

# Valance Company, Inc.



Weekly

April 11, 2012

III

## Highlights

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US – Weak payrolls

EU – Downward trend in Industrial Production

JN – Machinery Orders better than expected

CA – Surprisingly strong employment data

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*Valance Economic Reports*

Valance Co., Inc.

# Valance Economic Report: United States

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April 11, 2012

Cooling payroll gains highlighted a light week of data. The report reconciles Bernanke's cautious outlook with previously strong reports. QE3 remains a possibility though not likely at April's FOMC meeting.

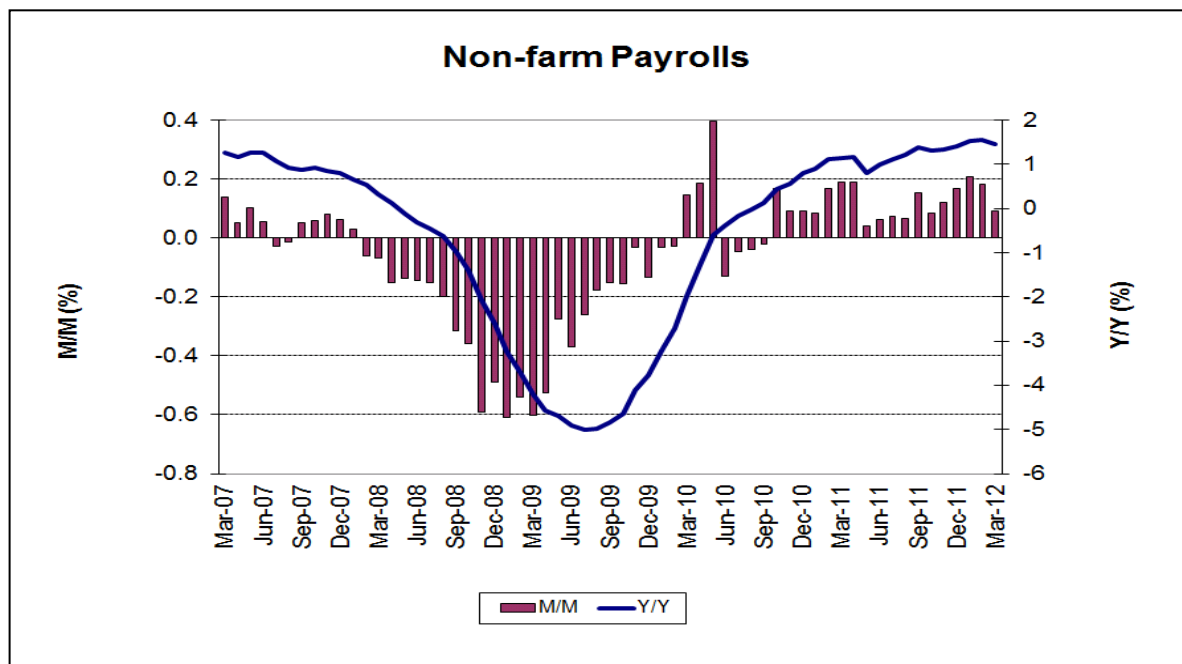
## Weekly Highlights

**Non-farm Payrolls** – added 120k jobs in March. (US 1)

**Average Hourly Earnings** – improved 0.2% M/M and 2.1% Y/Y in March. (US 3)

## Weekly Releases

### Chart of the Week: *Change in Nonfarm Payrolls*



Non-farm Payrolls were much softer than expected, gaining only by 120k in March, significantly below expectations for a gain of 205k. It was a drop from the 240k gain in February. Private payrolls increased 121k versus expectations of 215k. Manufacturing payrolls remained strong, improving 37k. The Unemployment Rate dropped 0.1% to 8.2%, the lowest since January 2009. The diffusion index slipped from 60.7 to 59.6. The participation rate declined from 63.9% to 63.8%.

US 1

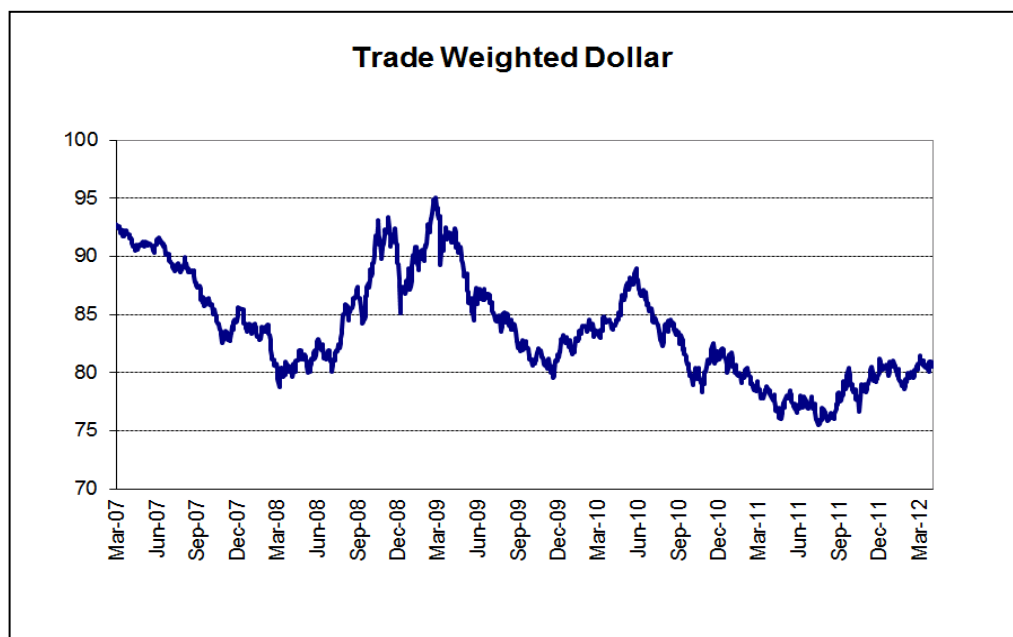
## U.S. Financial Balances & Trade Weighted Dollar

### Financial Balances

U.S.	Latest period (\$blns)	Last 12mth. as a % of GDP
Budget Balance	-198.2 (March)	-8.1%
Trade Balance	-48.8 (Dec)	-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 January is 8.1% of GDP. The trade deficit as of December 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.

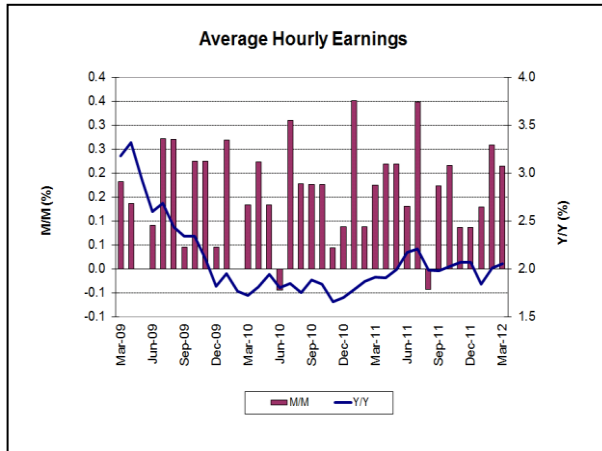
### Trade Weighted Dollar



# Avg Hourly Earnings, Avg Weekly Hours & Initial Jobless Claims

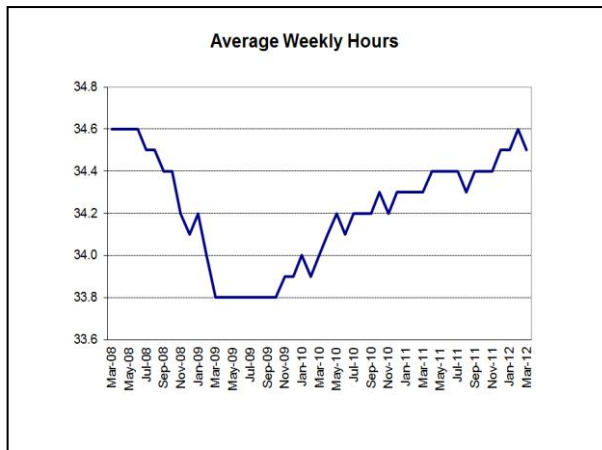
## Avg Hourly Earnings

Average Hourly Earnings improved 0.2% M/M and 2.1% Y/Y in March. February was revised up from 0.1% to 0.3%. With a large excess supply of labor, wage growth may remain under downward pressure for some time.



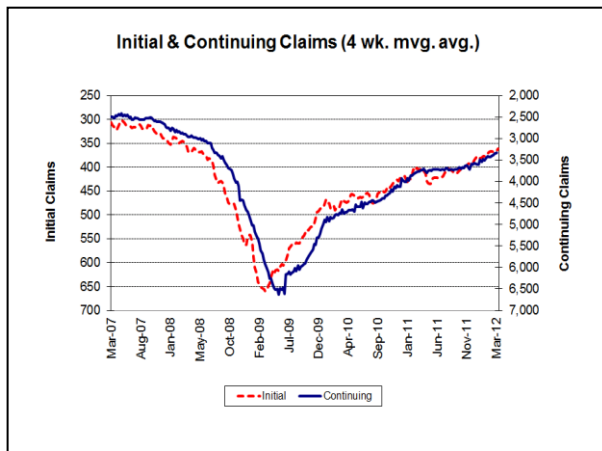
## Avg Weekly Hours

Average Weekly Hours ticked lower from 34.6 to 34.5 in March. Aggregate hours stood at 34.3 a year ago.



## Initial Jobless Claims

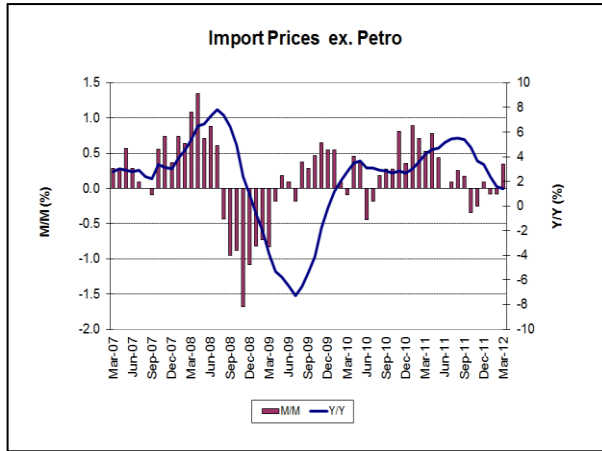
Initial Claims fell from 363k to 357k. The series has been volatile since the beginning of the year but is starting to stabilize in the 350k range. The four week moving average of Initial Claims declined from 366k to 362k. Continuing Claims ticked lower from 3354k to 3338k.



# Import Price Index, Monthly Budget Statement & Bloomberg Consumer Comfort

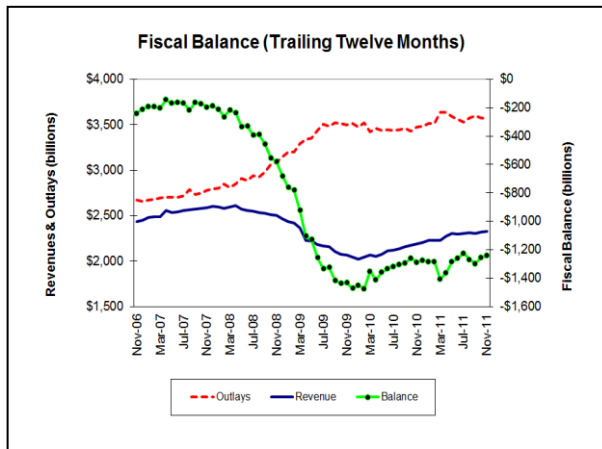
## Import Price Index

Import Prices, excluding petroleum, increased 0.3% M/M and 1.4% Y/Y in March. The index is flat over the past six months. Prices of all goods imported into the US rose 1.3% M/M and 3.4% Y/Y. Goods from China were flat M/M and up 2.7% Y/Y.



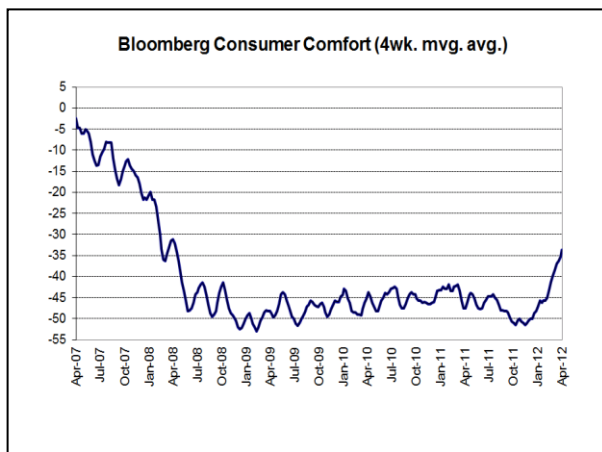
## Monthly Budget Statement

The Fiscal Balance in March showed a deficit of \$198.2 bln versus a deficit of \$188.2 bln a year ago. On a trailing twelve month basis, the deficit widened to \$1,246.3 bln (8.1% of GDP). The deficit will narrow as tax revenues have started to increase, but will remain at a historically high level as a percent of GDP supporting further economic recovery.



