

# Valance Company, Inc.



Weekly

May 10, 2012

III

## Highlights

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US – Weak payrolls

EU – ECB kept rates unchanged at 1.00% as expected

JN – Light week of data

CA – Ivey Purchasing Managers Index fell; Housing Starts gained

AU – Retail Sales strong

### United States

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*Valance Economic Reports*

Valance Co., Inc.

# Valance Economic Report: United States

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May 9, 2012

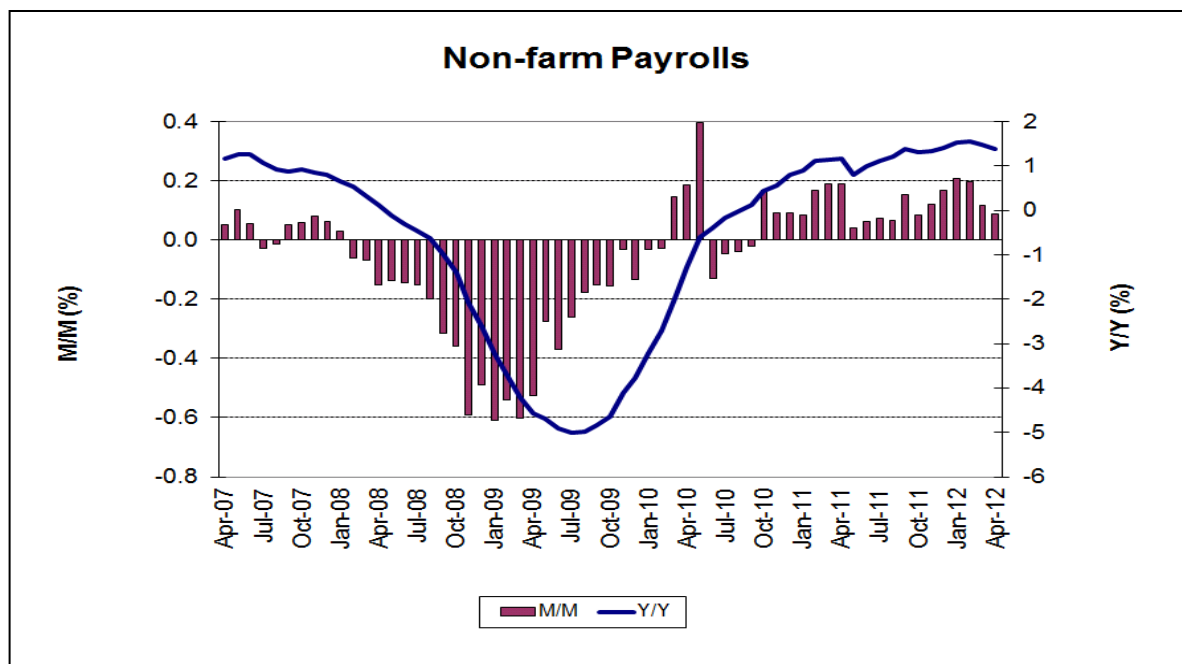
Mostly disappointing week of data. For the second consecutive month, payrolls were significantly weaker than expectations, though positive revisions were seen for the prior two reports.

## Weekly Highlights

**Non-farm Payrolls** – gained by only 115k in March; private payrolls up 130k (US 1)  
**ISM Non-Manufacturing Index** – fell from 56.0 to 53.5 in April (US 4)

## Weekly Releases

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



Non-farm Payrolls were weaker than expected, increasing by only 115k in March, below expectations for a gain of 160k. March was revised from 120k to 154k. Private payrolls increased 130k versus expectations of 165k. Manufacturing payrolls grew 16k. The Unemployment Rate dropped 0.1% to 8.1%, the lowest since January 2009. The diffusion index slipped from 64.7 to 56.8. The participation rate declined from 63.8% to 63.6%.

US 1

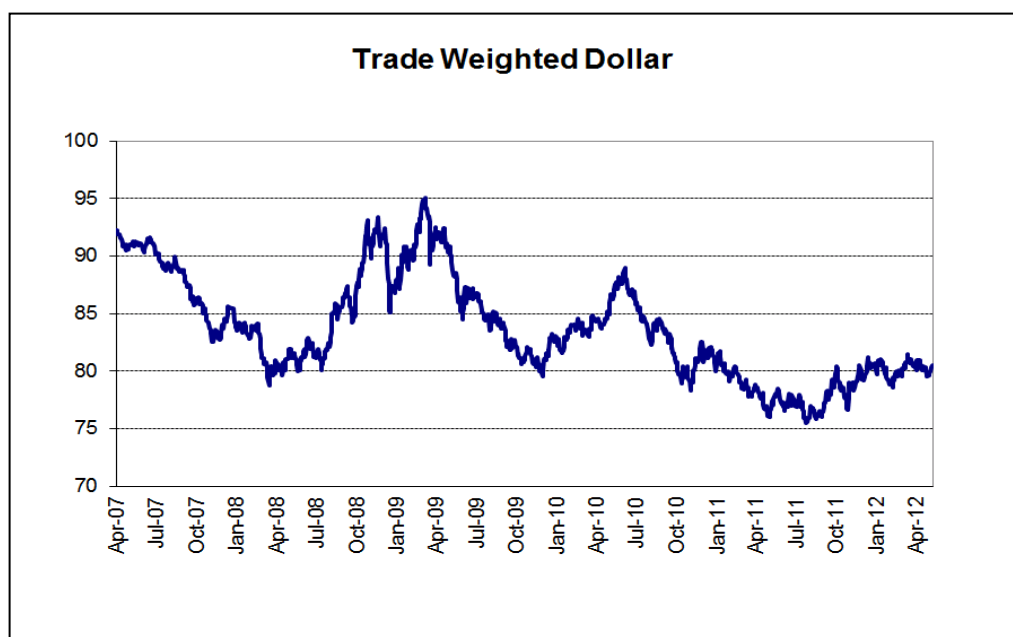
## U.S. Financial Balances & Trade Weighted Dollar

### Financial Balances

U.S.	Latest period (\$blns)	Last 12mth. as a % of GDP
Budget Balance	-27.4 (Dec)	-8.0%
Trade Balance	-48.8 (Dec)	-3.7%
Current Account Balance	-110.3B (Q3)	-3.1%
Private Balance	--	5.3%

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.

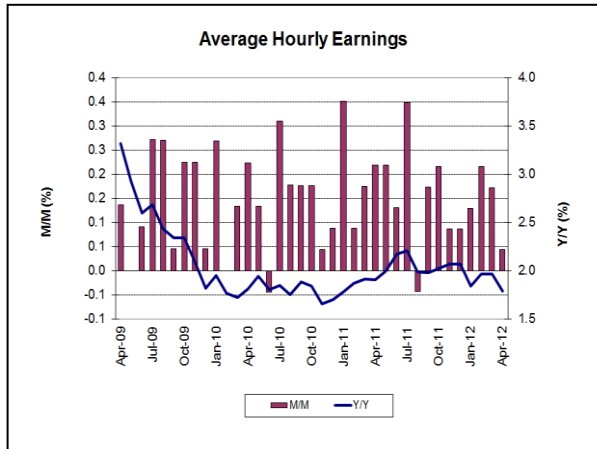
### Trade Weighted Dollar



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

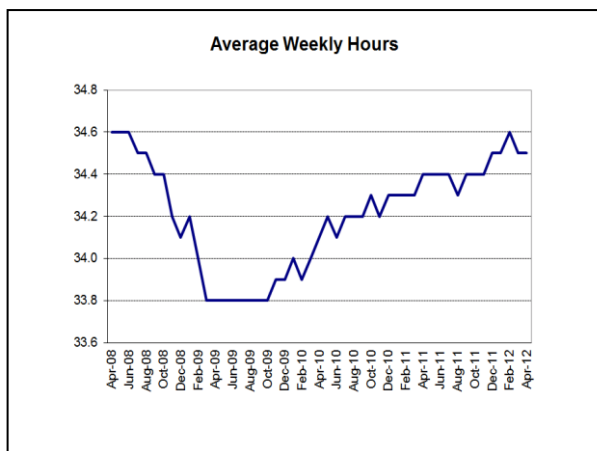
## Avg Hourly Earnings

Average Hourly Earnings was flat M/M and up 1.8% Y/Y in April. With a large excess supply of labor, wages may remain under downward pressure for some time.



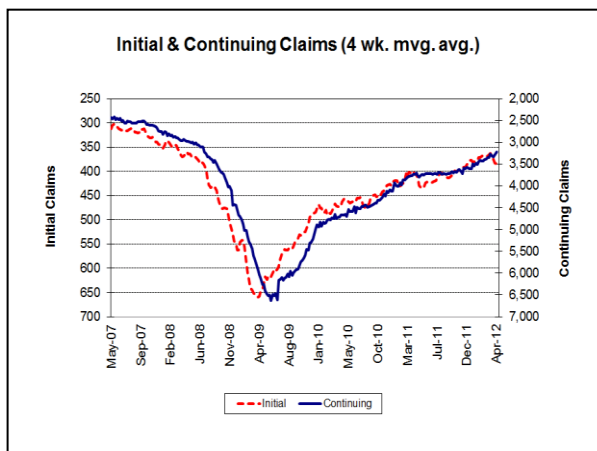
## Avg Weekly Hours

Average Weekly Hours remained at 34.5 in April. Aggregate hours stood at 34.3 a year ago.



## Initial Jobless Claims

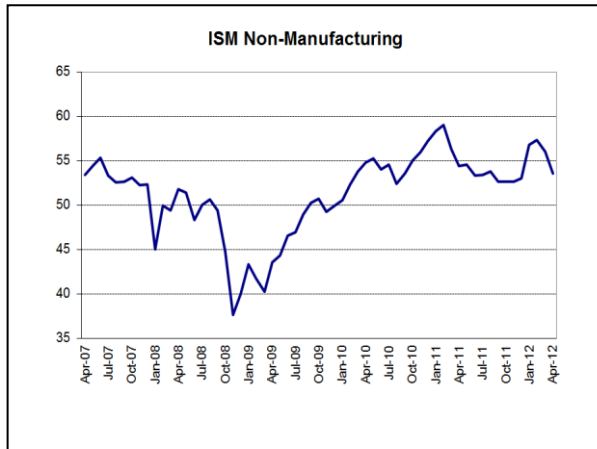
Initial Claims fell 27k to 365k. The series has been volatile since the beginning of the year and had been stabilizing in the 350k range. The four week moving average of Initial Claims increased from 382k to 384k, the highest level since the beginning of the year. Continuing Claims dropped from 3329k to 3276k.



# ISM Non-Manf. Composite, Bloomberg Consumer Comfort & MBA Mortgage Applications

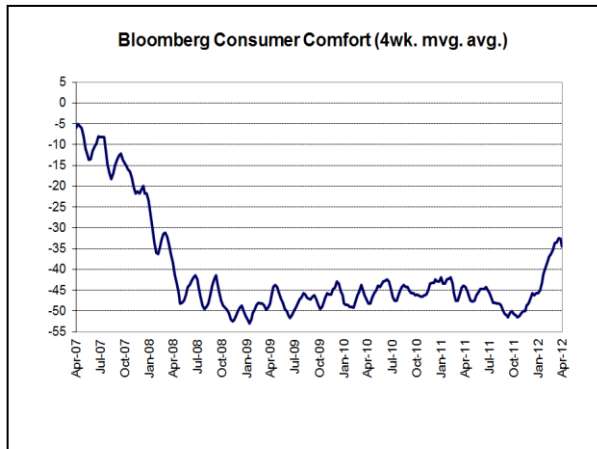
## ISM Non-Manf. Composite

The ISM Non-Manufacturing Index fell from 56.0 to 53.5 in April. New Orders declined from 58.8 to 53.5, the lowest level in six months. Prices paid fell over 10 pts to 53.6. The employment component also weakened, dropping from 56.7 to 54.2.



