

Valance Company, Inc.



Weekly

April 25, 2012

III

Highlights

US – Weak durable goods orders

EU – Weak PMI data

JN – Trade deficit increased in March

UK – GDP declines for second consecutive quarter

CA – Consumer price growth decelerated in March

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Valance Economic Reports

Valance Co., Inc.

Valance Economic Report: United States

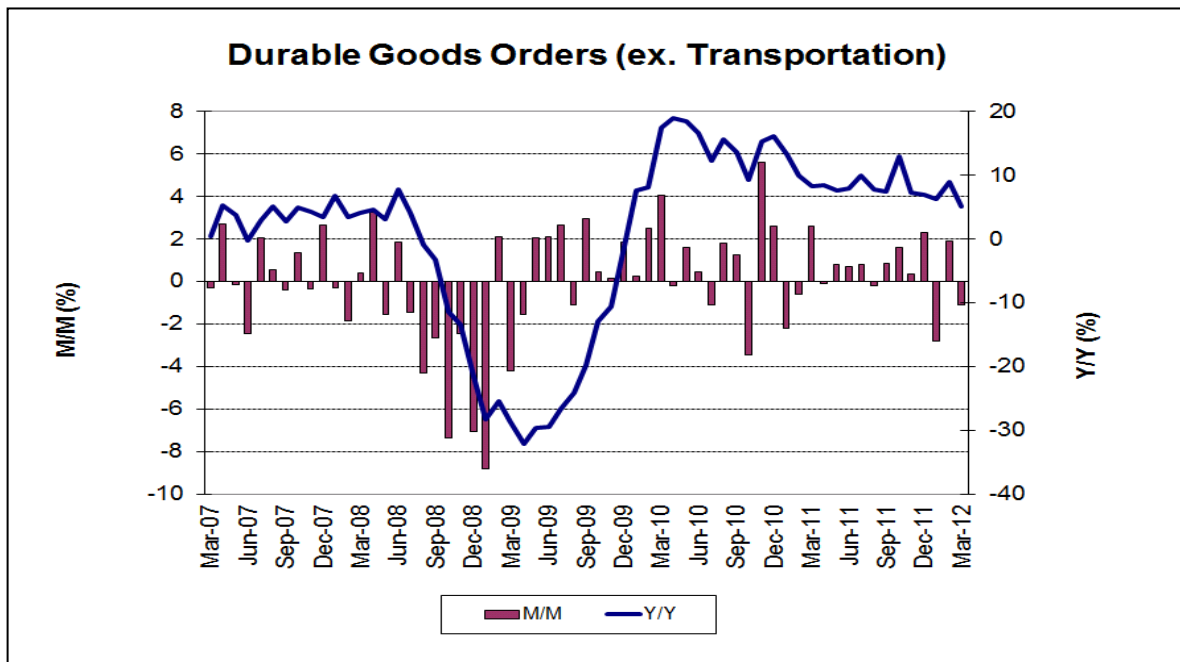
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April 25, 2012

Largely weaker data this week as Durable Goods Orders dropped and Initial Claims remain elevated relative to recent months. The FOMC statement was slightly more hawkish, as core inflation forecasts ticked higher and the Fed Funds rate forecasts were moved slightly forward.

Weekly Highlights

Durable Goods Orders ex. Transportation – fell 1.2% M/M in March. (US 1)
Initial Claims – declined from a revised 388k (previously 380k) to 386k. (US 3)
Philly Fed Index – slowed from 12.5 to 8.5 in April. (US 3)

Weekly Releases**Chart of the Week: Durables Ex Transportation**

Durable Goods Orders ex. Transportation fell 1.2% M/M and decelerated to 3.6% Y/Y in March. Non-defense capital goods orders, excluding aircraft, fell 0.8%. The three-month annualized core rate fell from 3.0% to -0.5%. Aircraft dropped 47.6%. With the exception of electrical equipment orders improving 3.2%, every other major component declined.

US 1

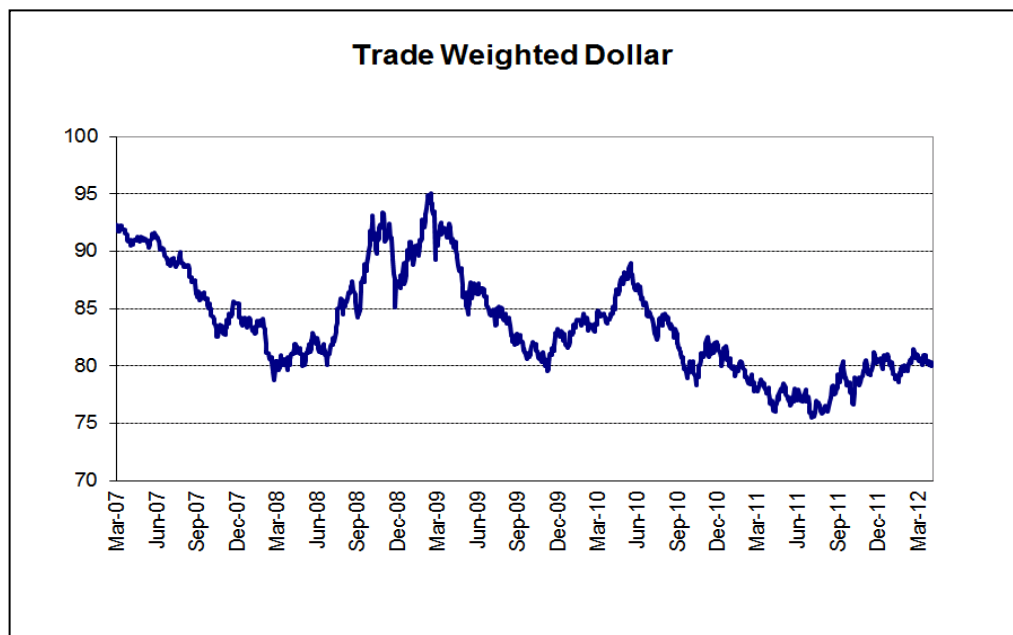
U.S. Financial Balances & Trade Weighted Dollar

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 March 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.

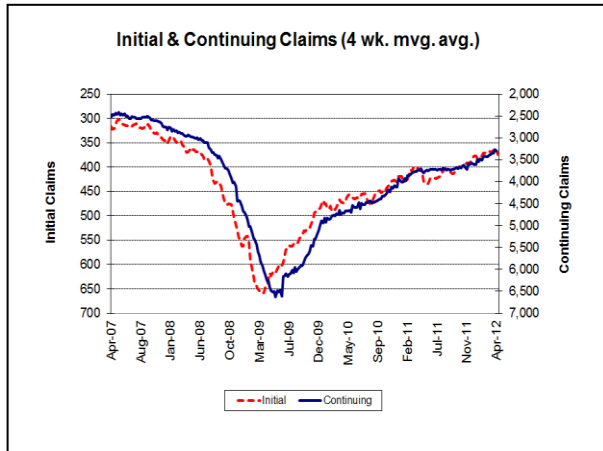
Trade Weighted Dollar



Initial Jobless Claims, Philadelphia Fed. & Consumer Confidence

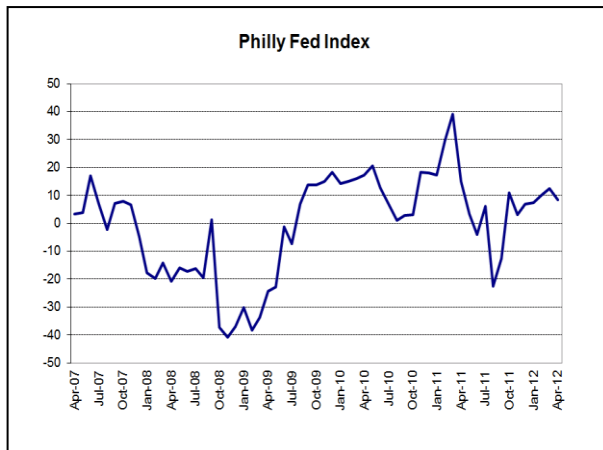
Initial Jobless Claims

Initial Claims declined from a revised 388k (previously 380k) to 386k. The series has been volatile since the beginning of the year and had been stabilizing in the 350k range. The four week moving average of initial claims increased from 369k to 375k. Continuing Claims increased by 26k to 3297k, the first increase in the past six weeks.



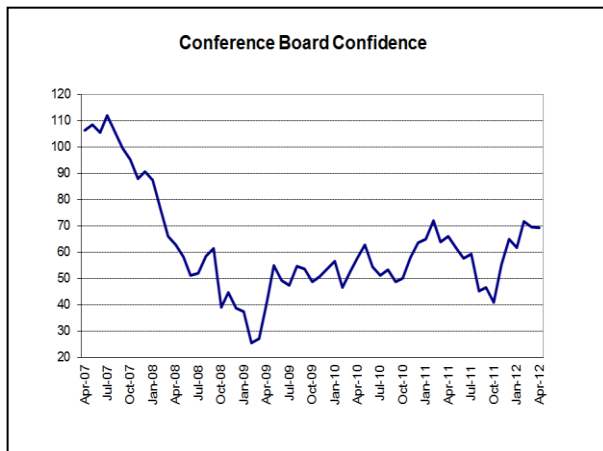
Philadelphia Fed.

The Philly Fed Index slowed from 12.5 to 8.5 in April, the seventh consecutive month in positive territory. The new orders component was relatively flat as unfilled orders improved from -11.0 to 3.2. The employment component improved from 6.8 to 17.9.



Consumer Confidence

Consumer Confidence dropped slightly from 69.5 to 69.2 in April. The present situation component improved from 49.9 to 51.4 though expectations fell from 82.5 to 81.1. The jobs plentiful, minus jobs hard to get component climbed from -31.7 to -29.1.

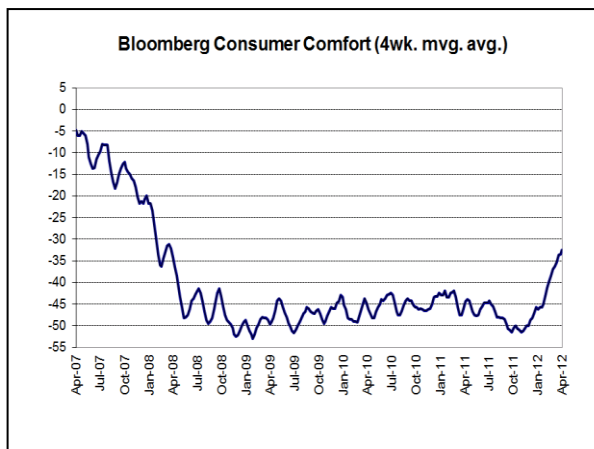


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Bloomberg Consumer Comfort & Housing Data

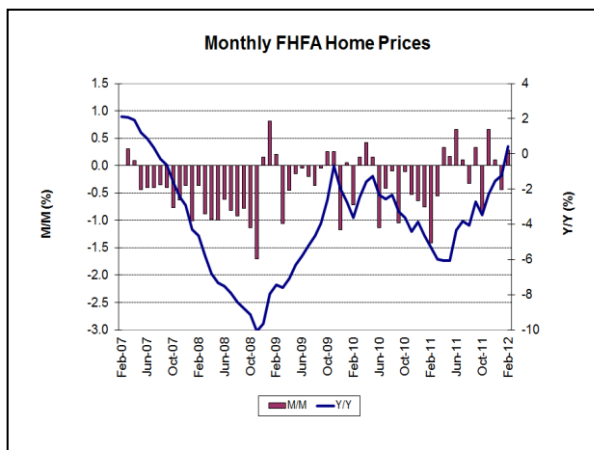
Bloomberg Consumer Comfort

The Bloomberg Consumer Comfort Index improved from -32.8 to -31.4. The buying climate ticked higher from -37.3 to -36.3. The state of the economy gained 1.7 pts, moving to -64.3.



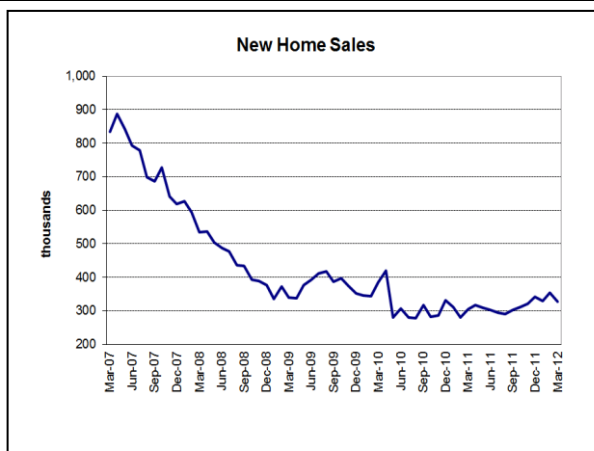
House Price Index

The monthly OFHEO House Price Index increased 0.3% M/M in February, though January was revised from flat to down 0.5%. The index is up 0.4% Y/Y, the first positive Y/Y print since July 2007.



New Home Sales

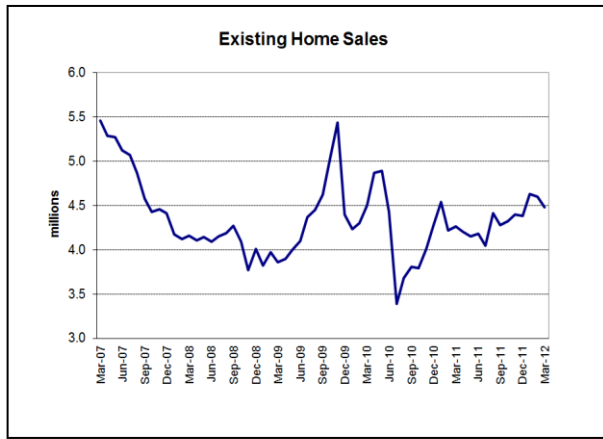
New Home Sales fell from a revised 353k (previously 313k) to 328k in March. It was a decline of 7.1% M/M though a 7.5% gain Y/Y. Median prices fell 1.0% M/M to \$235k. Inventory levels increased from 5.0 to 5.3 months of supply. Actual inventories fell 2k to 144k.