## Bloomberg Consumer Comfort

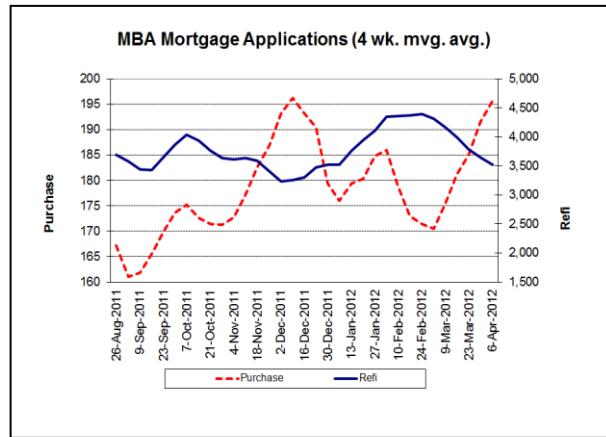
The Bloomberg Consumer Comfort Index improved from -34.7 to -31.4. This is the highest reading since January 2008. The buying climate component moved from -37.0 to -33.9. The state of the economy gained 3 points to -63.6.



# MBA Mortgage Applications

## MBA Mortgage Applications

Purchase Mortgage Applications dropped 0.5% W/W. Refi applications declined 3.1% W/W. The FRM 30-year contract increased fell to 4.10%.



**Key Dates This Week**

<b>Date</b>	<b>Indicators</b>		<b>Expectations</b>	<b>Previous</b>
12-Apr	Trade Balance	FEB	-\$52.0B	-\$52.6B
12-Apr	Producer Price Index (M/M)	MAR	0.30%	0.40%
12-Apr	PPI Ex Food & Energy (M/M)	MAR	0.20%	0.20%
12-Apr	Initial Jobless Claims	7-Apr	355K	357K
12-Apr	Bloomberg Consumer Comfort	8-Apr	--	-31.4
13-Apr	Consumer Price Index (M/M)	MAR	0.30%	0.40%
13-Apr	CPI Ex Food & Energy (M/M)	MAR	0.20%	0.10%
13-Apr	U. of Michigan Confidence	APR P	76.2	76.2
16-Apr	Empire Manufacturing	APR	18.1	20.21
16-Apr	Advance Retail Sales	MAR	0.40%	1.10%
16-Apr	Retail Sales Less Autos	MAR	0.60%	0.90%
16-Apr	Total Net TIC Flows	FEB	--	\$18.8B
16-Apr	NAHB Housing Market Index	APR	29	28
17-Apr	Housing Starts	MAR	700K	698K
17-Apr	Building Permits	MAR	715K	717K
17-Apr	Industrial Production	MAR	0.40%	0.00%
17-Apr	Capacity Utilization	MAR	78.60%	78.70%
18-Apr	MBA Mortgage Applications	13-Apr	--	--

Valance Co., Inc.

# Valance Economic Report: Euro Zone

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April 11, 2012

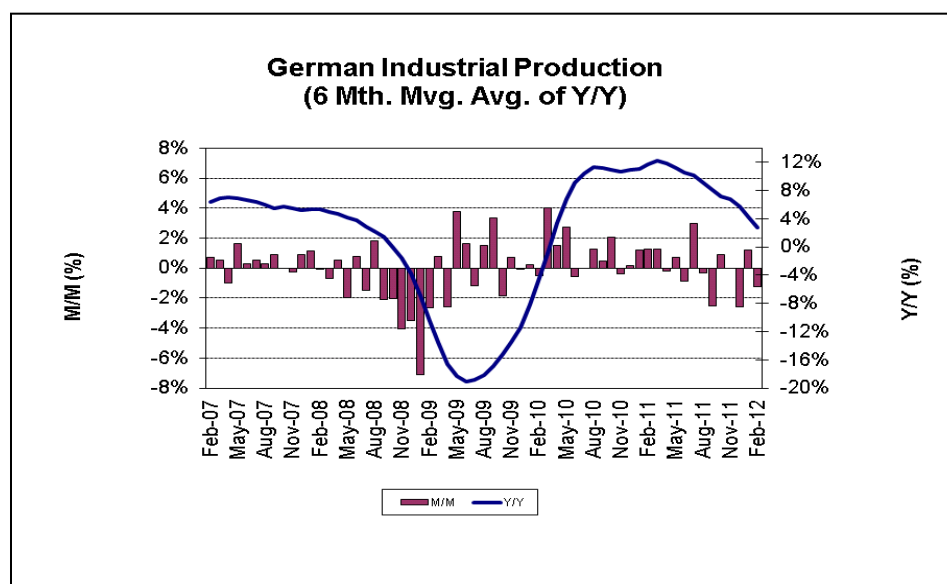
Light economic releases over the past week showed a downward trend in Industrial Production growth in Germany, France and Spain and European investor confidence declining for the first time in four months in April. In other news, Luis de Guindos, Spain's economy minister, ruled out a bailout for Spain by the EU and the International Monetary Fund. He commented that Spain "does not need a rescue at this time".

## Weekly Highlights

**German Industrial Production** - fell 1.3% M/M and 0.9% Y/Y in February. (EU 1)  
**EU Sentix Investor Confidence** – decreased from -8.2 in March to -14.7 in April. (EU 5)

## Weekly Releases & News

### Chart(s) of the Week: German Industrial Production



German Industrial Production fell 1.3% M/M and 0.9% Y/Y in February. Market expectations were for a 0.5% M/M decline and a 0.5% M/M gain. Manufacturing & mining fell 0.4% M/M and increased 0.7% Y/Y.

EU 1

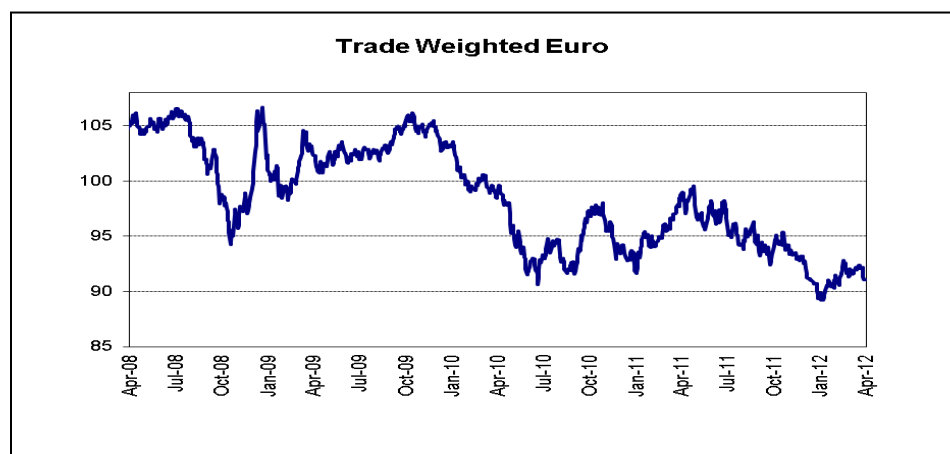
## ***Euro Zone Financial Balances & Trade Weighted Euro***

### ***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*

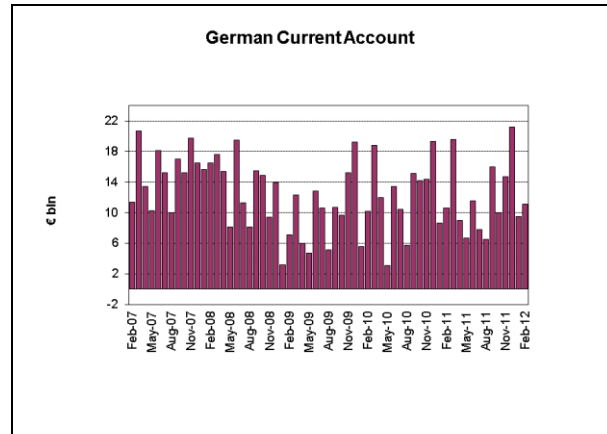
### ***Trade-Weighted Exchange Rate***



## German Current Account, Trade Balance & Exports

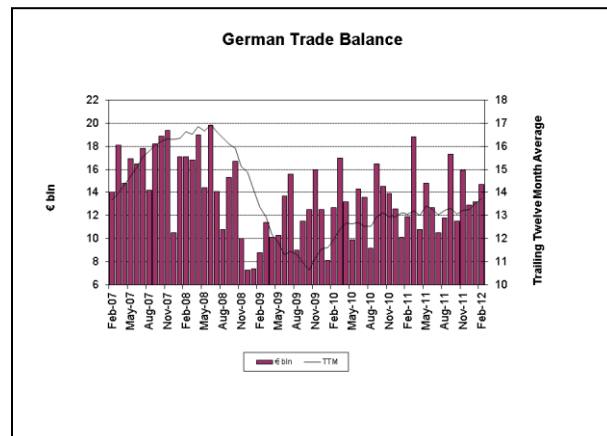
### German Current Account

Germany's Current Account surplus widened from €9.5 bln in January to €11.1 bln in February. The Current Account balance stood at €10.6 bln in February 2011.



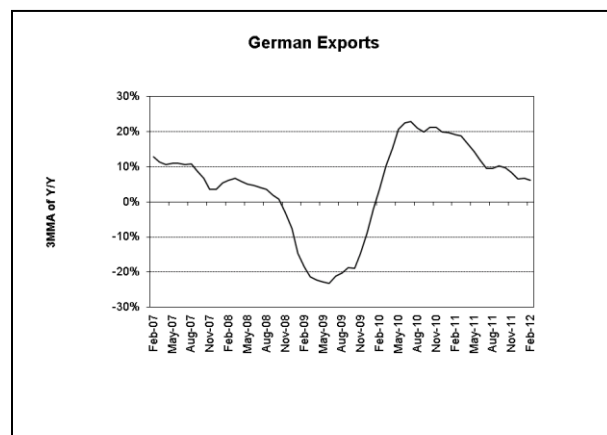
### German Trade Balance

Germany's Trade surplus widened from €13.2 bln in January to €14.7 bln in February. Exports increased 1.6% M/M and 9.0% Y/Y and Imports increased 3.9% M/M and 6.1% Y/Y. The surplus stood at €11.9 bln in February 2011.



### German Exports

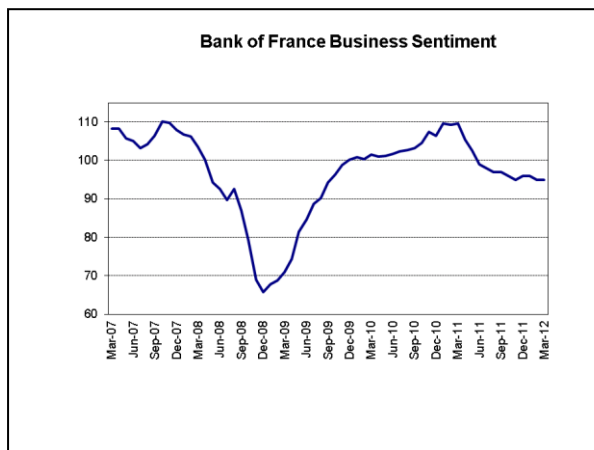
German Exports increased 1.6% M/M and 7.0% Y/Y in February. Imports increased 3.9% M/M and 5.2% Y/Y.



## *BoF Business Sentiment, French Trade Balance & Industrial Production*

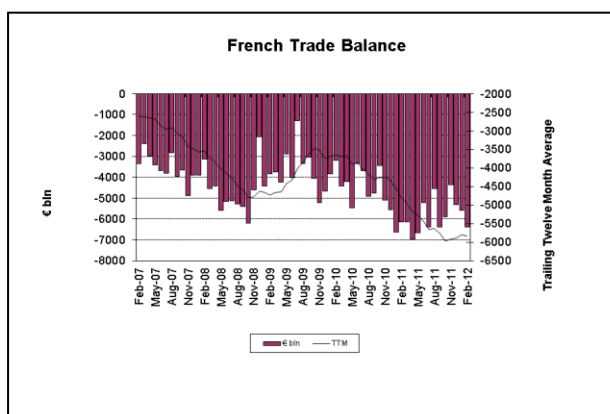
### *Bank of France Business Sentiment*

French Business Sentiment stood at 95 in March matching the previous month's reading. Market expectations were for reading of 96.



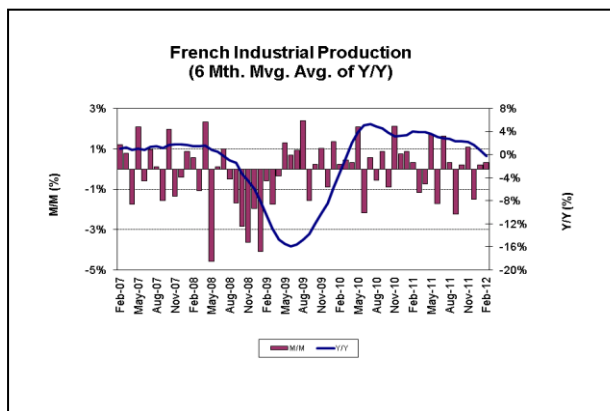
### *French Trade Balance*

The French Trade deficit widened from €5.6 bln in January to €6.4 bln in February as imports increased more than exports. Exports increased 1.0% M/M and 7.2% Y/Y and Imports increased 2.8% M/M and 6.7% Y/Y. The Trade Balance stood at a deficit of €6.2 bln in February 2011.