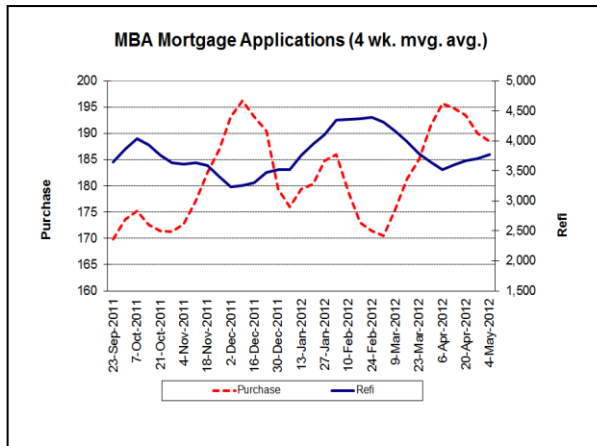
## Bloomberg Consumer Comfort

The Bloomberg Consumer Comfort Index dropped from -35.8 to -37.6. The personal finances component declined from 0.4 to -6.6.



## MBA Mortgage Applications

Purchase Mortgage Applications improved 3.4% W/W. Refi applications gained 1.3% W/W. The FRM 30-year contract fell to 4.01%, an all-time low.



**Key Dates This Week**

<b>Date</b>	<b>Indicators</b>		<b>Expectations</b>	<b>Previous</b>
10-May	Import Price Index (M/M)	APR	-0.20%	1.30%
10-May	Trade Balance	MAR	-\$50.0B	-\$46.0B
10-May	Initial Jobless Claims	5-May	369K	365K
10-May	Monthly Budget Statement	APR	\$30.0B	-\$40.4B
11-May	Producer Price Index (M/M)	APR	0.00%	0.00%
11-May	PPI Ex Food & Energy (M/M)	APR	0.20%	0.30%
11-May	U. of Michigan Confidence	MAY P	76	76.4
14-18				
MAY	MBA Mortgage Foreclosures	1Q	--	4.38%
15-May	Consumer Price Index (M/M)	APR	0.10%	0.30%
15-May	Empire Manufacturing	MAY	8	6.56
15-May	CPI Ex Food & Energy (M/M)	APR	0.20%	0.20%
15-May	Consumer Price Index NSA	APR	230	229.392
15-May	Advance Retail Sales	APR	0.20%	0.80%
15-May	Retail Sales Less Autos	APR	0.20%	0.80%
15-May	Business Inventories	MAR	0.50%	0.60%
15-May	NAHB Housing Market Index	MAY	26	25
16-May	Housing Starts M/M%	APR	3.60%	-5.80%
16-May	Building Permits M/M%	APR	-3.80%	4.50%
16-May	Industrial Production	APR	0.50%	0.00%
16-May	Capacity Utilization	APR	78.90%	78.60%

Valance Co., Inc.

## Valance Economic Report: Euro Zone

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May 9, 2012

The ECB kept rates unchanged at 1.0% as was widely expected. Germany posted a stronger than expected gain in Industrial Production in March while European investor confidence declined to a three year low in May. Spanish Unemployment fell in April, its first decrease in nine months.

### Weekly Highlights

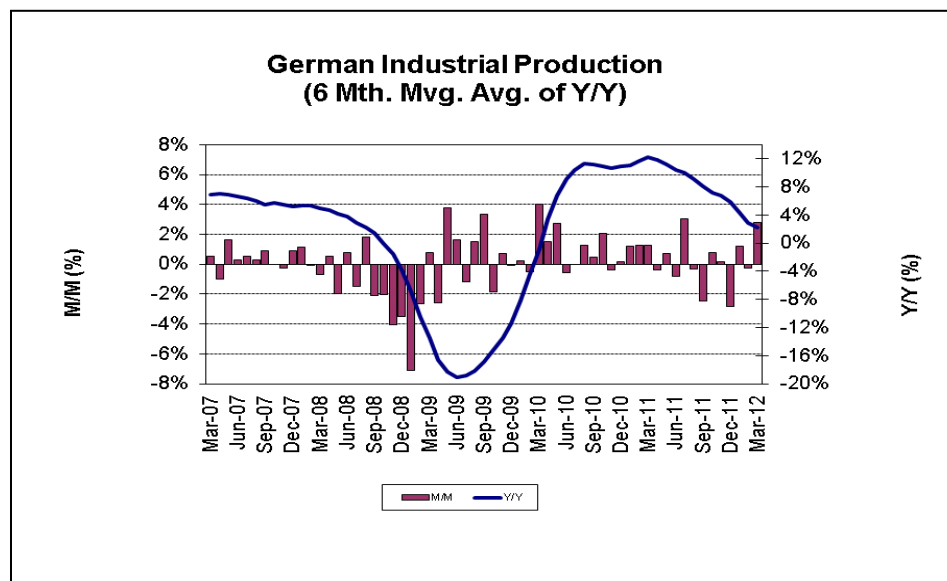
**German Industrial Production** - increased 2.8% M/M and 1.5% Y/Y in March. (EU 1)

**ECB** - kept rates unchanged at 1.00% as expected. (EU 2)

**EU Sentix Investor Confidence** – dropped to a three year low. (EU 6)

### Weekly Releases & News

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



German Industrial Production increased 2.8% M/M and 1.5% Y/Y in March. Market expectations were for a 0.8 % M/M gain and a 1.2% Y/Y decline. Manufacturing & mining increased 1.5% M/M and 1.8% Y/Y.

EU 1

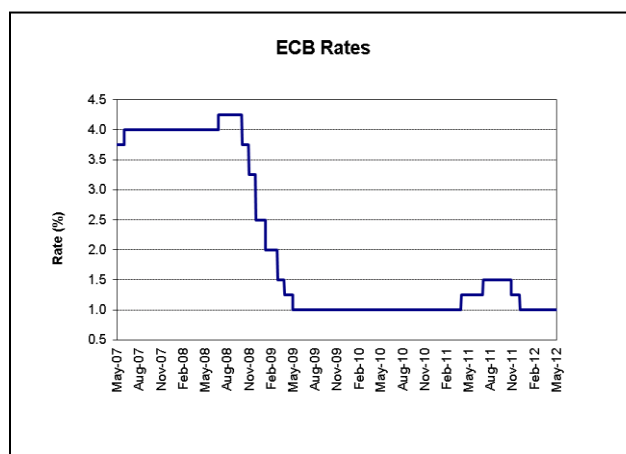
## EU Financial Balances, Trade Weighted Euro & ECB Rates

### Financial Balances

Germany	Last period (\$blns euros)	Last 12mth. as a % of GDP*
Budget Balance		-4.3%
Trade Balance	14.7 (February)	2.0%
Current Account Balance	11.1 (February)	5.6%
Private Savings Balance		9.9%
<b>France</b>		
Budget Balance		-2.7%
Trade Balance	-6.4 (February)	-4.9 %
Current Account Balance	-4.2 (January)	-3.9%
Private Savings Balance		-1.2%
<b>Italy</b>		
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

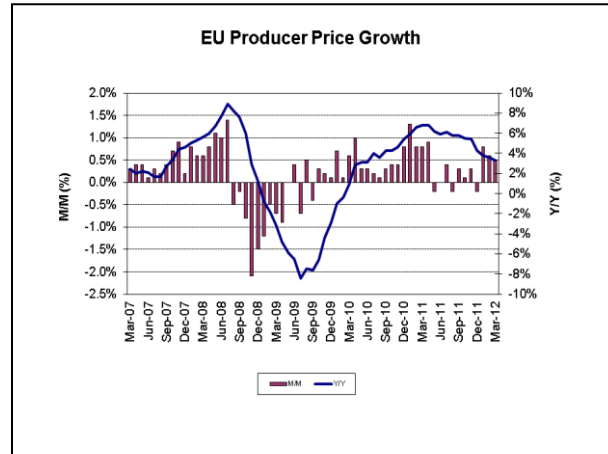
### Trade-Weighted Exchange Rate & ECB Interest Rates



## EU PPI/Retail Sales & German Factory Orders

### EU PPI

EU PPI increased 0.5% M/M and 3.3% Y/Y in March below market expectations for a reading of 0.6% M/M and 3.4% Y/Y. Energy prices created the strongest upward pressure on the PPI with a 1.4% M/M and an 8.5% Y/Y gain. PPI ex energy increased 0.2% M/M and 1.5% Y/Y.

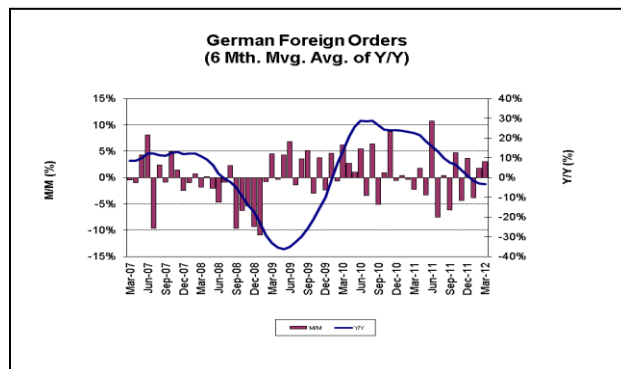
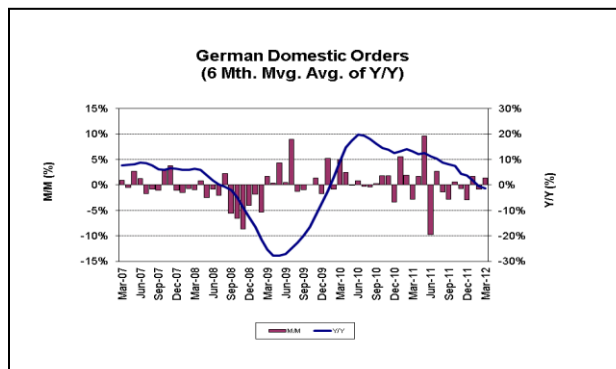


### EU Retail Sales

EU Retail Sales unexpectedly gained 0.3% M/M and fell 0.2% Y/Y in March. Market expectations were for flat M/M and a 1.1% Y/Y decline.



### German Factory Orders

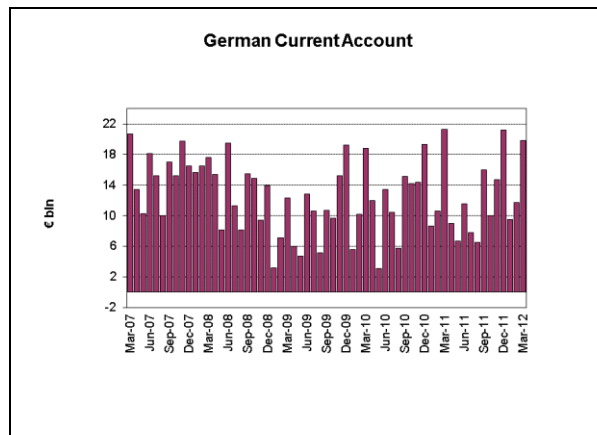


German Factory Orders increased 2.2% M/M and fell 1.3% Y/Y in March versus market expectations for a 0.5% M/M gain and a 2.8% Y/Y decline. Domestic Factory Orders increased 1.3% M/M and fell 1.8% Y/Y. Foreign Orders increased 3.0% M/M and fell 0.8% Y/Y.