Existing Home Sales, CaseShiller & MBA Mortgage Applications

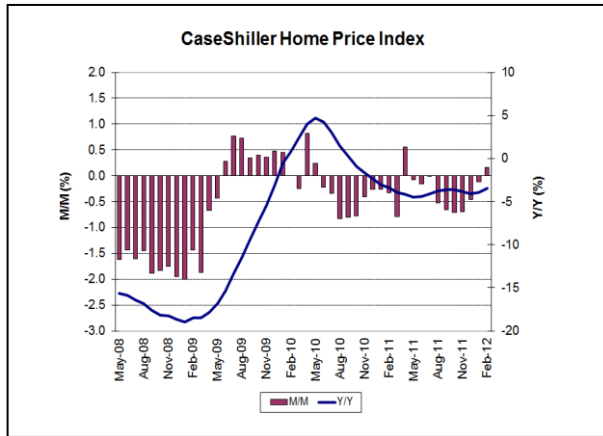
Existing Home Sales

Existing Home Sales fell from 4.60 mln seasonally adjusted annualized units to 4.48 mln in March, down 2.6% M/M. Median prices rose 8k to 163.8k. Inventory levels remained at 6.3 months of supply. Sales averaged 4.57 mln in Q1 2012, up from 4.36 mln in Q4 2011, the best quarterly pace since Q1 2007.



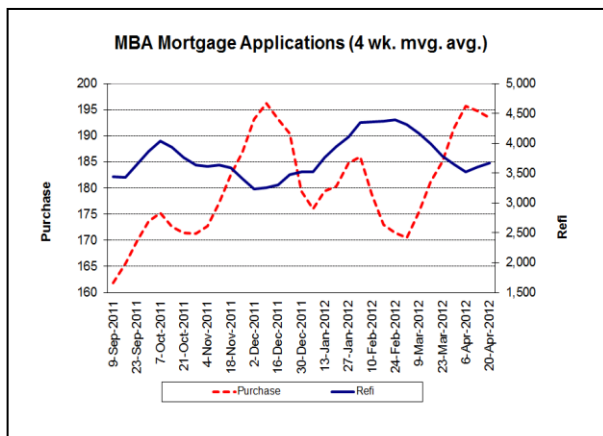
S&P/CaseShiller Home Price Ind

The Case-Shiller Index gained 0.15% M/M and is down 3.49% Y/Y in February. Although small, this was the first M/M gain since April of last year.



MBA Mortgage Applications

Purchase Mortgage Applications increased 2.7% W/W. Refi applications fell 5.6% W/W. The FRM 30-year contract fell to 4.04%, an all-time low.



Key Dates This Week

Date	Indicators		Survey	Prior
26-Apr	Chicago Fed Nat Activity Index	MAR	--	-0.09
26-Apr	Initial Jobless Claims	21-Apr	375K	386K
26-Apr	Bloomberg Consumer Comfort	22-Apr	--	-31.4
26-Apr	Pending Home Sales M/M	MAR	1.00%	-0.50%
27-Apr	GDP Q/Q (Annualized)	1Q A	2.50%	3.00%
27-Apr	Personal Consumption	1Q A	2.30%	2.10%
27-Apr	Core PCE Q/Q	1Q A	2.10%	1.30%
27-Apr	U. of Michigan Confidence	APR F	75.7	75.7
30-Apr	Personal Income	MAR	0.30%	0.20%
30-Apr	Personal Spending	MAR	0.40%	0.80%
30-Apr	PCE Core (M/M)	MAR	0.20%	0.10%
30-Apr	Chicago Purchasing Manager	APR	61	62.2
1-May	Construction Spending M/M	MAR	0.50%	-1.10%
1-May	ISM Manufacturing	APR	53	53.4
1-May	ISM Prices Paid	APR	58.8	61
1-May	Total Vehicle Sales	APR	14.50M	14.32M
2-May	MBA Mortgage Applications	27-Apr	--	--

Valance Economic Report: Euro Zone

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April 25, 2012

Recent data releases were highlighted by weak EU PMI results. EU Services and Manufacturing PMIs contracted more than expected in April and the Composite Index decreased from 49.1 to 47.4 to a five month low. Other data showed that EU Consumer Confidence decreased while the German IFO Business Survey ticked up in April.

Weekly Highlights

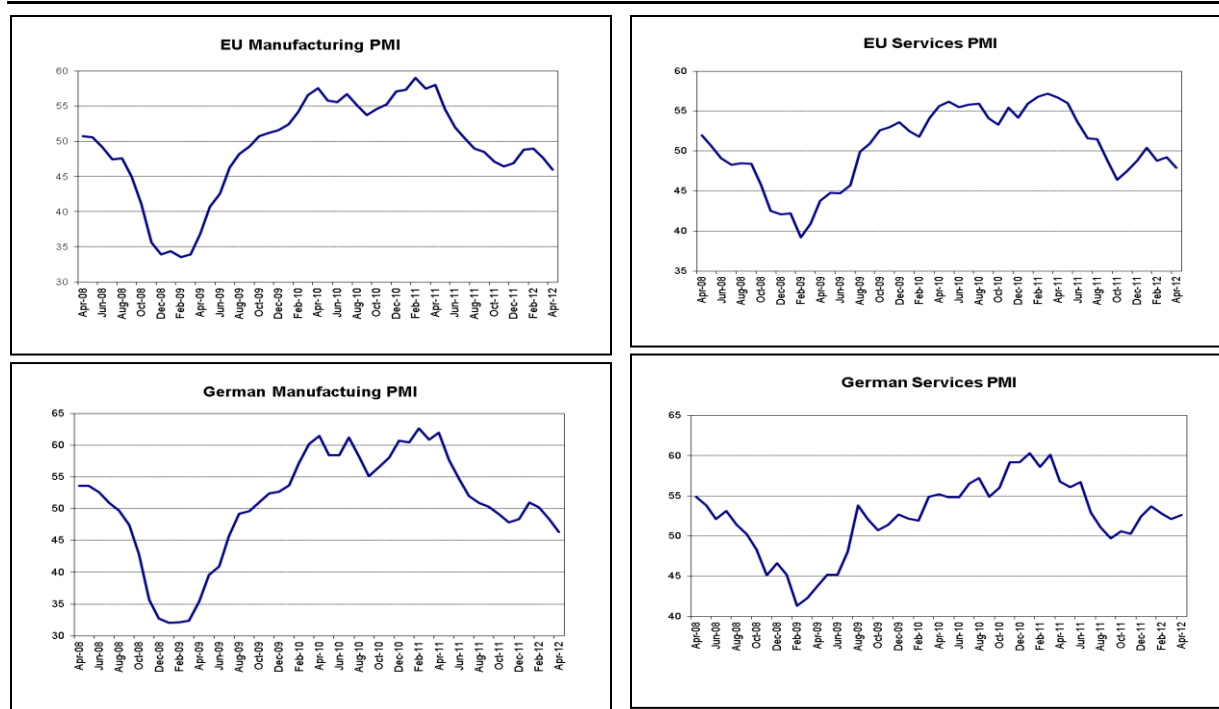
EU PMIs – contracted more than expected in April. (EU 1)

EU Consumer Confidence - decreased from -19.1 in March to -19.8 in April. (EU 2)

German IFO Business Survey - ticked up from 109.8 in March to 109.9 in April. (EU 3)

Weekly Releases & News

Chart(s) of the Week: EU PMIs



EU Services and Manufacturing PMIs contracted more than expected in April. PMI Manufacturing decreased from 47.7 in March to 46.0 in April versus market expectation for a reading of 48.1. Services PMI decreased from 49.2 to 47.9 versus market expectations for a reading of 49.3. The Composite Index decreased from 49.1 to 47.4, a five month low. Market expectations were for an increase to 49.3. German Manufacturing Industry decreased from 48.4 to 46.3 and the Services Industry edged up from 52.1 to 52.6.

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*

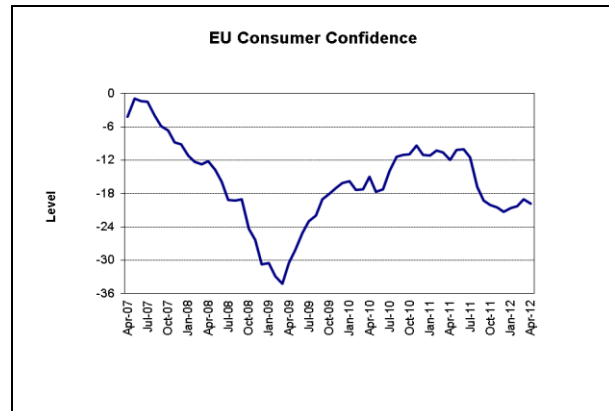
Trade Weighted Euro



EU Consumer Confidence & German Producer Prices/IFO

EU Consumer Confidence

EU Consumer Confidence decreased from -19.1 in March to -19.8 in April. Market expectations were for an increase to -19.0.



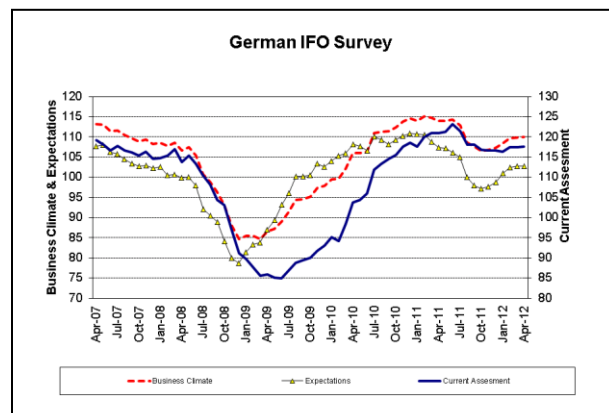
German Producer Prices

Producer Prices increased 0.6% M/M and 3.3% Y/Y in March. Market expectations were for a 0.4% M/M and a 3.1% Y/Y gain. Producer Prices, ex. energy, increased 0.3% M/M and 1.6% Y/Y.



German IFO

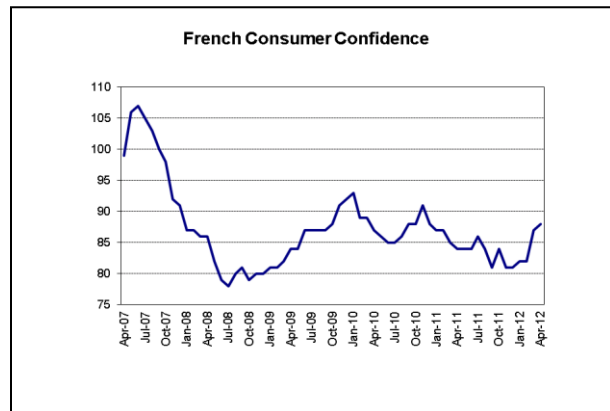
The German IFO Business Climate Survey ticked up from 109.8 in March to 109.9 in April. Market expectations were for a reading of 109.5. The Current Assessment increased from 117.4 to 117.5 and the Expectations index increased remained at 102.7.



French Consumer and Business Confidence

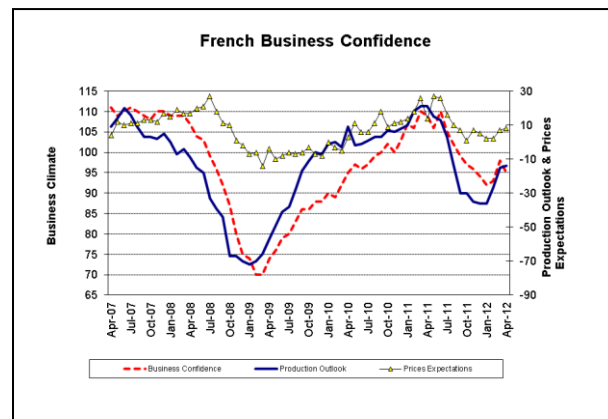
French Consumer Confidence

French Consumer Confidence increased from 87 in March to 88 in April. Market expectations were for an unchanged reading.



French Business Confidence

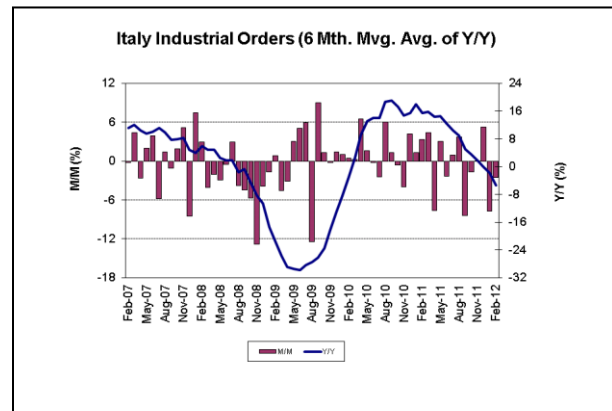
French Business Confidence decreased from a revised 98 (previous 96) in March to 95 in April, versus market expectations for a reading of 96. Price expectations increased from 7 to 8 and the production outlook increased from -15 to -14.



Italian Industrial Orders/Consumer Confidence & Spanish Producer Prices

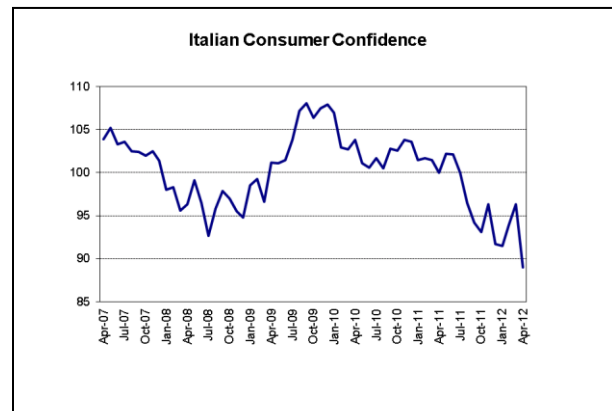
Italian Industrial Orders

Italian Industrial Orders fell 2.5% M/M and 13.4% Y/Y in February versus market expectations for a reading of -1.1% M/M and -6.2% Y/Y reading. Industrial Sales increased 2.3% M/M and fell 1.5% Y/Y.



