deficit narrowed from €1.4 bln in January to €1.2 bln in February. The Trade Balance stood at a deficit of €2.4 bln in February 2011.



Spanish Trade Balance

Spanish Trade Deficit widened from €3.7 bln in January to €3.8 bln in February. The Trade Balance stood at a deficit of €3.2 bln in February 2011.



Data/News/Comments

April 17th - European Car Sales Decline to 14-Year Low as Economy Stalls (Bloomberg) -

European car sales fell to a 14- year low last month. Registrations in the 27-member European Union plus Switzerland, Norway and Iceland fell 6.6 percent from a year earlier to 1.5 million vehicles, the lowest figure for March since 1998, the European Automobile Manufacturers' Association said. First- quarter sales dropped 7.3 percent to 3.43 million vehicles. France and Italy shrank by more than 20 percent. French car sales plummeted 23 percent to 197,774 vehicles, while Italian registrations dropped 27 percent to 138,137, according to the association, or ACEA. Countries reporting sales increases included Germany with a 3.4 percent gain, Poland with 8.6 percent growth and Romania with a 29 percent jump

April 17th - Bundesbank Says Euro Nations Must Set Aside Growth Concerns (Bloomberg) -

"Putting too much weight on short-term, demand-side risks misjudges the root cause of the current crisis, namely a profound loss of confidence in markets," Bundesbank board member Andreas Dombret said in a statement. "Taking consolidation plans too lightly might give some relief in the short term, but it also undermines the credibility of medium- term budget goals." "In the Bundesbank's view, the latest rise in risk premia for some euro countries shows the ongoing fragility of the situation," Dombret said. Dombret cautioned against "calls for a further loosening of monetary and fiscal policies," saying a "balanced approach" to the situation is required.

April 17th - Germany wants IMF funding raised to \$1 trillion (AP) -

Germany wants the International Monetary Fund's lending capacity to be brought to some \$1 trillion, meaning adding another \$400 billion to its coffers. A senior official in Berlin said bringing the IMF's war chest to a "similar" level as the European financial firewall of €800 billion (\$1.1 trillion) would send a strong signal to markets. "We are very hopeful and have been working hard so that we can produce a number together in Washington like what we have already done and delivered in Europe," the official said. The IMF has already given out some \$250 billion in loans and has about \$385 billion on hand, meaning it would need about \$400 billion more to reach that figure.

April 17th - Spain Is Back in Recession, Central Banker Warns (WSJ) -

Bank of Spain Gov. Miguel Ángel Fernández Ordóñez said the euro zone's fourth-largest economy was "back in recession" after a mild recovery in early 2011, "with only exports as a positive contributor to gross domestic product." Mr. Fernández Ordóñez defended the government's austerity program, saying that cuts to unproductive government spending shouldn't have a negative effect on growth and that the alternative would be worse for Spain. "Many people think that austerity is going to make the economic situation worse, but we think it's going make it better," Mr. Fernández Ordóñez said. "We think that things will get much worse if Spain doesn't reach the budget deficit targets."

Data/News/Comments Cont'd

April 17th - IMF sees Italy missing budget deficit targets (AP) - The IMF said Italy's deficit will reach 2.4 percent of its economy this year, above its 1.2 percent target. It is forecast to trim it to 1.5 percent of its output next year and 1.1 percent of its economy in 2017. The IMF projected the economy would contract 1.9 percent in 2012. The government predicted the economy would contract 1.2 percent this year, more than the 0.4 percent previously projected. Italy is now predicting that it will register a zero deficit only in 2015. Italy said its level of public debt would reach 123.4 percent of gross domestic product in 2012, up from the current 120 percent, but then would fall in 2013 to 121.6 percent and fall in the years thereafter.

April 12th - ECB Says It's Prepared to Fight Inflation in Firm, Timely Manner (Bloomberg) - The European Central Bank said it is prepared to act if needed to curb inflation pressures even as downside risks to the economic outlook prevail.

“All the necessary tools are available to address upside risks to medium-term price stability in a firm and timely manner,” the Frankfurt-based central bank said in its monthly bulletin today, echoing President Mario Draghi’s April 4 policy statement. While “a moderate recovery in activity is expected in the course of the year,” the “outlook remains subject to downside risks,” it said.

Key Dates This Week

Date	Indicators	Expectations	Previous
19-Apr	EC Euro-Zone Consumer Confidence	APR A --	-19.1
24-Apr	EC Eurostat Discontinues the Release of Industrial Orders		
20-Apr	GE Producer Prices (M/M)	MAR 0.40%	0.40%
20-Apr	GE Producer Prices (Y/Y)	MAR 3.10%	3.20%
20-Apr	GE IFO - Business Climate	APR 109.5	109.8
20-Apr	GE IFO - Current Assessment	APR 117.1	117.4
20-Apr	GE IFO - Expectations	APR 102.6	102.7
23-Apr	GE PMI Manufacturing	APR A --	48.4
23-Apr	GE PMI Services	APR A --	52.1
24-30 APR	GE Import Price Index (M/M)	MAR --	1.00%
24-30 APR	GE Import Price Index (Y/Y)	MAR --	3.50%
23-Apr	FR Own-Company Production Outlook	APR --	6
23-Apr	FR Production Outlook Indicator	APR --	-15
23-Apr	FR Business Confidence Indicator	APR --	96
24-Apr	FR Consumer Confidence Indicator	APR --	87
24-Apr	FR Business Survey Overall Demand	APR --	-12
23-Apr	IT Consumer Confidence Ind. sa	APR --	96.8
25-Apr	SP Producer Prices (M/M)	MAR --	0.60%
25-Apr	SP Producer Prices (Y/Y)	MAR --	3.40%

Valance Economic Report: Japan

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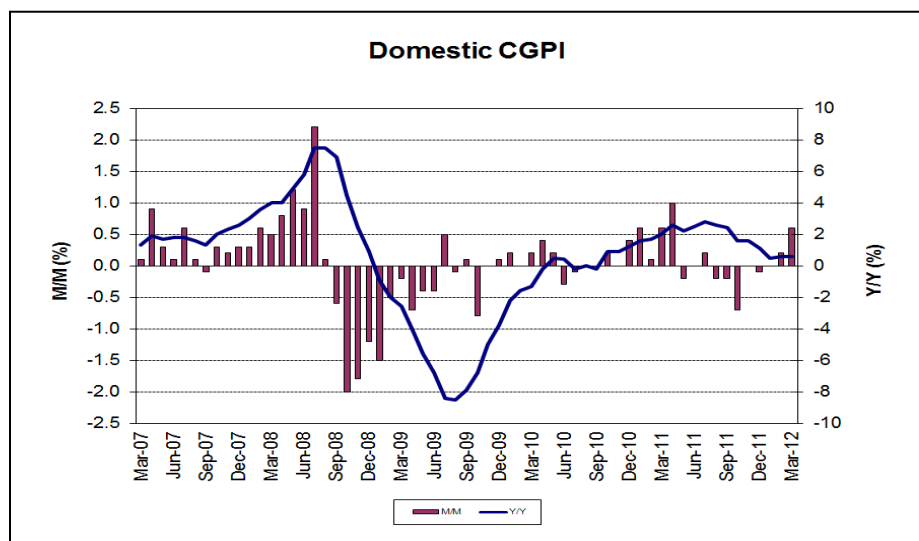
April 18, 2012

Corporate Goods Prices increased in March, beating market expectations. Meanwhile, Industrial Production declined, although not as much as originally estimated and Consumer Sentiment improved.

Weekly Highlights

CGPI – increased 0.6% M/M and Y/Y in March. (JN 1)
Dept Store Sales – increased 26.7% Y/Y in March. (JN 4)

Chart of the Week: Corporate Goods Prices



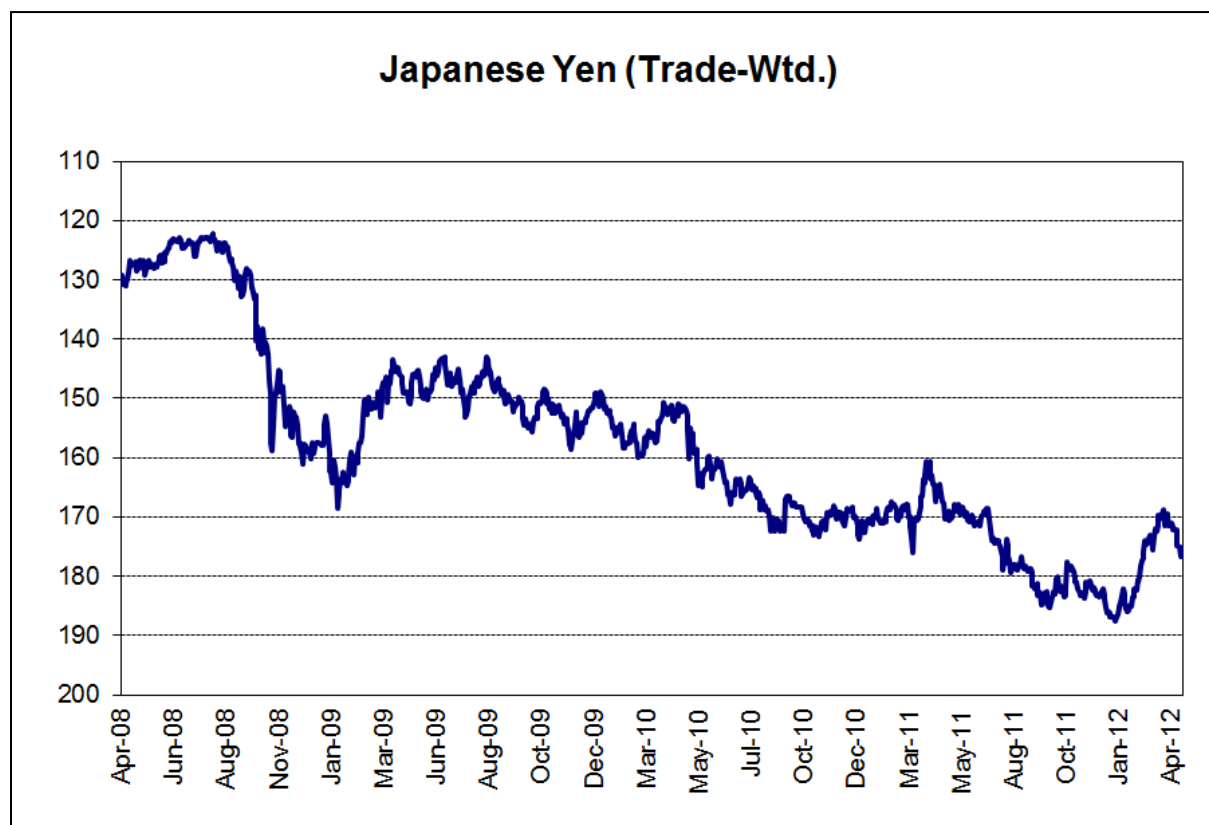
Japan's Corporate Goods Prices increased 0.6% M/M and 0.6% Y/Y in March. The increase was better than the 0.4% M/M and Y/Y that the market anticipated and marked the second consecutive M/M improvement. The M/M increase was also the strongest in nearly a year.

By sector, M/M prices saw a 0.5% increase in manufacturing due to increases in nonferrous metals, electrical machinery, utilities, and petroleum/coal. The agriculture sector saw a 0.7% M/M decline while minerals were unchanged, utilities saw a 0.3% M/M gain, and scrap/waste saw a 4.8% M/M decline.