## German Current Account, Trade Balance & Exports

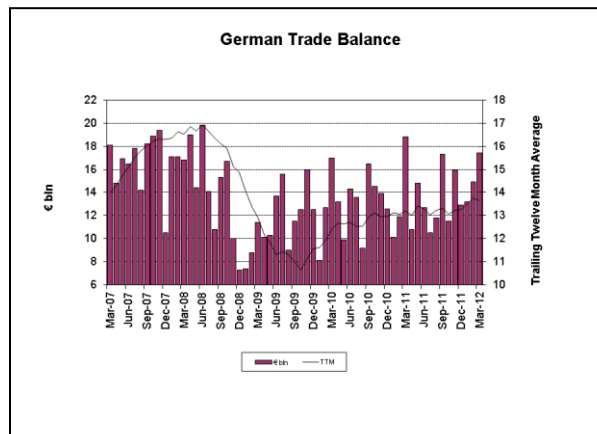
### German Current Account

Germany's Current Account surplus widened from €11.7 bln in February to €19.8 bln in March. The Current Account balance stood at a surplus of €21.3 bln in March 2011.



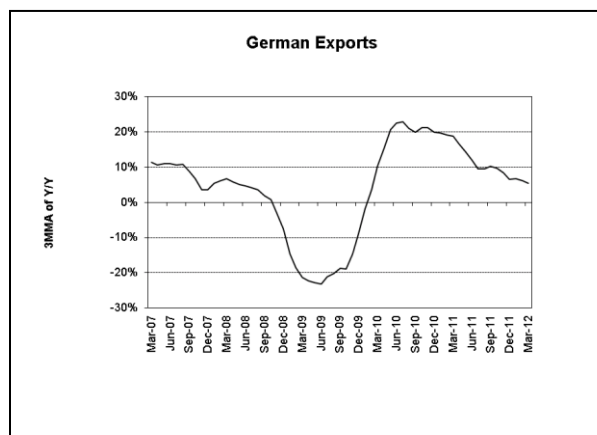
### German Trade Balance

Germany's Trade surplus widened from €14.9 bln in February to €17.4 bln in March. Exports increased 0.9% M/M and 2.2% Y/Y and Imports increased 1.2% M/M and 3.4% Y/Y. The trade surplus stood at €18.8 bln in March 2011.



### German Exports

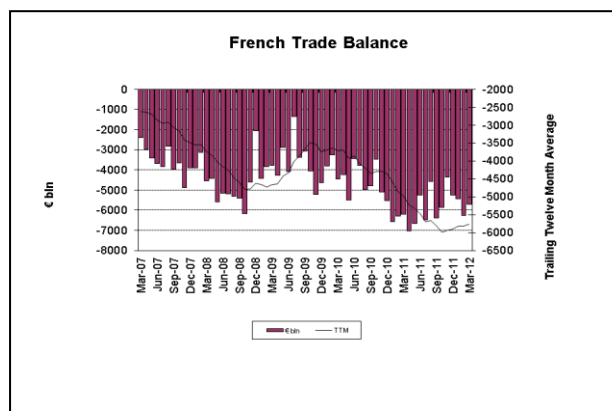
Exports increased 0.9% M/M and 2.2% Y/Y and Imports increased 1.2% M/M and 3.4% Y/Y.



## French Trade Balance & Spanish Industrial Production /Unemployment

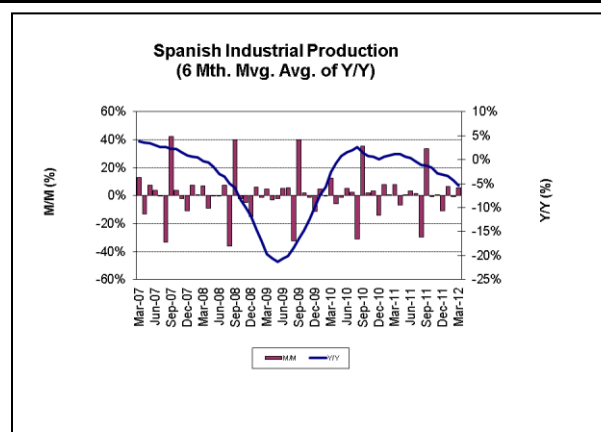
### French Trade Balance

The French Trade deficit narrowed from €6.3 bln in February to €5.7 bln in March as Exports fell less than Imports. Exports fell 1.5% M/M and increased 3.9% Y/Y and Imports fell 2.6% M/M and increased 2.1% Y/Y. The Trade Balance stood at a deficit of €6.2 bln in March 2011.



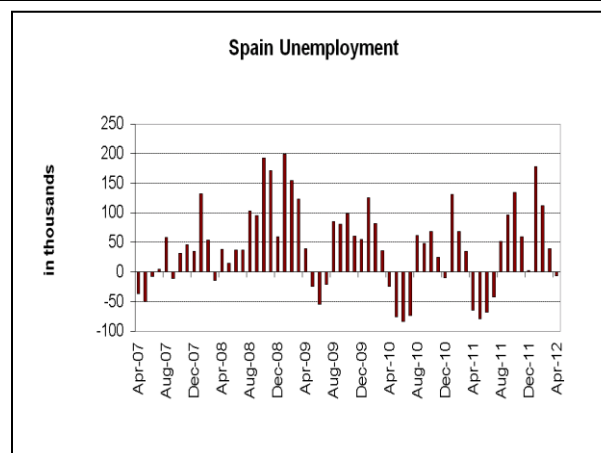
### Spanish Industrial Production

Spanish Industrial Production increased 5.5% M/M in March. On an annual basis, output adjusted for the number of working days decreased 7.5%, the most since October 2009.



### Spanish Unemployment

Spanish Unemployment fell by 6.6 k in April, for the first decline in nine months.



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## ***Data/News/Comments***

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### ***May 7 - European Sentix Investor Confidence Drops to Three-Year Low (Bloomberg) -***

European investor confidence dropped to its lowest level in almost three years in May as the region's debt crisis intensified, the Sentix research institute said.

An index measuring sentiment in the euro-area economy declined to minus 24.5 from minus 14.7 in April, Germany-based Sentix said in an e-mailed statement today. That's the lowest since July 2009. A gauge of expectations slipped to minus 17.3 from minus 9.3, while a measure of current conditions fell to minus 31.5 from minus 20.

The 17-nation euro-area economy will shrink 0.3 percent this year, according to the European Commission. The European Central Bank has pumped more than 1 trillion euros (\$1.3 trillion) into the banking system to fight the crisis.

"The effect of central bank money on markets and the economy has already worn off just a few weeks after the ECB's second three-year tender," Sentix said in the statement.

"Investors expect a pronounced recession in the euro area."

According to Sentix, 867 investors participated in the survey, which was conducted May 3-5. The results are never revised.

### ***May 9 - EU's Response to Crisis Will 'Convince People,' Van Rompuy Says (Bloomberg) -***

European Union President Herman Van Rompuy said the EU's response to the sovereign-debt crisis will "convince people" of the value of being in the 27-nation bloc.

"We will convince people of the sense and the meaning of EU membership by results," Van Rompuy said in a question-and-answer session posted on the Euronews website today. "That's why we have to stabilize the euro zone and that's why we have to increase economic growth and create jobs."

"There is still a huge majority in most of the countries for membership of the European Union and the euro zone," Van Rompuy said. "Even in Greece, I saw an opinion poll just before the election which said that 75 percent of people don't want to leave the euro zone."

### ***May 9 - EU's Rehn Says Treaty Allows ECB to Work Beyond Price Stability (Bloomberg) -***

There is no "contradiction" between the European Central Bank's primary mandate to ensure price stability and the ECB adopting more active steps to seek financial stability, European Union Economic and Monetary Affairs Commissioner Olli Rehn.

"I don't see a contradiction in terms of further developing the role of the euro system in ensuring financial stability while at the same time guaranteeing price stability,"

Rehn said at a conference in Florence today.

Rehn said the EU treaty, while setting price stability as the bank's main objective, also allows the ECB to support EU policy beyond controlling inflation.

## Key Dates This Week

Date	Event	Survey	Prior
14-May	EC Euro-Zone Ind. Prod. wda (Y/Y)	MAR --	-1.80%
14-May	EC Euro-Zone Ind. Prod. sa (M/M)	MAR --	0.50%
15-May	EC Euro-Zone GDP s.a. (Q/Q)	1Q A --	-0.30%
15-May	EC Euro-Zone GDP s.a. (Y/Y)	1Q A --	0.70%
15-May	EC ZEW Survey (Econ. Sentiment)	MAY --	13.1
16-May	EC Euro-Zone CPI - Core (Y/Y)	APR --	1.60%
16-May	EC Euro-Zone CPI (M/M)	APR --	1.30%
16-May	EC Euro-Zone Trade Balance sa	MAR --	3.7B
16-May	EC Euro-Zone Trade Balance	MAR --	2.8B
11-May	GE CPI - EU Harmonised (M/M)	APR F 0.20%	0.20%
11-May	GE CPI - EU Harmonised (Y/Y)	APR F 2.20%	2.20%
15-May	GE GDP nsa (Y/Y)	1Q P --	--
15-May	GE GDP s.a. (Q/Q)	1Q P --	-0.20%
15-May	GE Zew Survey (Current Situation)	MAY --	40.7
15-May	GE ZEW Survey (Econ. Sentiment)	MAY --	23.4
10-May	FR Industrial Production (M/M)	MAR -0.60%	0.30%
10-May	FR Industrial Production (Y/Y)	MAR -1.30%	-1.90%
11-May	FR Bank of France Bus. Sentiment	APR 95	95
11-May	FR Survey of Industrial Investments		
14-May	FR Current Account (EURO)	MAR --	-5.0B
15-May	FR CPI - EU Harmonised (M/M)	APR --	0.90%
15-May	FR CPI - EU Harmonised (Y/Y)	APR --	2.60%
15-May	FR Gross Domestic Product (Q/Q)	1Q P --	0.20%
15-May	FR Gross Domestic Product (YY)	1Q P --	1.30%
15-May	FR Non-Farm Payrolls (Q/Q)	1Q P --	-0.10%
15-May	FR Wages (Q/Q)	1Q P --	0.30%
10-May	IT Industrial Production sa (M/M)	MAR 0.10%	-0.70%
10-May	IT Industrial Production wda(Y/Y)	MAR -6.20%	-6.80%

# Valance Economic Report: Japan

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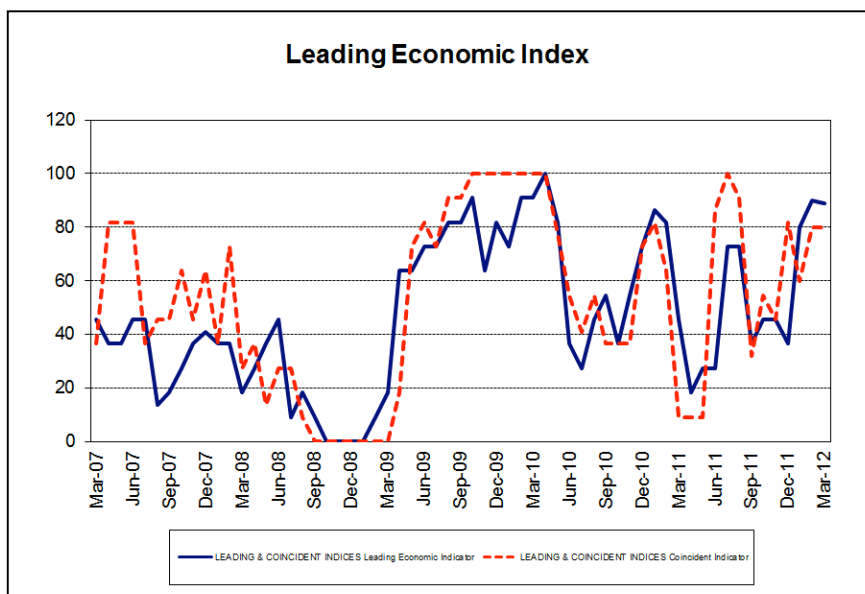
May 9, 2012

This was a light week of data in Japan. The Leading Index increased in March, nearly meeting expectations.