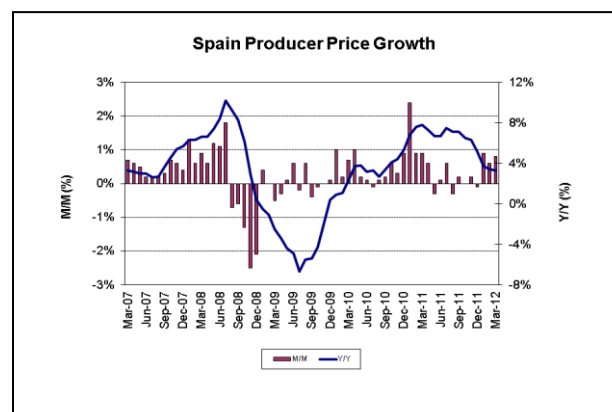
Italian Consumer Confidence

Italian Consumer Confidence fell from 96.3 in March to 89.0 in April. Market expectations were for a 96.2 reading.



Spanish Producer Prices

Spanish Producer Prices increased 0.6% M/M and 3.3% Y/Y in March.



News/Comments

April 25th - Draghi Softens Tone on Inflation, Risks ‘Broadly Balanced’ (Bloomberg) -

European Central Bank President Mario Draghi softened his tone on the inflation outlook, saying the risks are now “broadly balanced.” While inflation will remain above the ECB’s 2 percent limit this year, it will slow in 2013 and “underlying price pressures should remain modest,” Draghi told lawmakers in Brussels today. On April 4, Draghi spoke of “upside risks” to price stability and said the ECB would address them if needed in a “firm and timely manner.”

April 25th - Mersch Says Fiscal Consolidation Crucial to Restore Confidence (Bloomberg) -

European Central Bank Governing Council member Yves Mersch said fiscal consolidation is "crucial" for restoring confidence in the euro area. "We continue to believe fiscal consolidation is crucial for restoring confidence," he said in answer to questions at an event in Luxembourg today. Politicians must "deliver on promises that have been made," he said. Policy makers "should not waver, should implement all regulatory" reforms, he said.

Mersch also said that the ECB does "not share the excessive finger pointing" of the International Monetary Fund on European developments. "When it comes to the European banking system we do not share the assessment of weakness," he added. "We have vulnerabilities, we have risks, we have identified them, measures have been taken."

"We have the fiscal compact, a first small step in the right direction," he said.

Speaking about the ECB lending survey results, he said "there is a tendency to attribute it largely to the LTRO, but it's not only that, it's also a question of increased confidence or maybe less uncertainty." The survey "would confirm our baseline scenario of a gradual recovery, albeit a small one," he said.

April 21st - Weidmann Says Euro Zone May Grow in Coming Years (Bloomberg) -

Bundesbank President Jens Weidmann said all 17 euro members are likely to keep the joint currency in coming years and that other countries may also sign up, Welt am Sonntag reported, citing an interview. An exit by Greece wouldn't solve its problems and may lead to pressure on other members to quit the currency, Weidmann said. Solidarity in the European Union "has limits," which is why the international aid to Greece is tied to certain conditions. While the European Union's rescue funds and loans "buy time," they don't solve the problems behind the region's debt crisis. The ECB's measures to help solve the crisis means it sometimes moves in "new, and very uncertain, territory," Weidmann said.

April 20th - IMF announces \$430 billion to boost resources (AP) - The International Monetary Fund says it has raised more than \$430 billion to handle any new problems from Europe's prolonged debt crisis. IMF Managing Director Christine Lagarde called the fundraising a "huge effort" that would increase the current \$485 billion in funds available for loans to a figure above \$1 trillion. The biggest total amount was \$200 billion pledged back in December by Europe including \$150 billion from nations that use the euro currency and \$50 billion from other European countries. The publicly announced amounts total \$362.3 billion, leaving \$68 billion in the pledges that Lagarde said she has received from China, Brazil, Russia and India.

Key Dates This Week

Date	Indicators	Expectations	Previous
26-Apr	EC Business Climate Indicator	APR -0.3	-0.3
26-Apr	EC Euro-Zone Economic Confidence	APR 94.2	94.4
30-Apr	EC Euro-Zone M3 s.a. (Y/Y)	MAR --	2.80%
30-Apr	EC Euro-Zone CPI Estimate (Y/Y)	APR --	2.60%
2-May	EC Euro-Zone Unemployment Rate	MAR --	10.80%
26-Apr	GE Consumer Price Index (M/M)	APR P 0.10%	0.30%
26-Apr	GE Consumer Price Index (Y/Y)	APR P 2.00%	2.10%
27-Apr	GE GfK Consumer Confidence Survey	MAY 5.9	5.9
27-Apr	GE Import Price Index (M/M)	MAR 0.90%	1.00%
27-Apr	GE Import Price Index (Y/Y)	MAR 3.30%	3.50%
30-Apr	GE Retail Sales (M/M)	MAR --	-1.10%
30-Apr	GE Retail Sales (Y/Y)	MAR --	1.70%
2-May	GE Unemployment Change (000's)	APR --	-18K
2-May	GE Unemployment Rate (s.a)	APR --	6.70%
2-May	GE PMI Manufacturing	APR F --	46.3
27-Apr	FR Producer Prices (M/M)	MAR 0.60%	0.80%
2-Apr	FR Producer Prices (Y/Y)	MAR 4.00%	4.30%
27-Apr	FR Consumer Spending (M/M)	MAR -1.90%	3.00%
27-Apr	FR Consumer Spending (Y/Y)	MAR -0.20%	0.50%
26-Apr	IT Business Confidence	APR 92.1	92.1
30-Apr	IT CPI - EU Harmonized (M/M)	APR P --	2.50%
30-Apr	IT CPI - EU Harmonized (Y/Y)	APR P --	3.80%
2-May	IT Unemployment Rate (SA)	MAR P --	9.30%
2-May	IT PPI (M/M)	MAR --	0.40%
2-May	IT PPI (Y/Y)	MAR --	3.20%
30-Apr	SP GDP (Constant SA) (Q/Q)	1Q P --	-0.30%
30-Apr	SP GDP (Constant SA) (Y/Y)	1Q P --	0.30%

Valance Co., Inc.

Valance Economic Report: Japan

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April 25, 2012

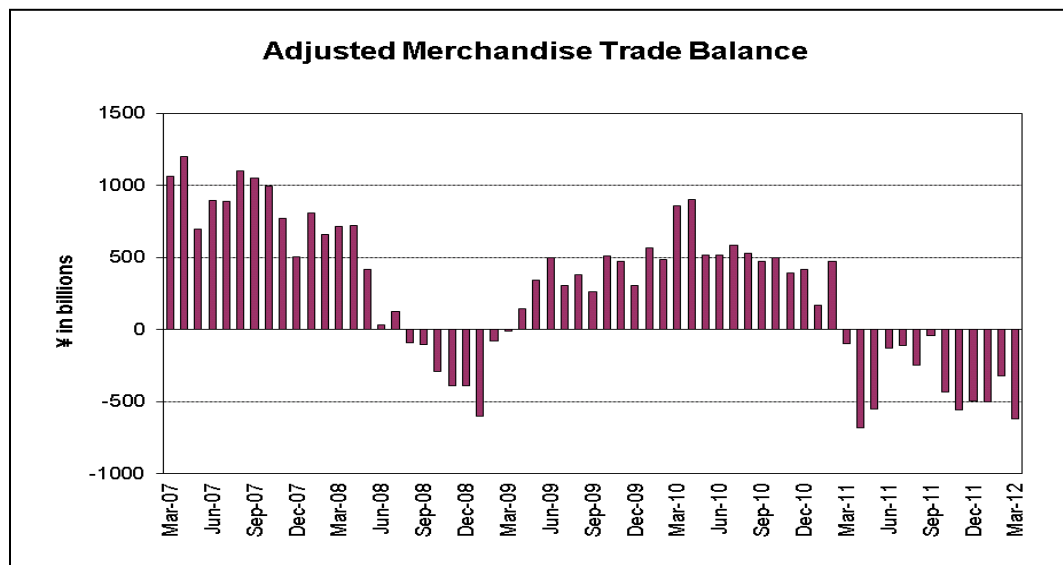
Within this week's data, the Trade Deficit increased on stronger than expected imports. Tertiary Industry activity was unchanged while Corporate Service Prices declined less than expected. The MoF maintained its overall economic assessment.

Weekly Highlights

Trade Deficit – increased from ¥321.4 bln in February to ¥621.3 bln in March. (JN 1)

Tertiary Industry Activity – unchanged M/M and increased 2.4% Y/Y in February. (JN 3)

Charts of the Week: Trade Balance



The Adjusted Trade Deficit increased from a seasonally adjusted ¥321.4 bln to ¥621.3 bln in March. The decline was greater than the drop to ¥446.3 bln the market expected. The decline occurred as imports increased 6.3% M/M and 5.9% Y/Y against expectations of a 7.0% Y/Y increase, while exports increased 1.2% M/M and 10.5% Y/Y - against expectations for a 0.2% Y/Y increase.

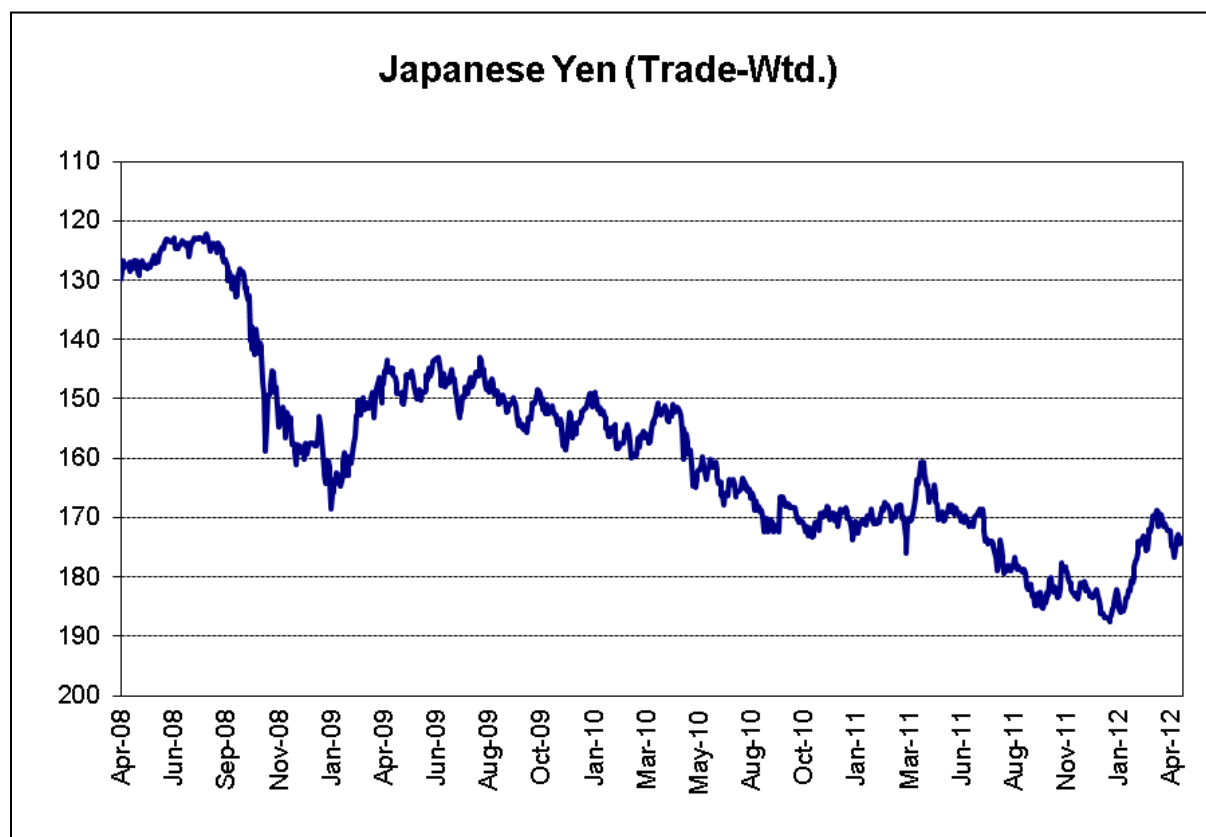
By region, exports to the US increased 23.9% Y/Y while exports to Europe declined 9.7% Y/Y, exports to Asia increased 0.5% Y/Y, and Exports to China declined 5.9% Y/Y.

JN 1

Japan's Financial Balances

Financial Balances

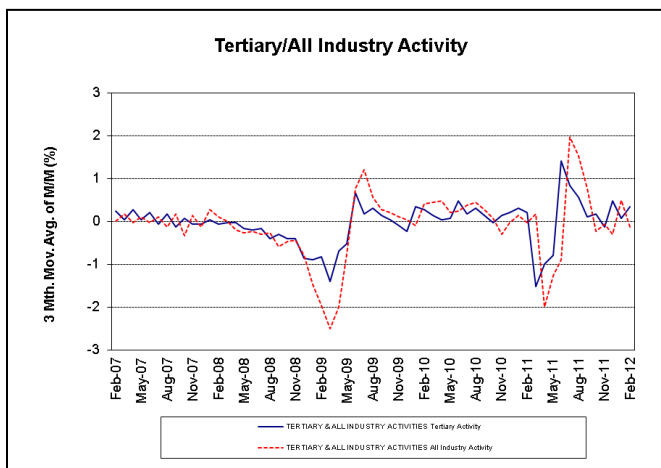
Japan	Last period (¥trln)	Last 12mth. as a % of GDP
Budget Balance	-3.50 (Dec)	-6.9%
Trade Balance	0.58 (Dec)	1.5%
Current Account Balance	1.87 (Dec)	3.5%
Private Balance	--	11.6%



Tertiary Industry Activity, Leading/Coincident Index & Supermarket Store Sales

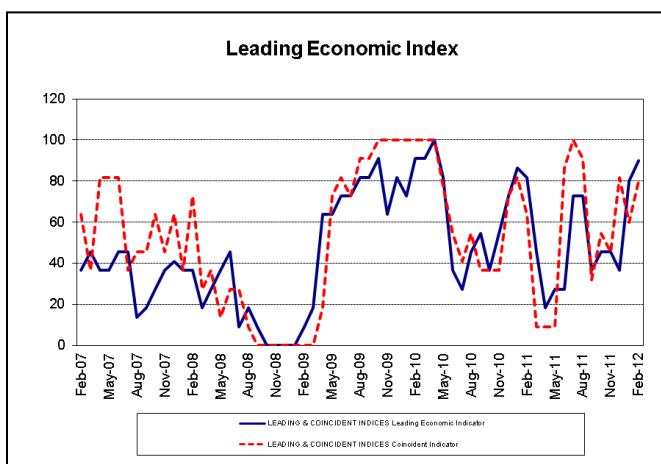
Tertiary Industry Activity

The Tertiary Industry Index was unchanged M/M and increased 2.4% Y/Y in February against expectations for a 0.7% M/M increase. The lack of change on a month to month basis occurred as improvements in IT, medical/health care, goods leasing, and living-related services were outweighed by declines in wholesale/retail, electricity/gas, misc services, and finance/insurance.