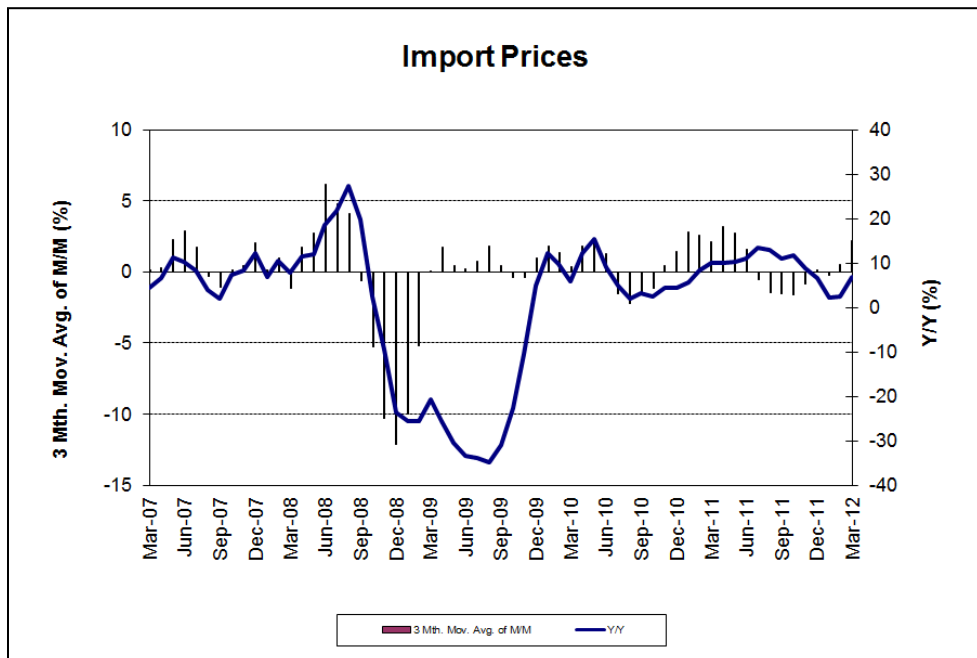
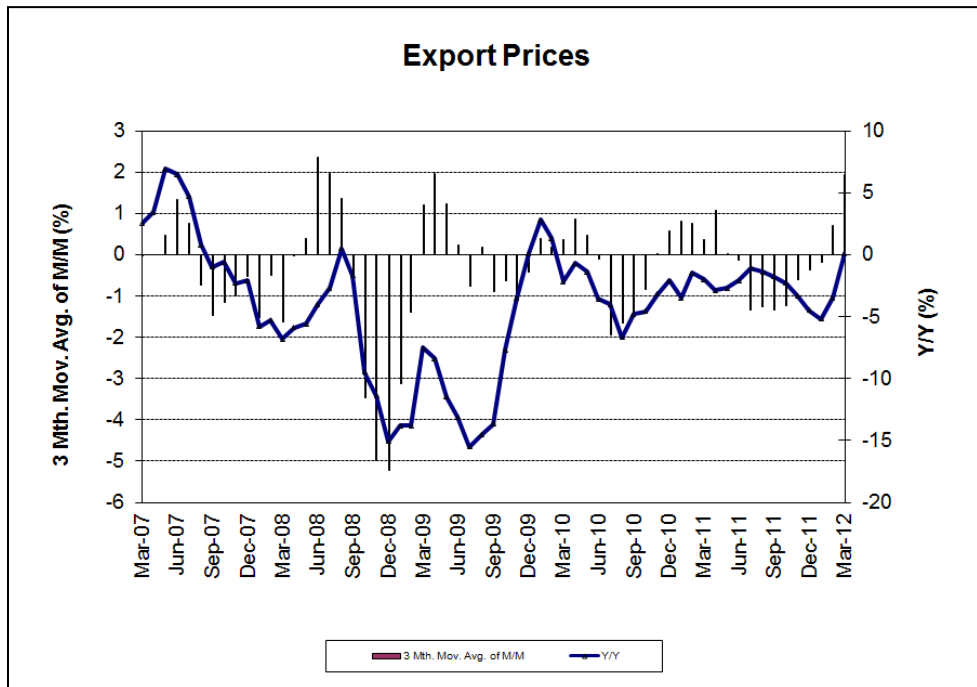
Japan's Financial Balances

Financial Balances

Japan	Last period (¥trln)	Last 12mth. as a % of GDP
Budget Balance	-3.03 (May)	-6.9%
Trade Balance	0.69 (June)	2.2%
Current Account Balance	1.50 (June)	5.2%
Private Balance	--	12.1%



CGPI (Cont'd)

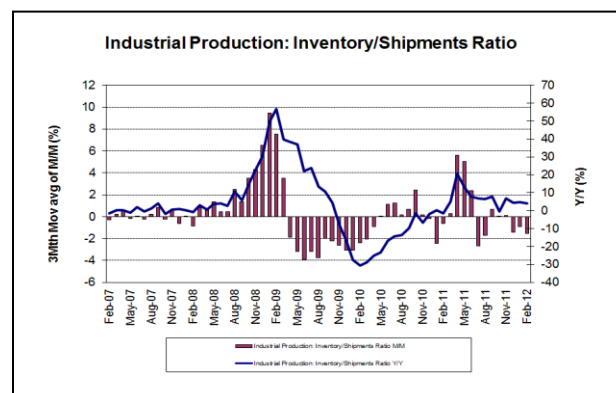
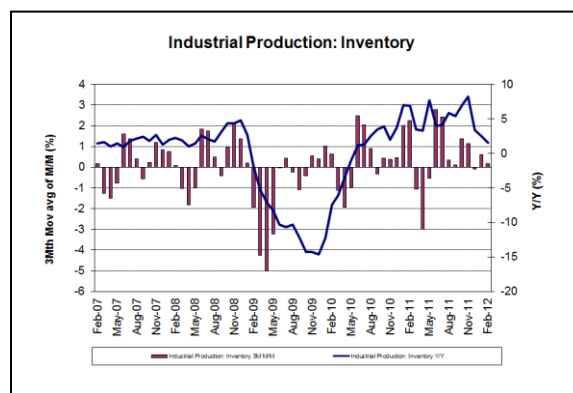
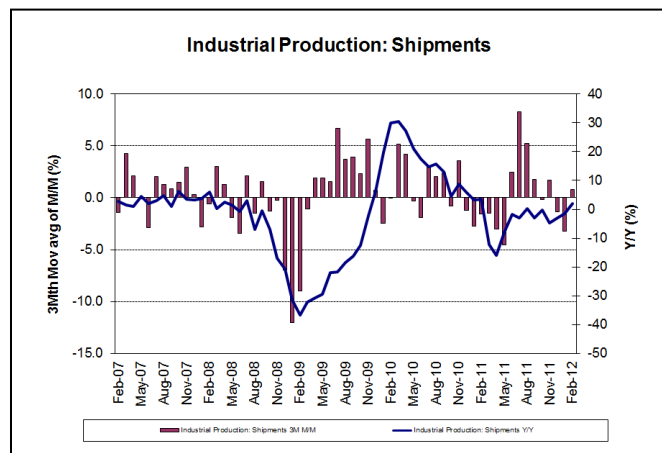
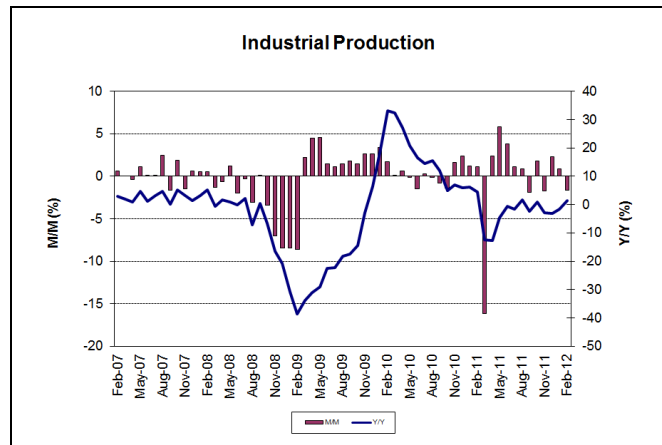


Industrial Production

After revision, Industrial Production dropped 1.6% M/M and increased 1.5% Y/Y in February, compared with an originally estimated 1.8% M/M decline.

Within the data, shipments increased 0.3% M/M and 1.5% Y/Y vs original estimates of no M/M change. Inventories dropped 0.5% M/M and increased 1.0% Y/Y in line with original estimates. The Inventory Ratio declined 2.7% M/M and increased 4.2% Y/Y vs original estimates of a 2.6% M/M decline.

As noted in the original report, producers expect production to increase 2.6% M/M in March before increasing a further 0.7% M/M in April.

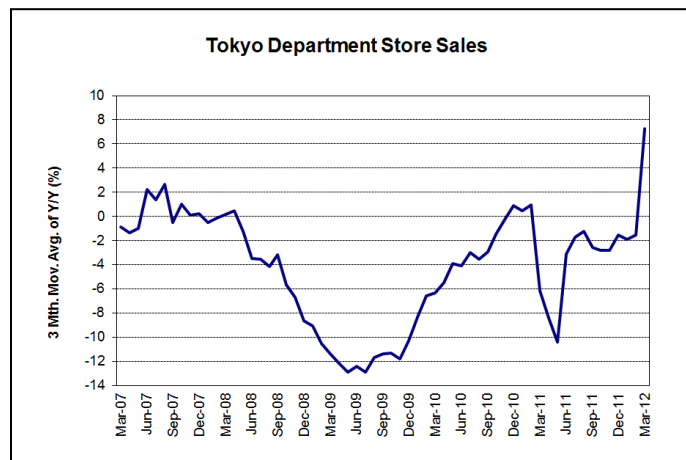
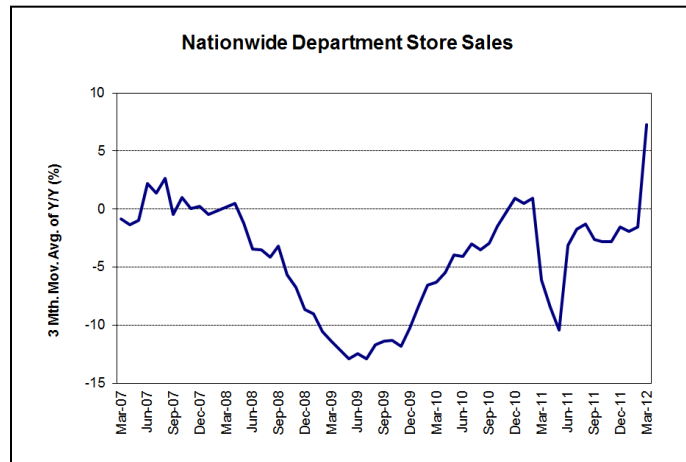


Dept Store Sales & Consumer Sentiment

Nationwide Dept. Store Sales

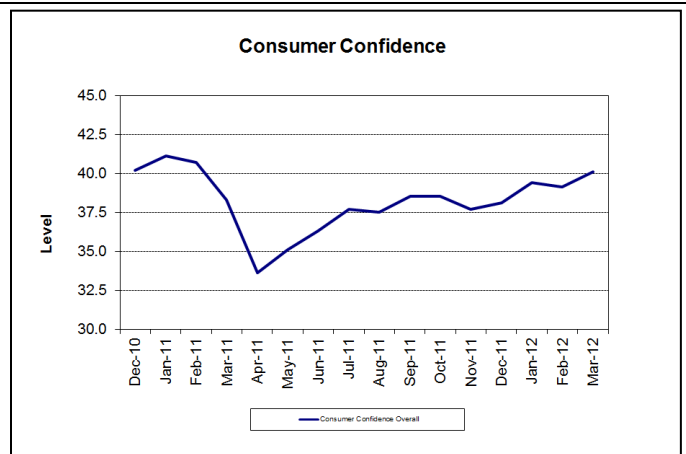
Nationwide Dept Store Sales increased 14.1% Y/Y in March. Sales within the index were all very strong. Within Tokyo, sales increased 26.7% Y/Y in March.

The strong numbers were caused by the effects of the Earthquake a year ago. Compared with March 2010, sales fell 2.3%.



Consumer Sentiment

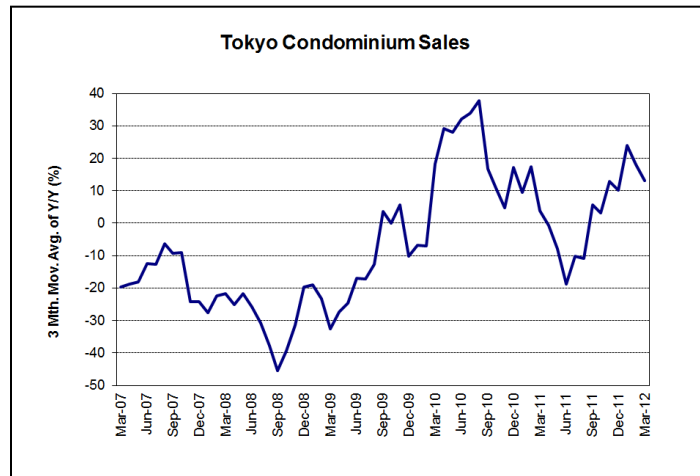
Nationwide Consumer Confidence increased 0.4pts to 40.3 in March. Within the data, overall livelihood improved 0.4pts to 41.1, income growth improved 0.4pts to 39.4, employment improved 0.7pts to 38.6, and a willingness to buy durable goods increased 0.1pts to 42.1.



Tokyo Condo Sales & News

Tokyo Condo Sales

The number of condominiums for sale dropped 6.1% Y/Y in March. The number of units sold declined 6.6% Y/Y, the number of units unsold increased 8.7% Y/Y, the average unit price declined 0.1% Y/Y, the price per square meter increased 1.7% Y/Y.



News

4/18 – BoJ Policy Stance Confuses Investors (Bloomberg) – A former Bank of Japan board member said that investors are confused because the central bank is making decisions that seem at odds with the stance of its own policy makers. “The BOJ is probably implementing policies it doesn’t want to,” said Atsushi Mizuno, 52, managing director of Credit Suisse AG in Tokyo and a member of the policy board from 2004 to 2009. The central bank “announced measures that it doesn’t necessarily think are effective” for ending deflation by expanding asset sales and setting a 1 percent inflation goal, he said in an interview on April 16. Goldman Sachs Group Inc. economist Naohiko Baba previously said that those moves in February were “out of character” for central bank Governor Masaaki Shirakawa, while JPMorgan Chase & Co. described them as a “game changer” that marked a new approach by the monetary authority. Political pressure for expanding easing was highlighted by lawmakers this month rejecting a government nominee for the BOJ’s board who some saw as lacking enthusiasm for bolder measures. Such pressure may have been a factor in February’s moves, said Mizuno, who added that there is “no consistency” between the BOJ’s stance and comments by Shirakawa. “The market is confused by the BOJ’s communication,” he said.

4/18 – BoJ To Raise Consumer Price Forecasts (Nikkei) - The Bank of Japan is considering moderate upward revisions to consumer inflation outlooks for fiscal 2012 and 2013, sources familiar with the bank's thinking say, as high crude oil prices and post-quake rebuilding demand are pushing up the consumer price index's rise slightly faster than expected. In January, the BOJ projected a 0.1% year-on-year growth in the CPI excluding fresh food for fiscal 2012 and 0.5% for fiscal 2013. It is now likely to lift the figures to somewhere between zero and 0.5% and between 0.5% and 1%, respectively. The revised forecast will be presented as the median forecast of BOJ policy board members when the bank unveils its biannual economic activity and price outlook report, due out April 27. The upcoming outlook will still fall short of 1%, the level regarded by the BOJ as its price stability goal. To support price recovery trends, the central bank will consider additional monetary easing steps when its policy-setting board meets on April 27.