## Weekly Highlights

**Leading Economic Index** – increased from 96.0 to 96.6 in March. (JN 1)

### Charts of the Week: *Leading Economic Index*



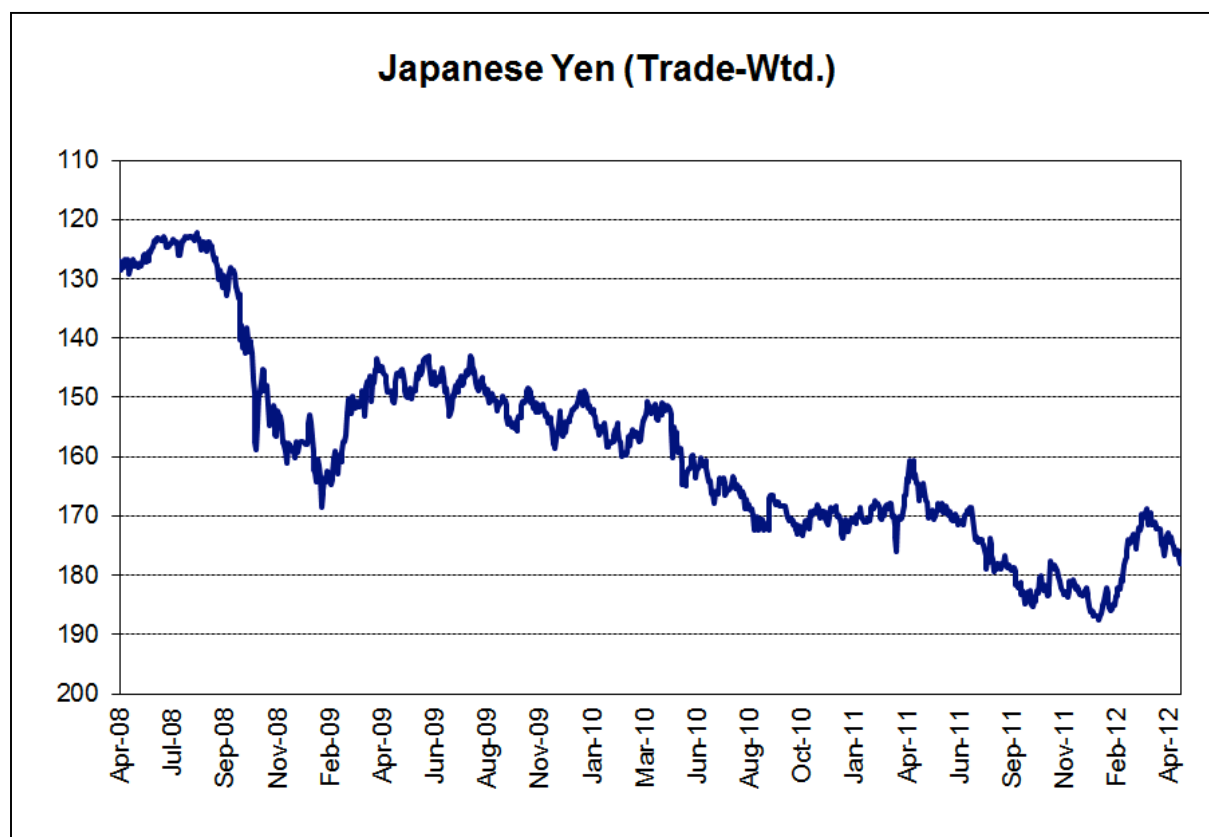
According to preliminary data, the Leading Economic Index increased from 96.0 to 96.6 in March while the Coincident Index increased from 95.2 to 96.5. In DI terms, the Leading Index dropped 1.1pts to 88.9 while the Coincident Index was unchanged at 80.

Within the details, the increase in the Leading Index occurred as consumer durable shipments, commodity prices, small business sales forecasts, and new job offers increased, outweighing declines in producers' final demand, housing starts, and producers' inventory ratios.

## 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%



**News**

**May 9<sup>th</sup> – Banking Balance Rises (NQN)** – The outstanding balance of loans at 118 banks in Japan expanded for the eighth straight month in April, rising 1% on the year to 421.23 trillion yen, the Japanese Bankers Association reported on Wednesday. Loan demand was strong due to projects to rebuild areas hit by the Great East Japan Earthquake. The balance for city banks remained unchanged, but rose 2.6% for regional banks, up for the 23rd consecutive month, and 1.5% for second-tier regional banks. The lending balance at trust banks fell 0.7%, down for the second straight month.

**May 8<sup>th</sup> – Pressure Rises on the BoJ from Gov't (WSJ)** – The government ratcheted up pressure on the Bank of Japan to quickly achieve its recently stated inflation target at a policy board meeting last month, as it seeks an end to a deflationary trend that has sapped the nation's economic growth for more than a decade. A senior cabinet office official who attended the central bank's policy-setting meeting April 9-10, said the government deems it particularly important for the BOJ to produce "visible results" by "promptly" achieving a near-term inflation rate of 1%, according to minutes of the meeting, which were released Monday. The government made similar comments at the central bank's March policy board meeting, but added pressure in April with the addition of the word "promptly."

**May 7<sup>th</sup> – BoJ Tells Fed Credit Rules May Hinder Japan Monetary Policy (Bloomberg)** – Federal Reserve plans for rules on credit risk may hamper monetary policy in Japan and have an “adverse impact” on the liquidity of high-quality sovereign debt, the Japanese central bank said in a letter to the Fed. Single-counterparty credit limits “could have unintended impacts on non-U.S. financial systems,” Bank of Japan Executive Director Kenzo Yamamoto said in the letter dated April 28 and posted on the central bank’s website today. It’s the second time since December that the central bank has expressed concerns about proposed U.S. financial rules, joining companies from Goldman Sachs Group Inc. to JPMorgan Chase & Co. The Fed curbs on counterparty risks for financial firms are aimed at containing the damage from the collapse of a bank or a government to prevent another global financial crisis. “It’s a polite suggestion from the BOJ,” said Katsuhide Takahashi, Tokyo-based director of credit markets at Citigroup Global Markets Japan. “What the BOJ really means to say to the Fed is don’t make trouble for Japan’s financial system.” Takahashi said the central bank could have been more explicit in asking the Fed to exclude Japanese government bonds and other developed nations’ sovereign debt from the rules, in the same way that U.S. Treasuries are exempted.

**May 7<sup>th</sup> – Business Sentiment Up For 5th Straight Month In April (NQN)** – Business sentiment in Japan improved for the fifth straight month in April, with the diffusion index rising 0.2 point from March to 38.5, Teikoku Databank Ltd. reported on Monday. Despite the improvement, growth fell from March, when the diffusion index increased by 2 points. Due to a rise in personal spending, the diffusion indexes for industries related to domestic demand, such as the retail and services sectors, improved in April. However, the diffusion index for the manufacturing industry fell for the first time in three months, due to rising raw material prices.

**Key Dates This Week**

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
5/9	Bank Lending incl Trusts (YoY)	N/A	0.80%
5/9	Bank Lending Ex-Trusts YoY	N/A	0.90%
5/9	Current Account Total	¥1431.3B	¥1177.8B
5/9	Adjusted Current Account Total	¥647.7B	¥854.1B
5/9	Current Account Balance YOY%	-17.10%	-30.70%
5/9	Trade Balance - BOP Basis	-¥42.8B	¥102.1B
5/9	Tokyo Avg Office Vacancies (%)	N/A	9.04
5/10	Bankruptcies (YoY)	N/A	-1.90%
5/10	Eco Watchers Survey: Current	N/A	51.8
5/10	Eco Watchers Survey: Outlook	N/A	49.7
5/13	Domestic CGPI (MoM)	N/A	0.60%
5/13	Domestic CGPI (YoY)	N/A	0.60%
5/15	Consumer Confidence	N/A	40.3
5/15	Machine Orders (MoM)	N/A	4.80%
5/15	Machine Orders YOY%	N/A	8.90%
5/15	Tertiary Industry Index (MoM)	N/A	0.00%
5/16	Housing Loans YoY	N/A	2.20%
5/16	GDP Annualized	3.50%	-0.70%
5/16	Gross Domestic Product (QoQ)	0.90%	-0.20%
5/16	Nominal GDP (QoQ)	1.00%	-0.50%
5/16	GDP Deflator YoY	-1.50%	-1.80%

Valance Co., Inc.

# Valance Economic Report: United Kingdom

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May 9, 2012

The last data set going into the BoE's policy meeting was largely weak. House Prices and Sales dropped following the ending of Government benefits. Retail Sales and Services PMI also dropped.