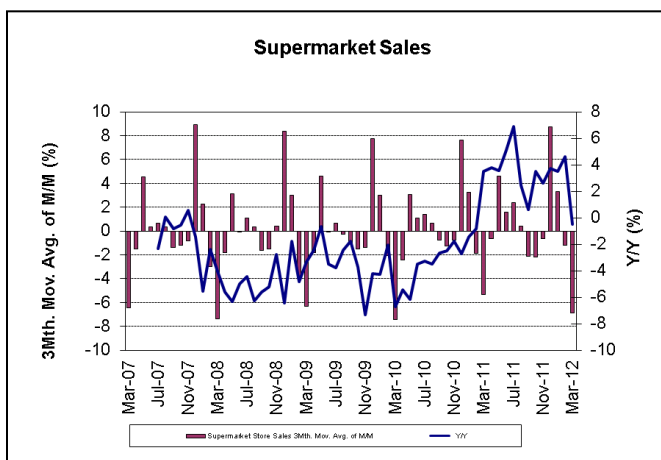
Leading/Coincident Indices

The Leading Index CI increased 1.7pts to 96.3 in February. The Coincident Index CI increased 0.9pts to 95.0. In DI terms, the Leading Index improved 10pts to 90.0 while the Coincident Index improved 20.0pts to 80.0.



Supermarket Sales

Supermarket Store Sales increased 3.9% M/M and 2.4% Y/Y in March. The M/M increase occurred as clothing, services, and household goods all saw solid gains while food was the only subcomponent to decline.

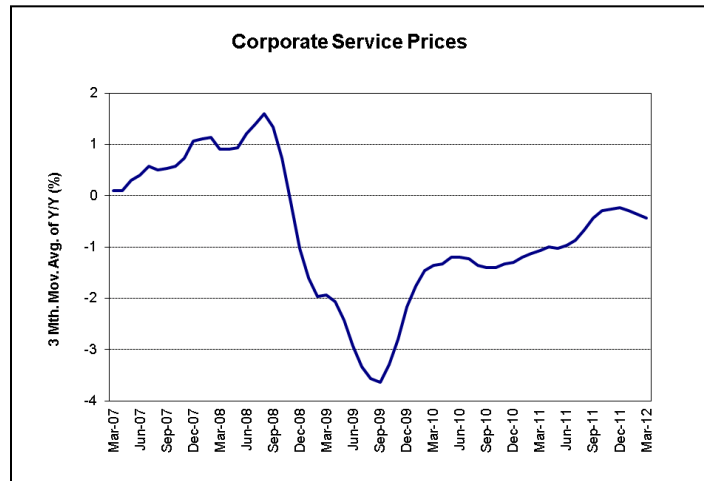


Corp Service Prices, Small Business Confidence & Convenience Store Sales

Corp Service Prices

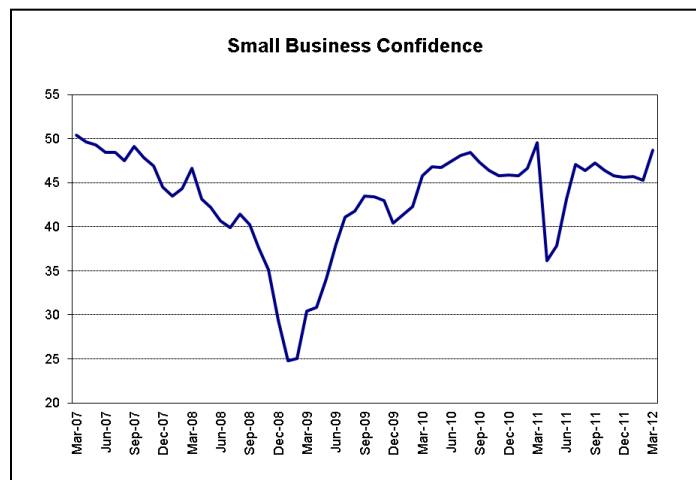
Corporate Service Prices increased 0.7% M/M and declined 0.3% Y/Y in March. The Y/Y decline was the smallest drop since December and was better than the 0.6% Y/Y drop the market had anticipated.

Within the details of the data, the M/M increase occurred on strength in advertising, rental, air travel, IT, and banking services.



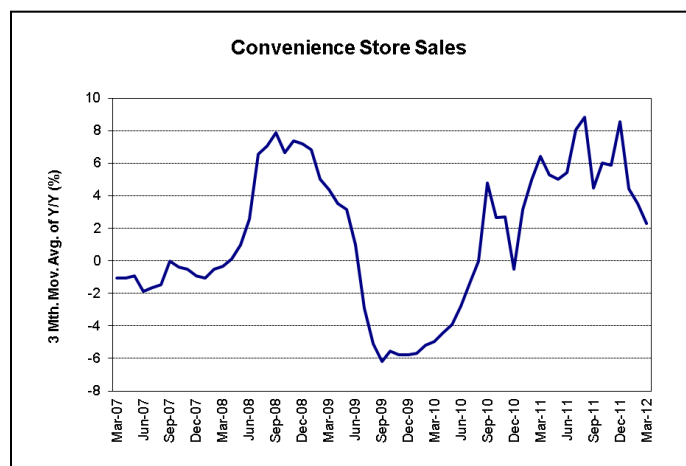
Small Business Confidence

Small Business Confidence declined from 48.7 to 47.6 in April. The decline occurred as manufacturers saw a 2.9pt drop to 45.8 while non-manufacturers saw a 0.4pt increase to 49.1. The series is forecast to decline a further 1.3pts to 46.3 in May as both manufacturers and non-manufacturers expect conditions to worsen.



Convenience Store Sales

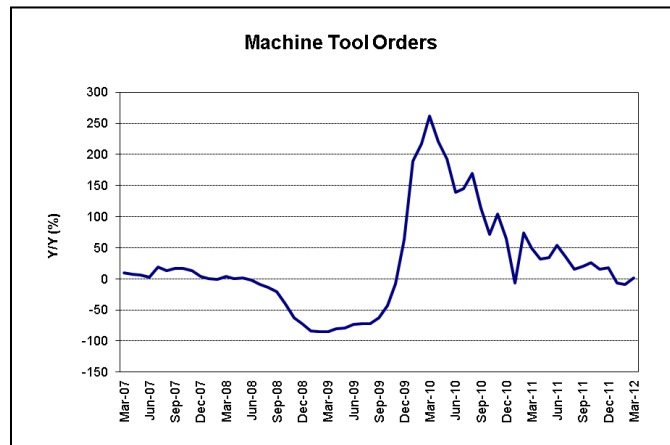
Convenience Store Sales increased 0.4% Y/Y in March.



Machine Tool Orders & News

Machine Tool Orders

Final data on Machine Tool Orders indicates that Orders increased 1.6% Y/Y in March.



News

4/25 – MoF Maintains Economic Assessment – (Bloomberg) - Japan's Finance Ministry maintained its overall economic assessment of the country's regions, with government reconstruction spending seen as supporting growth. Regional economies "continue to improve at a moderate pace, though there are differences between various areas" the ministry said in its quarterly report released today in Tokyo. The ministry raised its economic evaluation for three regions: quake stricken Tohoku, the Tokai area where Toyota Motor Corp. and auto parts makers are based, and Kyushu. The assessment of the eight other regions including the Tokyo area was unchanged.

4/25 – Restaurant Sales Rise in March – (NKN) - All-store sales at restaurants rose 13.1% on the year in March, up for the sixth straight month, the Japan Foodservice Association said Wednesday. The rise came in reaction to a fall in customers in the wake of last year's disaster. Robust demand from farewell, welcoming and other drinking parties also contributed to the higher sales.

4/24 – Former BoJ Board Member: BoJ Should Boost Monthly Bond Buys – (Bloomberg) - The Bank of Japan should bolster its monthly purchases of government bonds by a fifth and double its inflation target at its April 27 policy meeting, a former board member said. Governor Masaaki Shirakawa and his board should also commit to pursuing monetary easing through 2014, mirroring the U.S. Federal Reserve's pledge to keep rates near zero, Nobuyuki Nakahara, who served on the BOJ board from 1998 to 2002, said in a statement e-mailed to Bloomberg News today. The BOJ currently buys 1.8 trillion yen (\$22 billion) in government debt each month.

4/23 – Noda Says Would Consider Reduced Sales Tax Rates For Some Basic Items – (Dow Jones) - Japanese Prime Minister Yoshihiko Noda said Monday that he would consider lower sales tax rates on some basic items to lessen the burden of his proposed national tax hike. Reduced tax rates on some items is "a possible point of discussion" in the debate over the consumption tax hike, Noda said during the taping of a question and answer session hosted by the Japanese television network TBS. "The opposition may propose it," Noda said, adding, "we would like to have a sincere discussion" on the topic.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
4/26	All Industry Activity Index (MoM)	-0.20%	-1.00%
4/26	Jobless Rate	4.50%	4.50%
4/26	Job-To-Applicant Ratio	0.76	0.75
4/26	Overall Hhold Spending (YoY)	4.10%	2.30%
4/26	Natl CPI YoY	0.40%	0.30%
4/26	Natl CPI Ex-Fresh Food YoY	0.10%	0.10%
4/26	Natl CPI Ex Food, Energy YoY	-0.50%	-0.60%
4/26	Tokyo CPI YoY	-0.10%	-0.10%
4/26	Tokyo CPI Ex-Fresh Food YoY	-0.30%	-0.30%
4/26	Tokyo CPI Ex Food, Energy YoY	-0.90%	-1.00%
4/26	Industrial Production (MoM)	2.30%	-1.60%
4/26	Industrial Production YOY%	15.60%	1.50%
4/26	Retail Trade YoY	10.00%	3.50%
4/26	Retail Trade MoM SA	-0.50%	2.00%
4/26	Large Retailers' Sales	7.20%	0.20%
4/26-4/27	BOJ Target Rate	N/A	0.10%
4/27	Vehicle Production (YoY)	N/A	19.70%
4/27	Construction Orders (YoY)	N/A	-1.80%
4/27	Annualized Housing Starts	0.875M	0.917M
4/27	Housing Starts (YoY)	8.20%	7.50%
4/30-5/9	Official Reserve Assets	N/A	\$1288.7B
5/1	Vehicle Sales (YoY)	N/A	78.20%
5/1	Labor Cash Earnings YoY	N/A	0.70%

Valance Co., Inc.

Valance Economic Report: United Kingdom

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April 25, 2012

Q1 Real GDP contracted against expectations for a small expansion, marking the second consecutive quarterly decline. However, Retail Sales improved in March and April CBI sentiment was also strong.

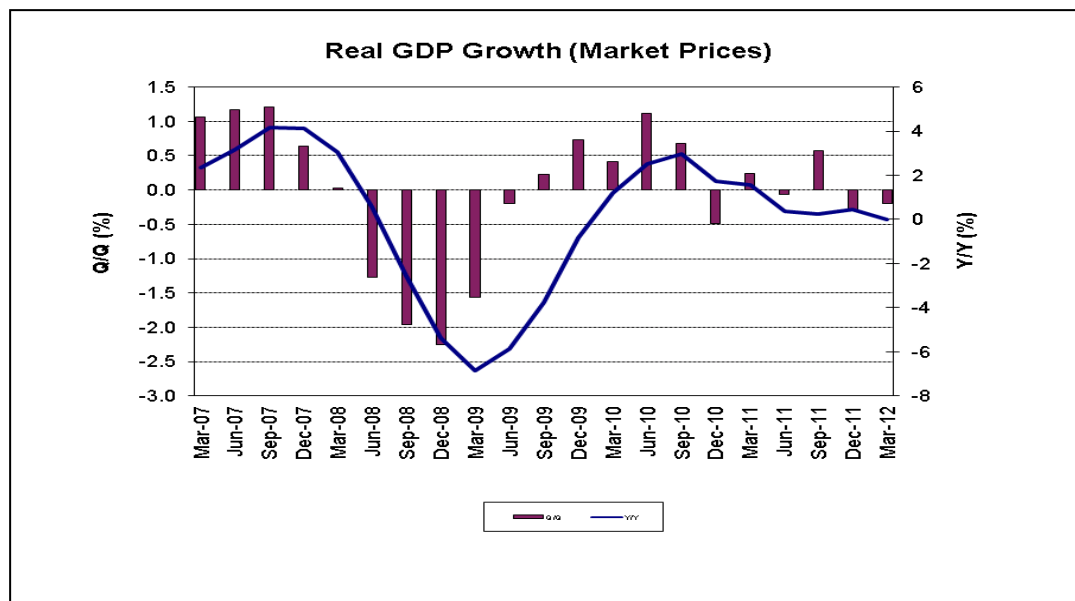
Weekly Highlights

Real GDP – declined 0.2% Q/Q and was unchanged Y/Y in Q1. (UK 1)

Retail Sales – rose 1.8% M/M and 3.3% Y/Y in March. (UK 2)