News

4/18 – BoJ Nishimura: BoJ Will Take Additional Steps as Needed (Dow Jones) – Bank of Japan Deputy Gov. Kiyohiko Nishimura said Wednesday that the central bank stands ready to take additional steps as needed to achieve its price goal. "The bank is committed to implementing additional easing measures if deemed necessary," Nishimura said in a speech to business executives in Okayama, western Japan. Nishimura made the comments amid lingering expectations for further monetary easing by the BOJ in a bid to reinforce its commitment to an inflation goal adopted by the central bank in February.

4/16 – Shirakawa: BoJ Making Utmost Efforts to Overcome Deflation (Dow Jones) - Bank of Japan Gov. Masaaki Shirakawa said Monday that the central bank is making utmost efforts to defeat deflation in the domestic economy. "The BOJ recognizes it is extremely important that Japan's economy move out of deflation and return to a sustainable growth path with price stability," Shirakawa said to a meeting of Japanese trust banks. He also said the risk of major turmoil in global financial markets has receded following the European central bank's supplying of ample funds to the market, and Greece's international creditors agreeing to extend a second round of financial aid.

4/13 – BoJ Board Member Miyao Proposed Further Easing in March (Dow Jones) - Bank of Japan policy board member Ryuzo Miyao proposed further easing at a March meeting to reinforce surprise measures taken by the central bank in February, but other members said the BOJ should first gauge the impact of previous steps, minutes of the meeting showed Friday. Miyao, a dovish member of the BOJ's policy-setting board, suggested that the bank buy more Japanese government bonds under its asset purchase program--its main tool for credit easing amid near-zero interest rates. He said that such a move is needed to help realize potential demand in the economy amid a "correction" in the strong yen and a recovery in the stock markets. The move would "help engender potential demand.... by further spreading the understanding of the bank's policy stance," Miyao said, according to the minutes. His proposal to expand the size of the program by Y5 trillion to Y70 trillion was rejected by the other eight board members.

Upcoming Dates

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
4/18	Merchnds Trade Balance Total	-¥223.2B	¥32.9B
4/18	Adjusted Merchnds Trade Bal.	-¥446.3B	-¥313.2B
4/18	Merchnds Trade Exports YoY	0.2	-2.7
4/18	Merchnds Trade Imports YoY	7	9.2
4/19	Tertiary Industry Index (MoM)	0.70%	-1.70%
4/20	Convenience Store Sales YoY	N/A	4.80%
4/23	Coincident Index CI	N/A	93.7
4/23	Leading Index CI	N/A	96.6
4/23	Supermarket Sales (YoY)	N/A	0.30%
4/23	Corp Service Price Index (YoY)	N/A	-0.60%
4/24	Small Business Confidence	N/A	48.7
4/25	Machine Tool Orders (YoY)	N/A	2.40%

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Valance Economic Report: United Kingdom

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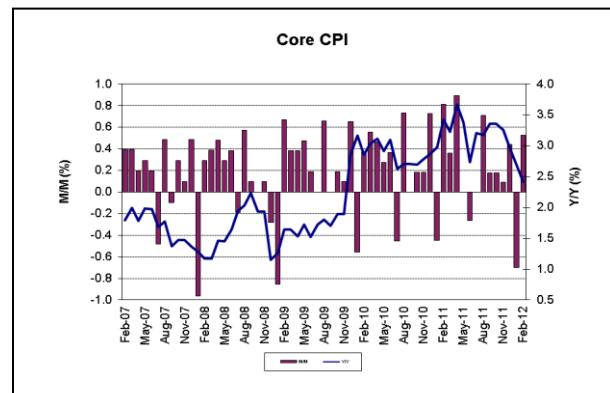
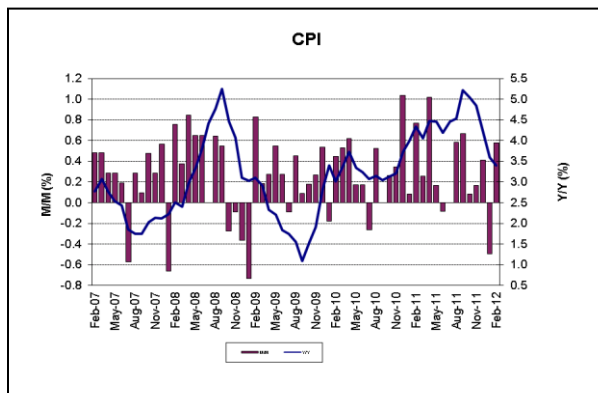
April 18, 2012

CPI growth increased faster than expected in March. Meanwhile, the Unemployment rate declined and housing prices increased.

Weekly Highlights

CPI – increased 0.3% M/M and 3.5% Y/Y in March. (UK 1)

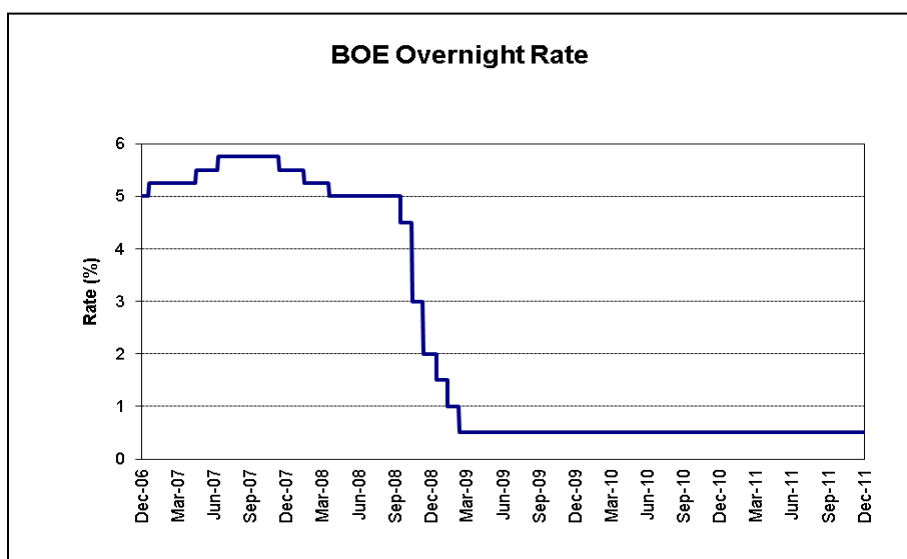
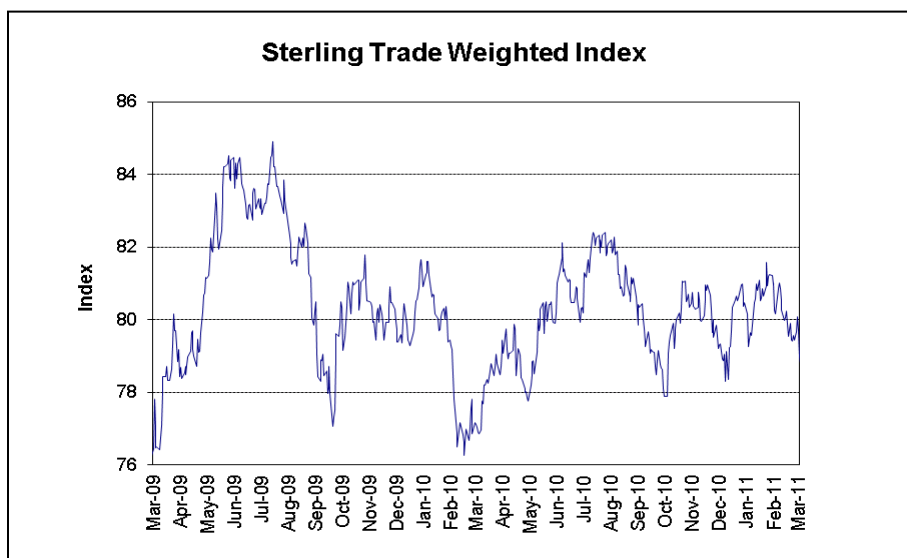
ILO Unemployment Rate – dropped from 8.4% to 8.3% in the three months through Feb. (UK 3)

Weekly Releases & News**Chart(s) of the Week: CPI**

Headline CPI increased 0.3% M/M and 3.5% Y/Y in March, rising roughly in line with market expectations, which called for a +0.3% M/M and +3.4% Y/Y. Core CPI increased 0.4% M/M and 2.5% Y/Y against market expectations for a 2.3% Y/Y increase. Overall, the increase was the first in six months and was driven by increases in food, clothing and recreational prices.

Financial Balances & FX

U.K.	Last Period (blns)	Last 12mth. % of GDP
Budget Balance (monthly/total)	+£10.3 (Feb)	+9.8%
Curr. Acct. Balance (quarterly)	-£10.5(Dec)	-2.9%
Private Balance	-£0.2	+6.9%

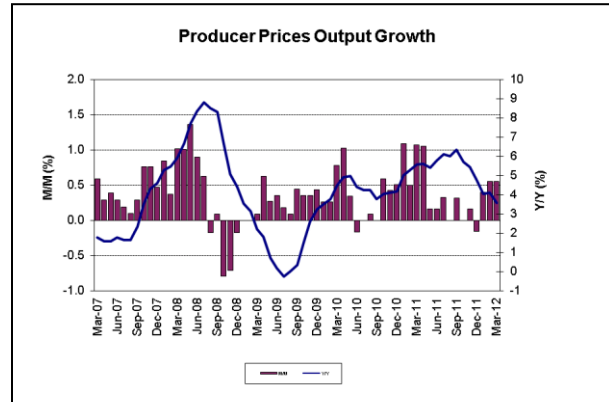


PPI & Employment Data

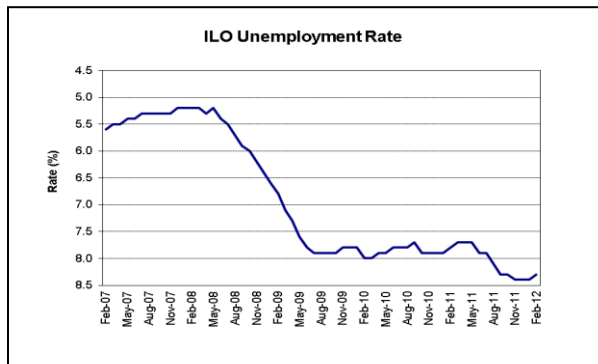
Producer Prices Input/Output Growth

March Core Prices charged by factories rose 0.1% M/M and 2.5% Y/Y, slightly below market expectations for a 0.2% M/M and 2.6% Y/Y increase. Overall prices increased 0.6% M/M and 3.6% Y/Y.

Input prices increased 1.9% M/M and 5.8% Y/Y, rising faster than the +1.4% M/M and +4.8% Y/Y the market expected. February's +2.1% M/M and +7.3% Y/Y was revised to +2.5% M/M and +7.8% Y/Y.

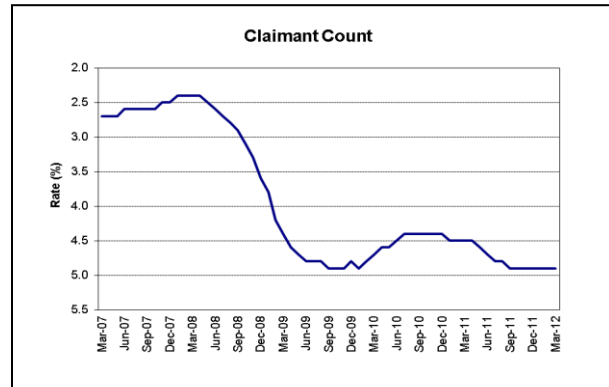
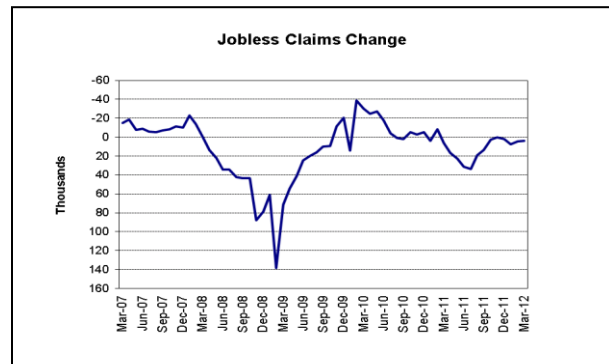


Employment Data



The ILO Unemployment Rate dropped from 8.4% to 8.3% in the three months through February, against market expectations for no change. Meanwhile, the claimant count rate moved to 4.9% in March against expectations for the series to remain at 5.0%. February's 5.0% was revised to 4.9%.

The number of people claiming benefits increased 3.6K in March against expectations of 6.0K. February's 7.2K was revised down to 4.5k.

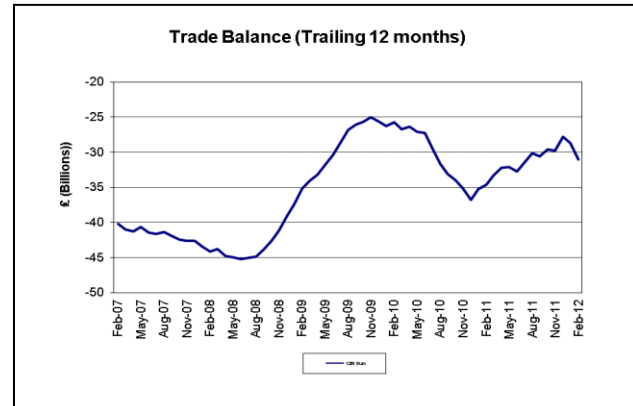


Weekly pay, including bonus rose 1.1% on a 3month Y/Y basis, slightly below market expectations for +1.2% 3M Y/Y. Excluding bonuses, weekly pay increased 1.6% 3M Y/Y as anticipated.