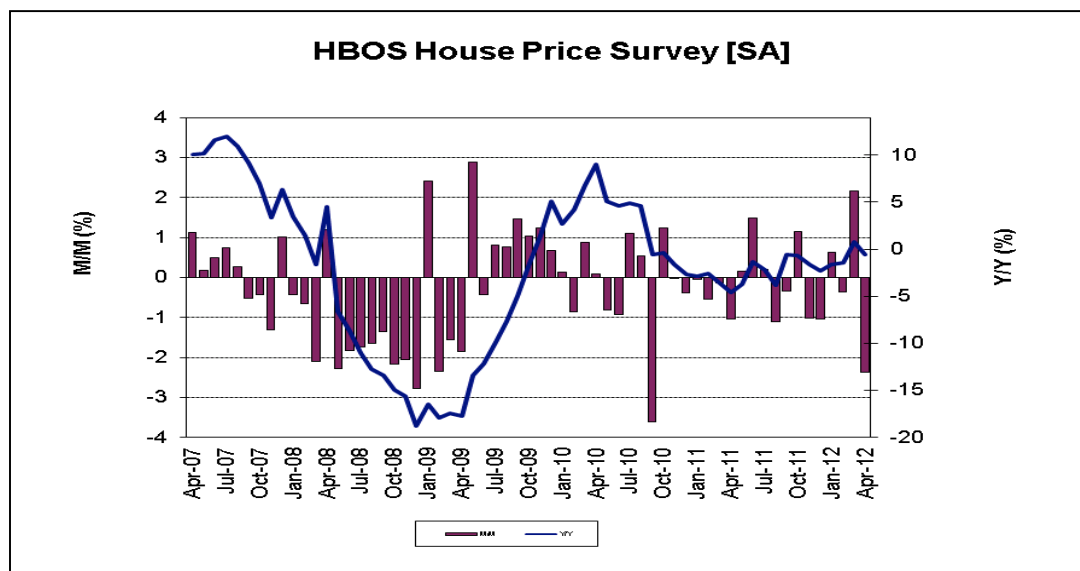
## Weekly Highlights

**Halifax Home Prices** – declined 2.4% M/M in April. (UK 1)

**RICS Housing Market Survey** – declined from -11 in in March to -19 in April. (UK 3)

## Weekly Releases & News

### Chart of the Week: *Halifax House Prices*

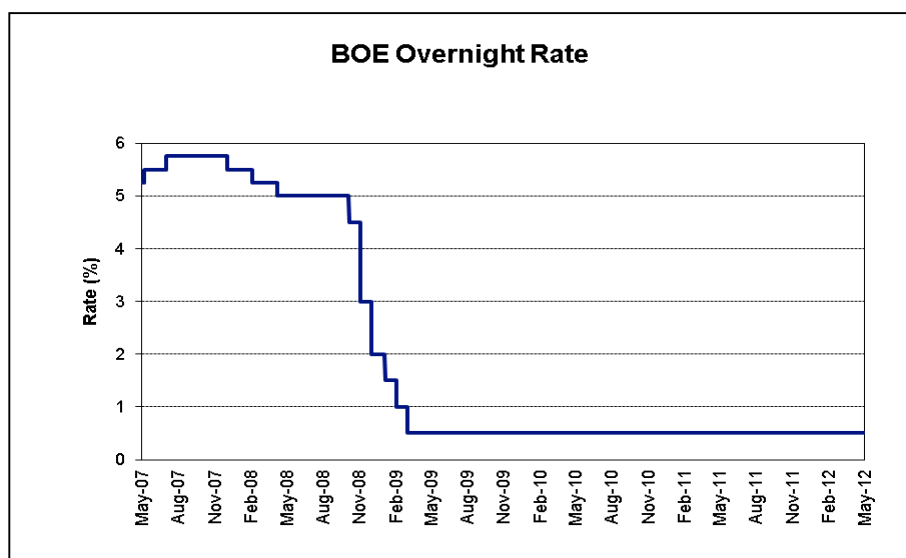
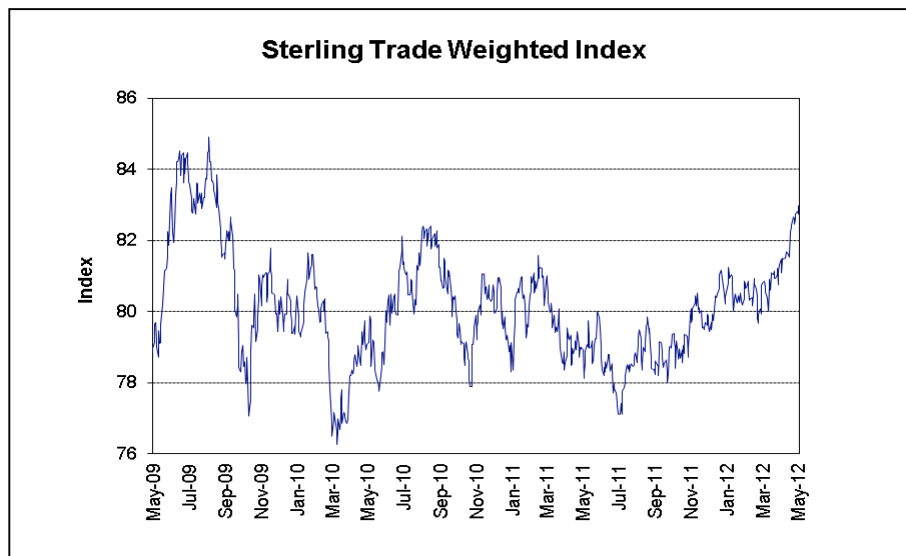


House Prices declined 2.4% M/M and 0.5% Y/Y in April. The standard average price dropped from £163.8k to £159.8k. The decline went against market expectations for a smaller 0.8% M/M and drop and occurred following the ending of a tax benefit program for first time buyers. Halifax commented that “We continue to expect little overall movement in prices as the UK economic situation remains challenging.”

UK 1

## Financial Balances, FX & BoE Overnight Rate

U.K.	Last Period (blns)	Last 12mth. % of GDP
Budget Balance	+£16.4 (Mar)	+14.5%
Curr. Acct. Balance (quarterly)	-£10.5(Dec)	-2.9%
Private Balance	-£0.2	+11.6%

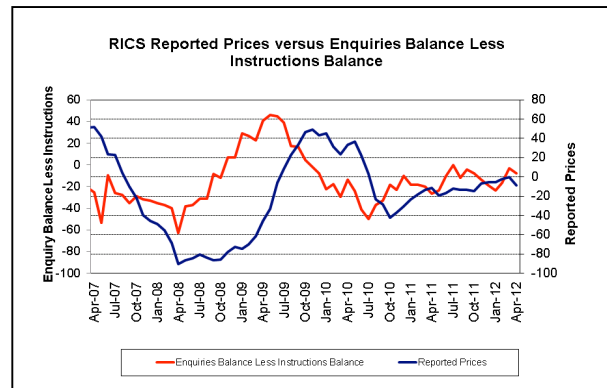


The MPC will vote on May 10 to keep the BoE key interest rate unchanged at 0.50% and its asset purchase program. The Minutes of the meeting will be released on May 18<sup>th</sup>.

## RICS House Price Survey

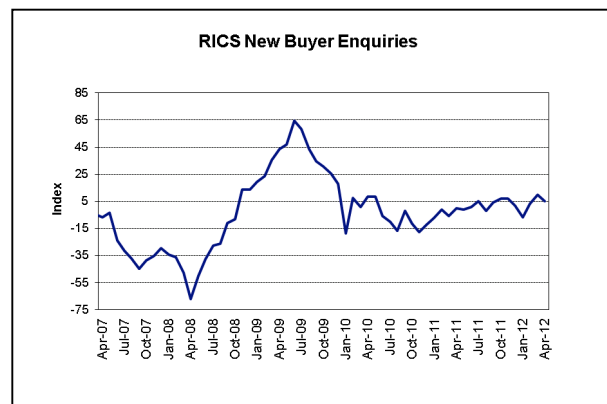
### RICS House Price Survey

The RICS House Price survey declined from -11 in in March to -19 in April. The decline was broad within the components and brings the series to its lowest level in six months.

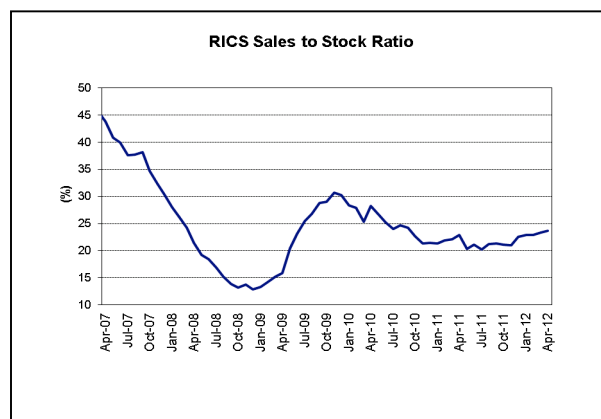
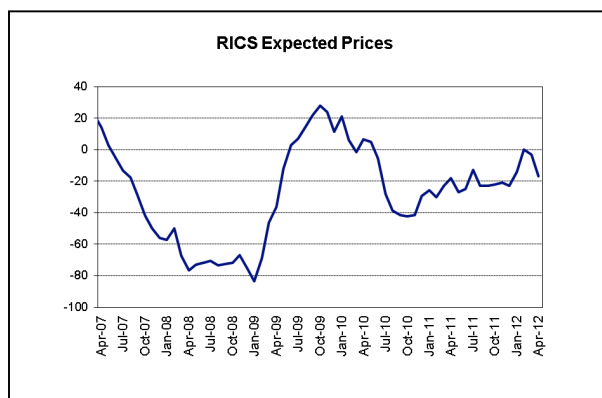


### RICS New Buyer Enquiries

New buyer enquiries declined from +10 to +5 in April.



### RICS Expected Prices & Sales to Stock Ratio

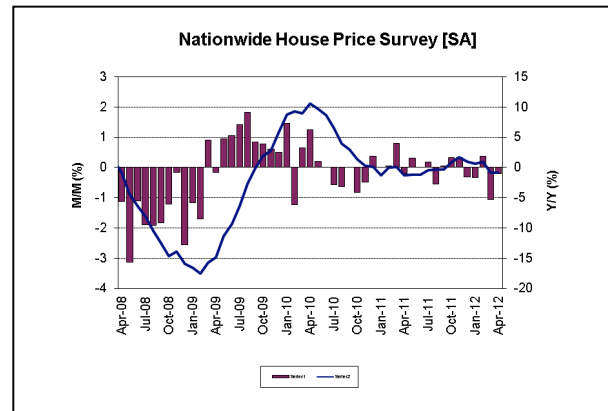


The house price outlook component declined from -3 to -17 in April. The ratio of completed sales (over the last three months) to stocks of unsold property on the market edged up from 23.3% to 23.7%.

## Nationwide House Prices & PMI Services

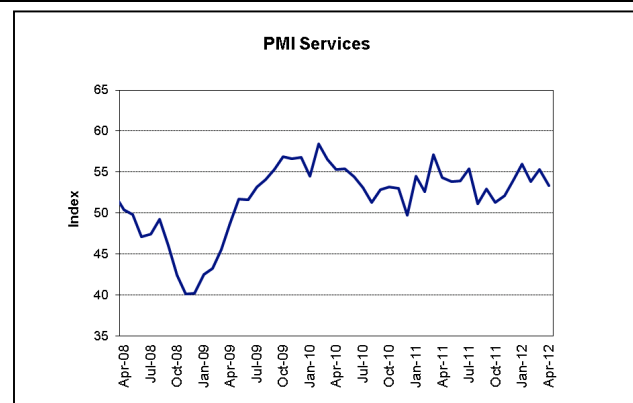
### Nationwide House Price Survey

U.K.'s November's Home Prices dropped 0.2% M/M and 0.9% Y/Y in April. The decline was attributed to the end of tax breaks for first time buyers and as the economy struggled. Nationwide commented that "A significant acceleration in prices or activity is unlikely to return in the near term. (The recession is) likely to undermine already fragile confidence and weigh down consumer spending."



### PMI Services

The PMI Index of Services eased 2.0pts to 53.3 in April, against market expectations for a slowdown to 54.1.



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## News

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### BRC Shop Price Index

U.K. shop-prices dropped 3.3% Y/Y in April against market expectations for a 0.6% Y?Y improvement and after having improved 1.3% Y/Y in March. Annual food-price inflation slowed from +5.4% to +4.3% while non-food inflation continued deflation of 0.5% in April after having dropped 0.9% in March.