Weekly Releases & News

Charts of the Week: *Real GDP Growth*

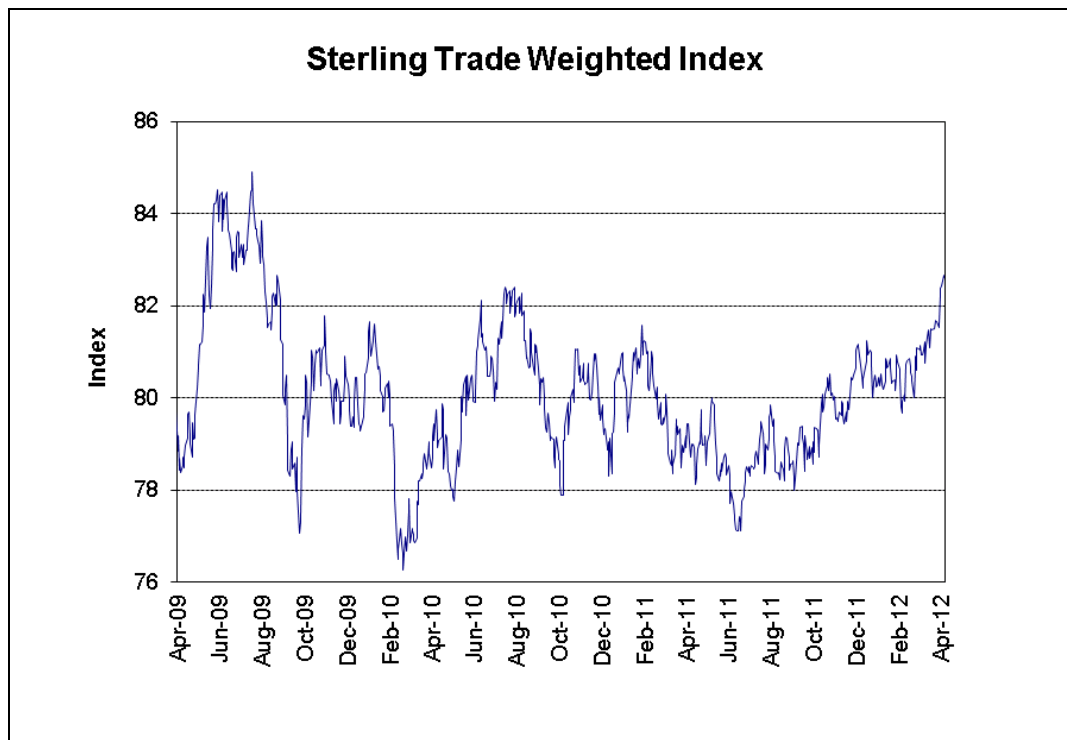


According to the preliminary estimate, Q1 GDP declined 0.2% Q/Q and was unchanged Y/Y. This marked the second consecutive Q/Q decline and the third decline in four quarters. It was also below the market's expectation of a 0.1% Q/Q and 0.3% Y/Y increase. Within the details, business services & finance dropped 0.1% Q/Q, service industries increased 0.1% Q/Q, transport & communication increased 0.4% Q/Q, production declined 0.4% Q/Q, manufacturing declined 0.1% Q/Q and construction declined 3.0% Q/Q.

UK - 1

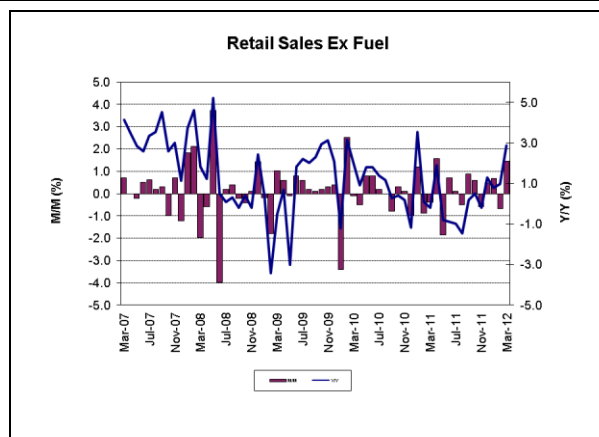
Financial Balances, Trade Weighted Index & Retail Sales

U.K.	Last Period (blns)	Last 12mth. % of GDP
Budget Balance (monthly)	-£19.1 (Mar)	-
Trade Balance (monthly)	-£42.2 (Feb)	-3.0 %
Curr. Acct. Balance (quarterly)	-£7.6(Dec)	-2.4%



Retail Sales

March Retail Sales rose 1.8% M/M and 3.3% Y/Y against expectations for a 0.5% M/M and 1.5% Y/Y increase. Excluding auto fuel, sales increased 1.5% m/m and 2.8% Y/Y against expectations for a 0.4% m/m and 1.3% Y/Y increase. The headline increase was the fastest in over a year and occurred as an unseasonably warm March supported an increase in clothing and gardening products.

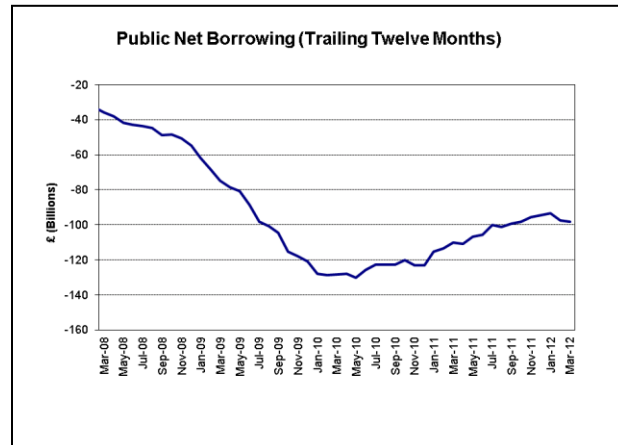


BBA Mortgage Approvals & Data

Public Sector Net Borrowing

Net borrowing excluding bank support increased from a revised 12.2 bln to 18.2 bln pounds. The increase was stronger than the rise to 16.0 bln pounds the market had anticipated and stronger than the 18 bln pounds seen a year ago. It was the largest amount since November 2010.

Meanwhile, the net borrowing cash requirement increased from -8.2 bln pounds to 16.5 bln pounds while public sector net borrowing increased from 9.9 bln pounds to 15.2 bln pounds.



Data

Index of Services Data:

The Service Industries Index declined 0.4% M/M and 0.2% 3M/3M in February. This was below market expectations, which called for a 0.2% M/M and 0.5% 3M/3M increase. The decline was led by wholesale/retail, transportation, warehousing, hotels, and business services.

CBI Manufacturing Survey:

According to the Confederation of British Industry, the index of factories' order books was at -8 in April, unchanged from March. This was below the market's expectations of an improvement to -6. Also reported were selling prices, which declined from 24 to 7, against expectations for an increase to 26. Business optimism improved sharply however, rising from -25 to +22, against expectations for a smaller improvement to -18. CBI commented that "With acute fears over Europe and global demand subsiding somewhat since the start of 2012, sentiment about the general business situation has risen among manufacturers for the first time in a year... nevertheless, given Europe is still our biggest export market, the outlook for UK manufacturing will remain uncertain until the euro-zone crisis is resolved."

News & Upcoming Dates

April 23rd – BoE Says Conditions in Funding Markets Have Improved – (Bloomberg) - The Bank of England said conditions in longer-term funding markets improved in the first quarter and credit demand from companies fell “slightly.” “In recent discussions, lenders noted that senior unsecured debt markets had reopened, having been effectively closed” in the fourth quarter, the central bank said, citing a survey of lenders in its Trends in Lending report published in London today. “The improvement in wholesale funding markets partly reflected the impact of the European Central Bank’s longer-term refinancing operations in December 2011 and February 2012.”

April 23rd – Britons Spending Power Declines Most in 13Months, Lloyd’s Says – (Bloomberg) - Britons suffered the biggest drop in discretionary spending power in more than a year last month as income growth slowed and consumers spent more on essential items such as food and utility bills, according to Lloyds TSB. U.K. consumers’ spending power for non-essential items after inflation fell 1.1 percent from a year earlier, the most since February 2011, the unit of Lloyds Banking Group Plc said in an e-mailed report released in London today. The decline was the equivalent of 113 pounds (\$182). Separately, the Centre for Economics and Business Research raised its inflation forecast.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
4/25	Nationwide Consumer Confidence	43	44
4/26	BBA Loans for House Purchase	34000	33103
4/26	CBI Reported Sales	-4	0
4/26	GfK Consumer Confidence Survey	-30	-31
4/30- 5/4	Nat'wide House prices sa (MoM)	0.50%	-1.00%
4/30- 5/4	Nat'wide House prices nsa(YoY)	-0.30%	-0.90%
5/1	PMI Manufacturing	N/A	52.1
5/1-5/4	Halifax House Prices sa (MoM)	N/A	2.20%
5/1-5/4	Halifax House Price 3Mths/Year	N/A	-0.60%
5/2	PMI Construction	N/A	56.7
5/2	Net Consumer Credit	N/A	0.4B
5/2	Net Lending Sec. on Dwellings	N/A	1.2B
5/2	Mortgage Approvals	N/A	49.0K
5/2	Lloyds Business Barometer	N/A	31

Valance Economic Report: Canada

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April 25, 2012

Consumer Price growth decelerated in March, falling below the BoC target for the first time in 18 months. Retail Sales unexpectedly declined in February and Leading Indicators increased below market expectations in March.

Weekly Highlights

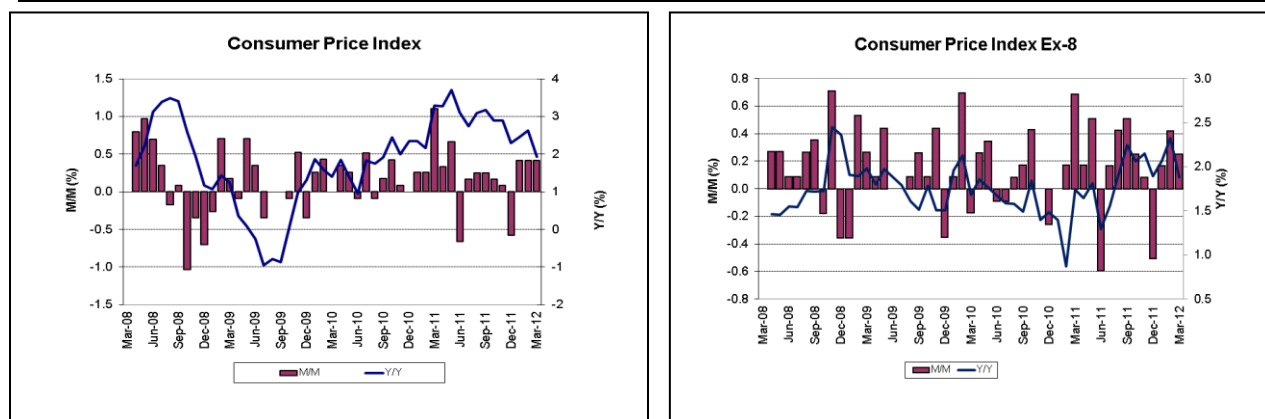
Headline CPI – increased 0.4% M/M and 1.9% Y/Y in March. (CA 1)

Retail Sales - decreased 0.2% M/M and increased 4.1% Y/Y in February. (CA 3)

Leading Indicators - increased 0.4% M/M and 5.2% Y/Y in March. (CA 3)

Weekly Releases & News

Chart(s) of the Week: CPI



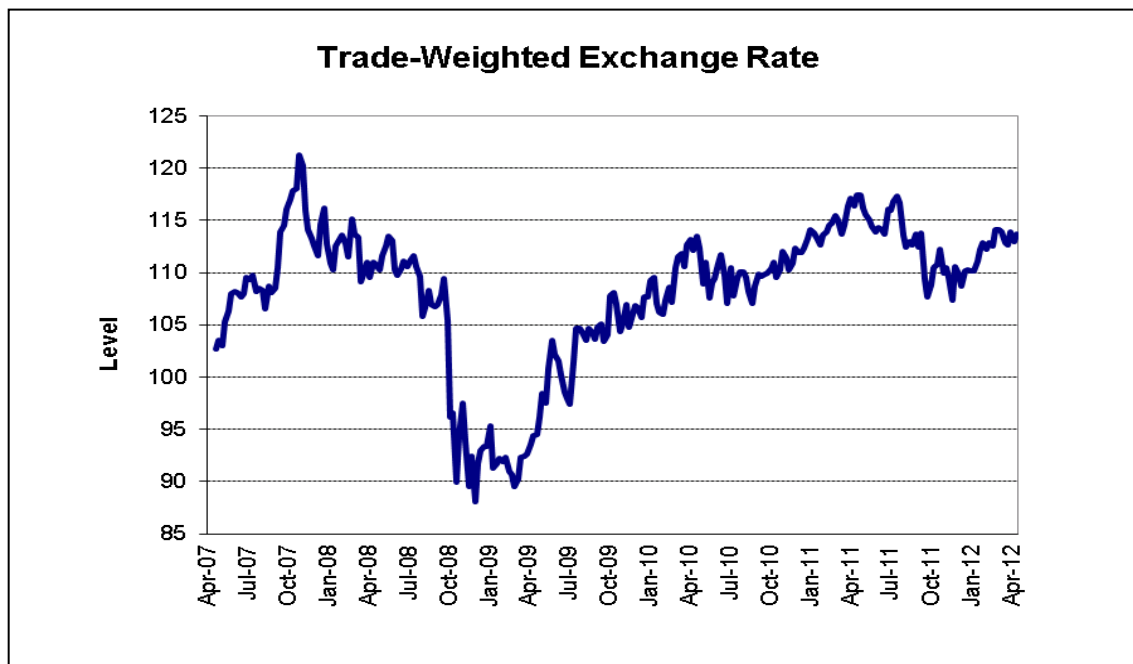
Consumer Prices increased 0.4% M/M in March, matching the previous month's reading. Y/Y growth decelerated from 2.6% to 1.9%. Market expectations were for 0.5% M/M and 2.0% Y/Y growth. Core inflation increased 0.3% M/M and 1.9% Y/Y, in line with market expectations.