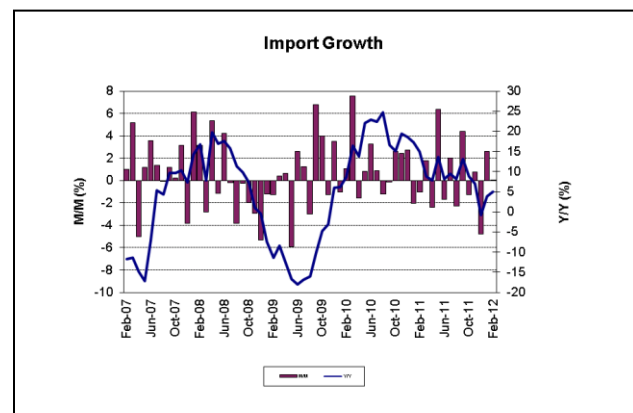
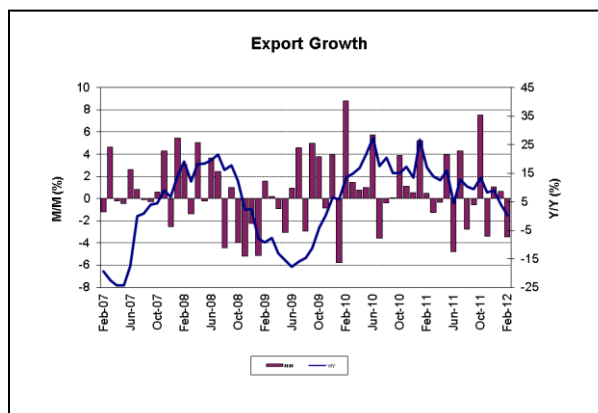
Trade Balance & DCLG Housing Survey

Trade Balance

The UK's trade deficit increased from £7.8 bln to £8.7 bln in February. The trade deficit with countries outside the Euro area increased from £3.7 bln to £5.0 bln.



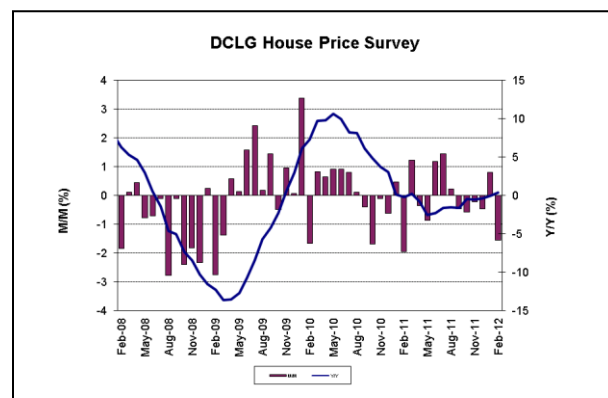
Exports & Imports



Exports dropped 5.3% M/M while Imports dropped 1.2% M/M. Excluding oil and erratics, exports dropped 5.3% M/M and imports dropped 0.9% M/M.

DCLG House Price Survey

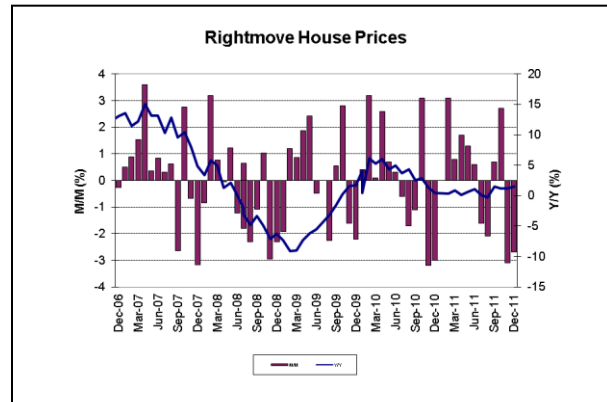
According to the Department for Communities and Local Government, House Prices rose 0.3% Y/Y in February.



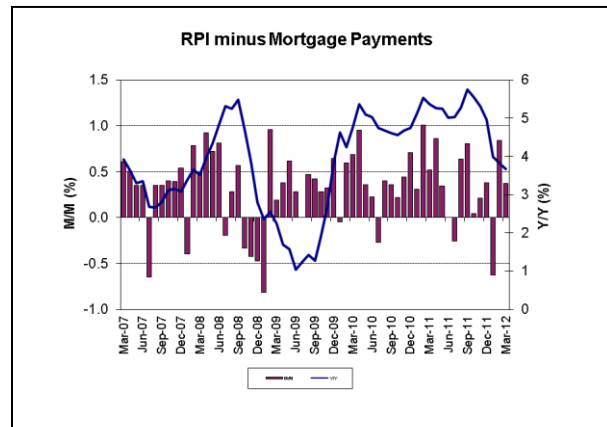
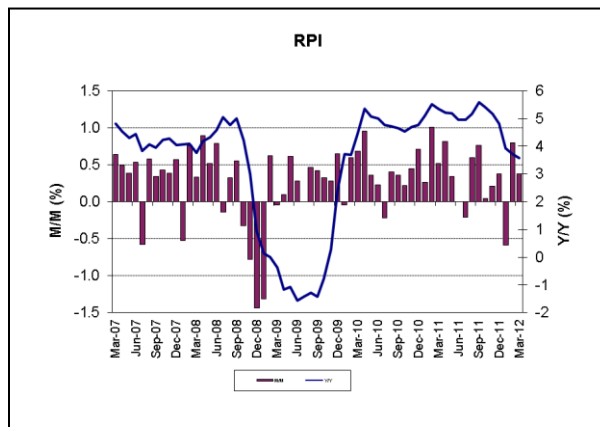
House Prices & RPI

Rightmove House Prices

Rightmove House Prices increased 2.9% M/M and 3.4% Y/Y in April. The average London asking price increased 2.9% M/M and 7.9% Y/Y.



RPI Growth & RPI, ex. Mortgage Interest Payments



RPI increased 0.4% M/M and 3.6% Y/Y in March. RPI excluding mortgage payments increased 0.4% M/M and 3.7% Y/Y in March.

News

Apr. 18th - Posen Switches Vote as BOE Concerned U.K. Inflation May Persist (Bloomberg) -

Adam Posen ended his push for further Bank of England stimulus this month and David Miles said his view on the need for more was “finely balanced” as officials said inflation may turn out faster than forecast. Posen joined the majority of the nine-member Monetary Policy Committee in seeking no change to the 325 billion-pound (\$517 billion) asset-purchase target, according to minutes of their April 4-5 meeting published today in London. While officials noted the U.K. may face a recession in the first half of this year, they said inflation might pose more of a danger than previously anticipated. “There was a greater chance than before that above-target inflation would persist into the medium term,” the minutes said. “For one member, the balance of risks continued to warrant an expansion of the asset-purchase program this month, although the decision was finely balanced.” The decision endorsed the bank’s final month of bond purchases while setting the stage for a possible pause in May when officials will consider new quarterly forecasts and debate whether to halt the program. While the International Monetary Fund said yesterday that policy makers can still loosen policy further to aid economic growth, data showed inflation unexpectedly accelerated for the first time in six months. Deputy Governor Paul Tucker, who sided with the majority, said policy makers will not risk letting inflation expectations de-anchor from the central bank’s goal as the pace of price gains remains “uncomfortably above target.”

Apr. 18th - BOE’s Tucker Says Inflation Rate May Slow Less Than Forecast (Bloomberg) -

Bank of England Deputy Governor Paul Tucker said policy makers will keep inflation expectations anchored to the central bank’s 2 percent goal as the pace of price gains slows less than expected this year. “Inflation might remain above 3 percent throughout the second quarter of this year, and possibly into the second half of the year,” Tucker said in a speech today in Liverpool, northwest England. The rate of consumer-price gains remains “uncomfortably above target,” he said.

Apr. 16th - Weak construction growth raises GDP worry - (FT)

Construction output rose less in February than economists hoped, according to official statistics. The Office for National Statistics said the volume of construction output rose just 6.1 per cent between January and February after falling 12.9 per cent between December and January and 10.3 per cent between November and December. Output was 4.6 per cent lower than the same month a year ago. Construction only accounts for about 8 per cent of the UK’s gross domestic product and the ONS monthly figures are not seasonally adjusted. Nonetheless, some economists were concerned by the data’s implications for overall GDP growth in the first three months of the year.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
4/20	Retail Sales Ex Auto Fuel(MoM)	MAR	0.40%	-0.80%
4/20	Retail Sales Ex Auto Fuel(YoY)	MAR	1.30%	1.00%
4/20	Retail Sales w/Auto Fuel (MoM)	MAR	0.50%	-0.80%
4/20	Retail Sales w/Auto Fuel (YoY)	MAR	1.50%	1.00%
4/23- 4/27	Nationwide Consumer Confidence	MAR	43	44
4/24	Public Finances (PSNCR)	MAR	N/A	-7.8B
4/24	PSNB ex Interventions	MAR	N/A	15.2B
4/24	Public Sector Net Borrowing	MAR	N/A	12.9B
4/25	GDP (QoQ)	1Q A	N/A	-0.30%
4/25	GDP (YoY)	1Q A	N/A	0.50%
4/25	Index of Services (MoM)	FEB	N/A	0.20%
4/25	Index of Services (3mth/3mth)	FEB	N/A	0.30%
4/25	CBI Trends Total Orders	APR	N/A	-8
4/25	CBI Trends Selling Prices	APR	N/A	24
4/25	CBI Business Optimism	APR	N/A	-25

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Valance Economic Report: Canada

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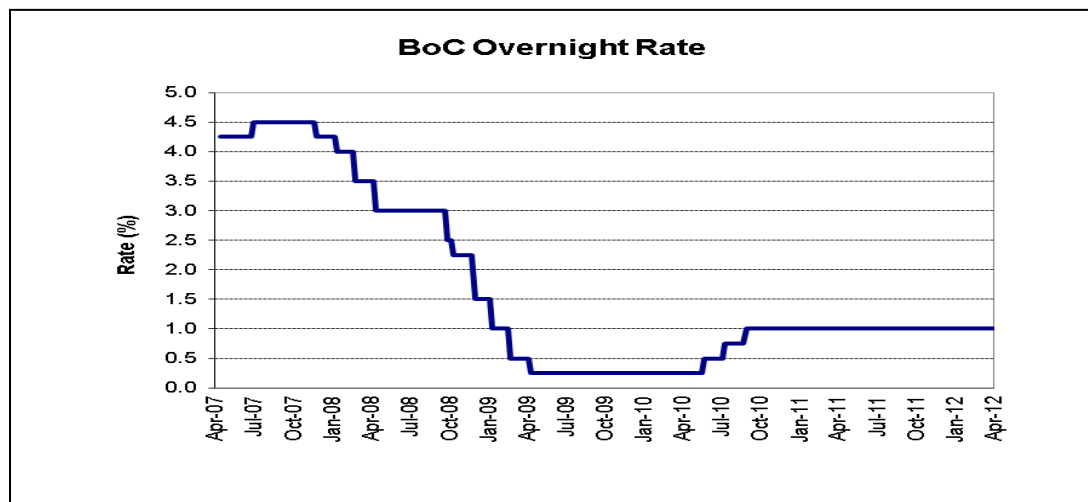
April 18, 2012

As widely expected, the BoC kept its overnight rate at 1.00% in April. On the data front, the trade Surplus narrowed from C\$1.9 bln in January to C\$0.3 bln in February as exports fell and imports increased. Manufacturing Shipments fell in February, in line with market expectations.

Weekly Highlights

BoC – kept rates at 1.00%. (CA 1)

Trade Surplus - narrowed as exports fell and imports increased. (CA 3)

Weekly Releases & News**Chart(s) of the Week: BoC Overnight Rates**

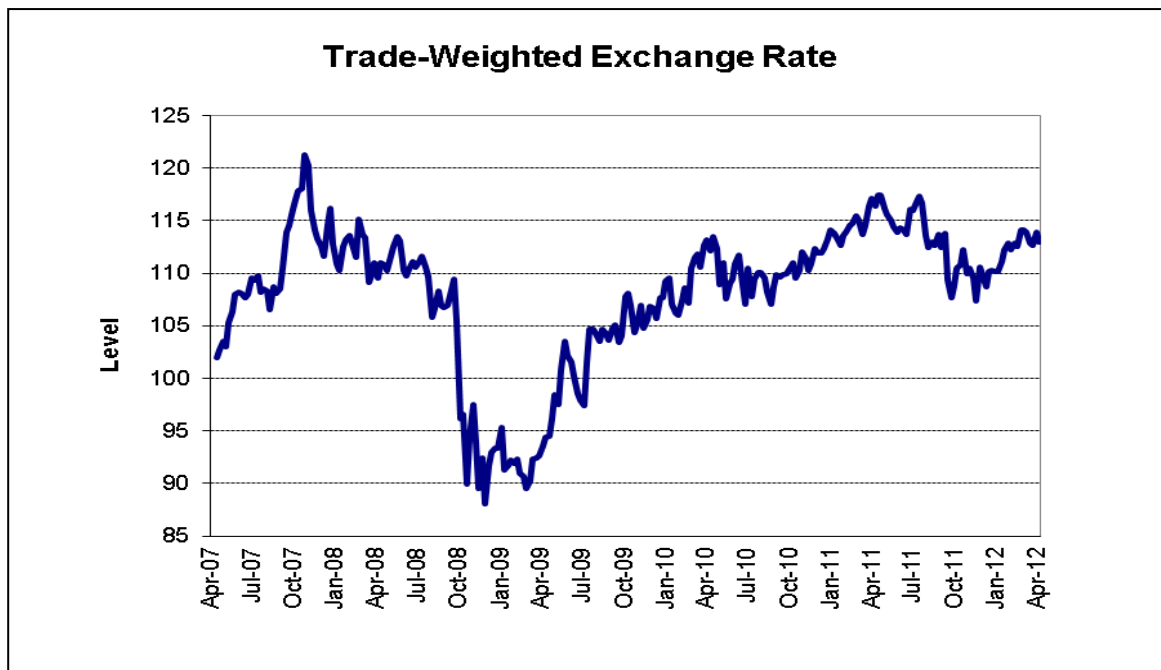
The BoC kept its overnight rate at 1.00%, as was widely expected. The Bank stated that “In light of the reduced slack in the economy and firmer underlying inflation, some modest withdrawal of the present considerable monetary policy stimulus may become appropriate.” The Bank further stated that “The timing and degree of any such withdrawal will be weighed carefully against domestic and global economic developments.”