### *French Industrial Production*

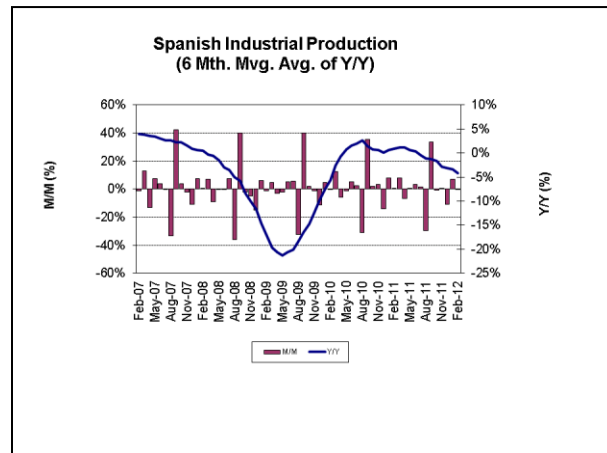
French Industrial Production increased 0.3% M/M in line with market expectations. The Y/Y growth fell 1.9%. Manufacturing Production decreased 1.2% M/M and 3.7% Y/Y.



## Spanish Industrial Production & News/Comments

### Spanish Industrial Production

Spanish Industrial Production decreased 0.5% M/M and 5.1% Y/Y in February.



### News/Comments

#### **April 10<sup>th</sup> - European Investor Confidence Declined in April, Sentix Says (Bloomberg)** -

European investor confidence dropped for the first time in four months in April as the debt crisis damped economic growth, the Sentix research institute said.

An index measuring sentiment in the 17-nation euro area declined to minus 14.7 from minus 8.2 in March, Limburg, Germany-based Sentix said in an e-mailed statement today. A gauge of expectations dropped to minus 9.3 from minus 2.3, while a measure of current conditions fell to minus 20 from minus 14.

#### **April 10<sup>th</sup> - Spain and EU reject talk of bailout (FT)** -

Luis de Guindos, the economy minister, ruled out a bailout of the kind already provided to Greece, Ireland and Portugal by the EU and the International Monetary Fund, saying Spain “does not need a rescue at this time”. Cristóbal Montoro, the budget minister, rejected suggestions that Spain could turn to the EU to prop up its banking system, saying the liquidity provided by the European Central Bank was already substantial. Miguel Angel Fernández Ordóñez, the Spanish central bank governor, said in a speech on Tuesday that banks would need extra capital if the economy worsened more than predicted. EU officials say that although banks may need further shoring up, the problem is less significant than in Ireland.

#### **April 10<sup>th</sup> - Ordonez Says Banks May Need More Capital If Spain Worsens (Bloomberg)** -

Spanish banks may need additional capital if the economy weakens more than expected, Bank of Spain Governor Miguel Angel Fernandez Ordonez said, as he warned the recovery will be slow.

Spanish lenders have made provisions of 112 billion euros (\$147 billion) in the four years through 2011, and that figure will rise to 147 billion euros once tighter rules approved in February have been implemented, Ordonez said. If the economy recovers, that will be “more than enough,” he said. “But if the economy worsened more than expected, we would have to continue increasing and improving capital,” he told a conference in Madrid today. “It’s not likely that we see a strong recovery in the Spanish economy soon.”

## Key Dates This Week

Date	Indicator	Expectations	Previous
12-Apr	EC Euro-Zone Ind. Prod. wda (Y/Y)	FEB -1.80%	-1.20%
12-Apr	EC Euro-Zone Ind. Prod. sa (M/M)	FEB -0.20%	0.20%
16-Apr	EC Euro-Zone Trade Balance sa	FEB --	5.9B
16-Apr	EC Euro-Zone Trade Balance	FEB --	-7.6B
17-Apr	EC Euro-Zone CPI (M/M)	MAR --	0.50%
17-Apr	EC Euro-Zone CPI (Y/Y)	MAR --	--
17-Apr	EC ZEW Survey (Econ. Sentiment)	APR --	11
18-Apr	EC Euro-Zone Current Account nsa	FEB --	-12.3B
13-Apr	GE Consumer Price Index (M/M)	MAR F 0.30%	0.30%
13-Apr	GE Consumer Price Index (Y/Y)	MAR F 2.10%	2.10%
17-Apr	GE Zew Survey (Current Situation)	APR --	37.6
17-Apr	GE ZEW Survey (Econ. Sentiment)	APR --	22.3
12-Apr	FR Consumer Price Index (M/M)	MAR 0.60%	0.40%
12-Apr	FR Consumer Price Index (Y/Y)	MAR 2.10%	2.30%
12-Apr	FR Current Account (EURO)	FEB --	-4.2B
13-Apr	IT Industrial Production sa (M/M)	FEB -0.50%	-2.50%
13-Apr	IT Industrial Production nsa(Y/Y)	FEB --	-2.10%
13-Apr	IT CPI - EU Harmonized (M/M)	MAR F 2.50%	2.50%
13-Apr	IT CPI - EU Harmonized (Y/Y)	MAR F 3.80%	3.80%
16-Apr	IT Trade Balance (Total) (Euros)	FEB --	-4350M
13-Apr	SP CPI (EU Harmonised) (M/M)	MAR 2.20%	0.00%
13-Apr	SP CPI (EU Harmonised) (Y/Y)	MAR F 1.80%	1.80%

# Valance Economic Report: Japan

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April 13, 2011

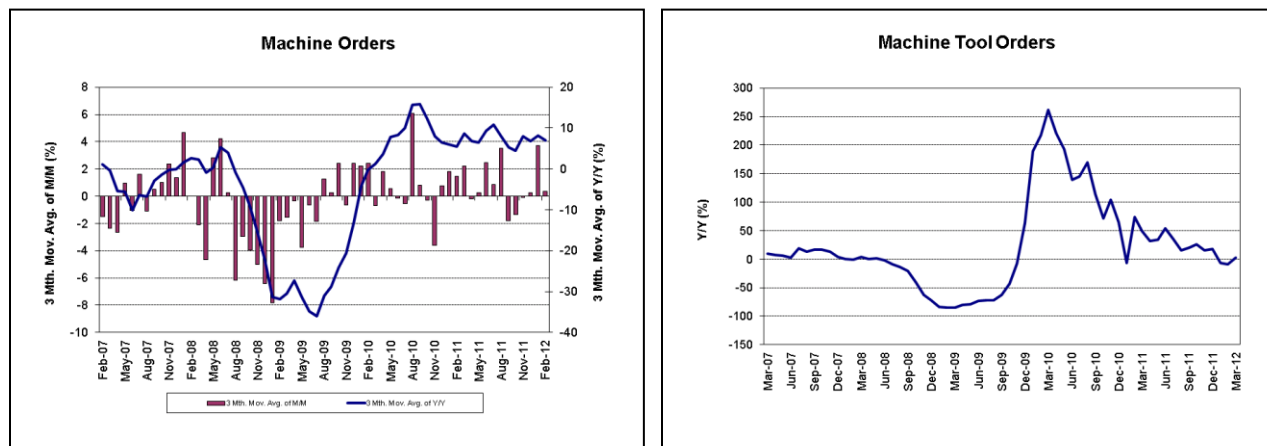
This week saw relatively positive data releases. Core Machinery Orders saw a second consecutive increase, beating market expectations for a decline. The Current Account Balance and Eco Watchers Survey exceeded expectations as well. Meanwhile the BoJ made modest upward revisions to its economic assessment.

## Weekly Highlights

**Machine Orders** – increased 4.8% M/M and 8.9% Y/Y in February. (JN 1)

**Eco Watchers Survey** – current conditions improved 5.9pts to 51.8 in February in March. (JN 3)

## Chart of the Week: Machinery Orders



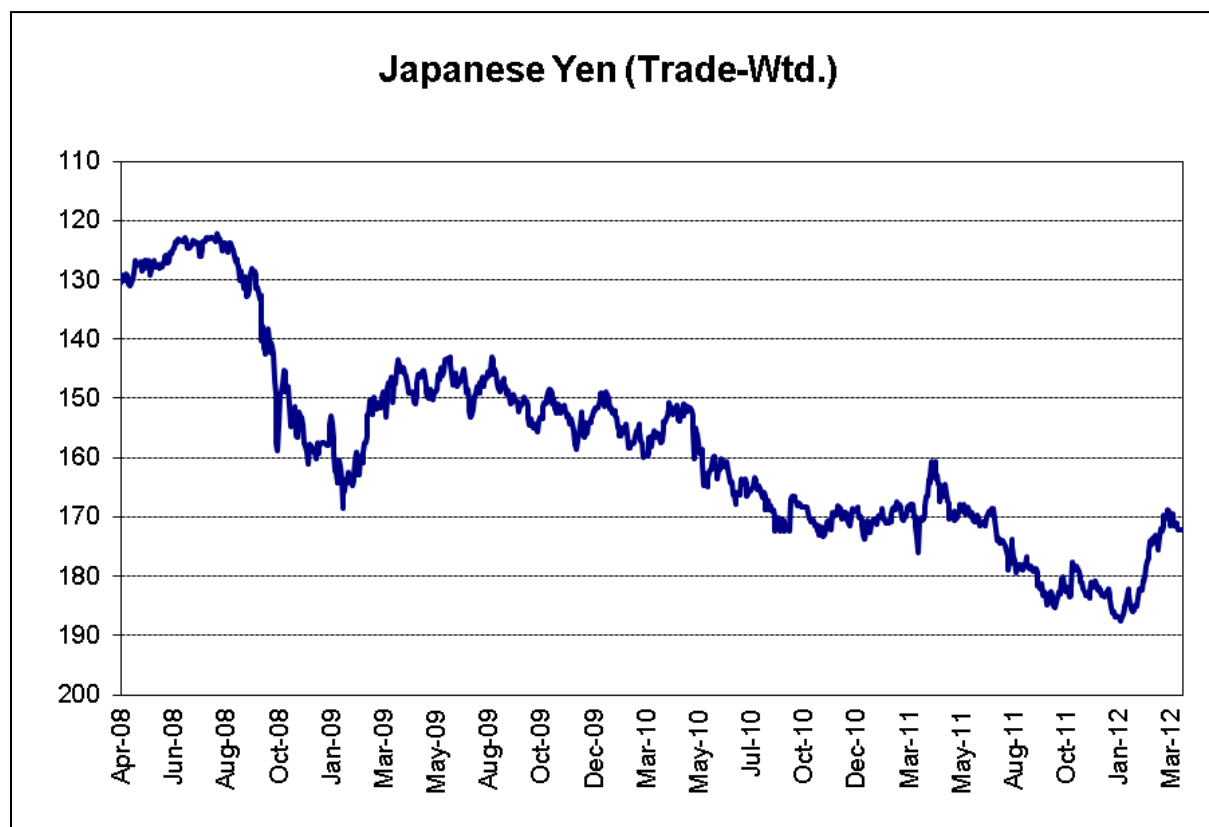
Core Machinery Orders increased 4.8% M/M and 8.9% Y/Y in February. The increase was the second consecutive and went against market expectations for a 0.8% M/M decline. The improvement occurred as manufacturing orders saw a 16.0% M/M improvement while nonmanufacturing orders saw a 2.3% M/M improvement. Public orders dropped 7.3% M/M.

Machinery Tool Orders increased 2.3% Y/Y in March, the first increase in three months.

## 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%

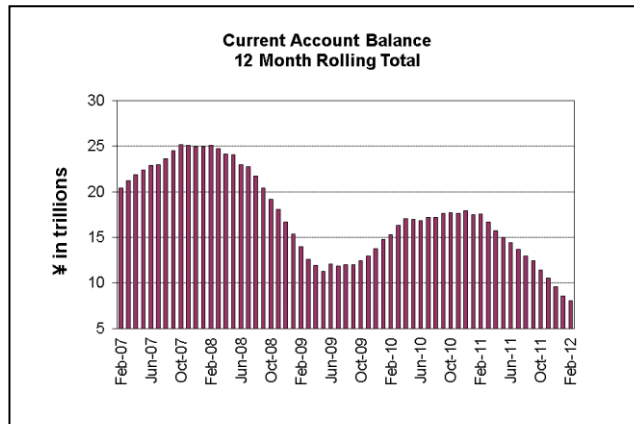


# Current Acct, Eco Watchers Survey & Bankruptcies

## Current Account Balance

The Current Account Balance (SA) increased from a revised Y135.2 Bln in January to Y854.1 Bln in February. The increase exceeded market expectations, which called for a rise to Y650.0 Bln. January's Y115.6 Bln was revised to Y135.2 Bln.

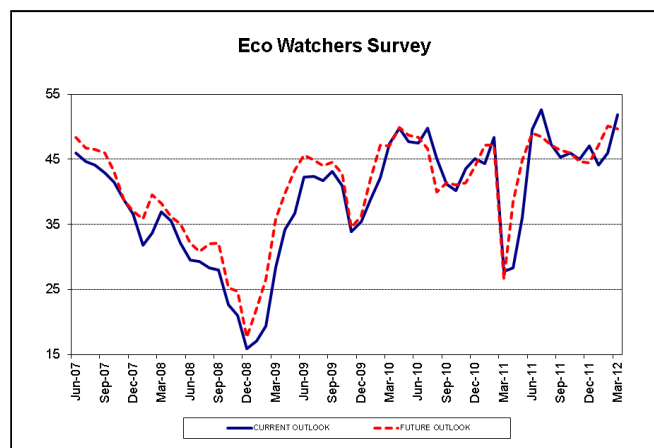
The Trade Balance, on a Balance of Payments Basis, increased from a Y1381.6 Bln deficit to a 102.1 Bln surplus, coming close to the Y104.3 Bln the market expected.