Financial Balances & Trade Weighted Exchange Rate

Financial Balances

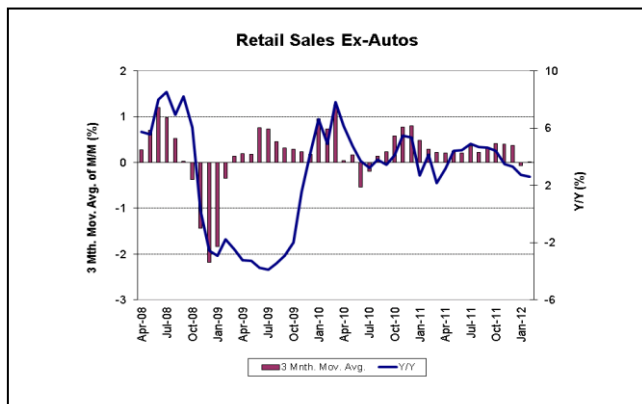
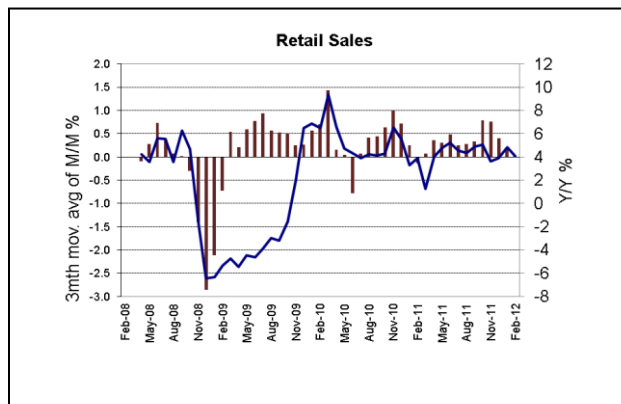
Canada	Latest period (C\$bln)	Last 12mth. as % of GDP
Budget Balance	1.7 (Jan)	-2.3%
Trade Balance	0.3 (Feb)	-1.4%
Current Account Balance	-10.3 (Q4)	-6.3%
Private Balance	--	-4.0%

Trade-Weighted Exchange Rate



Retail Sales, Leading Indicators & Wholesale Sales

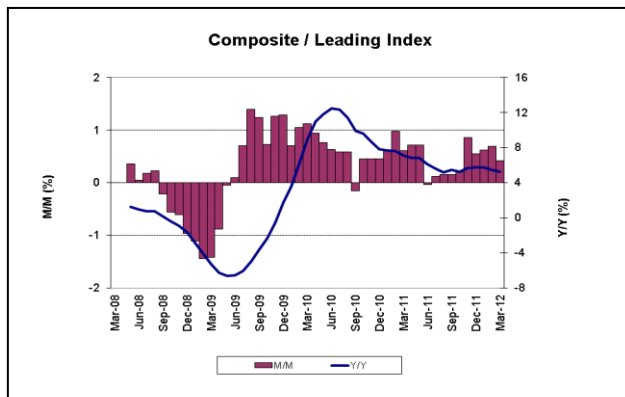
Retail Sales



Retail Sales decreased 0.2% M/M in February, falling for the first time in seven months, led by a decline in sales of new cars. Y/Y growth increased 4.1%. Retail Sales, ex-autos, increased 0.5% M/M and 2.6 % Y/Y.

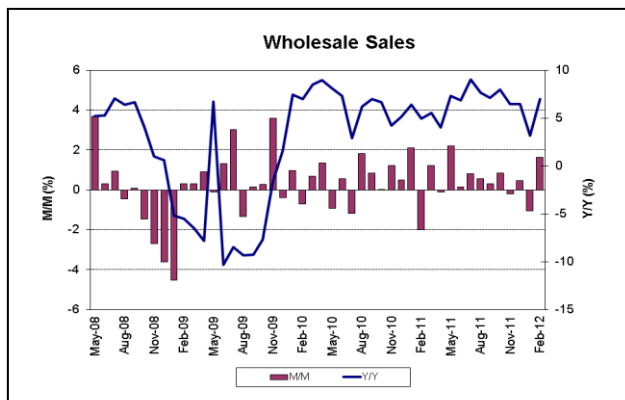
Leading Indicators

Leading Indicators increased 0.4% M/M in March, below market expectations for a 0.5% M/M gain. Y/Y growth was 5.2%. Housing and other sales indices contributed the most, increasing 0.6% M/M and 0.7% M/M, respectively.



Wholesale Sales

Wholesale Sales unexpectedly increased 1.6% M/M in February, on automobiles and household goods. Market expectations were for a 0.2% M/M decline. Y/Y growth was 7.0%. Wholesale inventories increased 1.1% M/M and the ratio of inventories to sales was unchanged at 1.2.



News & Upcoming Dates

April 25th - Canada Teranet Existing-Home Price Index Fell 0.2% in February (Bloomberg) -

Canadian home resale prices fell in February for the third time in four months, the Teranet-National Bank Composite House Price Index showed. Values declined 0.2 percent, led by a 1.1 percent drop in Victoria, British Columbia, according to a report today by National Bank Financial.

Prices were 6.1 percent higher in February than a year earlier, slowing from January's 6.5 percent pace. In Toronto, Canada's largest city, prices rose 10 percent in February from a year earlier, and Vancouver recorded a 6.2 percent gain.

April 24th - Carney Says Canadian Home Prices Are High Versus Income (Bloomberg) - Bank of Canada Governor Mark Carney was quizzed by lawmakers about rising home prices and consumer debt a week after he kept his key interest rate at 1 percent for a 13th straight meeting, saying that families should use "caution" because borrowing costs will rise.

The average home price is about 4.75 times income today, compared with a historical average of 3.5 times, he told the House of Commons Finance Committee today in Ottawa. He also said that in some housing markets "valuations are firm," declining to repeat a lawmaker's use of the word "bubble."

"Mortgage rates are extremely attractive and that accounts for some of the move-up in valuation," Carney said, adding that other market interest rates such as government bond yields are also low.

Carney has kept his key lending rate unchanged since September 2010 in the longest pause since the 1950s as a weak global recovery curbs exports, and he said again today that household debt burdens are "the biggest domestic risk." The bank's interest rate announcement last week said that a rate increase "may become appropriate" as the economy moves closer to a full recovery.

Asked if the central bank has studied whether the country's housing market is overvalued, Carney said "not publicly," without elaborating.

April 25th - Budget Officer Says Canada to Return to Surplus by 2015-16 (Bloomberg) - Canada should meet its target of balancing its budget by the year starting April 2015, the country's budget watchdog said. The report, from the office of Parliamentary Budget Officer Kevin Page, estimates a 35 percent chance that the government will eliminate the deficit one year earlier.

Finance Minister Jim Flaherty projected in his March 29 budget that the government will run a surplus of C\$3.4 billion in the year beginning April 2015.

Page expects a deficit of C\$20.4 billion in the year that started April 1, compared with the C\$21.1 billion shortfall forecast in the budget. The gap will shrink to C\$13.4 billion in the 2013-14 fiscal year and C\$4.8 billion in 2014-15 before swinging to a C\$2.4 billion surplus in the following year.

The budget office raised its forecast for Canada's economic growth this year to 1.9 percent, compared with the office's November projection of 1.5 percent. The economy will grow 1.6 percent in 2013, down from the office's forecast of 2.1 percent in November. Flaherty's March budget foresees growth of 2.1 percent this year and 2.4 percent in 2013, based on estimates provided by private-sector economists.

In a separate report, Page's office reiterated the government hasn't provided enough details on the spending cuts to allow lawmakers to fulfill their role in reviewing public spending.

Key Dates This Week

Date	Indicator		Expectations	Previous
30-Apr	Gross Domestic Product M/M	FEB	--	0.10%
30-Apr	Gross Domestic Product Y/Y	FEB	--	1.70%
30-Apr	Industrial Product Price M/M	MAR	--	0.20%
30-Apr	Raw Materials Price Index M/M	MAR	--	-0.50%

Valance Economic Report: Australia

Reginald Perry

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April 25, 2012

In Q1, the Consumer Price Index rose less than expected while there were declines in the Producer Price, Import and Export Price Indices.

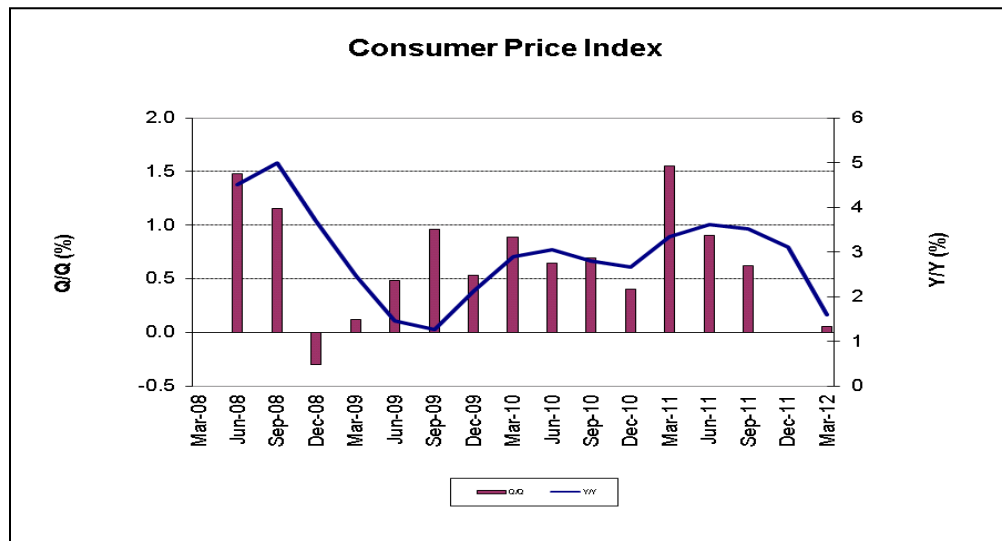
Weekly Highlights

Consumer Price Index – increased 0.1% Q/Q and 3.3% Y/Y in Q1. (AU 1)

Producer Prices – decreased 0.3% Q/Q and rose 1.4% Y/Y. (AU 3)

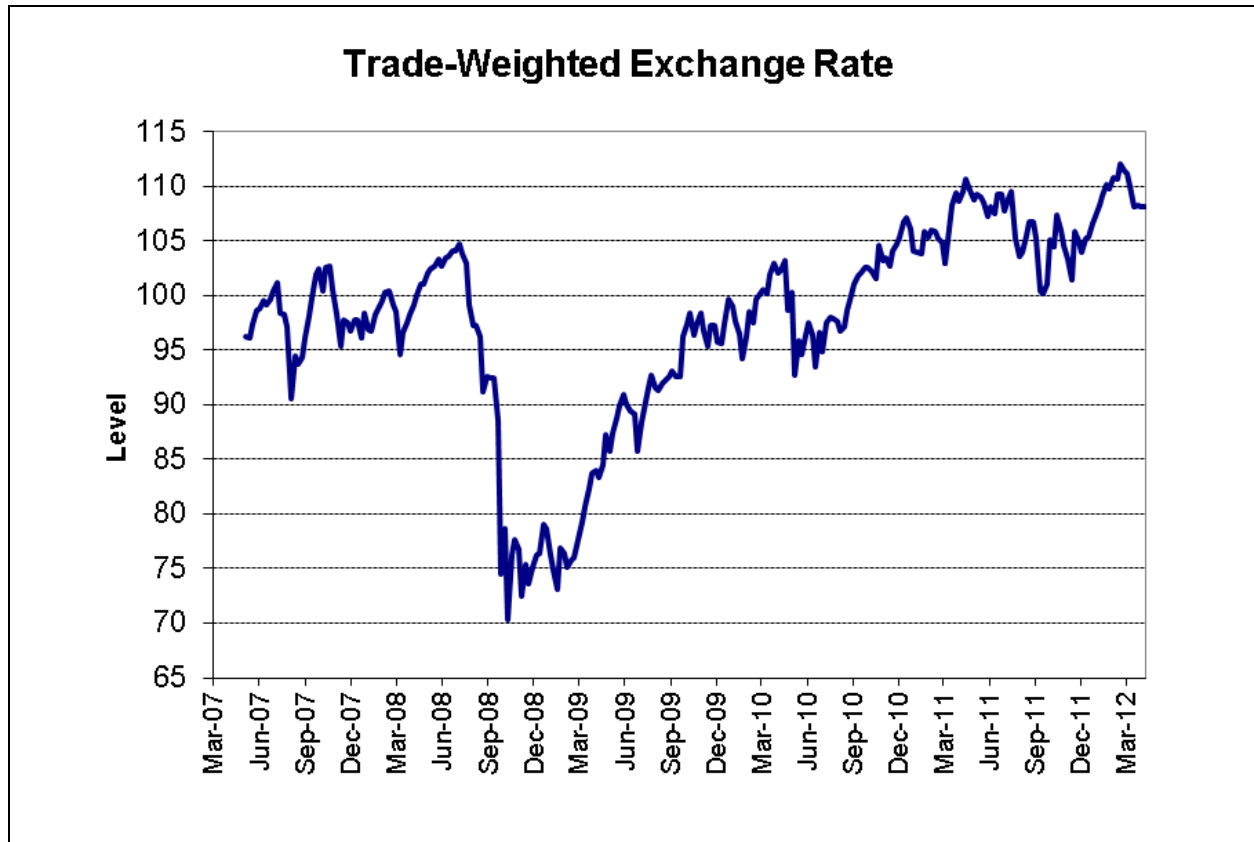
Weekly Releases & News

Chart(s) of the Week: *CPI*



The Consumer Price Index rose 0.1% Q/Q and 3.3% Y/Y in Q1. Expectations were for 0.6% Q/Q and 2.2% Y/Y. The RBA's favorite measure, the Trimmed Mean Inflation rate, rose 0.3 % Q/Q and 2.2% Y/Y from 2.6% Y/Y in Q1 (+0.6 Q/Q; +2.4% Y/Y expected). The RBA's measure of core inflation rose 0.8% Q/Q and 2.2% Y/Y from 2.3% Y/Y. (+0.6% Q/Q; +2.1% Y/Y expected). Non-tradables prices rose 1.0% Q/Q (+0.7% previously) and eased from 3.9% Y/Y to 3.6% Y/Y. Food prices rose 0.5 % Q/Q (and 2.4% Y/Y), education costs fell 0.1% Q/Q (and rose 1.4% Y/Y), transportation fell 0.1 % Q/Q and increased (1.5% Y/Y), and health-care expense fell 0.2% Q/Q and (rose 1.5% Y/Y).