### New Car Registrations:

According to the Society of Motor Manufacturers and Traders, New Car Registration increased 3.3% Y/Y in April. Year to date sales are up 1.4% Y/Y.

### May 9<sup>th</sup> – CEBR – UK Unemployment to Rise Until 2016 (Bloomberg) -

U.K. unemployment will rise over the next five years almost everywhere in the country as the deepest government spending squeeze since World War II bites, the Centre for Economic and Business Research said. Joblessness in the North East will increase to 13 percent in 2016 from 12 percent in 2012, while the rate in Northern Ireland will climb to 10.7 percent from 8.8 percent, the group said in a statement in London today. The regions have a large proportion of public-sector workers, which is weighing on the employment outlook there, the CEBR said. Unemployment in London, now at 10.3 percent, will rise to 10.7 percent next year and stay there until 2016. "Five more years of pain are expected for much of the U.K.," Rob Harbron, economist at the CEBR, said in the statement. "The outlook is tough for U.K. households, particularly those in places with a high dependency on public- sector employment."

### May 7<sup>th</sup> - UK Won't Falter in Cutting Budget Deficit (Bloomberg) -

Britain's commitment to austerity measures aimed at cutting its budget deficit won't falter and the coalition government has the nation's support, Chancellor of the Exchequer George Osborne said. "The number-one overriding priority of this government is fixing the economy," Osborne told the British Broadcasting Corp.'s "Andrew Marr Show" today. "The national mood is now very much behind the deficit plan." The U.K. banking system remains "deeply damaged" and more must be done to encourage lending, Osborne said. The Chancellor confirmed he was working on legislation for further banking reform. The Queen's speech on May 9 will set out the coalition's agenda for the coming year. The coalition government has "huge plans" for investment projects in roads and school building and will do more to boost the housing sector, Osborne told the BBC. "I think we have got the judgment right. I think we have got the right path for reducing the structural deficit."

## Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
5/10	Industrial Production (MoM)	-0.30%	0.40%
5/10	Industrial Production (YoY)	-2.60%	-2.30%
5/10	Manufacturing Production (MoM)	0.50%	-1.00%
5/10	Manufacturing Production (YoY)	-1.30%	-1.40%
5/10	BOE Asset Purchase Target	325B	325B
5/10	BOE ANNOUNCES RATES	0.50%	0.50%
5/10	NIESR GDP Estimate	N/A	0.10%
5/10	Nationwide Consumer Confidence	N/A	53
5/11	PPI Input NSA (MoM)	-0.90%	1.90%
5/11	PPI Input NSA (YoY)	2.10%	5.80%
5/11	PPI Output n.s.a. (MoM)	0.40%	0.60%
5/11	PPI Output n.s.a. (YoY)	2.90%	3.60%
5/11	PPI Output Core NSA (MoM)	0.20%	0.10%
5/11	PPI Output Core NSA (YoY)	1.90%	2.50%
5/15	Visible Trade Balance GBP/Mn	N/A	-£8772
5/15	Trade Balance Non EU GBP/Mn	N/A	-£5017
5/15	Total Trade Balance (GBP/Mln)	N/A	-£3396
5/16	Claimant Count Rate	N/A	4.90%
5/16	Jobless Claims Change	N/A	3.6K
5/16	Average Weekly Earnings 3M/YoY	N/A	1.10%
5/16	Weekly Earnings exBonus 3M/YoY	N/A	1.60%
5/16	ILO Unemployment Rate (3mths)	N/A	8.30%
5/16	Bank of England Inflation Report	-0.30%	0.40%

Valance Co., Inc.

**Valance Economic Report: Canada**

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May 9, 2012

A light week of economic data was mixed with a sharp drop in the Ivey Purchasing Managers Index and strong gains in Building Permits and Housing Starts. In other news, Bank of Canada Deputy Governor, John Murray, commented in a speech that "Headwinds and tailwinds are often present, threatening to push the economy and inflation higher or lower." "Monetary policy must lean against these forces with opposing pressure from higher or lower interest rates in order to stabilize the economy and keep inflation on target."

**Weekly Highlights**

**Ivey Purchasing Managers' Index** - decreased from 63.5 in March to 52.7 in April. (CA 1)

**Housing Starts** - increased 14.0% M/M and 28.8% Y/Y in April. (CA 3)

**Weekly Releases & News****Chart(s) of the Week: Ivey Purchasing Managers' Index**

The Ivey Purchasing Managers' Index decreased from 63.5 in March to 52.7 in April, well below market expectations for a reading of 61.0. The Employment component decreased marginally from 52.7 to 52.2 and the Prices Component fell from 63.9 to 60.3.

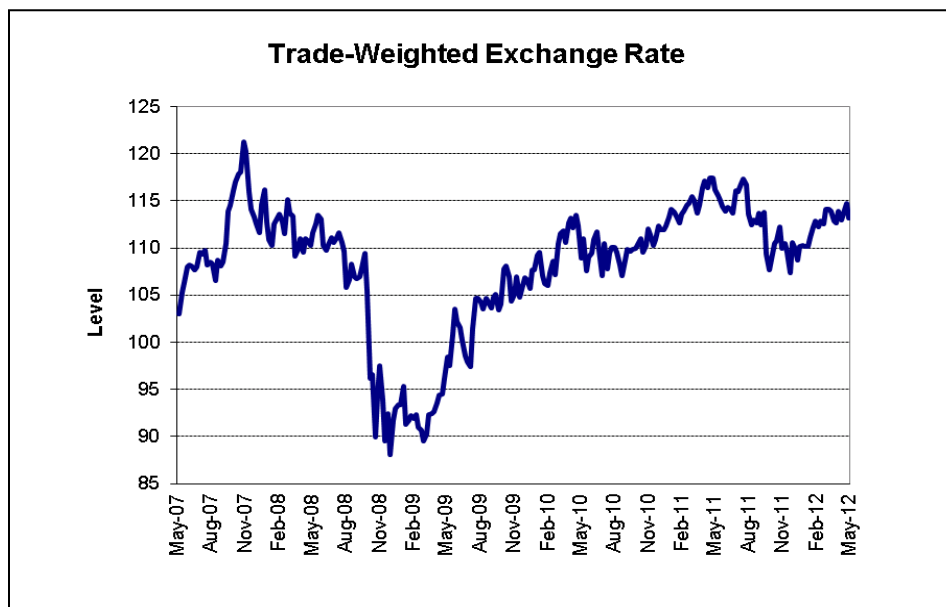
CA 1

## 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%

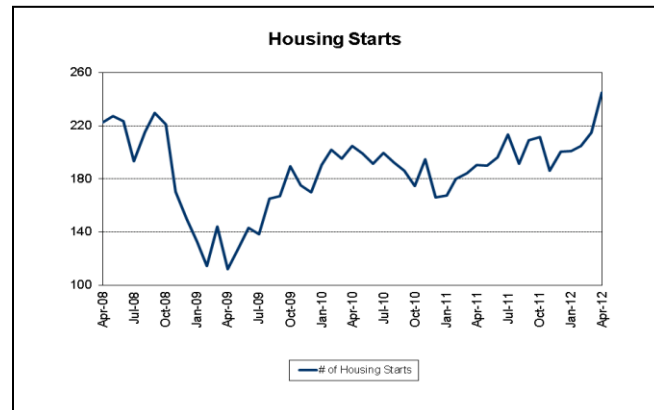
### FX



## Housing Starts & Building Permits

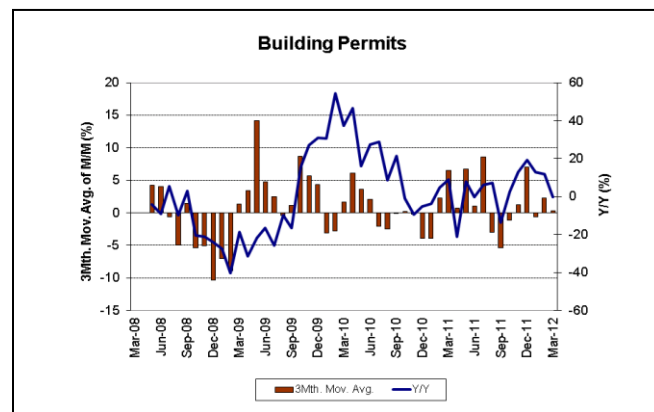
### Housing Starts

Housing Starts increased 14.0% M/M and 28.8% Y/Y in April, reaching its highest level since September 2007. Housing Starts increased 18.0% M/M in urban areas and fell 19.0% M/M in rural areas.



### Building Permits

Building Permits unexpectedly gained 4.7% M/M in March versus market expectations for a decrease of 1.5% M/M. Permits decreased 0.2% Y/Y. Gains of 13.9% M/M in Nonresidential permits overshadowed the 1.3% M/M loss in residential permits.



**Data/News**

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**May 8<sup>th</sup> - Canada's Housing Agency Sees No 'Clear Evidence' of a Bubble (Bloomberg)** - Canada's housing agency says there is no compelling evidence of a price bubble based on factors such as household income and interest rates, countering the concerns expressed by policy makers including Finance Minister Jim Flaherty.

"Clear evidence of a bubble is lacking," Canada Mortgage & Housing Corp. said in its annual report today. "CMHC continues to monitor very closely housing prices and underlying factors such as demographic and economic fundamentals and financial conditions across all major urban centers, including condominium markets."

The balance of mortgage insurance the agency guarantees reached C\$567 billion (\$567 billion) in 2011, about 10 percent higher than in 2010, CMHC said in the report.

"CMHC continues to manage its mortgage loan insurance business in accordance with this C\$600 billion limit," the agency said. CMHC said in January it had begun rationing bulk insurance for lenders to prevent itself from exceeding the limit.

**May 7<sup>th</sup> - Murray Says Canada Rate Can Be Off Neutral When Target Met (Bloomberg)** - Bank of Canada Deputy Governor John Murray said it's a misconception that policy makers must maintain interest rates at a "neutral" level when inflation is near the central bank's target and the economy is close to full output.

Murray, one of six people who set the central bank's key interest rate, including Governor Mark Carney, said the group must look ahead to pressures that may take inflation away from their 2 percent goal even when the economy is balanced.

"Headwinds and tailwinds are often present, threatening to push the economy and inflation higher or lower," Murray, 63, said in a speech today in Vancouver. "Monetary policy must lean against these forces with opposing pressure from higher or lower interest rates in order to stabilize the economy and keep inflation on target."

The bank's April 17 policy decision said that a rate increase "may become appropriate" because of a faster-than-expected recovery. The benchmark overnight lending cost has been 1 percent since September 2010 in the longest pause since the 1950s.

"It still represents exceptional monetary policy accommodation," Murray said while answering questions after the speech.

Today's remarks echo earlier comments by Carney, who said in September he has "considerable flexibility" in how fast inflation returns to the bank's target, and said that investors shouldn't expect him to rely on "mechanical rules" in setting interest rates.

***Key Dates This Week***

<b>Date</b>	<b>Event</b>		<b>Survey</b>	<b>Prior</b>
10-May	New Housing Price Index M/M	MAR	0.20%	0.30%
10-May	New Housing Price Index Y/Y	MAR	2.40%	2.30%
10-May	Int'l Merchandise Trade	MAR	0.50B	0.29B
11-May	Unemployment Rate	APR	7.30%	7.20%
11-May	Net Change in Employment	APR	10.0K	82.3K
11-May	Full Time Employment Change	APR	--	70
11-May	Part Time Employment Change	APR	--	12.4
11-May	Participation Rate	APR	--	66.6
16-May	Manufacturing Sales M/M	MAR	--	-0.30%

Valance Co., Inc.