Financial Balances & Trade Weighted Exchange Rate

Financial Balances

<i>Canada</i>	<i>Latest period (C\$bln)</i>	<i>Last 12mth. as % of GDP</i>
Budget Balance	1.7 (Jan)	-2.3%
Trade Balance	0.3 (Feb)	-1.4%
Current Account Balance	-10.3 (Q4)	-6.3%
Private Balance	--	-4.0%

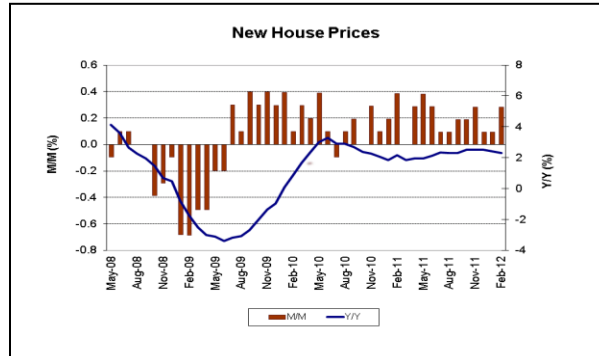
Trade-Weighted Exchange Rate



New House Prices & Trade Data

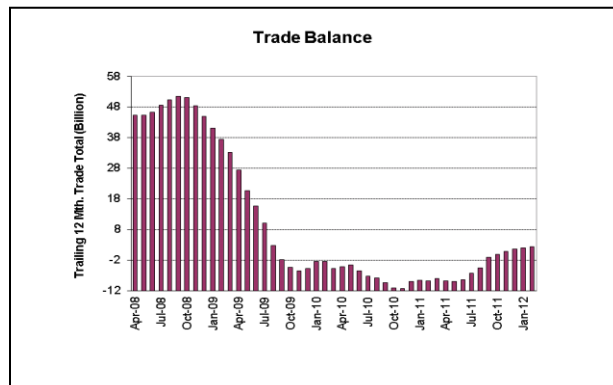
New House Prices

New House Prices increased 0.3% M/M and 2.3% Y/Y in February. Details show that Prices for houses increased 0.2% M/M and 2.7% Y/Y and prices for land gained 0.2% M/M and 1.6% Y/Y.

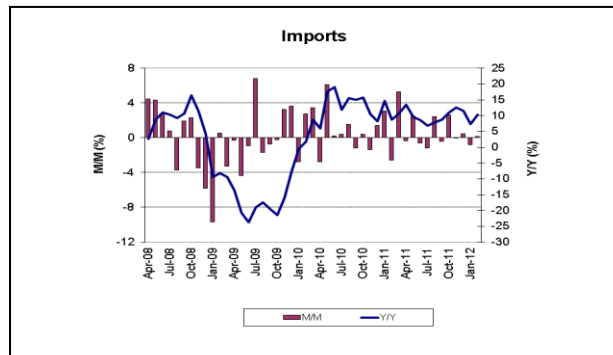
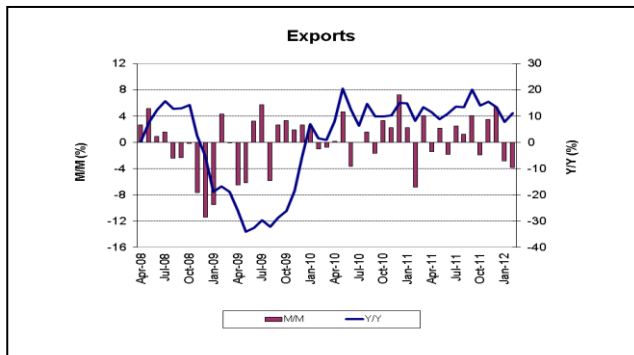


Trade Balance

Canada's Trade Surplus narrowed from C\$1.9 bln in January to C\$0.3 bln in February as exports fell and imports increased. January's figure was revised down from C\$2.1 bln to C\$2.0 bln. The Trade Surplus with the US narrowed from C\$ 6.1 bln in January to C\$4.8 bln in February.



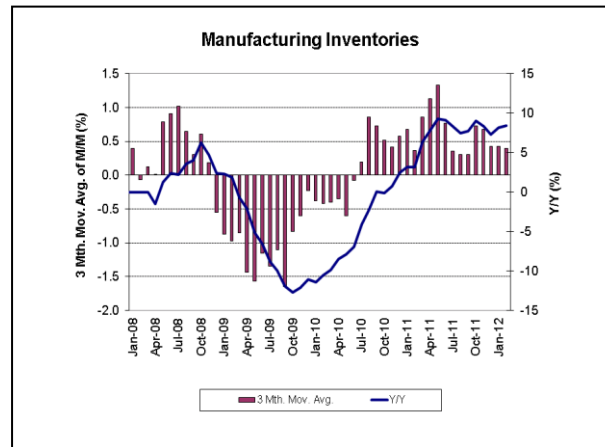
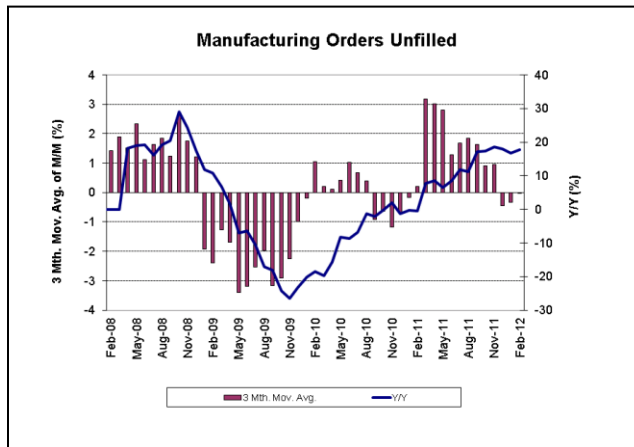
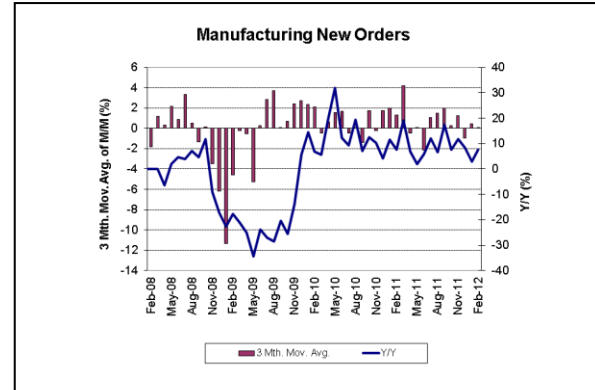
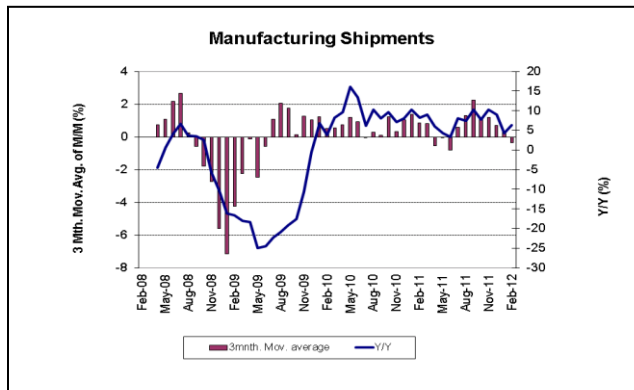
Exports & Imports



Exports fell 3.9% M/M in February as a result of a decline on energy and automobiles. Y/Y growth increased 11.2%. Imports increased 0.2% M/M and 10.3% Y/Y.

Manufacturing Data

Manufacturing Data



Manufacturing Shipments fell 0.3% M/M in February, following a 1.3% M/M decline in January. Y/Y growth increased 6.3%. New Orders fell 0.3% M/M, in line with market expectations. Y/Y growth increased 7.6%. Inventory levels gained 0.3% M/M and 8.5% Y/Y. Unfilled orders rose 1.9% M/M and 17.6% Y/Y.

Bank of Canada Statement

April 17, 2012

Ottawa, Ontario -

The Bank of Canada today announced that it is maintaining its target for the overnight rate at 1 per cent. The Bank Rate is correspondingly 1 1/4 per cent and the deposit rate is 3/4 per cent.

The profile for global economic growth has improved since the Bank released its January *Monetary Policy Report* (MPR). Europe is expected to emerge slowly from recession in the second half of 2012, although the risks around this outlook remain high. The profile for U.S. growth is slightly stronger, reflecting the balance of somewhat improved labour markets, financial conditions and confidence on the one hand, and emerging fiscal consolidation and ongoing household deleveraging on the other. Economic activity in emerging-market economies is expected to moderate to a still-robust pace over the projection horizon, supported by an easing of macroeconomic policies. Improved global economic prospects, supply disruptions and geopolitical risks have kept commodity prices elevated. In particular, the international price of oil has risen further and is now considerably higher than that received by Canadian producers. If sustained, these oil price developments could dampen the improvement in economic momentum.

Overall, economic momentum in Canada is slightly firmer than the Bank had expected in January. The external headwinds facing Canada have abated somewhat, with the U.S. recovery more resilient and financial conditions more supportive than previously anticipated. As a result, business and household confidence are improving faster than forecast in January. The Bank projects that private domestic demand will account for almost all of Canada's economic growth over the projection horizon. Household spending is expected to remain high relative to GDP as households add to their debt burden, which remains the biggest domestic risk. Business investment is projected to remain robust, reflecting solid balance sheets, very favourable credit conditions, continuing strong terms of trade and heightened competitive pressures. The contribution of government spending to growth is expected to be quite modest over the projection horizon, in line with recent federal and provincial budgets. The recovery in net exports is likely to remain weak in light of modest external demand and ongoing competitiveness challenges, including the persistent strength of the Canadian dollar.

The Bank projects that the economy will grow by 2.4 per cent in both 2012 and 2013 before moderating to 2.2 per cent in 2014. The degree of economic slack has been somewhat smaller than the Bank had anticipated in January, and the economy is now expected to return to full capacity in the first half of 2013. As a result of this reduced slack and higher gasoline prices, the profile for inflation is expected to be somewhat firmer than anticipated in January. After moderating this quarter, total CPI inflation is expected, along with core inflation, to be around 2 per cent over the balance of the projection horizon as the economy reaches its production potential, the growth of labour compensation remains moderate, and inflation expectations stay well-anchored.

Reflecting all of these factors, the Bank has decided to maintain the target for the overnight rate at 1 per cent. In light of the reduced slack in the economy and firmer underlying inflation, some modest withdrawal of the present considerable monetary policy stimulus may become appropriate, consistent with achieving the 2 per cent inflation target over the medium term. The timing and degree of any such withdrawal will be weighed carefully against domestic and global economic developments.