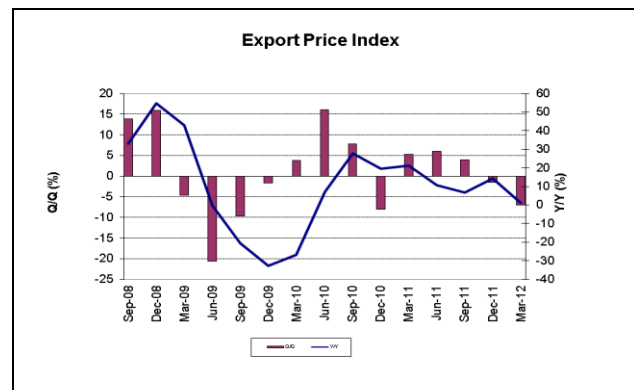
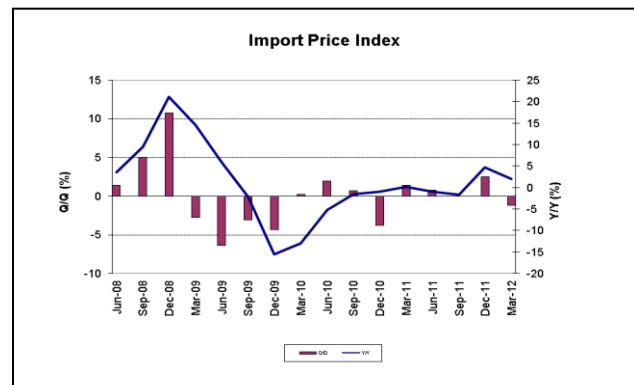
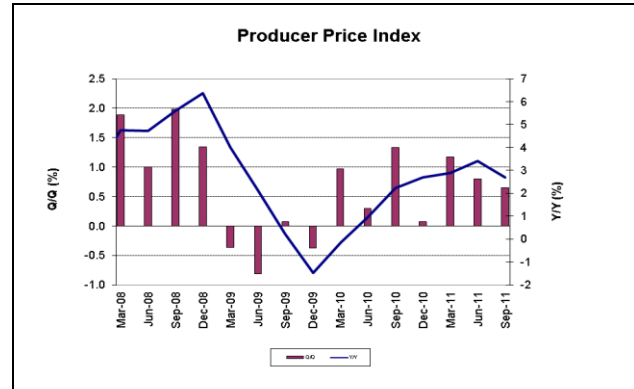
Trade Weighted Exchange Rate



PPI

Q1 PPI decreased 0.3% Q/Q and rose 1.4% Y/Y in Q1. The market expected 0.4% Q/Q and 2.2% Y/Y.

Import Prices decreased 1.2% Q/Q and increased 2.1% Y/Y. Export Prices decreased 7.0% Q/Q and increased 1.0% Y/Y.



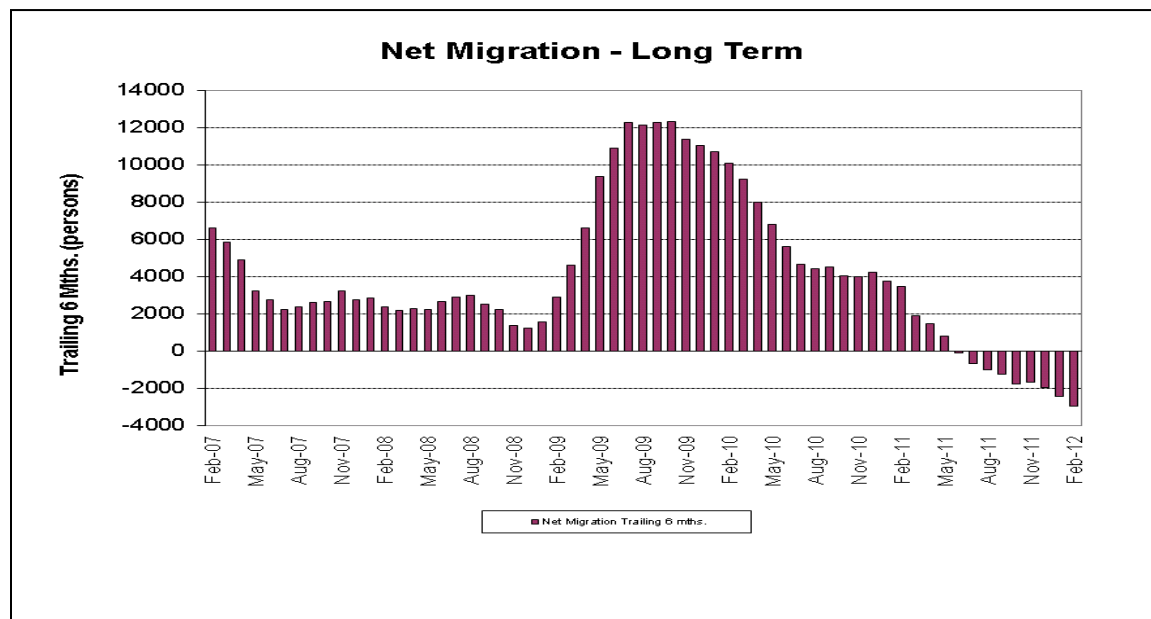
Key Dates This Week

Date	Event		Expectations	Previous
26-Apr	HIA New Home Sales M/M	MAR	--	3.00%
29-Apr	TD Securities Inflation M/M	APR	--	0.50%
29-Apr	TD Securities Inflation Y/Y	APR	--	1.80%
29-Apr	Private Sector Credit M/M	MAR	--	0.40%
29-Apr	Private Sector Credit Y/Y	MAR	--	3.50%
30-Apr	AiG Performance of Mfg Index	APR	--	49.5
30-Apr	RPData-Rismark House PX Actual	MAR	--	0.20%
30-Apr	House Price Index Q/Q	1Q	--	-1.00%
30-Apr	House Price Index Y/Y	1Q	--	-4.80%
1-May	RBA CASH TARGET	1-May	4.00%	4.25%
1-May	RBA Commodity Index SDR Y/Y	APR	--	2.70%
1-May	RBA Commodity Price Index Au	APR	--	99.7
2-May	AiG Performance of Service Index	APR	--	47

Valance Co., Inc.

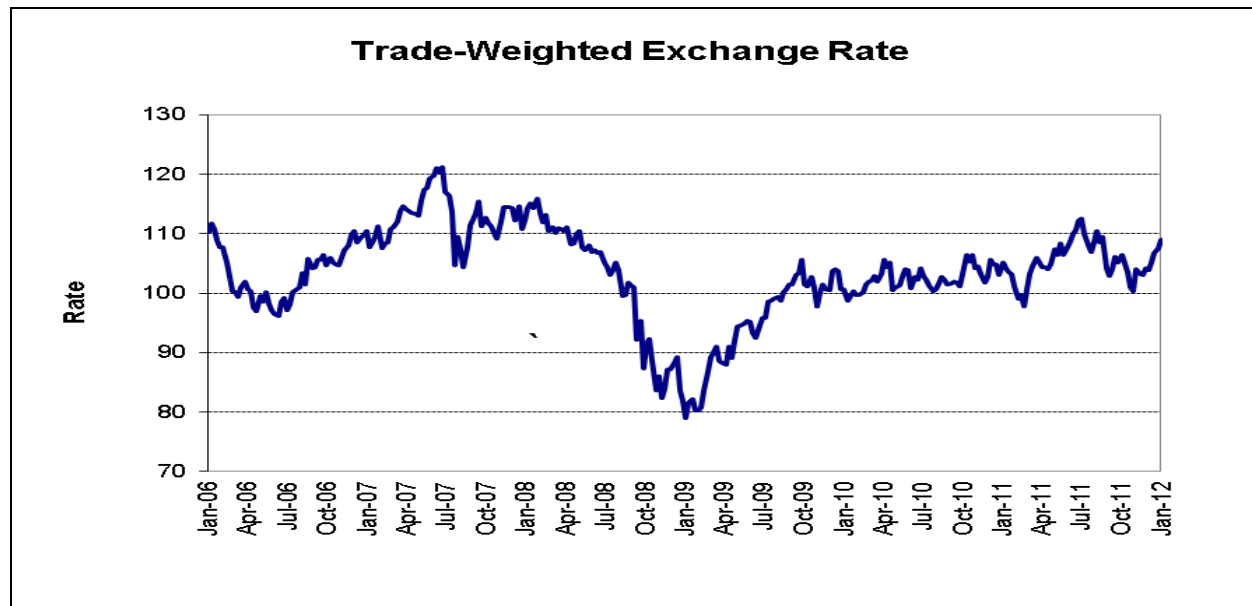
Valance Economic Report: New ZealandReginald Perry
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April 25, 2012

Net Migration and Credit Card Spending increased in March.**Weekly Highlights****Net Migration** – rose by 130 in March. (NZ 1)**Credit Card Spending** – increased 0.3% M/M in March (NZ 2)**Weekly Releases & News****Charts of the Week: Migration**

In March, net inflows were 130 people, up from -300 in February. The number of permanent arrivals exceeded departures by 130 in the year through February. Permanent arrivals rose 3.2% M/M and rose 6.9% Y/Y while permanent departures fell 2.7% M/M and 2.9% Y/Y in the same period.

FX, Data, News



Data

Credit Card Spending - According to the RBNZ, total credit card spending increased 0.3% M/M in March after increasing 0.4% M/M in February. Total Credit Card spending rose 5.2% in March Y/Y.

News

April 24 (Bloomberg) -- New Zealand central bank Governor Alan Bollard should keep the official cash rate at a record-low 2.5 percent this week, according to the shadow board set up by the New Zealand Institute of Economic Research Inc.

Seven of the board's nine members said no change was the most appropriate decision while two prefer a rate cut, according to an e-mailed statement today. Bollard, a former director of the NZIER, announces his decision in Wellington on April 26.

Bollard has kept the cash rate at 2.5 percent since March last year as the economic recovery has been hampered by weak global demand while a rising currency curbs inflation. All 16 economists surveyed by Bloomberg News forecast no rate change this week, with just two expecting an increase before September.

The board comprising academics, economists and business executives is a pilot run by the Wellington-based institute to encourage debate on each rate decision. The participants indicate where they think rates should be not what they expect will happen, the institute said.

Key Dates This Week

Date	Indicator		Expectation	Previous
29-Apr	Building Permits M/M	MAR	--	-6.70%
29-Apr	Trade Balance	MAR	--	161M
29-Apr	Exports	MAR	--	3.59B
29-Apr	Imports	MAR	--	3.43B
29-Apr	Trade Balance 12 Mth YTD	MAR	--	621M
29-Apr	NBNZ Activity Outlook	APR	--	38.8
29-Apr	NBNZ Business Confidence	APR	--	33.8
29-Apr	Money Supply M3 Y/Y	MAR	--	5.20%
30-Apr	Average Hourly Earnings Q/Q	1Q	--	0.00%
30-Apr	Private Wages Exc Overtime Q/Q	1Q	--	0.70%
30-Apr	Private Wages Inc Overtime Q/Q	1Q	--	0.70%
1-May	ANZ Commodity Price	APR	--	-1.70%
2-May	Unemployment Rate	1Q	--	6.30%
2-May	Employment Change Q/Q	1Q	--	0.10%
2-May	Employment Change Y/Y	1Q	--	1.60%
2-May	Participation Rate Q/Q	1Q	--	68.20%

Weekly Economic Report: China

Evelyn L. Richards

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April 25, 2012

No economic data released this week.

Data & News

Data

April 23rd (Market Watch) - The Conference Board Leading Economic Index® for China - increased 0.8% in March to 230.6, following a 1.0% increase in February (revised up from 0.8%) -- suggesting that China's economy is moderating.

April 22nd (Bloomberg) - China's HSBC Flash Manufacturing PMI – rose from 48.3 in March to 49.1 in April -- marking the strongest flash reading in four months. Markit Economic Research stated, “The index pointed to a slower pace of deterioration than in March, largely reflecting slower rates of decline of manufacturing production and new orders.” Economist Qu Hongbin of HSBC remarked, “This suggests that the earlier easing measures have started to work and hence should ease concerns of a sharp growth slowdown.”

News Releases

April 24th (Bloomberg) - Economy Will Maintain Robust Expansion - Chinese Premier Wen Jiabao made the following comments at a press conference:

China has confidence that it will sustain steady and robust economic growth.

China will remain committed to reform and opening up.

April 23rd (Bloomberg) - China May Ease Controls on Lending Rates First – PBoC Chief, Zhou Xiaochuan said in an interview with Caijing Magazine:

[The government is waiting for a consensus to emerge among officials and for a] suitable [time to act, as adjustments have been complicated by inflation and capital inflows].

There's a question of finding the right time for reforms. Based on our current view, the global financial crisis has yet to calm down and the external environment still warrants observation. Domestically an economic downturn and inflation pressures co-exist.

News

April 22nd (Reuters) - Yuan, Interest rate Reform to be Gradual - PBoC Governor Zhou Xiaochuan said:

Since we have decided on the gradualism approach (for the yuan), and we have been implementing that for years, we are almost there and we must stick to the path.

There will be no need to leap forward at one time and opt for gradual reform at another.

The market supply and demand will play a bigger role, and the central bank will only intervene when the exchange rate movement is out of the normal range -- the frequency of our intervention will be less and the way of doing it will be more flexible as well.

The worst banks are often the boldest in offering high deposit rates. Without proper capital constraint systems, competition will just become chaotic.

If we push ahead reforms when the inflation level is low, commercial banks will have pressures from both sides on pricing, or they may set interest rates higher or lower (than benchmark).

But if the inflation level is high and people have price rise expectations, banks, provided they are allowed to set prices freely, will set their prices one-way, which in turn may make people angry and impede or terminate the whole reform process.

April 21st (Bloomberg) - China Supports IMF Funding Increase – PBoC Governor Zhou Xiaochuan said:

We are supportive of international efforts to increase the lending capacity of the IMF.