# Valance Economic Report: Australia

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May 9, 2012

In March, Retail Sales increased and the NAB Business Confidence rose slightly in April. The Trade Deficit widened in March.

## Weekly Highlights

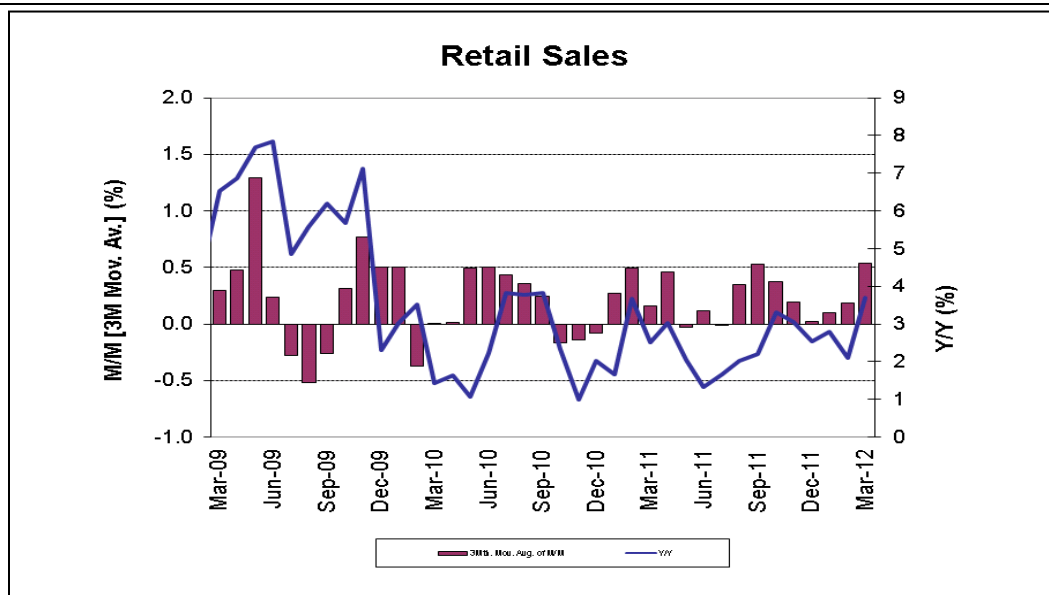
**Retail Sales** – rose 0.9% M/M in March. (AU 1)

**Building Approvals** - increased 7.4% M/M in March. (AU 3)

**Trade Balance** – deficit widened from A\$754 to A\$1587. (AU 3)

## Weekly Releases & News

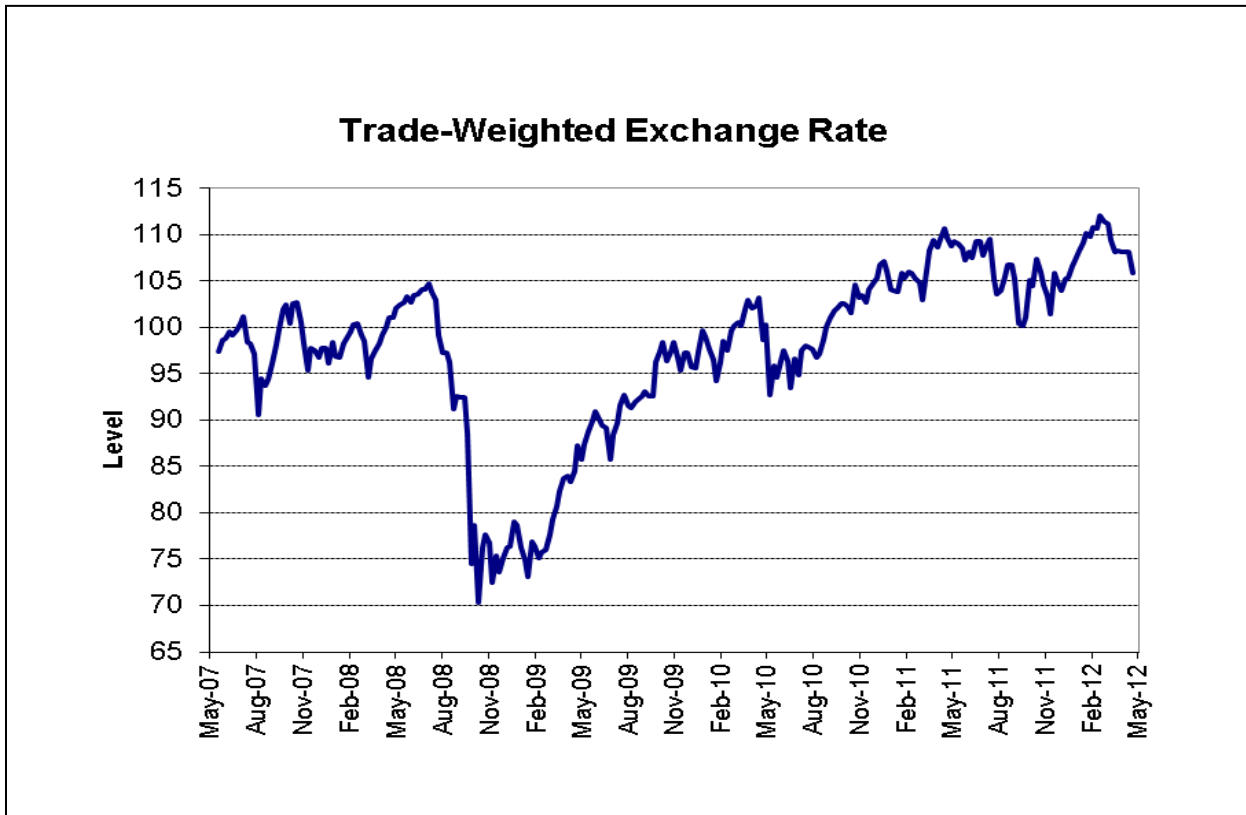
### Chart of the Week: Retail Sales



March's Retail Sales rose 0.9% M/M and 3.7% Y/Y. The market expected a 0.2% M/M gain. The largest gains were in cafes/restaurants at 2.0% M/M. Retail Sales, ex. Inflation rose 1.8% Q/Q in Q1, higher than the 0.4% Q/Q expected gain.

AU 1

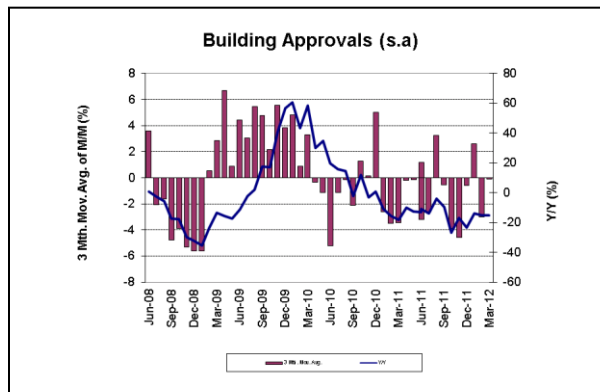
# FX



## Building Approvals & Trade Data

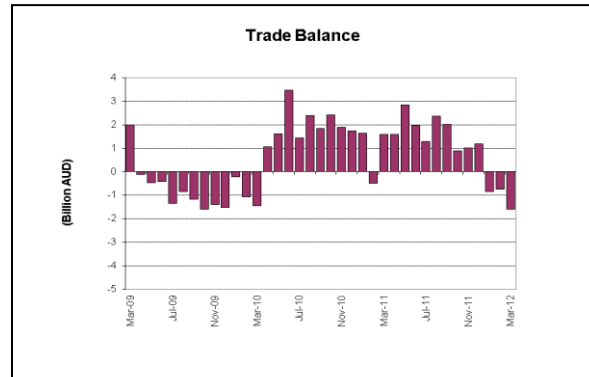
### Building Approvals

Building Approvals increased 7.4% M/M in March, following a 7.8% M/M fall in February. The market expected a 3.0% M/M gain. On an annual basis, permits fell 18.1%.

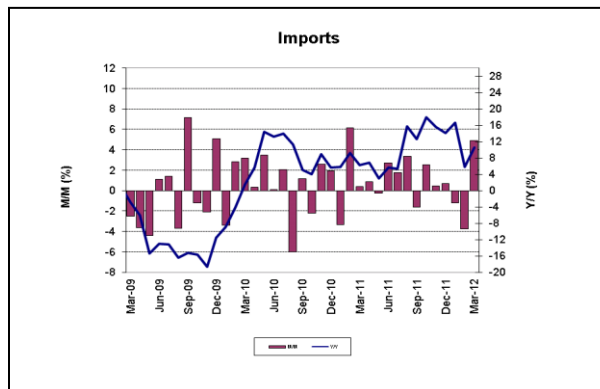
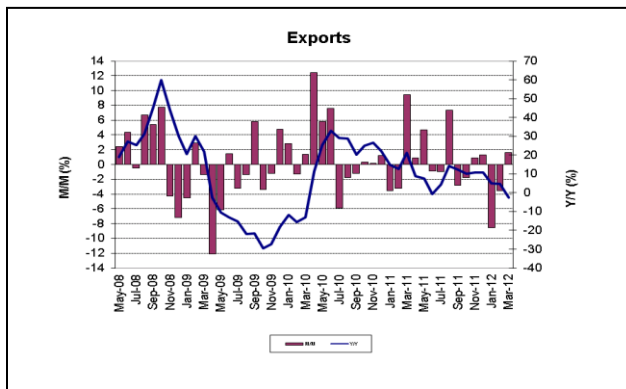


### Trade Balance

March's Trade Balance fell from A-\$754mn to A-\$1587mn. This is well below the A-\$1300 mn deficit expected.



### Exports & Imports

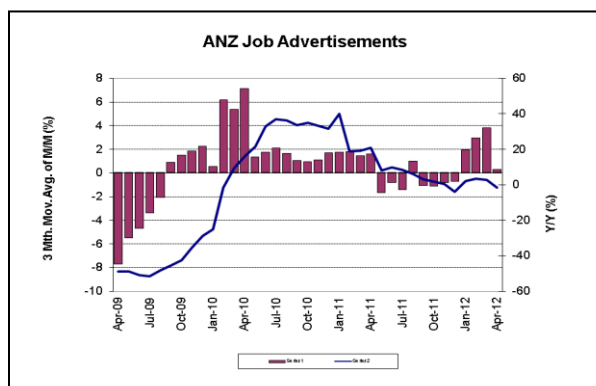


Total Exports rose 1.6% M/M and fell 2.7% Y/Y as shipments of non-agricultural goods fell 0.2% M/M. Total Imports rose 4.9% M/M and 10.5% Y/Y.

## ANZ Job Advertisements & Data

### ANZ Job Advertisements

Job vacancies advertised in major newspapers and on the internet fell 3.1% M/M and 1.7% Y/Y in April.



### Data

**AiG Performance of Construction Index** - The Performance of Construction Index rose to 34.9 pts in April. This is slightly less than the 37.9 level a year ago. Contraction was evenly spread across the board except for the 8.4 pts drop in apartments.