Key Dates This Week

Date	Indicators		Expectations	Previous
20-Apr	Leading Indicators M/M	MAR	--	0.60%
20-Apr	Consumer Price Index M/M	MAR	0.60%	0.40%
20-Apr	Consumer Price Index Y/Y	MAR	2.10%	2.60%
20-Apr	Bank Canada CPI Core M/M	MAR	0.30%	0.40%
20-Apr	Bank Canada CPI Core Y/Y	MAR	2.00%	2.30%
20-Apr	Consumer Price Index SA M/M	MAR	--	0.10%
20-Apr	Core CPI SA M/M	MAR	--	0.20%
20-Apr	Consumer Price Index	MAR	--	121.2
23-Apr	Wholesale Sales M/M	FEB	--	-1.00%
24-Apr	Newfoundland Provincial Budget			
24-Apr	Retail Sales M/M	FEB	--	0.50%
24-Apr	Retail Sales Less Autos M/M	FEB	--	-0.50%
25-Apr	Teranet/National Bank HPI M/M%	FEB	--	0.10%
25-Apr	Teranet/National Bank HPI Y/Y%	FEB	--	6.50%
25-Apr	Teranet/National Bank HP Index	FEB	--	149.02

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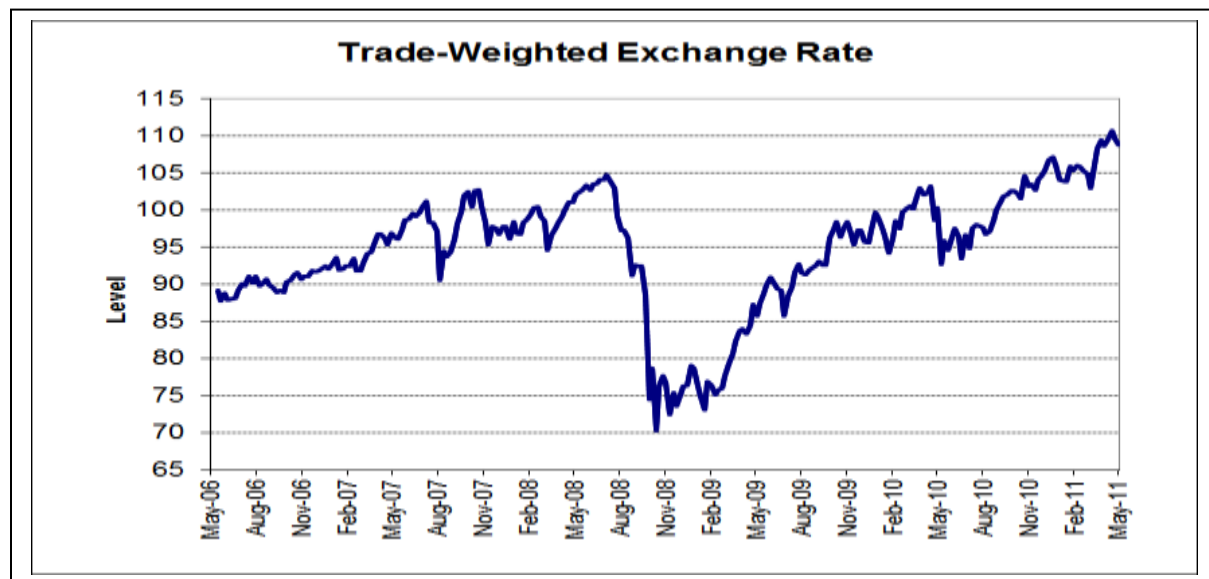
April 18, 2012

The RBA left its cash rate unchanged at 4.25%. On the data front, The Westpac Leading Index increased in February and new car sales rose in March.

Weekly Highlights

Westpac Leading Index - rose 0.2% M/M and 2.4% Y/Y in February. (AU 1)

New Car Sales - rose 4.0% M/M in March. (AU 3)

Weekly Releases & News**Charts of the Week: FX****Trade-Weighted Exchange Rate**

AU 1

RBA Minutes

Summary of the RBA's Minutes from its Monetary Policy Board Meeting – April:

The Board decided to leave the cash rate unchanged at 4.25 per cent.

April RBA minutes signaled that policymakers did not consider cutting interest rates appropriate at the meeting, despite softer employment market and downward revision in economic assessments. The possibility of a rate cut appears lower than what is priced in the market. Yet, the CPI print for 1Q12 would be a key determining factor for the monetary decision.

As stated in the minute, 'members had lowered their assessment of the pace of growth somewhat' and 'if slower growth in demand could be expected to result in a more moderate inflation outcome, then a case could be made for further easing of monetary policy'. Moreover, it's mentioned that there is an 'opportunity at its next meeting to review the inflation outlook based on comprehensive new data on prices, as well as information on demand and output'. These indicated that the inflation report for 1Q12 would be a determining factor for the monetary decision in May.

Concerning domestic economic growth, members 'observed that the balance of recent data suggested that output growth was somewhat below trend over 2011, despite private investment spending underpinning the fastest growth in domestic demand for four years'.

The RBA acknowledged that the job market has weakened. As stated in the minutes, 'despite the rate of unemployment showing little change for some time, it was apparent that labour market conditions had softened over the course of 2011' and 'easing in average hours worked and a decline in the participation rate were indicative of a softer labour market than that implied by the unemployment rate'.

Indeed, the RBA's position can be summarized as follows: 'The Board had eased monetary policy late in 2011. Since then members had lowered their assessment of the pace of growth somewhat. If slower growth in demand could be expected to result in a more moderate inflation outcome, then a case could be made for a further easing of monetary policy. The Board would have the opportunity at its next meeting to review the inflation outlook based on comprehensive new data on prices, as well as information on demand and output. Members judged it prudent to evaluate those data before considering a further policy adjustment.'

We believe that the 1Q12 inflation data will remain benign, staying within the target of 2-3%. This would make the case of a rate cut possible. In our opinion, the chance of a rate cut in May remains higher than the case of an unchanged monetary *policy*.

Data & Comments

Data

Westpac Leading Index – The Westpac Leading Index which tracks eight gauges of activity, to give indication of how the economy will perform over the next three to nine months, increased 0.2% M/M in February compared to a 0.6% M/M gain in January.

New Car Sales - Sales of new cars rose 4.0% M/M in March after a 0.2% increase in February. Y/Y, sales rose from 1.7% to 4.0%.

Key Dates This Week

Date	Indicator		Expectation	Previous
19-Apr	Export price index Q/Q	1Q	-3.00%	-1.50%
19-Apr	Import price index Q/Q	1Q	-0.10%	2.50%
22-Apr	Producer Price Index Q/Q	1Q	--	0.30%
22-Apr	Producer Price Index Y/Y	1Q	--	2.90%
23-Apr	Consumer Prices Q/Q	1Q	--	0.00%
23-Apr	Consumer Prices Y/Y	1Q	--	3.10%
23-Apr	CPI - Trimmed Mean Q/Q	1Q	--	0.60%
23-Apr	CPI - Trimmed Mean Y/Y	1Q	--	2.60%
23-Apr	CPI - Weighted Median Q/Q	1Q	--	0.50%
23-Apr	CPI - Weighted Median Y/Y	1Q	--	2.60%
25-Apr	Conference Board Leading Index	FEB	--	1.10%
25-Apr	DEWR Internet Skilled Vacancies M/M	MAR	--	-0.20%

Valance Co., Inc.

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April 18, 2012

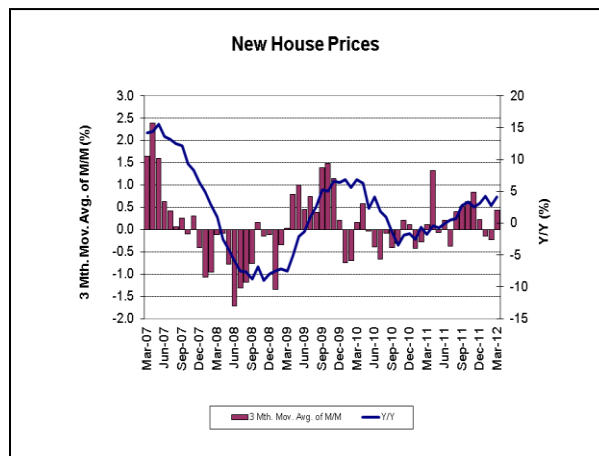
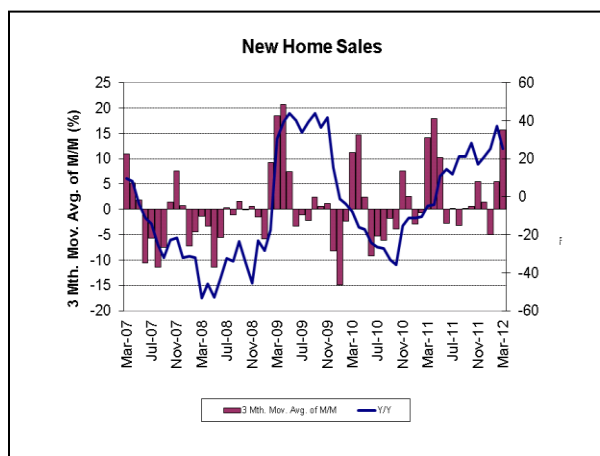
The REINZ Housing Survey showed improvement in March. The Consumer Confidence Index rose to a three month high from 110.2 in March to 114 in April. Food prices fell 1.0% M/M and rose 0.2% Y/Y.

Weekly Highlights

REINZ House Prices Index – rose 1.9% M/M in March. (NZ 1)

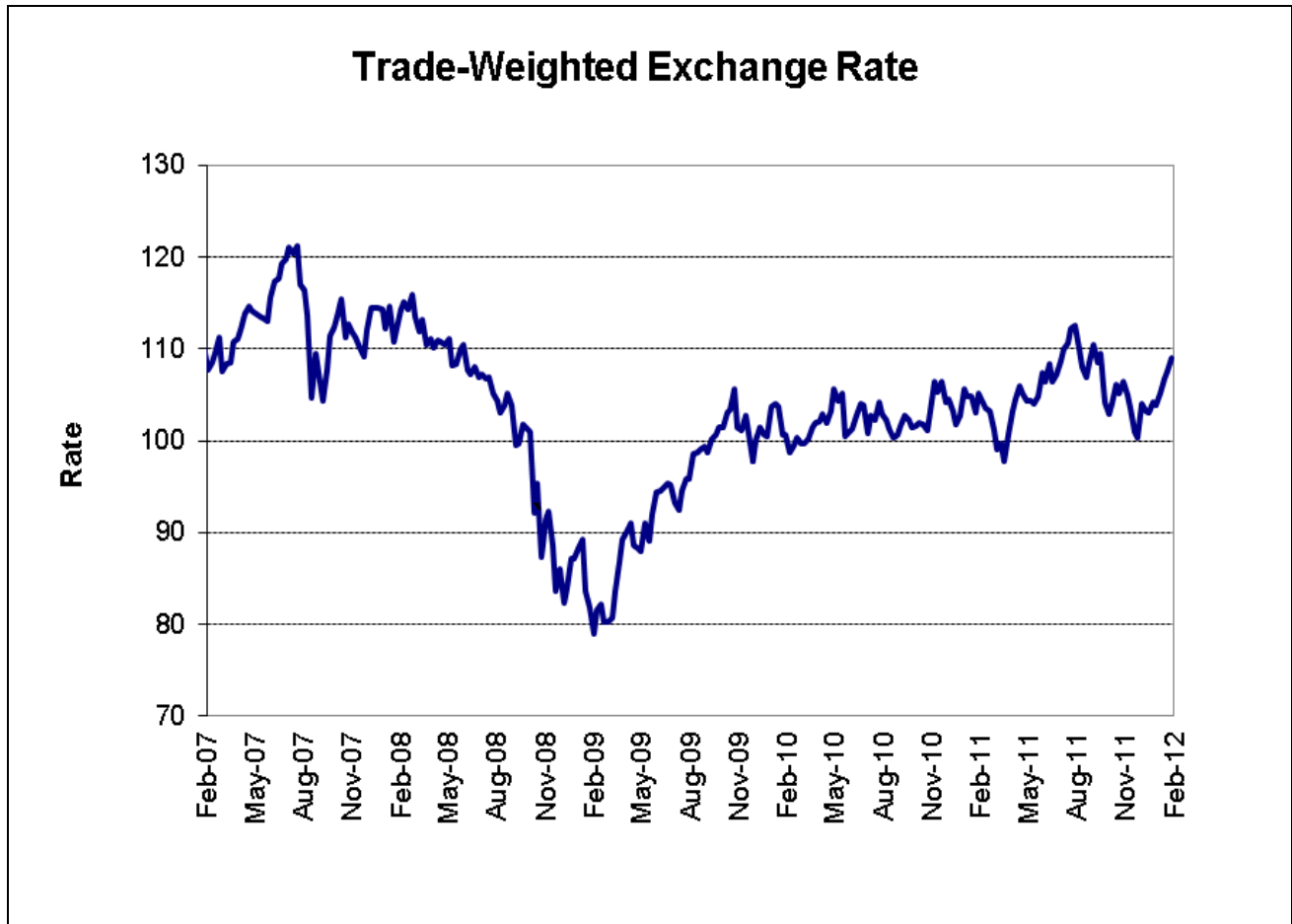
Food Prices- food prices fell 1.0% M/M in March and rose 0.2% Y/Y. (NZ 3)

ANZ Consumer Confidence- rose to a three month high from 110.2 in March to 114 in April. (NZ 3)

Weekly Releases & News**Charts of the Week: REINZ Housing Survey**

According to the Real Estate Institute of New Zealand Inc., seasonally adjusted home sales rose 18.8% M/M and 25.3% Y/Y in March. Median Home Prices rose 0.4% M/M and 4.2% Y/Y. It took 35 days to sell a home in March, compared to 46 days in February. The REINZ's New House Price Index rose 1.9% M/M in March after rising 0.8% M/M in February.

FX



Data

ANZ Consumer Confidence- According to the ANZ Roy Morgan Consumer Confidence Survey, the Confidence Index rose to a three month high from 110.2 in March to 114 in April. When asked about the domestic economy 1 year forward, the measure increased from -5 to -3 and the 5-year forward outlook measure fell from 23 to 20. When asked about buying a major household item, this measure improved from 20 to 28.

Food Prices - According to Statistics New Zealand, March food prices fell 1.0% M/M and rose 0.2% Y/Y. This is the 1st negative reading for the year. The largest decrease was recorded in Fruits & Vegetables (-4.2% M/M). The smallest decline was recorded in Non-alcoholic beverages (-0.1% M/M).

Performance Service Index- According to PSI, New Zealand services industry expanded at a slower pace in March, falling from 55.8 to 53.9.

Non-resident bold holdings- government debt held by international investors was up from 60.3% in February to 60.9% in March.