## Eco Watchers Survey

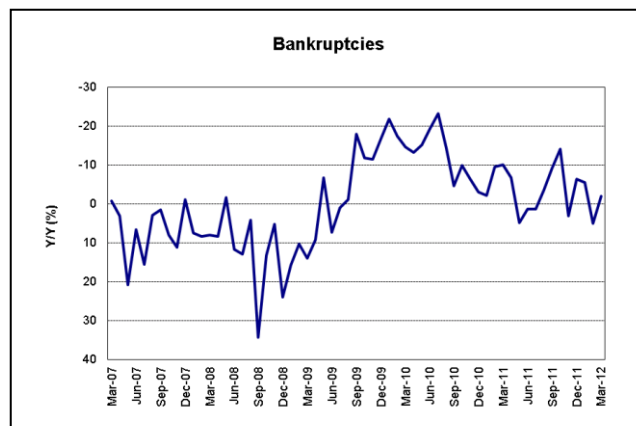
In March, the Eco Watchers Survey Current Conditions Index saw a 5.9pt increase to 51.8. The increase was significantly better than the 0.6pt improvement the market had anticipated. It occurred as household conditions improved 6.7pts to 51.1, business conditions improved 6.2pts to 51.0, and employment conditions improved 0.4pts to 58.1. Overall, gains were solid among household and business subcomponents.

Outlook dropped 0.4pts to 49.7. The drop occurred as household expectations fell 0.6pts to 49.3 while business expectations fell 0.2pts to 48.8. Employment expectations improved however, rising 0.8pts to 54.3.



## Bankruptcies

Corporate Bankruptcies dropped 1.8% Y/Y in March.

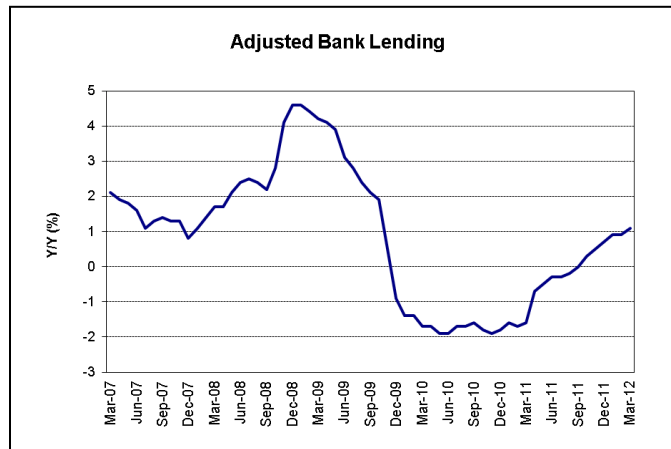


## Bank Lending & Leading Index

### Bank Lending

Adjusted Bank Lending among Shinkin Banks increased 0.8% Y/Y in March. Among all banks, lending increased 0.9% Y/Y. Among city banks, lending dropped 0.2% Y/Y. Among regional banks, lending increased 2.1% Y/Y.

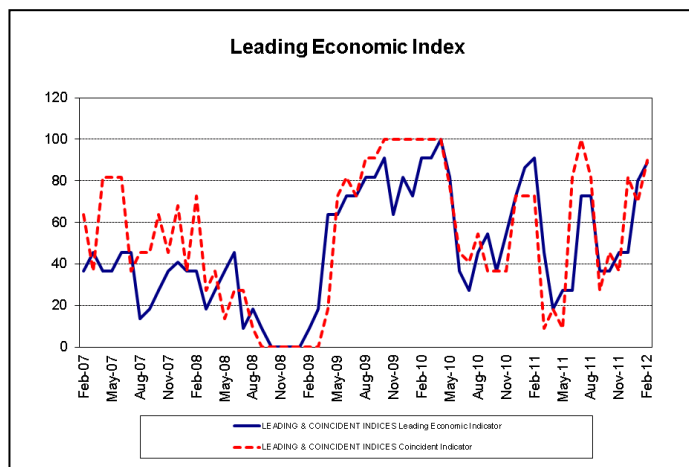
Adjusted for special items, the overall increase was +1.1% Y/Y while city banks saw a 0.2% Y/Y drop and regional banks saw a 2.3% Y/Y increase.



### Leading/Coincident Index

The Leading Economic Index improved 2.1pts to 96.6 in February, exceeding market expectations for an increase to 95.8. January's 94.4 reading was revised higher to 94.5. Meanwhile, the Coincident Index CI improved 1.0pts to 93.7, exceeding market expectations which called for an improvement to 93.6.

In DI Terms, the Leading index improved 8.9pts to 88.9 while the Coincident Index improved 20.0pts to 90.0.



## News & Upcoming Dates

### News

**4/11 – BoJ Raises Economic Assessment** – (Dow Jones) - The Bank of Japan slightly upgraded its assessment of the domestic economy for the second straight month Wednesday, saying improving conditions are being led by an upswing in public investment on the back of post-quake reconstruction. "Japan's economic activity has shown some signs of picking up, although it has remained more or less flat," the BOJ said in its monthly report for April. It was a slight change of wording that puts more emphasis on positive signs than last month's report. In March, the BOJ said "Japan's economic activity has remained more or less flat, although it has shown some signs of picking up." The BOJ also said public investment "has recently turned to an increase" and is expected to keep rising.

**4/11 – BoJ Shirakawa Comments** - (Reuters) - Bank of Japan Governor Masaaki Shirakawa said on Tuesday monetary policy should not be directly linked to short-term market moves, stressing that the focus should be on the outlook for the economy and prices. He also told a news conference it was inappropriate to have any preset idea now on whether the BOJ would ease policy at its next rate review on April 27.

**4/11 – BoJ Keeps Policy Unchanged** - (Bloomberg) - The Bank of Japan left its key interest rate and stimulus programs unchanged, five days after lawmakers rejected the government's nomination for its policy board.

### Upcoming Dates

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
4/11	Domestic CGPI (MoM)	0.40%	0.20%
4/11	Domestic CGPI (YoY)	0.40%	0.60%
4/11-4/12	Cabinet Office Monthly Economic Report	N/A	
4/16	Nationwide Dept. Sales (YoY)	N/A	-0.40%
4/16	Tokyo Dept. Store Sales (YoY)	N/A	-1.80%
4/17	Tokyo Condominium Sales (YoY)	N/A	13.00%
4/17	Industrial Production (MoM)	N/A	-1.20%
4/17	Industrial Production YOY%	N/A	1.50%
4/17	Capacity Utilization (MoM)	N/A	3.40%
4/17	Consumer Confidence	N/A	39.5
4/18	Merchnds Trade Balance Total	N/A	¥32.9B
4/18	Adjusted Merchnds Trade Bal.	N/A	-¥313.2B
4/18	Merchnds Trade Exports YoY	N/A	-2.7

Valance Co., Inc.

# Valance Economic Report: United Kingdom

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April 11, 2012

The BoE kept its benchmark rate unchanged and voted to keep its Asset Purchase Program at £325bln. In February's data, Factory output was roughly in line with expectations although March's RICS House Price Index fared better than expected.

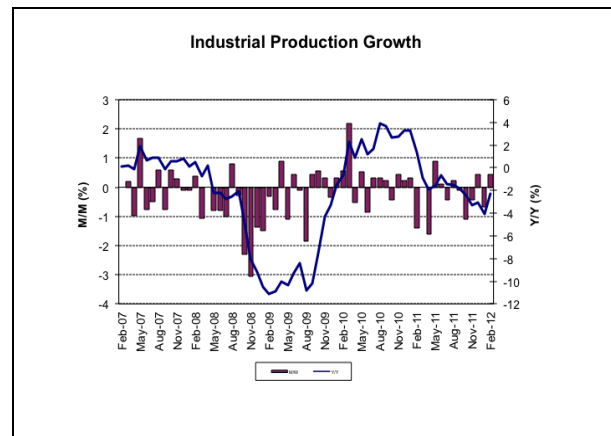
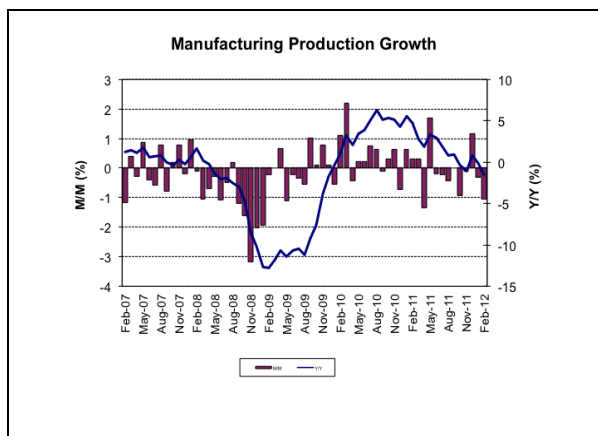
## Weekly Highlights

**Factory Output** – increased 0.4% M/M and dropped 2.3% Y/Y in January. (UK 1)

**RICS House Prices** – improved from -13% to -10% in March. (UK 3)

## Weekly Releases & News

### Chart(s) of the Week: *Mfg. & Industrial Production*



February Industrial Production increased 0.4% M/M and dropped 2.3% Y/Y roughly as the market had expected. January's -0.4% M/M and -3.8% Y/Y was revised to -0.6% M/M and -4.0% Y/Y.

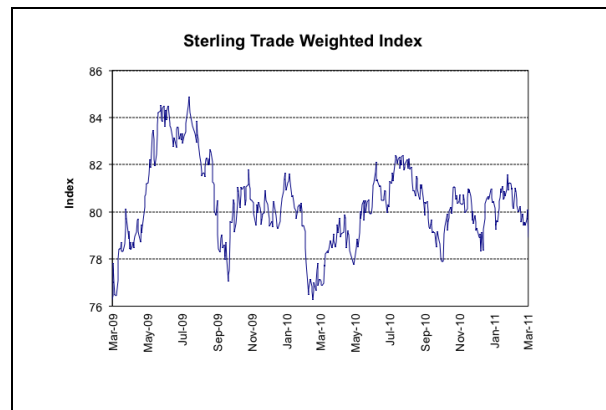
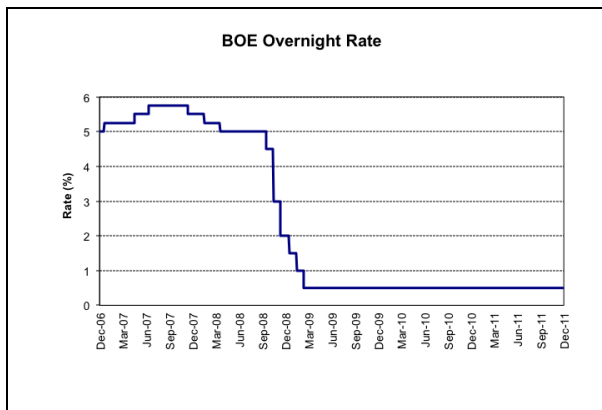
Within the details, Manufacturing Production did not fare well, dropping 1.0% M/M and 1.4% Y/Y against market expectations for a 0.1% M/M and Y/Y improvement. January's +0.1% M/M and +0.3% Y/Y was revised to -0.3% M/M and -0.1% Y/Y.

Within the remaining data, Mining and Quarrying improved 3.8% M/M and dropped 9.6% Y/Y. Electricity/Gas/Steam improved 6.1% M/M and was unchanged Y/Y. Water Supply improved 1.3% M/M and 2.3% Y/Y. Oil & Gas improved 4.6% M/M and dropped 10.7% Y/Y.

UK 1

## Financial Balances, FX & BoE Overnight Rate

U.K.	Last Period (blns)	Last 12mth. % of GDP
Budget Balance (monthly/total)	-£5.3 (Jan)/	1.8%
Curr. Acct. Balance (quarterly)	-£9.6(Q3)	-1.9%
Private Balance	£4.9	+10.9%

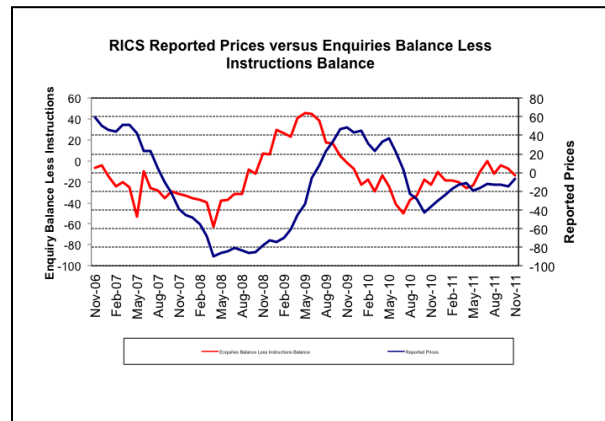


The MPC voted to keep its benchmark rate at 0.50% and maintained the Asset Purchase Target at £325 bln.

## House Prices & Data

### RICS House Price Survey

The RICS House Price survey improved from -13% to -10% in March against expectations for no change. This is the best reading in 21 months. RICS said that “Demand saw a slight boost in March as many first time buyers looked to beat the stamp duty holiday deadline...there has been a gentle increase in activity across the market in the early part of the year but it remains to be seen whether this can continue, given the changes in the budget and ongoing problems affecting the economy.”



### Data

**NIESR GDP Estimate** – The National Institute of Economic and Social Research (NIESR) reported that UK economic growth probably increased 0.1% in the three months through March, compared with no change in the three months through February. NIESR Commented that “With such weak rates of growth, the UK’s negative output gap is likely to widen...but we do expect this economic weakness to be temporary, with the recovery taking hold in 2013.”