[China] would like to emphasize that increase of quota resources is an integral part of increase of the Fund resources.

April 21st (Bloomberg) - Market Has Bigger Role Deciding Yuan Value – PBoC Deputy Governor Yi Gang stated at an event in Washington:

It's time to let the market more or less decide the exchange rate while reducing the intervention on the market.

[...market forces have already played an] important role [in determining the currency's value, which has been a] persistent two-way bet [for some time.]

News & Upcoming Dates

News

April 19th (Bloomberg) - Yuan Band May Challenge Companies – Senior Researcher Zhang Yansheng of the NDRC made the following comments:

China is determined to push forward market reform on the exchange rate.

On the other hand, the reform also raises a big question: how to help companies, banks, and the state find more tools to manage the foreign-exchange risks.

That means greater risks for companies [as they hedge against currency fluctuations].

April 19th (Bloomberg) - Geithner Calls China's Changes on Yuan Band 'Very Significant' - U.S. Treasury Secretary Timothy F. Geithner said:

[China's decision to widen the yuan's trading band against the dollar reflects changes that are] very significant and very promising.

[China is showing a commitment] to this broad change in growth strategy, towards a growth strategy less dependent on external demand. Obviously, they've got a long way to go in that process, including on the exchange rate.

I think the cumulative effect of what China has done on the exchange rate side, on the external side, is very significant and very promising.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/26	Industrial Profits	MAR	--	-5.2%
04/26	MNI April Business Condition Survey			
04/23-30	Leading Index	MAR	--	101.27
04/30	PMI Manufacturing	APR	53.6	53.1
05/01	HSBC Manufacturing PMI	APR	--	48.3
05/02	China Non-Manufacturing PMI	APR	--	58.0

Valance Economic Report: Switzerland

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April 25, 2012

In March, Switzerland's Trade Surplus narrowed unexpectedly and the UBS Consumption Indicator rebounded.

Weekly Highlights

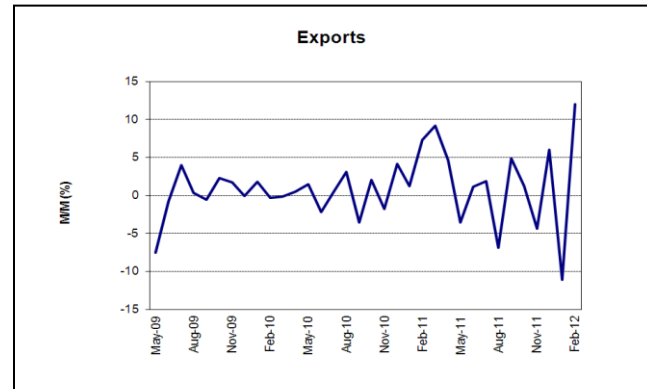
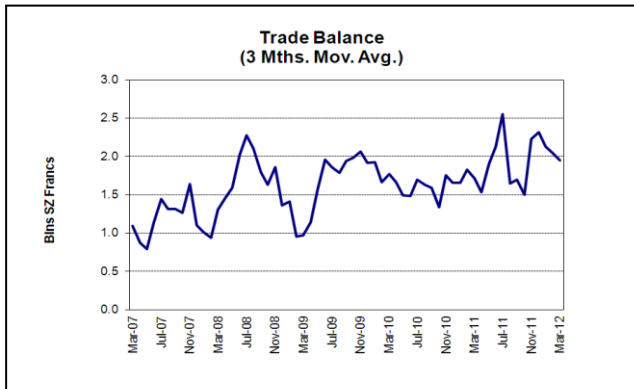
Trade Surplus – narrowed to 1.69 bln francs in March. (SZ 1)

UBS Consumption Indicator – rose from 0.90 in February to 1.22 in March. (SZ 2)

M3 Money Supply – increased 6.6% Y/Y in March, following 6.4% Y/Y growth in February. (SZ 2)

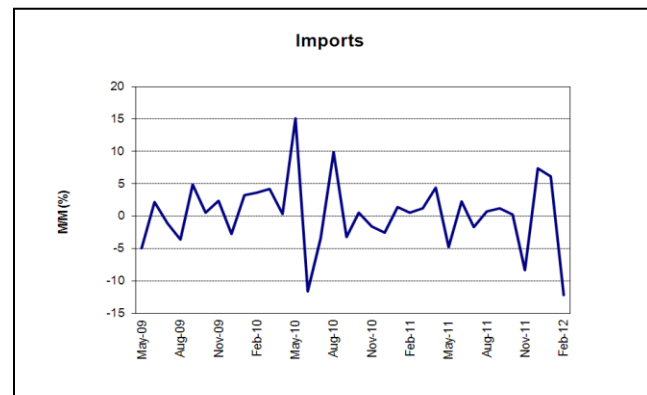
Weekly Releases & News

Chart(s) of the Week: Trade Data



Switzerland's Trade Balance narrowed from a surplus of 2.61 bln francs in February to a surplus of 1.69 bln francs in March.

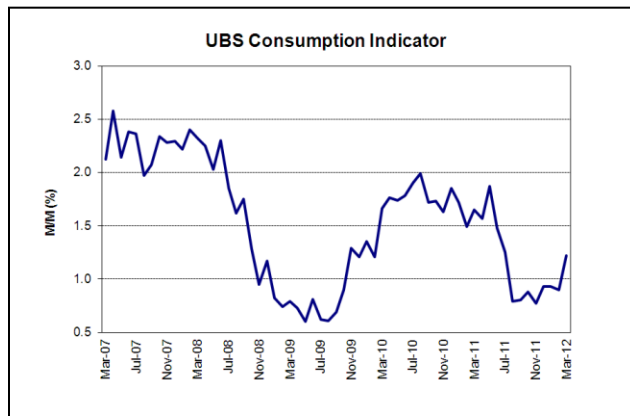
Adjusted for inflation and seasonal swings, Exports contracted from +12.0% M/M in February to -2.5% M/M in March; while, Imports rebounded from -12.2% M/M in February to +4.6% M/M in March.



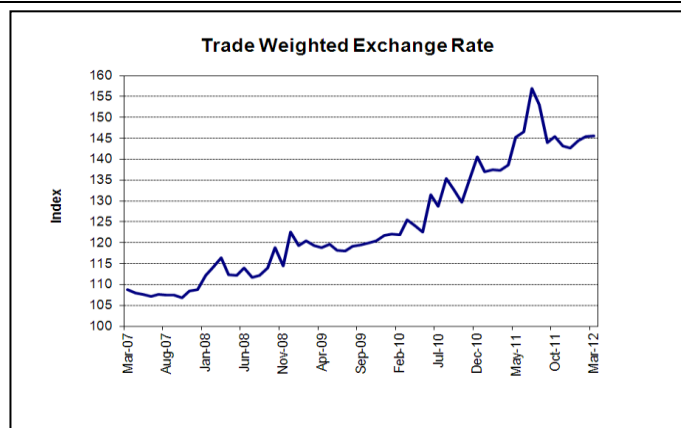
UBS Consumption Indicator, Trade Weighted Exchange Rate & News

UBS Consumption Indicator

The UBS Consumption Indicator rose from 0.90 in February to 1.22 in March. UBS said, “The UBS consumption indicator rose dramatically in March, lying at 1.22 points. The brightening of business activity in the retail sector and the record-high number of new car registrations are the main factors behind the increase. Despite the strong franc, the first few months of this year also saw a year-on-year rise in Swiss residents' overnight stays in hotels in Switzerland.”



Trade Weighted Exchange Rate



Data

April 23rd (Bloomberg) – March M3 Money Supply Growth – advanced to 6.6% Y/Y, following a 6.4% Y/Y increase the month before.

News (Cont'd.) & Upcoming Dates

News (Cont'd.)

April 21st (Bloomberg) - SNB's Jordan Repeats Defense of Franc Cap in all Circumstances – SNB President, Thomas Jordan remarked:

There is a minimum exchange rate for the franc. This minimum rate will be carried out in all circumstances.

We have always said that we are ready to use the balance sheet in an unlimited way [to defend the cap.] That has been our firm policy and will remain valid in the future.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/27	KOF Swiss Leading Ind.	APR	0.20	0.08
05/02	Retail Sales	MAR	--	0.8%
05/02	PMI Manufacturing	APR	--	51.1

Valance Economic Report: Sweden

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April 25, 2012

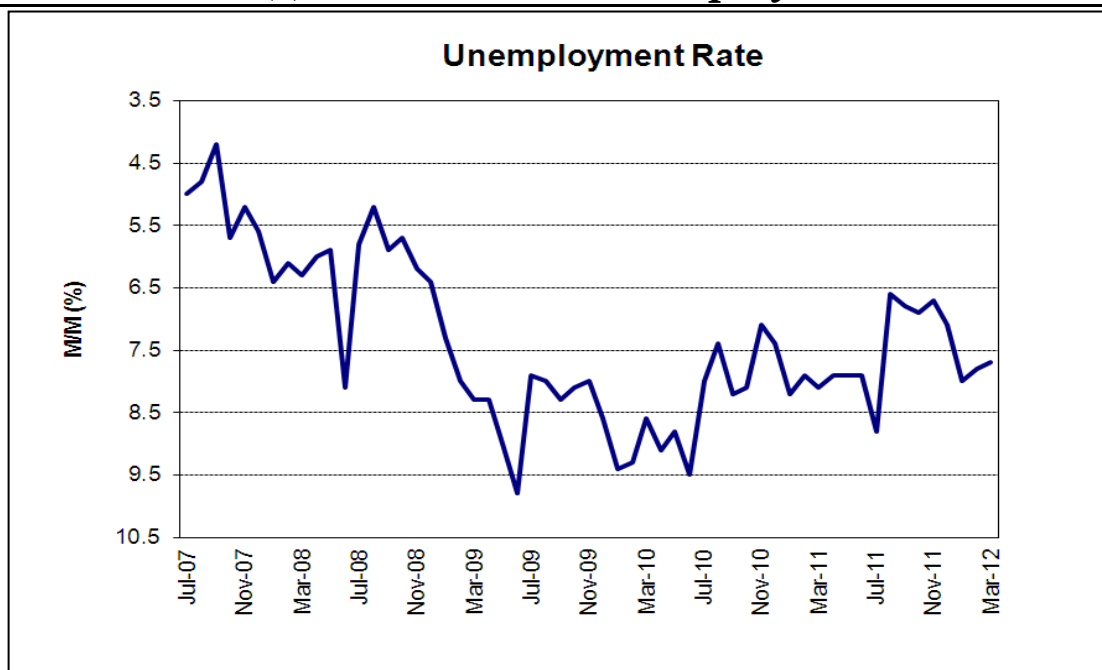
Sweden's Unemployment Rate, the only economic indicator released this week, unexpectedly declined, for a second straight month, to 7.7% in March; employment growth increased.

Weekly Highlights

Unemployment Rate – fell from 7.8% in February to 7.7% in March. (SW 1)

Weekly Releases & News

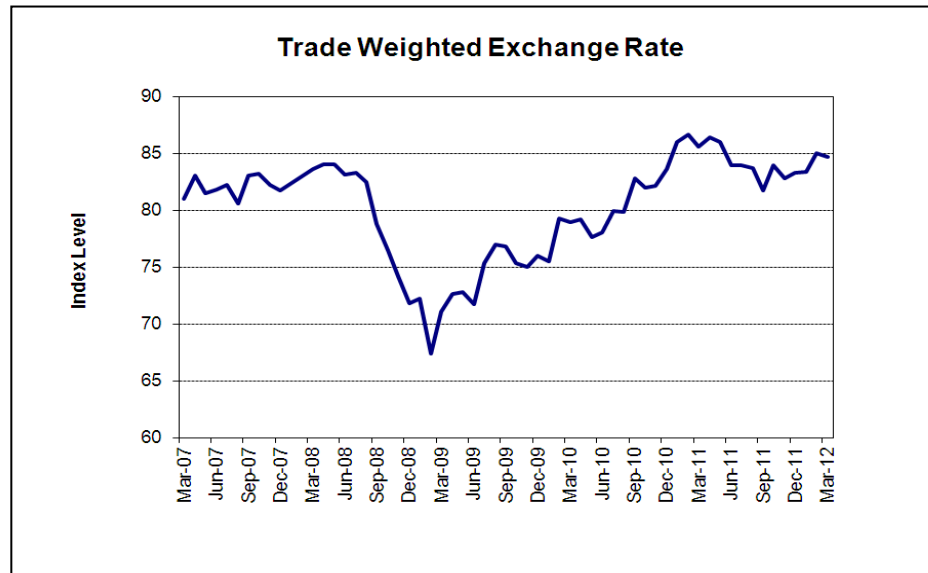
Chart(s) of the Week: *Unemployment Rate*



The Unemployment Rate (n.s.a.) fell slightly from 7.8% in February to 7.7% in March. The rate was expected to reach 8.0%. The number of employed rose by approximately 78K, totaling approximately 4.64 mln persons; while the number of unemployed reached 389K persons.

Trade Weighted Exchange Rate & News

Trade Weighted Exchange Rate



News

April 18th (Bloomberg) - Sweden May Need New Measures to Cap Debt Loads – Riksbank Governor Ingves remarked:

[If household debt to disposable income] were to continue going up, up, up, and I'm now speaking for myself, it's time to start discussing amortizations in a different way. For a decade or something like that debt to disposable income ratio has been going up, up, up, up and that means that eventually we're going to get to a point where somebody is going to have to say enough is enough."

If you end up with a debt problem, then it's quite likely that you end up with several years of all sorts of difficulties when it comes to managing the economy.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
04/26	Consumer Confidence	APR	0.5	0.0
04/26	Manufacturing Confidences	APR	-1	1
04/26	Economic Tendency Survey	APR	100.5	101.8
04/26	PPI	MAR	-0.3% / 0.1%	0.4% / 0.5%
04/27	Retail Sales	MAR	-0.3% / 3.5%	1.2% / 3.4%
04/27	Trade Balance	MAR	7.0B	5.9B
04/30	Household Lending	MAR	--	5.0%
05/02	Swedbank PMI Survey	APR	--	50.2
05/02	Wages – Non-Manual Workers	FEB	--	--