Key Dates This Week

Date	Indicator	Month	Expectation	Previous
23-Apr	Net Migration SA	MAR	--	-440
23-Apr	Credit Card Spending SA M/M	MAR	--	0.50%
23-Apr	Credit Card Spending Y/Y	MAR	--	4.00%
25-Apr	RBNZ Official Cash Rate	26-Apr	2.50%	2.50%

Weekly Economic Report: *China*

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April 18, 2012

China's Q1 GDP growth slowed to a near 3-yr low. In March, M2 Money Supply growth expanded above forecasts and Lending rose above estimates.

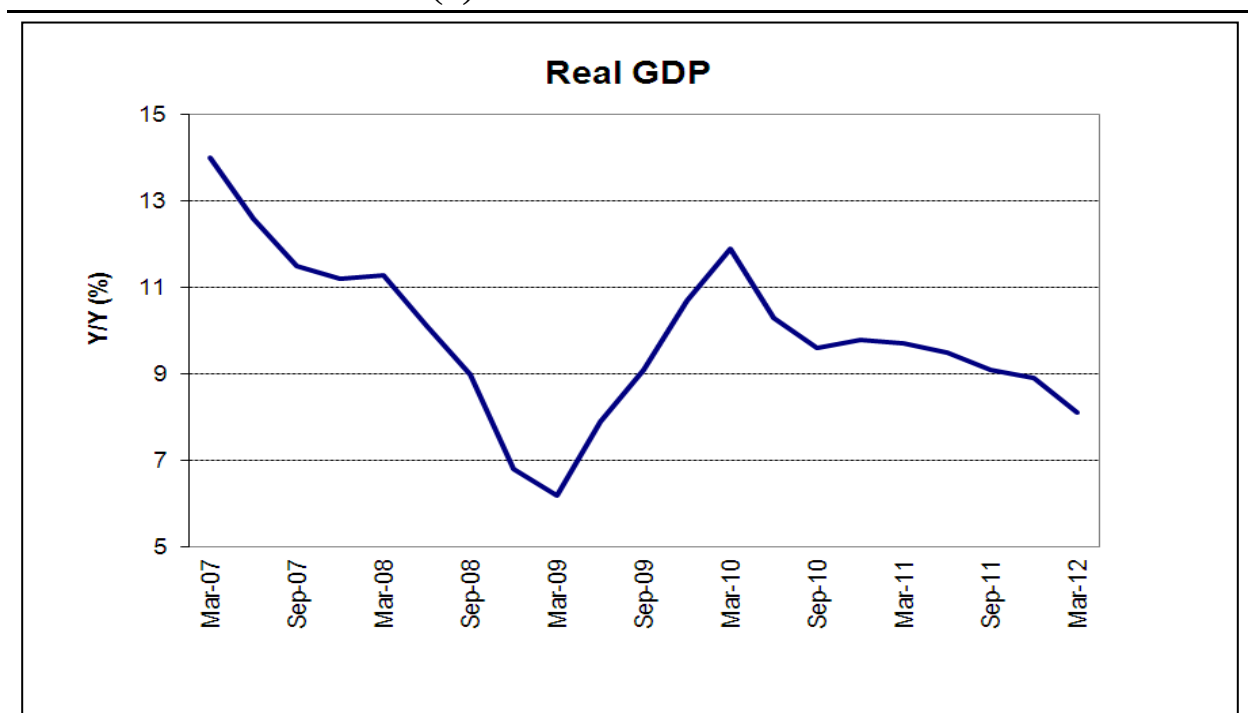
Weekly Highlights

Real GDP – grew 1.8% Q/Q and 8.1% Y/Y in Q4. (CH 1)

M2 Money Supply – rose from 13.0% Y/Y in February to 13.4% Y/Y in March. (CH 3)

New Yuan Loans – rose from \$710.7 bln in February to \$1010.0 bln in March. (CH 3)

Weekly Releases & News Chart(s) of the Week: *Real GDP*

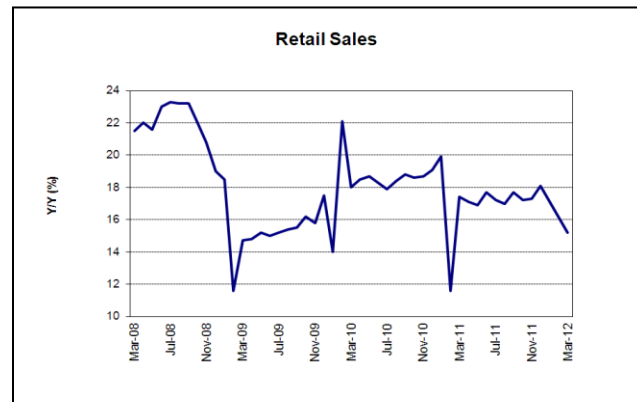


Annual GDP grew 8.1% in Q1, following 8.9% growth in Q4, and below expectations of 8.4% growth. This marked the lowest quarterly growth in three years. On a quarterly basis, GDP was up 1.8% in Q1, compared with 2.0% growth in Q4.

Retail Sales, Industrial Production & FDI

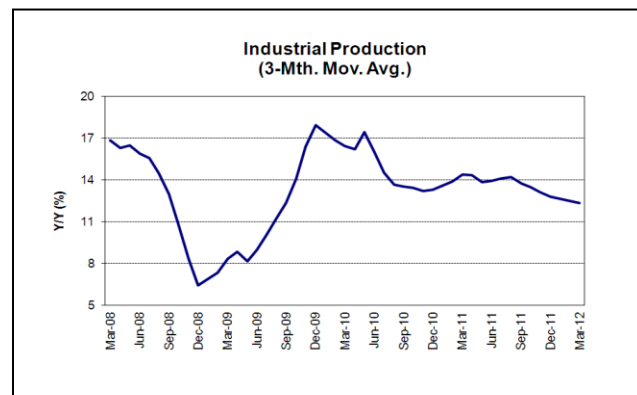
Retail Sales

Retail Sales climbed from 14.7% Y/Y in February to 15.2% Y/Y in March. Sales were expected to gain 15.1% Y/Y.



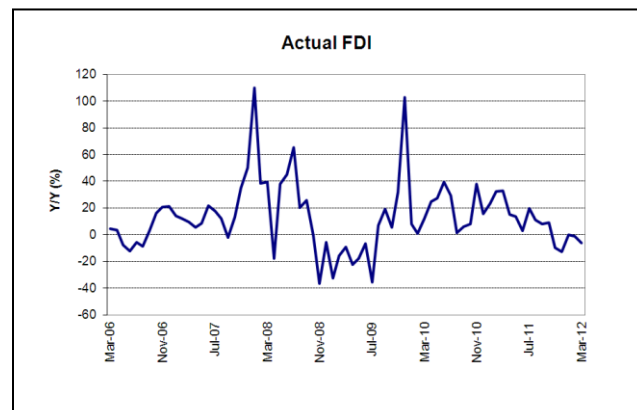
Industrial Production

Industrial Production rose from 11.4% Y/Y in February to 11.9% Y/Y in March, above expectations of 11.6% Y/Y.



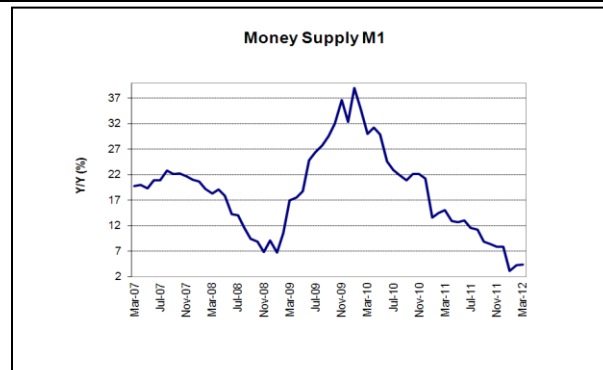
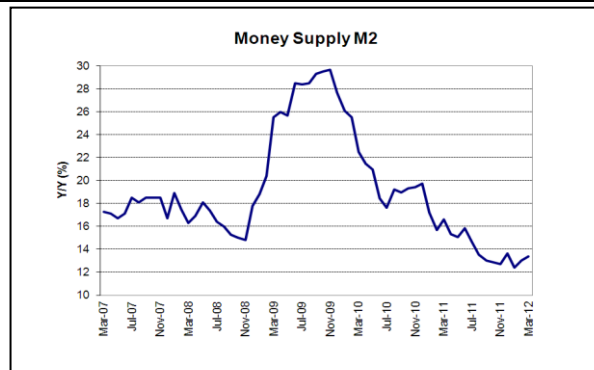
FDI

Foreign Direct Investment fell for a fifth month to -6.1% Y/Y in March (totaling US\$11.76 bln), following a decline of -0.9% Y/Y in February. This marked the fifth consecutive month of declines and “the longest run of declines since the global financial crisis,” the Ministry of Commerce remarked.



Money Supply, New Yuan Loans & Foreign Reserves

Money Supply



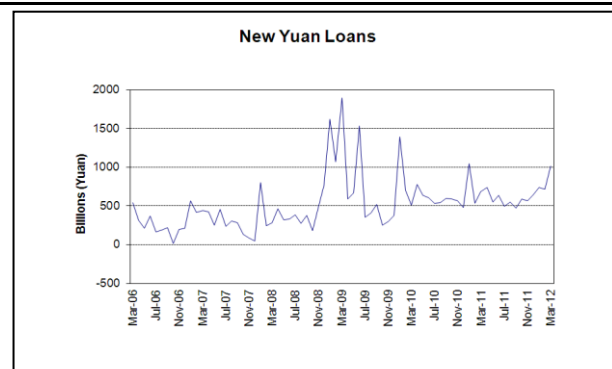
M2, the broadest measure of Money Supply, rose from 13.0% Y/Y in February to 13.4% Y/Y in March. It was expected to remain at last month's level.

As expected, M1 Money Supply growth rose from 4.3% Y/Y in February to 4.4% Y/Y in March. A gain of 5.0% Y/Y was expected.

M0 Money Supply growth rose from 8.8% Y/Y in February to 10.6% Y/Y in March. It was expected to reach 10.0%.

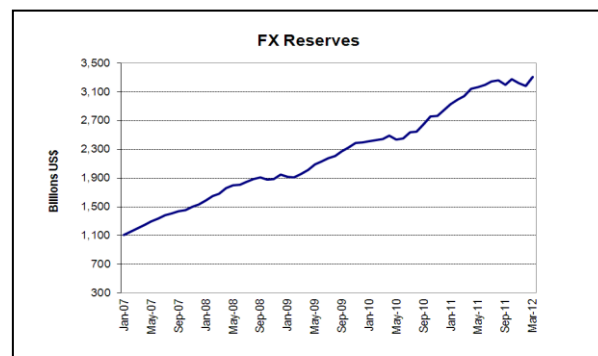
New Yuan Loans

New Yuan Loans rose from \$710.7 bln in February to \$1,010.0 bln in March; above expectations of \$797.5 bln.



Foreign Reserves

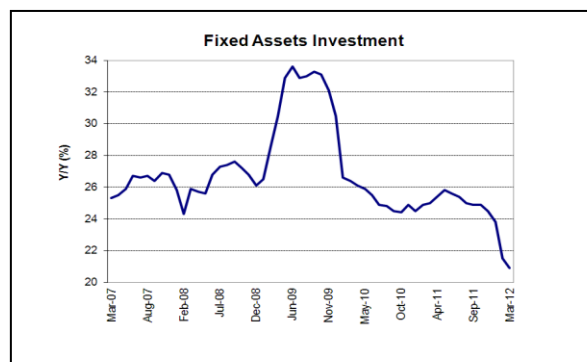
Foreign Reserves increased from \$3,181.1 bln in February to \$3,305.0 bln in March. Reserves were expected to reach \$3,200.0 bln.



Fixed-Asset Investment & News

Fixed-Asset Investment

Fixed-Asset Investment (YTD) slowed from 21.5% Y/Y in February to 20.9% Y/Y in March. A 21.0% Y/Y gain was expected.



News

April 18th (Bloomberg) – Falling Surplus Masks Domestic Imbalance - The IMF made the following comments in a report entitled “An End to China’s Imbalances”:

Evidence increasingly points to a rising domestic imbalance as growth becomes increasingly dependent on very high levels of investment.

Despite the fact that China’s medium-term current account is likely to stay below its pre-crisis range, it is too early to conclude that this signals an end to global imbalances or that ‘rebalancing’ has been truly achieved in China.

April 17th (Reuters) - China at "rare" moment for reforms – A report by the PBoC’s Statistics Department showed:

The current time represents a rare strategic moment to speed up capital account opening.

The yuan is not far from becoming an international reserve currency.

As a big country, our interest rate and exchange rate are not decided by international capital flows. Interest rates are decided by domestic economic and financial conditions, the exchange rate is primarily determined by trade conditions with other countries.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/17	China March Property Prices			
04/19	MNI April Flash Business Sentiment Survey			
04/22	HSBC Flash China Manufacturing PMI	APR	--	48.3
04/23	Conference Board CH March Leading Economic Indicator			

Valance Co., Inc.

Valance Economic Report: Sweden

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April 18, 2012

The Riksbank kept its repo rate unchanged at 1.5% and anticipated keeping it at the current level through next year. In March, Inflation rose in line with expectations, but was well below the Riksbank's 2.0% target. The Unemployment Rate fell to 4.5%, as expected.