**Lloyd’s Employment Confidence** – Lloyd’s Employment confidence index, which measures job security sentiment, improved from -69 to -58 in March.

**New Car Registrations** - According to the Society of Motor Manufacturers and Traders, New Car Registration increased 1/8% Y/Y in March, after having declined 2.5% Y/Y in February.

**BRC October Retail Sales Index** – BRC Store Sales index rose 1.3% Y/Y on a same store basis. The market expected no change. The 3M Y/Y index rose 0.3%. BRC commented that “The warmth of march was a help but it will take more than a week of sunshine to transform retailers’ fortunes...the overall retail environment is still difficult.”

## Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
4/12	Visible Trade Balance GBP/Mn	-£7650	-£7532
4/12	Trade Balance Non EU GBP/Mn	-£3825	-£3678
4/12	Total Trade Balance (GBP/Mln)	-£2000	-£1762
4/13	PPI Input NSA (MoM)	1.40%	2.10%
4/13	PPI Input NSA (YoY)	4.80%	7.30%
4/13	PPI Output n.s.a. (MoM)	0.50%	0.60%
4/13	PPI Output n.s.a. (YoY)	3.50%	4.10%
4/13	PPI Output Core NSA (MoM)	0.20%	0.50%
4/13	PPI Output Core NSA (YoY)	2.60%	3.00%
4/15	Rightmove House Prices (MoM)	N/A	1.60%
4/15	Rightmove House Prices (YoY)	N/A	2.20%
4/16- 4/20	Nationwide Consumer Confidence	N/A	44
4/17	DCLG UK House Prices (YoY)	N/A	0.20%
4/17	CPI (MoM)	N/A	0.60%
4/17	CPI (YoY)	N/A	3.40%
4/17	Core CPI YOY	N/A	2.40%
4/17	Retail Price Index	N/A	239.9
4/17	RPI (MoM)	N/A	0.80%
4/17	RPI (YoY)	N/A	3.70%
4/17	RPI Ex Mort Int.Payments (YoY)	N/A	3.80%
4/18	Bank of England Minutes	N/A	
4/18	Claimant Count Rate	N/A	5.00%
4/18	Jobless Claims Change	N/A	7.2K
4/18	Average Weekly Earnings 3M/YoY	N/A	1.40%
4/18	Weekly Earnings exBonus 3M/YoY	N/A	1.70%
4/18	ILO Unemployment Rate (3mths)	N/A	8.40%

# Valance Economic Report: Canada

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April 11, 2012

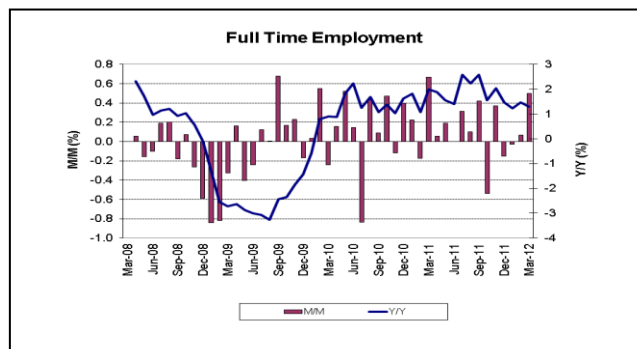
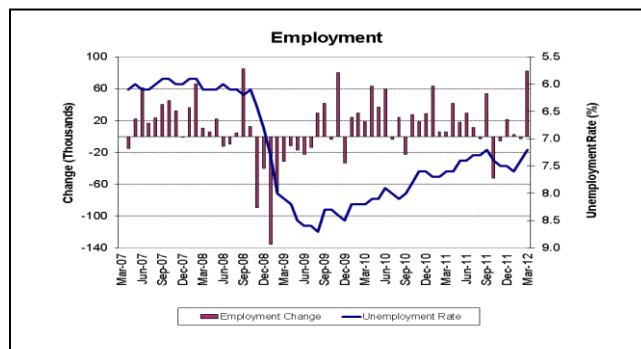
Surprisingly firm data was released in Canada over the past week. The labor market added 82.3K jobs in March, the strongest job gain since September 2008, pushing down the unemployment rate from 7.4% to 7.2%. Building Permits increased above expectations in February and was followed up with strong gains in Housing Starts in March. The Ivey Purchasing Managers' Index, on a softer note, unexpectedly decreased in March. In other news, The Bank of Canada reported that Business Sales Optimism reached a 2-Year High in Q1.

## Weekly Highlights

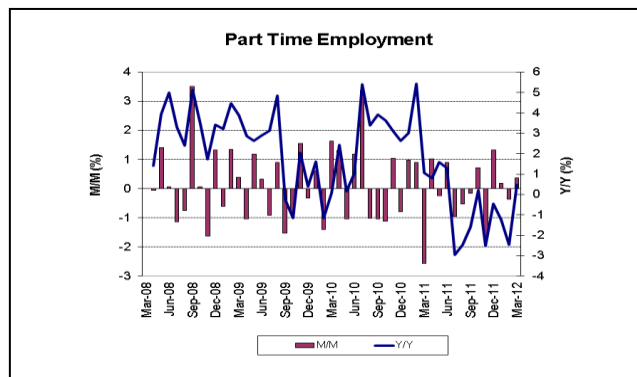
- Canadian economy – gain 82.3K jobs in March. (CA 1)
- Ivey Purchasing Managers' Index - decreased from 66.5 in February to 63.5 in March. (CA 2)
- Housing Starts - increased 5.0% M/M and 17.2% Y/Y in March. (CA 3)

## Weekly Releases & News

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



The Canadian economy posted a solid 82.3K job gain in March, following a job loss of 2.8K in February and a lackluster gain of 2.3K in January. Market expectations were only for a 10.5K job gain. The Unemployment Rate dropped from 7.4% to 7.2%. Full-time employment increased 70.0K, while part-time gained 12.4K.

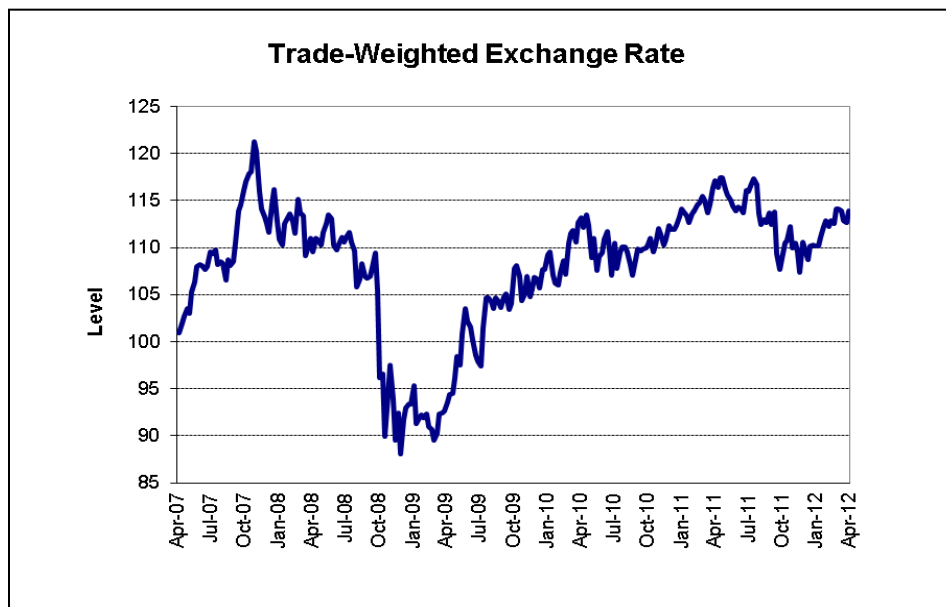


## Financial Balances & Trade Weighted Exchange Rate

### Financial Balances

Canada	Latest period (C\$bln)	Last 12mth. as % of GDP
Budget Balance	1.7 (Jan)	-2.3%
Trade Balance	2.1 (Jan)	-1.4%
Current Account Balance	-10.3 (Q4)	-6.3%
Private Balance	--	-4.0%

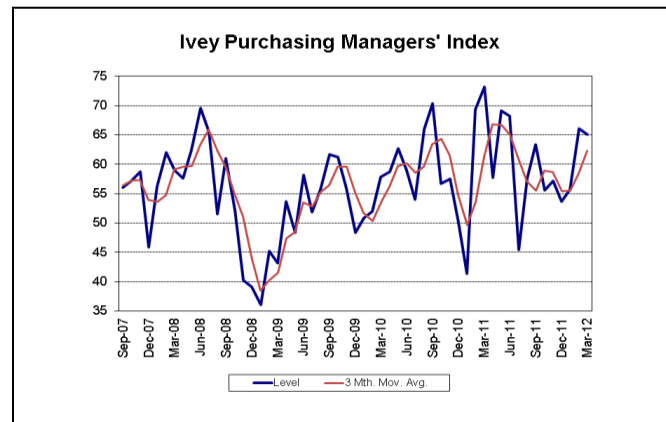
### FX



## *Ivey Purchasing Managers Index, Housing Starts & Building Permits*

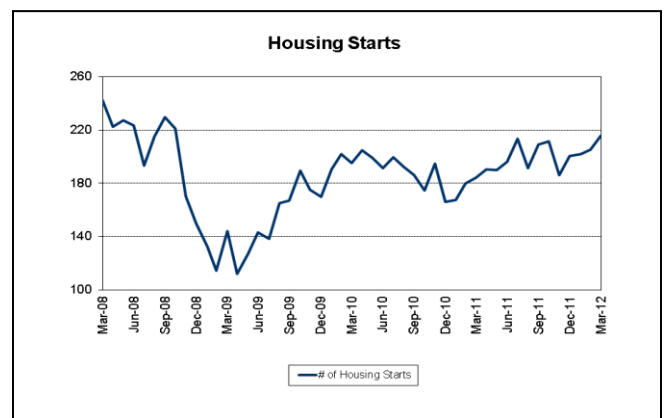
### *Ivey Purchasing Managers Index*

The Ivey Purchasing Managers' Index unexpectedly decreased from 66.5 in February to 63.5 in March, with across the board losses. Market expectations were for an unchanged reading. The Employment component decreased from 58.8 to 52.7 and the Prices Component fell from 73.1 to 63.9.



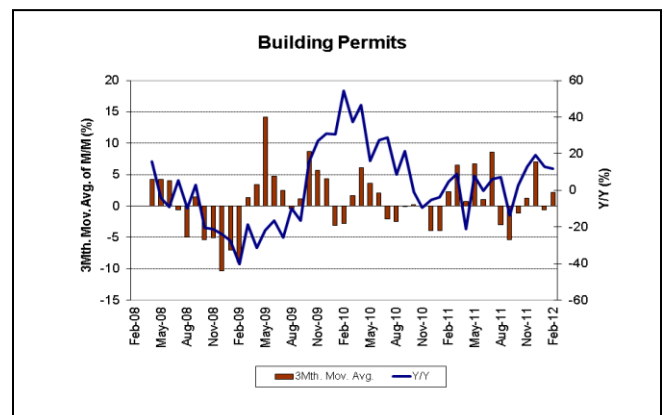
### *Housing Starts*

Housing Starts increased 5.0% M/M and 17.2% Y/Y in March. Housing Starts increased in both Urban and Rural Areas.



### *Building Permits*

Building Permits increased 7.5% M/M in February above market expectations for an increase of 2.0% M/M. Y/Y growth increase 11.7%. Declines in Residential Permits (5.3%) were offset by strong gains in Nonresidential Permits (36.2%).



**Data/News**

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**April 10<sup>th</sup> - Canada's economy to see moderate growth in 2012, recovery 'fragile': Flaherty (National Post)** - NEW YORK - Canada expects moderate growth this year and the country's economic recovery is fragile, Finance Minister Jim Flaherty said on Tuesday.

Flaherty also told reporters in New York that he had no current plans to intervene in a housing market, which some analysts say is overheating. He said there had been some moderation in the housing market of late.

**April 9<sup>th</sup> - Bank of Canada Says Business Sales Optimism Hits 2-Year High (Bloomberg)** -

Canadian executives are more positive on sales growth than at any time in two years, the Bank of Canada said in a quarterly survey, as conditions in global financial markets and expectations for the U.S. economy improved.

The so-called balance of opinion for sales over the next year rose to 35 percentage points in the first quarter, the Business Outlook Survey said. That was up from negative 4 in the last survey and marks the highest reading since the first quarter of 2010.

“With modestly improved expectations for near-term U.S. economic growth and fewer concerns about the global economic and financial situation, some of the dampening effects on sales expectations have subsided,” the Ottawa-based Bank of Canada said today.

Governor Mark Carney, who has kept borrowing costs unchanged since 2010, said in an April 2 speech the nation’s economy has performed better than the central bank forecast in recent months as “external headwinds” abated.

“The better business outlook and Mr. Carney’s recent more hawkish remarks suggest the risks of the Bank moving on rates this year are rising, although concerns on the U.S. and Europe argue for no urgency,” Douglas Porter, deputy chief economist of Bank of Montreal in Toronto, said in a note to investors.

A separate survey of lending officers had a balance of opinion that declined to negative 16.9 from negative 6.3, with readings less than zero indicating that lending conditions eased.

***Key Dates This Week***

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<b>Date</b>	<b>Indicators</b>	<b>Month</b>	<b>Expectations</b>	<b>Previous</b>
12-Apr	New Housing Price Index M/M	FEB	0.20%	0.10%
12-Apr	New Housing Price Index Y/Y	FEB	- -	2.40%
12-Apr	Int'l Merchandise Trade	FEB	2.20B	2.10B

Valance Co., Inc.

**Valance Economic Report: Australia**Reginald Perry  
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April 11, 2012

**Home Loans fell more than expected in February while the NAB Business Survey Confidence and Conditions showed improvement in March.**

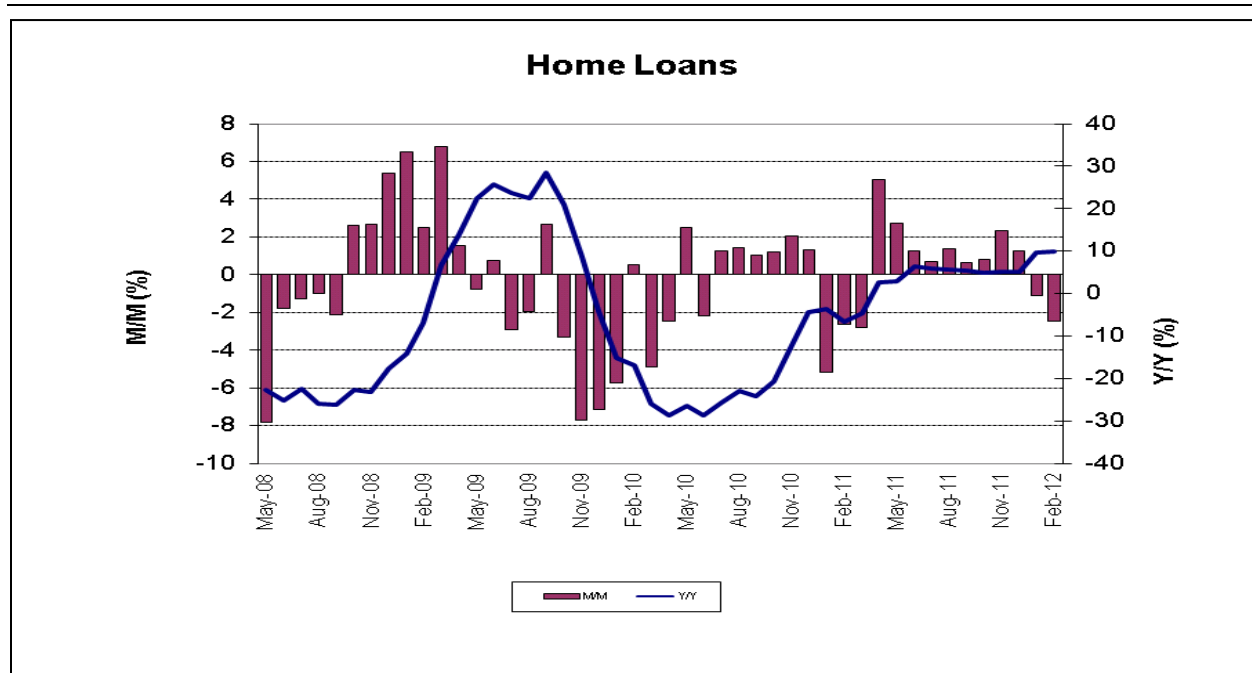
**Weekly Highlights**

**Home Loans** - fell 2.5% M/M in February. (AU 1)

**ANZ Job Advertisement** - rose 1.0% M/M in March. (AU 3)

**Westpac Consumer Confidence Index** – fell 1.6% in April. (AU 3)

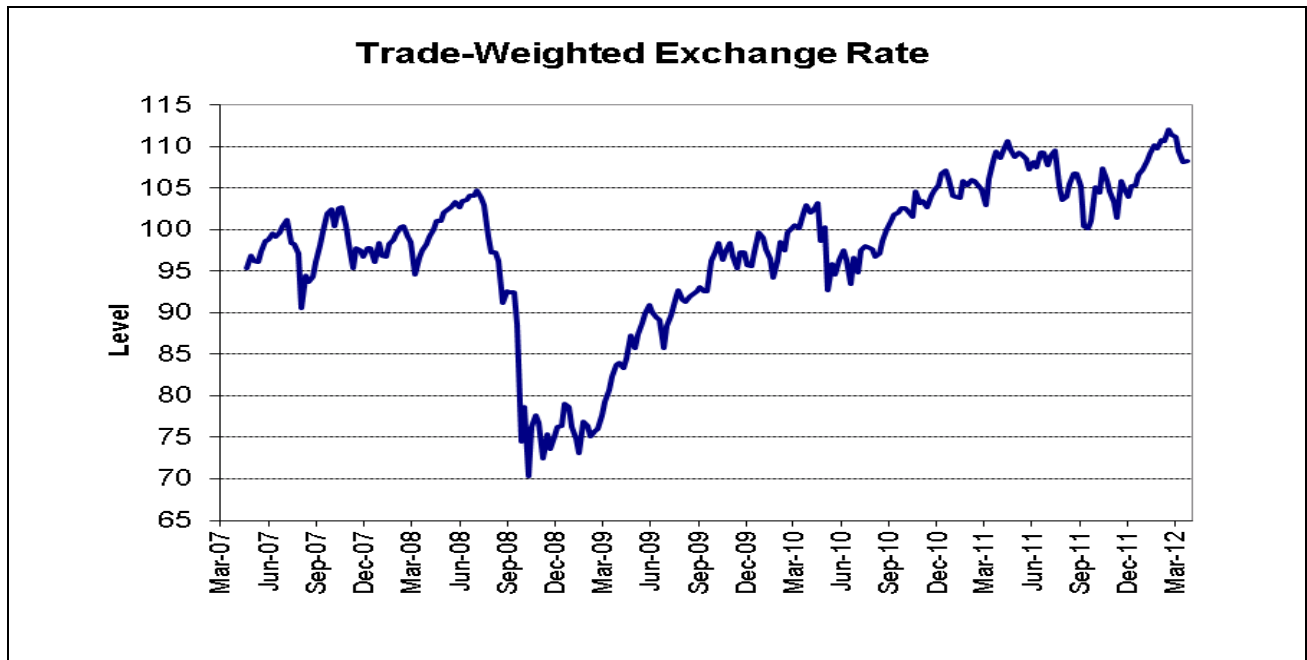
**NAB Business Confidence** – rebounded to 3 from a five month low of 1 in March. (AU 3)

**Weekly Releases & News****Charts of the Week: Home Loans**

In February, the number of Home Loans approvals fell 2.5% M/M after falling 1.2% M/M in January. The market expected a 4.0% decline. First time home buyers were down 10.4%.

AU 1

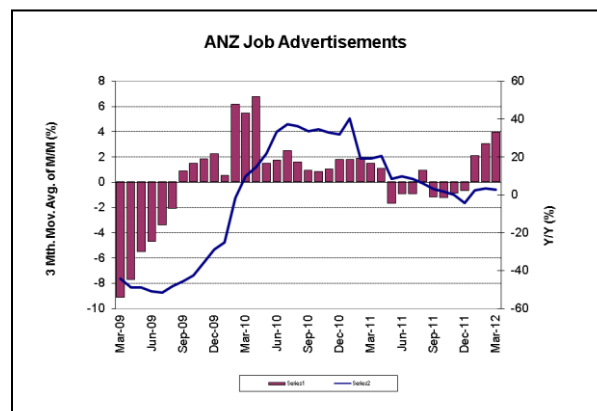
# FX



## ANZ Job Ads & Home Loans

### ANZ Job Advertisement

Job advertisements rose 1.0% M/M in March compared to a 3.3% M/M gain in February. Y/Y, ads were down 22.0%.



### Data

**Westpac/MI Consumer Confidence** - The Consumer Sentiment Index fell 1.6% M/M to 94.5 points in April. This compares to the reading of 105.3 from a year ago. The greatest weakness came from the economic outlook part of the survey. The sub index measuring expected economic conditions over the next 12 months rose 0.8% M/M and over the next 5 years rose 1.5%. A reading above 100 indicates optimists outnumbered pessimists.

**NAB Business Confidence Survey** - The Australian Business Confidence Index rebounded to 3 from a five month low of 1. The Business Conditions Index jumped from 3 to 4.

**AIG Performance of Construction Index** - A gauge of Australia's construction industry held near a four-month low in March as housing and apartment building slumped. The construction performance index was 36.2 in March from 35.6 in February.

## News

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**April 10<sup>th</sup>** – Wes Goodman and Kristine Aquino (Bloomberg) - A record A\$38 billion (\$39 billion) payout on maturing debt from Australian governments this quarter may support rallies in higher-yielding assets including corporate notes.

The federal government is scheduled to repay a record A\$26.4 billion of debt starting April 15, official data show. New South Wales state has more than A\$6 billion in notes to redeem and Queensland has A\$5.8 billion due. Corporate notes gained for a 12th quarter in the first three months of 2012, the longest winning streak in the developed world, and outperformed government debt by the most in almost three years.

Treasurer Wayne Swan plans record spending cuts to end four years of budget deficits, raising the prospect Australian government borrowings will shrink for the first time since the 12 months ended June 30, 2007. Overseas investors have snapped up more than 75 percent of Australian government debt as they seek a haven from Europe's debt crisis in one of just 12 nations with a top grade from all three main ratings companies.

"There's better value in corporate and bank bonds," said Chungkeun Oh, a debt trader at Seoul-based Industrial Bank of Korea, South Korea's fourth-biggest lender with the equivalent of \$165 billion in assets. "I've chosen the corporate market as an alternative to government bonds. The yield premium is attractive."

The extra yield investors demand to buy Australian corporate bonds instead of government debt was at 255 basis points on April 5, down from as high as 293 basis points on Jan. 3, according to Bank of America Merrill Lynch indexes. Australian financial markets were closed from April 6 through April 9 for public holidays.

The difference between returns on Australian company notes and sovereign securities rose to 2.5 percentage points last quarter, the most since the period ended June 2009. At the same time, a separate gauge showed global corporate securities gained 3.2 percent, the biggest advance in 1 1/2 years.

***Key Dates This Week***

Date	Indicator		Expectation	Previous
16-Apr	Reserve Bank Board April Minutes			
16-Apr	New Motor Vehicle Sales M/M	MAR	--	0.00%
16-Apr	New Motor Vehicle Sales Y/Y	MAR	--	1.70%
17-Apr	Westpac Leading Index M/M	FEB	--	0.60%
18-Apr	NAB Business Confidence	1Q	--	1
18-Apr	RBA Foreign Exchange Transaction	MAR	--	372M

Valance Co., Inc.

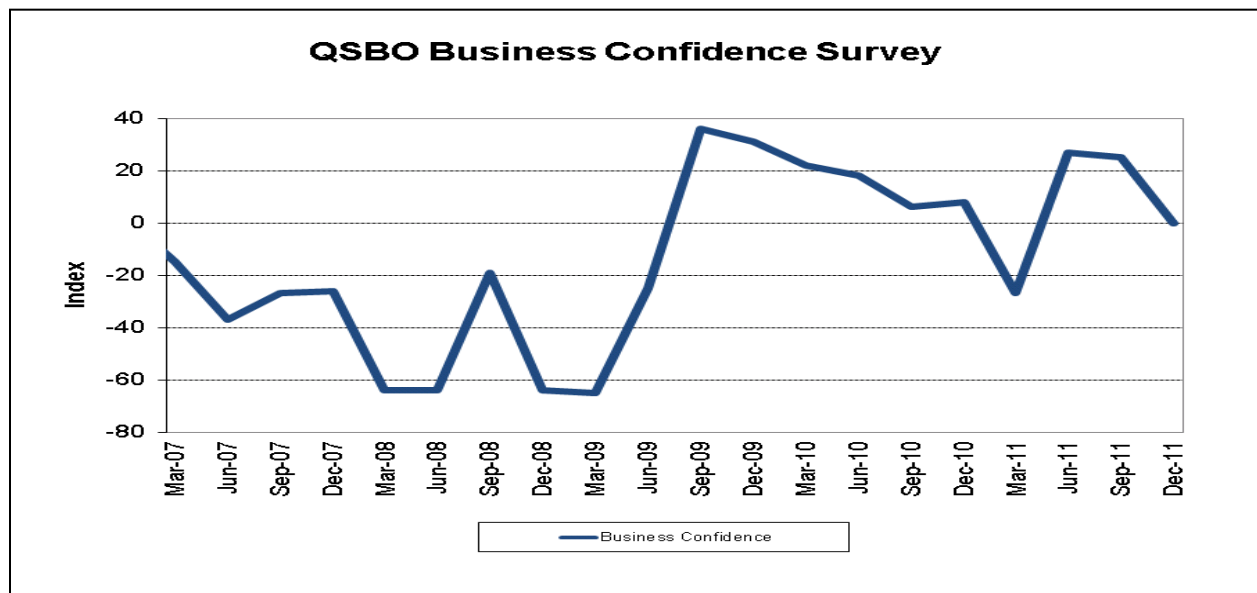
**Valance Economic Report: New Zealand**