Weekly Highlights

Riksbank Interest Rate – remained unchanged at 1.50%. (SW 1)

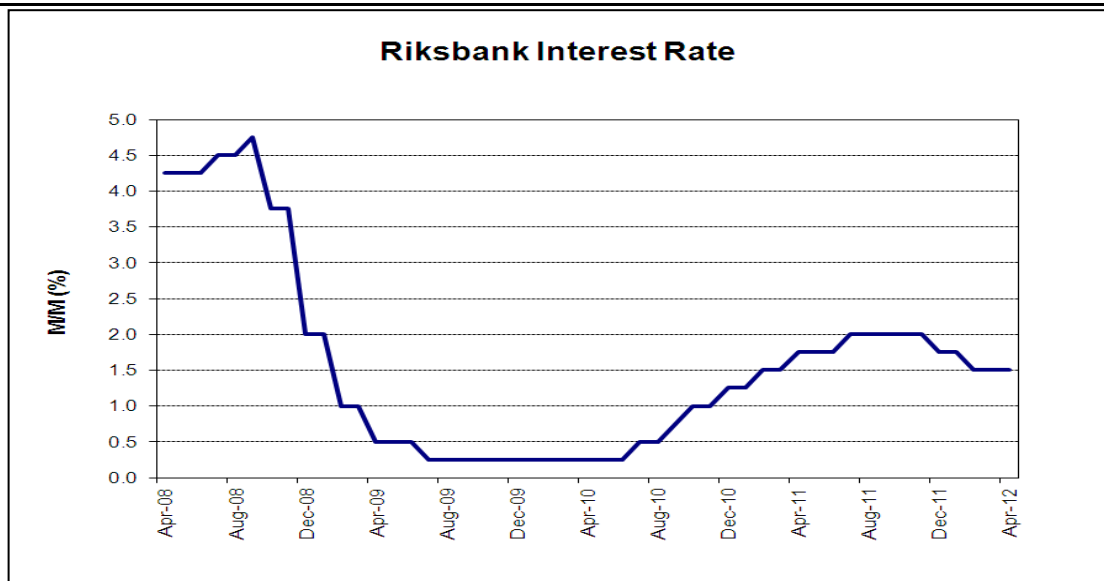
CPI – rose 0.3% M/M and 1.5% Y/Y in March. (SW 2)

Core CPI – rose 0.4% M/M and 1.1% Y/Y in March. (SW 2)

Unemployment Rate – fell from 4.7% in February to 4.5% in March. (SW 2)

Weekly Releases & News

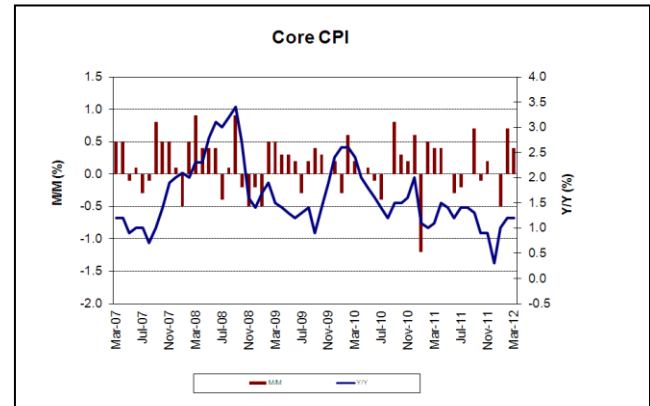
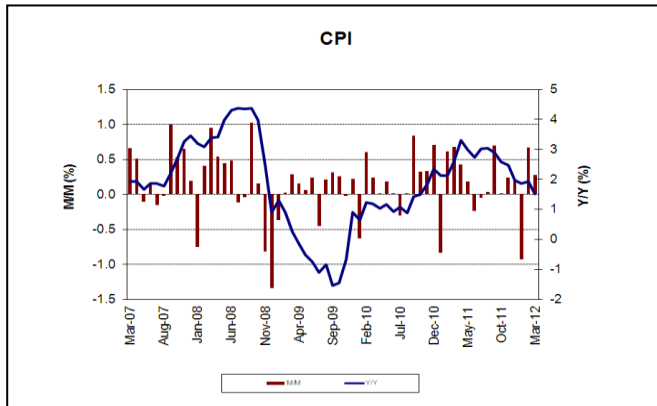
Chart(s) of the Week: *Riksbank Interest Rate*



As expected, the Riksbank kept its repo rate unchanged at 1.50% and anticipate keeping it unchanged through next year. Four of 18 policy makers predicted a .25% cut. The Bank remarked, “Following the sharp slowdown in the Swedish economy towards the end of last year, it is now possible to discern some positive signs. At the same time, inflation is low and expected to remain so over the coming year. Monetary policy needs to remain expansionary to support the recovery.” The Bank has now predicted that 2012 economic growth will reach 0.4% (from 0.7% forecasted earlier) and 1.9% in 2013 (from 2.1%). Inflation will average 1.2% this year and 1.9% in 2013; and Unemployment will rise to an average 7.7% in 2012 (from 7.5% in 2011), the Bank added.

SW 1

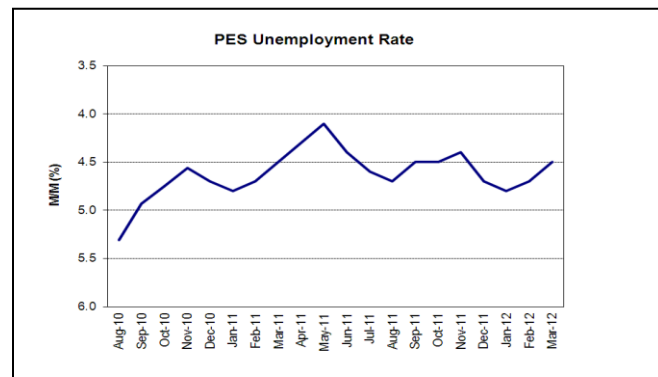
CPI, Unemployment Rate & Average House Prices



Headline Consumer Prices rose 0.3% on the month, following a 0.7% M/M gain the previous month. Annually, prices rose 1.5%, compared with 1.9% the month before. Increases in clothing and shoes (6.7%), petrol (3.7%), and rents (0.3%) had a positive effect on the monthly rate; while lower prices for electricity (-4.9%) and interest rates (-2.1%) contributed negatively. On a core basis, prices rose 0.4% M/M, compared with 0.7% M/M the previous month. Annual core prices remained unchanged at 1.1%.

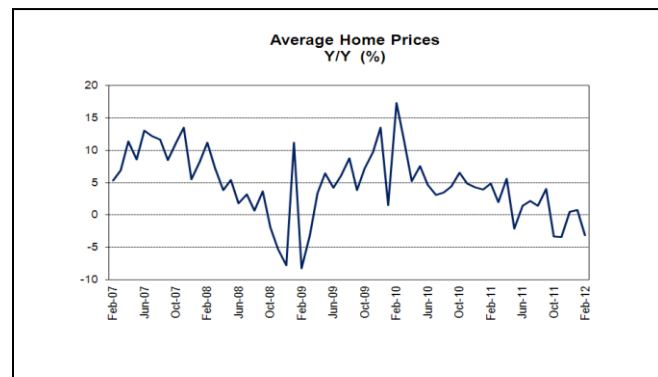
Unemployment Rate

As expected, the Unemployment Rate (n.s.a.) fell from 4.7 % in February to 4.5% in March. The number of unemployed totaled approximately 396K persons – down almost 8K from last year.



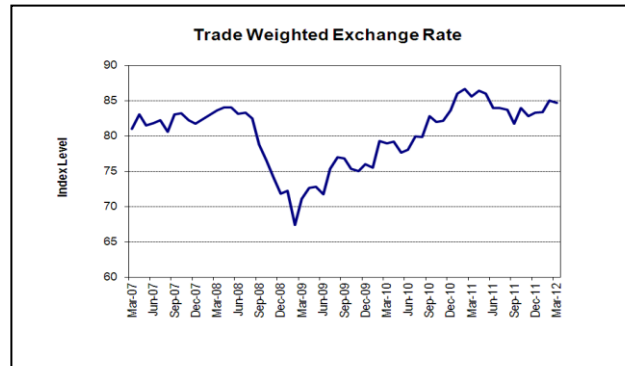
Average House Prices

Average House Prices fell from SEK 2.227 mln in January to SEK 2.088 mln in February.



Trade Weighted Exchange Rate & Upcoming Dates

Trade Weighted Exchange Rate



Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/24	Unemployment Rate	MAR	--	7.8%

Valance Economic Report: Switzerland

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April 18, 2012

In March, Y/Y Producer and Import Prices declined for an eleventh consecutive month; while Investor sentiment improved for a fourth month in April.

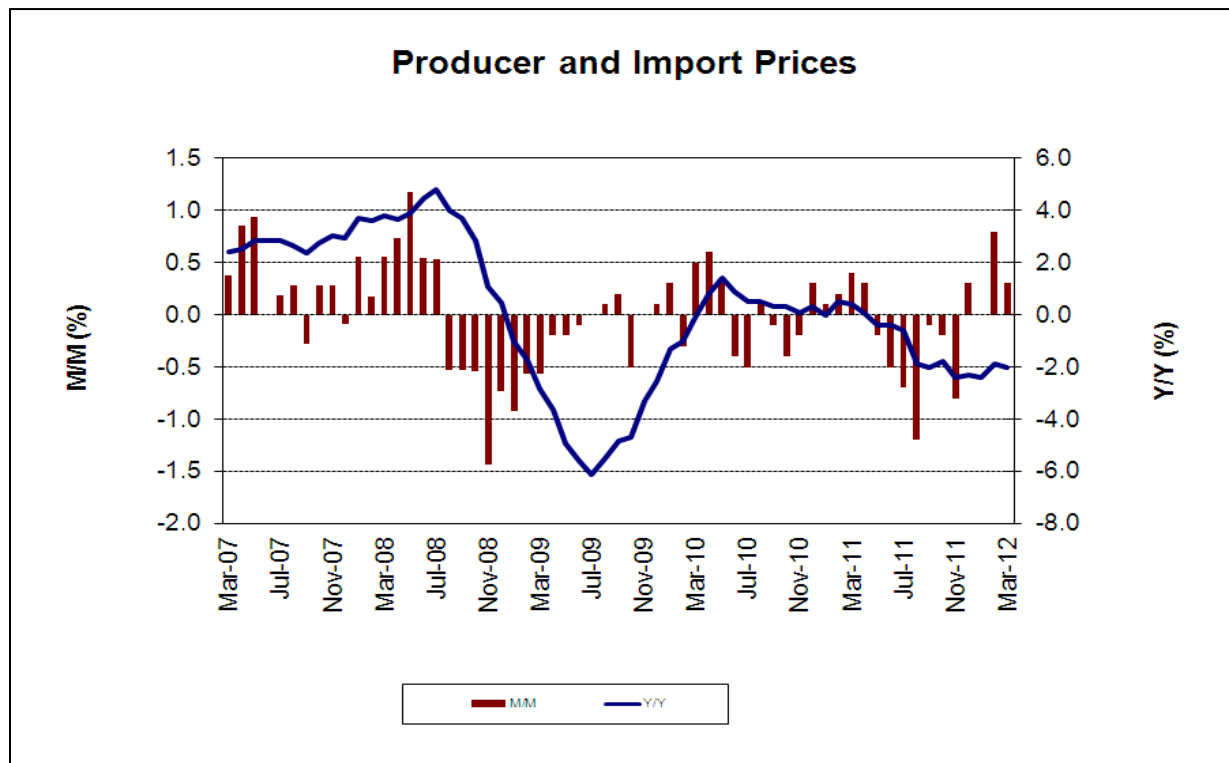
Weekly Highlights

Producer & Import Prices – rose 0.3% M/M and fell 2.0% Y/Y in March. (SZ 1)

Investor Sentiment – improved from zero in March to 2.1 in April. (SZ 2)

Weekly Releases & News

Chart(s) of the Week: *Producer & Import Prices*

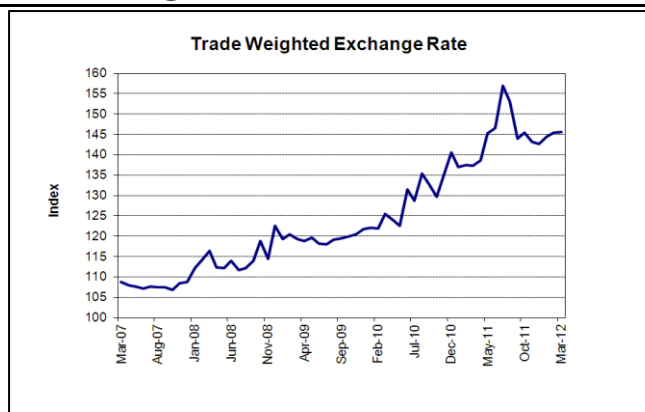


In March, Switzerland's combined Producer & Import Price Index rose 0.3% M/M, following a 0.8% reading in February. The increase was partly attributed to higher prices for oil and petroleum products. Annually, the index slipped 2.0%, compared with -1.9% the year before. Prices were expected to gain 0.5% M/M and fall 1.8% Y/Y.

SZ 1

Trade Weighted Exchange Rate, Data & Upcoming Dates

Trade Weighted Exchange Rate



Data

April 18th (Bloomberg) – Swiss Investor Sentiment - A survey by the ZEW Center for European Economic Research and Credit Suisse Group showed the outlook for Swiss Investor Confidence reached a level of 2.1 in April, following a zero reading in March.

Key Dates This Week

Date	Indicator	Month	Expectation	Previous
04/23	M3 Money Supply	MAR	--	6.4%
04/24	Trade Balance	MAR	--	2.68B
04/24	Exports / Imports	MAR	--	9.2% / -12.3%
04/24	UBS Consumption Indicator	MAR	--	0.87