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April 11, 2012

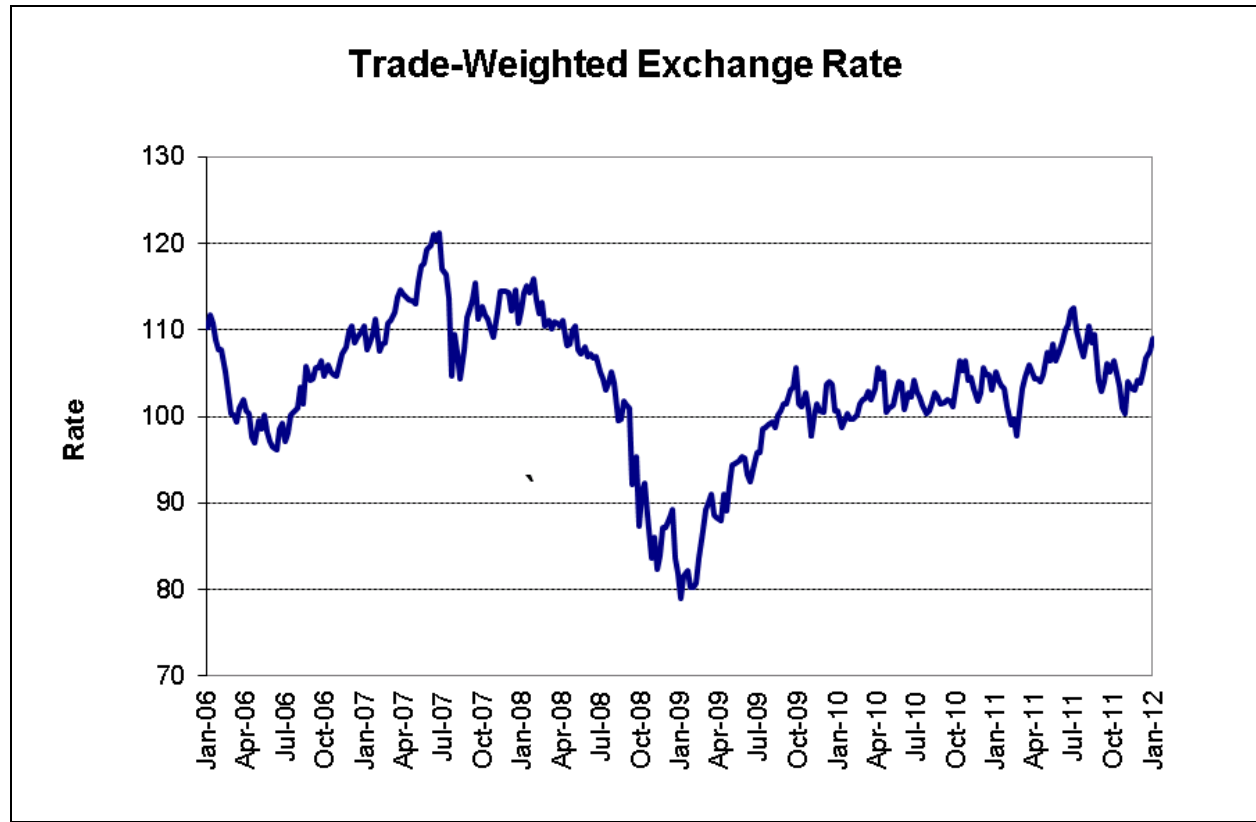
**Weekly Highlights**

**NZIER Quarterly Survey of Business Opinion** – rose from 0 to 13 in Q1. (AU 1)

**Weekly Releases & News****Charts of the Week: NZIER Business Confidence Survey**

The NZIER Business Confidence Survey rose from 0 to 13 in Q1. 17% of firms surveyed expect a rise in Q2 sales, while a net 23% will raise prices. The survey was conducted in the weeks following the Christchurch earthquake.

# FX



## *Key Dates This Week*

Date	Event		Expectation	Previous
11-15 APR	REINZ Housing Price Index	MAR	--	3280.5
11-15 APR	REINZ Housing Price Index M/M	MAR	--	0.80%
11-15 APR	REINZ House Sales Y/Y	MAR	--	37.00%
15-Apr	Performance Services Index	MAR	--	55.5
15-Apr	Food Prices M/M	MAR	--	0.60%
16-Apr	Non Resident Bond Holdings	MAR	--	60.30%
18-Apr	ANZ NZ Job Ads M/M	MAR	--	5.30%
18-Apr	Consumer Prices Q/Q	1Q	--	-0.30%
18-Apr	Consumer Prices Y/Y	1Q	--	1.80%

## Weekly Economic Report: China

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April 11, 2012

**In March, data surprised with an export-led Trade Surplus; Consumer Prices rose faster-than-estimated; and Producer and Import Prices fell below expectations on an annual basis.**

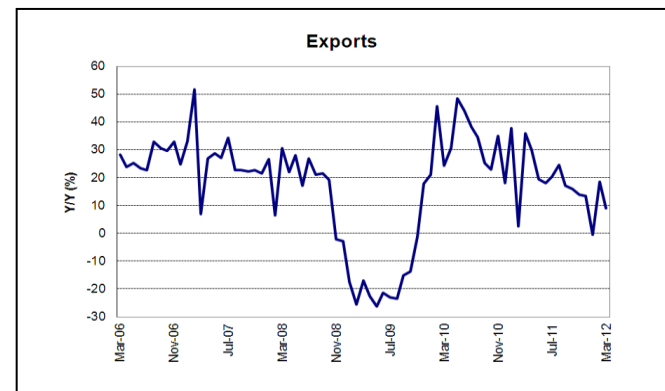
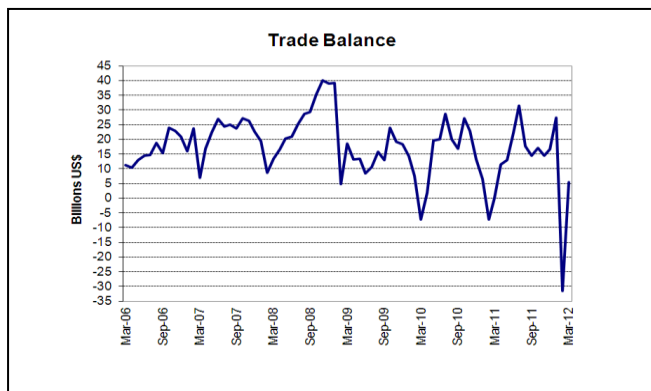
### Weekly Highlights

**Trade** – rebounded from a deficit of \$31.48 bln in February to a surplus of \$5.35 bln in March. (CH 1)

**CPI** – rose 3.6% Y/Y in March. (CH 2)

**PPI** – fell 0.3% Y/Y in March. (CH 2)

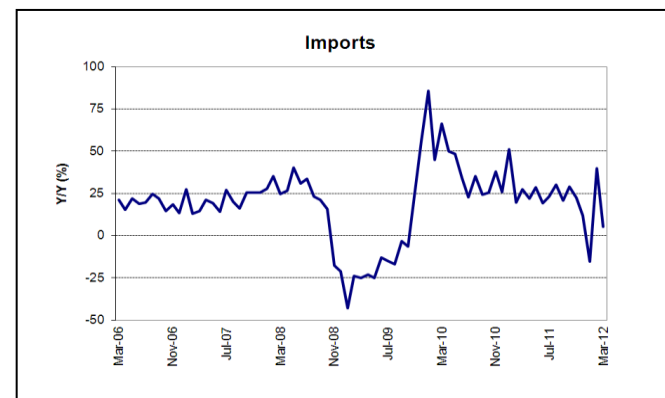
### Weekly Releases & News Chart(s) of the Week: Trade Data



China's Trade Balance strengthened from a deficit of \$31.48 bln in February to a surplus of \$5.35 bln in March; and above an expected deficit of \$3.15 bln.

Exports rose 8.9% Y/Y, compared with 18.4% Y/Y growth the previous month. They were expected to gain 7.0% Y/Y.

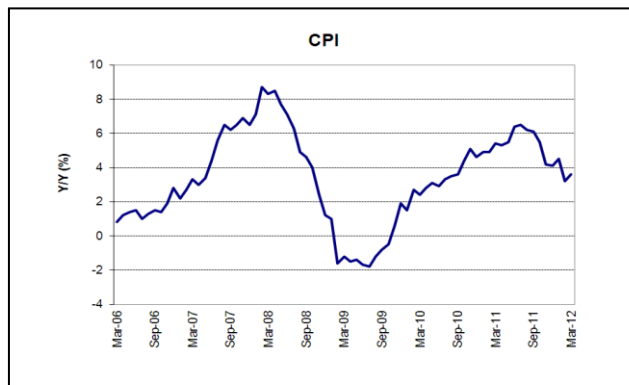
Imports rose 5.3% Y/Y, compared with 39.6% growth the month before; and below expectations of a 9.0% Y/Y gain.



## CPI, PPI & Business Climate Index

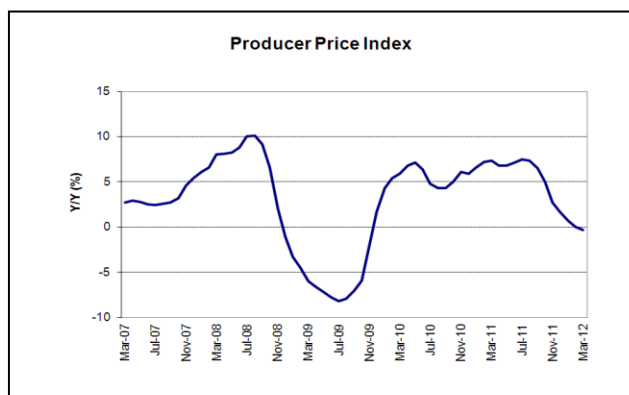
### CPI

The Consumer Price Index rose 3.6% Y/Y in March, compared with 3.2% the previous month; and above the 3.4% gain expected. The gain was partly attributed to a pickup in food prices.



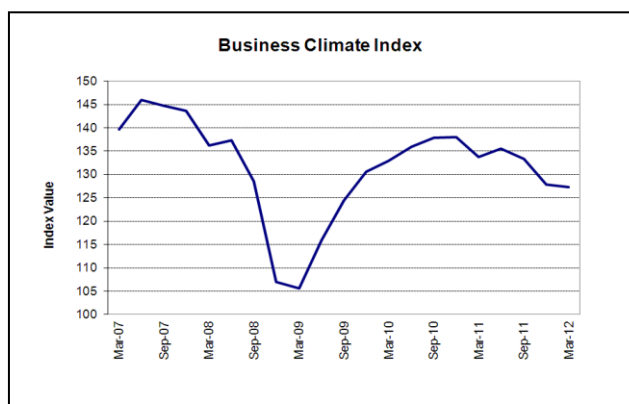
### PPI

The March Producer Price Index rose 0.3% M/M – a second consecutive monthly increase. Annually, the Index, as expected, fell 0.3% Y/Y, down from a flat reading the previous month.



### Business Climate Index

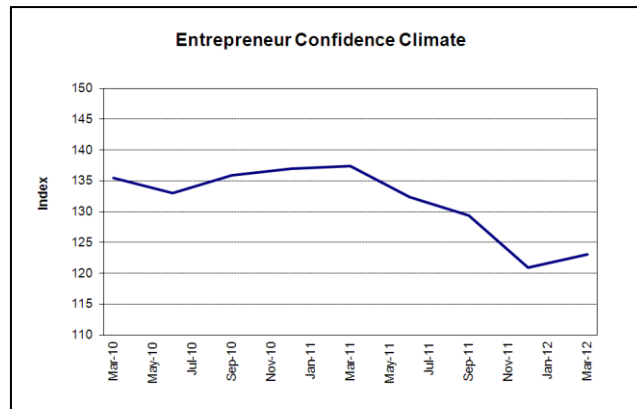
China's Business Climate Index fell 0.5 points, from 127.8 in Q4 to 127.3 in Q1.



## Entrepreneur Confidence Index, Data & News

### Entrepreneur Confidence Index

The Entrepreneur Confidence Index rose 2.1 points, advancing from 120.9 in Q4 to 123.0 in Q1.



### Data

**April 4<sup>th</sup> (Bloomberg) – HSBC Services PMI** – expanded at a slower rate in March -- falling from 53.9 in February to 53.3.

### News

**April 11<sup>th</sup> (Bloomberg) - PBOC to Set Up Payment System in Step Toward Yuan Convertibility** - Li Bo, Head of the PBOC's second monetary policy department stated:

*This is infrastructure that is conducive to expanding the use of the yuan in cross-border trade settlement, to serving the real economy and to capital account opening. [The conditions for yuan convertibility] are increasingly ripe [he said, without elaborating].*

**April 11<sup>th</sup> (Bloomberg) - IMF Said Ready to Cut China Current-Account Surplus Forecast** - Eswar Prasad, a former head of the China division at the IMF made the following comments:

*[The new IMF outlook] definitely implies that the estimates of under-evaluation are going to be reduced.*

*The big question is whether [it will be] enough to eliminate the sense of substantial undervaluation.*

**Key Dates This Week**

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/11-13	Foreign Exchange Reserves	MAR	\$3200.0B	\$3181.1B
04/11-13	New Yuan Loans	MAR	797.5B	710.7B
04/11-13	Money Supply – M0, M1, M2	MAR	10.0% / 5.0% / 13.0%	8.8% / 4.3% / 13.0%
04/12	IP YTD / Y/Y	MAR	11.3% / 11.6%	11.4% / --
04/12	Fixed Assets Inv	MAR	21.0%	21.5%
04/12	Real GDP YTD (Y/Y)	MAR	8.4%	9.2%
04/12	Real GDP Q/Q / Y/Y	MAR	1.9% / 8.4%	2.0% / 8.9%

Valance Co., Inc.

# Valance Economic Report: Sweden

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April 11, 2012

**Industrial Output** fell to its lowest level since 2009 and **Orders** continued to fall in February. Sweden's central government payments showed a better-than-expected surplus for March.

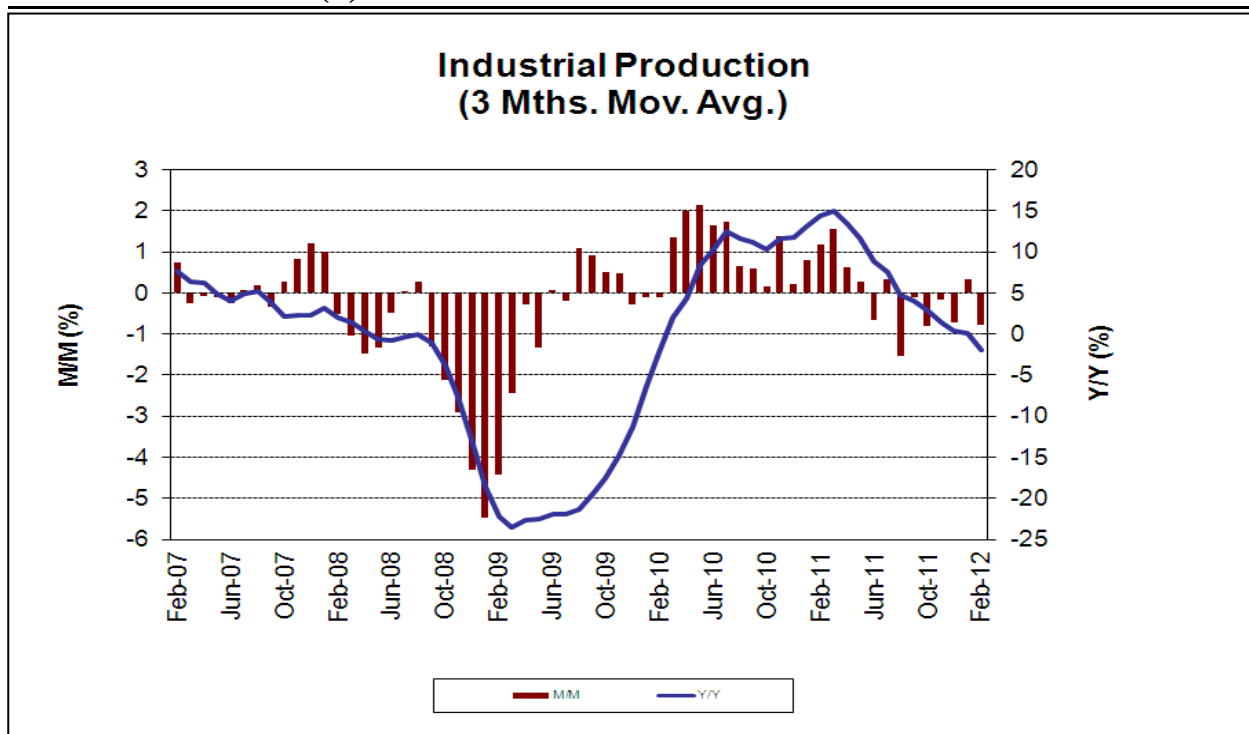
## Weekly Highlights

**Industrial Production** – posted its worst fall in two years in February. (SW 1)

**Budget Surplus** – narrowed from a surplus of SEK 32.5 in February to a surplus of SEK 9.5 bln in March. (SW 2)

## Weekly Releases & News

### Chart(s) of the Week: *Industrial Production*



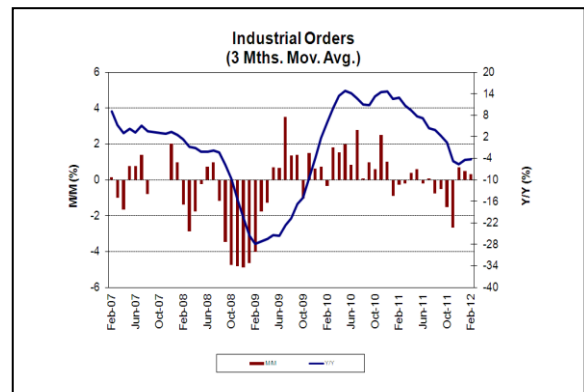
Industrial Production fell 5.2% M/M and 7.1% Y/Y in February, compared with +3.3% M/M and +1.7% Y/Y the previous month. On a monthly basis, production in most of the industry's subsectors varied, with most showing decreasing production. On a monthly basis, the electronics and food industries advanced the most; while the textile and motor vehicle industries showed decreases in production. Annually, the strongest developments were seen in the electrical equipment and machinery industries; while the motor vehicle and textile industries declined.

SW 1

## **Industrial Orders, Budget Balance & Trade Weighted Exchange Rate**

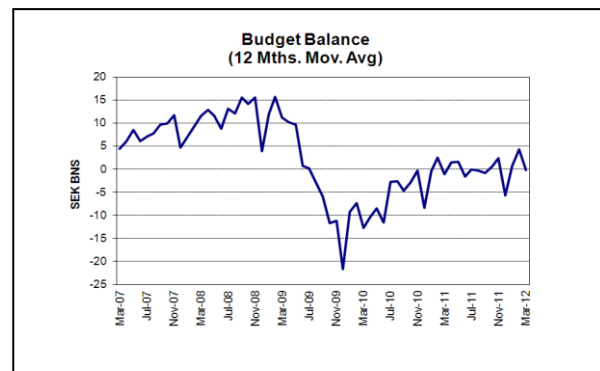
### **Industrial Orders**

February Industrial Orders fell 5.5% M/M and 8.3% Y/Y, compared with -3.0% M/M and -2.0% Y/Y in January. The subsectors showed mostly negative development. New orders in the domestic and export markets decreased 1.1% M/M and 8.5% M/M, respectively.

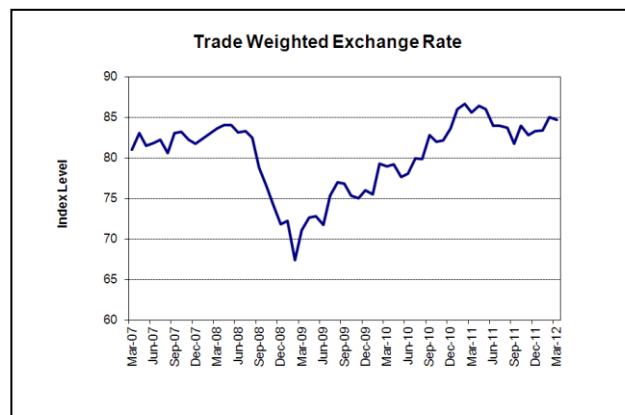


### **Budget Balance**

Sweden posted a Budget Surplus of SEK 9.5 bln in March, well below the surplus of SEK 32.5 bln posted the previous month. On a 12 mth. mov. avg. basis, the budget balance weakened from a surplus of SEK 4.29 bln in February to a deficit of SEK 0.19 bln in March.



### **Trade Weighted Exchange Rate**



**Key Dates This Week**

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/12	Average House Prices	MAR	--	2.322M
04/12	CPI – HR	MAR	0.3% / 1.5%	0.7% / 1.9%
04/12	CPI – CPIF	MAR	0.3% / 1.0%	0.7% / 1.1%
04/12	CPI Level	MAR	314.78	313.92
04/18	Riksbank Interest Rate	APR 18	--	1.50%

# Valance Economic Report: Switzerland

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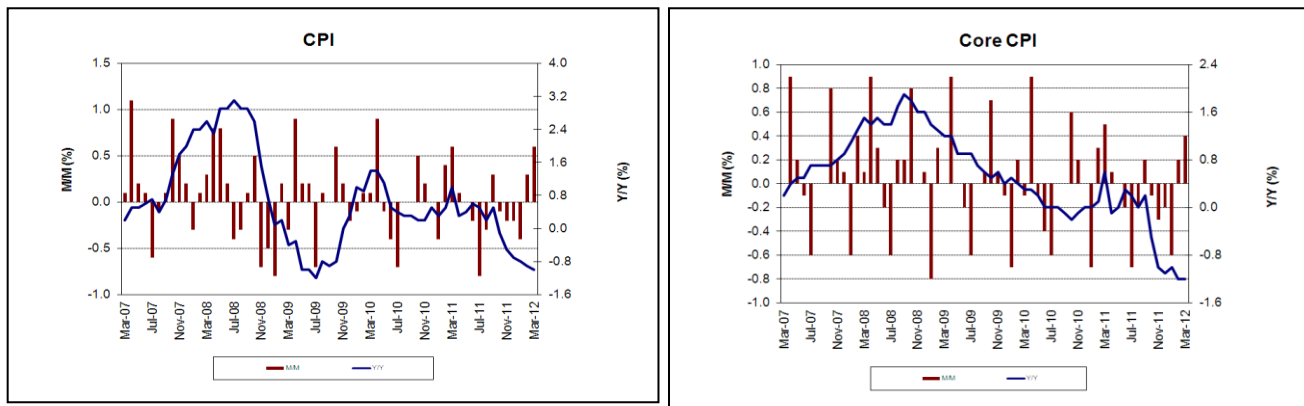
**In March, Swiss Consumer Prices dropped for the sixth consecutive month on a monthly basis and the seasonally adjusted Unemployment Rate held at 3.1% for the fourth consecutive month.**

## Weekly Highlights

**CPI** – rose 0.6% M/M and fell 1.0% Y/Y in March. (SZ 1)  
**Core CPI** – rose 0.9% M/M and fell 1.0% Y/Y in March. (SZ 1)  
**Unemployment Rate (sa)** – was unchanged at 3.1% in March. (SZ 2)

## Weekly Releases & News

### Chart(s) of the Week: CPI

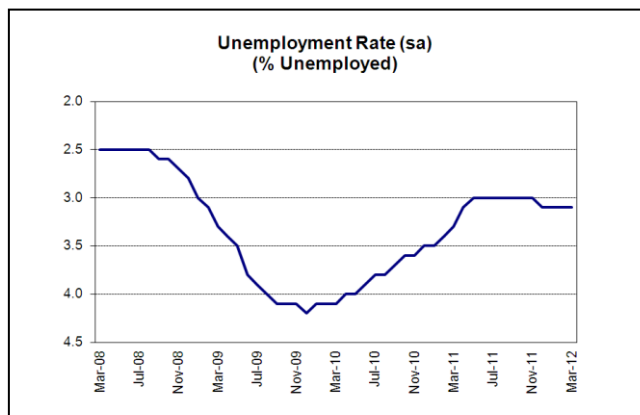


March Consumer Prices rose 0.6% M/M, compared with 0.3% MM the previous month, and above expectations of 0.4% M/M. On an annual basis, prices fell 1.0%, slower than the 0.9% loss posted the month before. A decrease of 1.1% was forecast. Additionally, Core Consumer Prices rose 0.9% M/M and fell 1.0% Y/Y, compared with +0.1% M/M and -1.2% Y/Y the previous month.

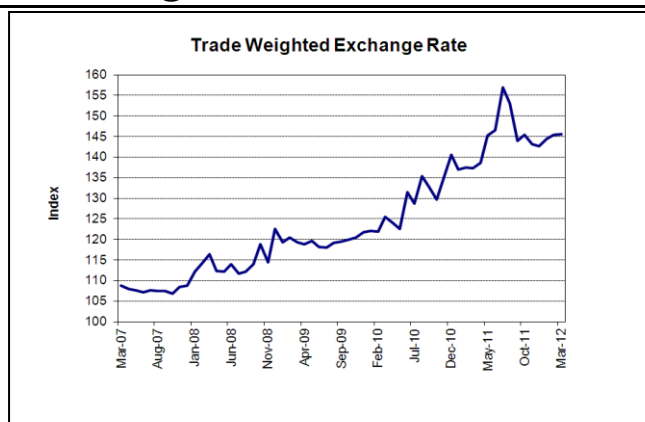
## Unemployment Rate, Trade Weighted Exchange Rate & Data

### Unemployment Rate

As expected, Switzerland's seasonally adjusted Unemployment Rate was unchanged at 3.1% in March. Meanwhile, the seasonally unadjusted Unemployment Rate fell from 3.4% in February to 3.2%, below estimates of 3.3%. On an unadjusted basis, the total number of vacancies was approximately 18K – down by 541.



### Trade Weighted Exchange Rate



### Data

**April 5<sup>th</sup> (Bloomberg) – Foreign Currency Reserves** – rose from 227.2 bln francs in February to 237.5 bln francs in March.

## News & Upcoming Dates

### News

**April 10<sup>th</sup> - SNB Says Policy Intact After 'Anomalies' Caused Cap Breach** – SNB Interim Chief Thomas Jordan remarked:

*The Swiss National Bank is enforcing the minimum exchange rate with all the means at its disposal.*

*We are prepared to buy foreign currency in unlimited quantities for this purpose. In this respect, our policies are totally unchanged.*

*Thanks to this network of contacts, the global foreign exchange market is almost completely covered.*

*[The exchange rates below 1.20 francs per euro were set by banks which don't have such an agreement with the SNB, constituting a market in which trades] below the best price were concluded.*

*All market participants were at all times aware of this SNB purchase offer, including the banks without an agreement [with the central bank].*

*Consequently, banks which sold euros for less than 1.20 francs did not receive the best market price and had -- relatively speaking -- to accept losses.*

*We can't say these market anomalies won't happen again. However, they can only be maintained for a very short period.*

### Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/16	Producer & Import Prices	MAR	--	0.8% / -1.9%
04/18	Credit Suisse ZEW Survey	APR	--	0.0