**NAB Business Confidence Survey** - The Australian Business Confidence Index increased 1pt from 3pts to 4pts. The Business Conditions Index fell 4pts to 0. The largest declines were in Exporter's sales (down 21pts) and Profitability (down 4pts).

## ***RBA Statement***

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### **Statement by Glenn Stevens, Governor: Monetary Policy Decision**

At its meeting today, the Board decided to lower the cash rate by 50 basis points to 3.75 per cent, effective 2 May 2012. This decision is based on information received over the past few months that suggests that economic conditions have been somewhat weaker than expected, while inflation has moderated. Growth in the world economy slowed in the second half of 2011, and is likely to continue at a below-trend pace this year. A deep downturn is not occurring at this stage, however, and in fact some forecasters have recently revised upwards their global growth outlook. Growth in China has moderated, as was intended, and is likely to remain at a more measured and sustainable pace in the future. Conditions in other parts of Asia softened in 2011, partly due to natural disasters, but have recently shown some tentative signs of improving. Among the major countries, conditions in Europe remain very difficult, while the United States continues to grow at a moderate pace. Commodity prices have been little changed, at levels below recent peaks but which are nonetheless still quite high. Australia's terms of trade similarly peaked about six months ago, though they too remain high.

Financial market sentiment has generally improved this year, and capital markets are supplying funding to corporations and well-rated banks. At the margin, wholesale funding costs have declined over recent months, though they remain higher, relative to benchmark rates, than in mid-2011. Market sentiment remains skittish, however, and the tasks of putting European banks and sovereigns onto a sound footing for the longer term, and of improving Europe's growth prospects, remain large. Hence Europe will remain a potential source of adverse shocks for some time yet.

In Australia, output growth was somewhat below trend over the past year, notwithstanding that growth in domestic demand ran at its fastest pace for four years. Output growth was affected in part by temporary factors, but also by the persistently high exchange rate. Considerable structural change is also occurring in the economy. Labour market conditions softened during 2011, though the rate of unemployment has so far remained little changed at a low level.

Recent data for inflation show that after a pickup in the first half of last year, underlying inflation has declined again, and was a little over 2 per cent over the latest four quarters. CPI inflation has also declined, from about 3 per cent to a little over 1 per cent at the latest reading, as the weather-driven rises in food prices in the first half of last year have, as expected, now been fully reversed. Over the coming one to two years, and abstracting from the effects of the carbon price, inflation will probably be lower than earlier expected, but still in the 23 per cent range.

As a result of changes to monetary policy late last year, interest rates for borrowers have been close to their medium-term averages over recent months, albeit tending to increase a little as lenders passed on the higher costs of funding their books. Credit growth remains modest overall. Housing prices have shown some signs of stabilizing recently, after having declined for most of 2011, but generally the housing market remains subdued. The exchange rate remains high even though the terms of trade have declined somewhat.

Since it last changed the cash rate in December, the Board has maintained the view that the setting of policy was appropriate for the time being, but that the inflation outlook would provide scope for easier monetary policy, if needed, to support demand. The accretion of evidence over recent months suggests that it is now appropriate for a further step in that direction.

In considering the appropriate size of adjustment to the cash rate at today's meeting, the Board judged it desirable that financial conditions now be easier than those which had prevailed in December. A reduction of 50 basis points in the cash rate was, in this instance, therefore judged to be necessary in order to deliver the appropriate level of borrowing rates.

**Key Dates This Week**

Date	Indicator		Expectation	Previous
13-May	Home Loans M/M	Mar	--	-2.50%
13-May	Investment Lending	Mar	--	4.40%
13-May	Owner-Occupied Home Loan Value M/M	Mar	--	-4.00%
14-May	Reserve Bank Board May Minutes			
14-May	New Motor Vehicle Sales M/M	Apr	--	4.00%
14-May	New Motor Vehicle Sales Y/Y	Apr	--	4.00%
15-May	Westpac Consumer Confidence s.a. M/M	May	--	-1.60%
15-May	Westpac Consumer Confidence Index	May	--	94.5
15-May	Wage Cost Index Q/Q	1Q	--	1.00%
15-May	Wage Cost Index Y/Y	1Q	--	3.60%
16-May	Consumer Inflation Expectation	May	--	3.30%
16-May	Average Weekly Wages Q/Q	Feb	--	0.50%
16-May	Average Weekly Wages Y/Y	Feb	--	4.30%
16-May	RBA Foreign Exchange Transaction	Apr	--	944M

Valance Co., Inc.

**Valance Economic Report: New Zealand**

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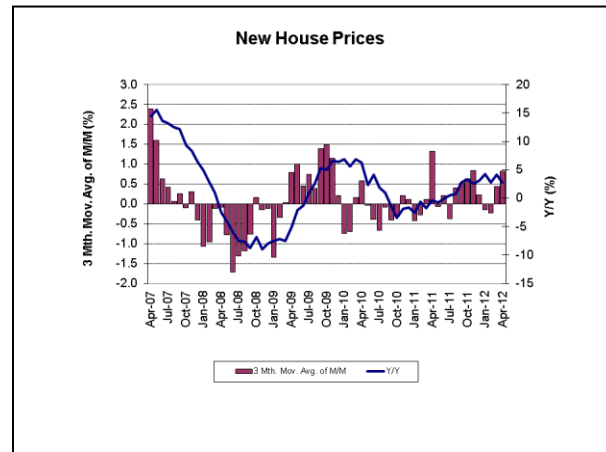
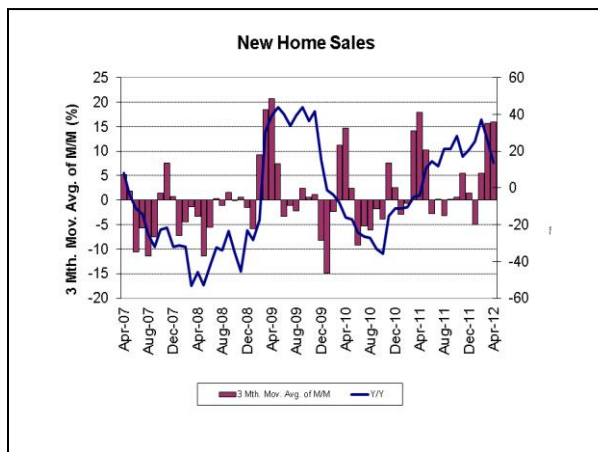
May 09, 2011

**The REINZ Housing Survey showed decreases in Home Sales; home prices also fell.**

**Weekly Highlights**

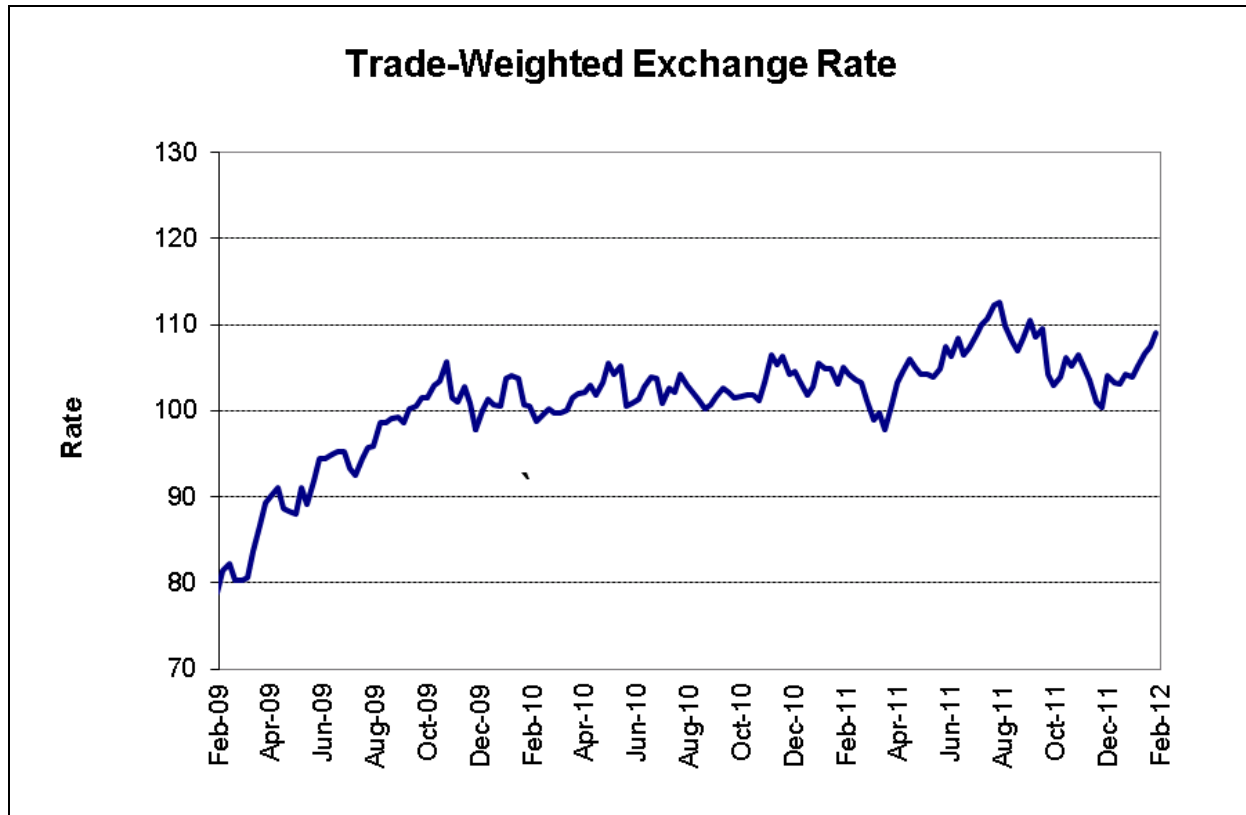
**REINZ House Prices Index** – fell 0.3% M/M in April. (NZ 1)

**REINZ Home sales** – rose 13.8% Y/Y in April. (NZ 1)

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

According to the Real Estate Institute of New Zealand Inc., seasonally adjusted home sales fell 22.6% M/M and rose 13.8% Y/Y in April. It took 37 days to sell a home in April. The REINZ's new house price index fell 0.3% M/M and rose 2.7% Y/Y in April.

### FX, Migration & Data



**Key Dates This Week**

Date	Indicator		Expectation	Previous
10-May	NZ Card Spending - Retail M/M	APR	0.50%	0.30%
10-May	NZ Card Spending - Total M/M	APR	0.50%	-0.20%
10-May	Food Prices (M/M)	APR	--	-1.00%
13-May	Performance Services Index	APR	--	53.9
13-May	Retail Sales Ex Inflation(Q/Q)	1Q	--	2.20%
14-May	Non Resident Bond Holdings	APR	--	60.90%
16-May	ANZ NZ Job Ads (M/M)	APR	--	-1.00%
16-May	Producer Prices- Inputs (Q/Q)	1Q	--	0.50%
16-May	Producer Prices- Outputs (Q/Q)	1Q	--	0.10%
16-May	ANZ Consumer Confidence Index	MAY	--	114
16-May	ANZ Consumer Confidence M/M	MAY	--	3.40%

## Weekly Economic Report: *China*

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May 9, 2012

**In April, China's Non-Manufacturing PMI retreated from March's ten-month high, while the Service PMI posted its strongest reading since October 2011.**

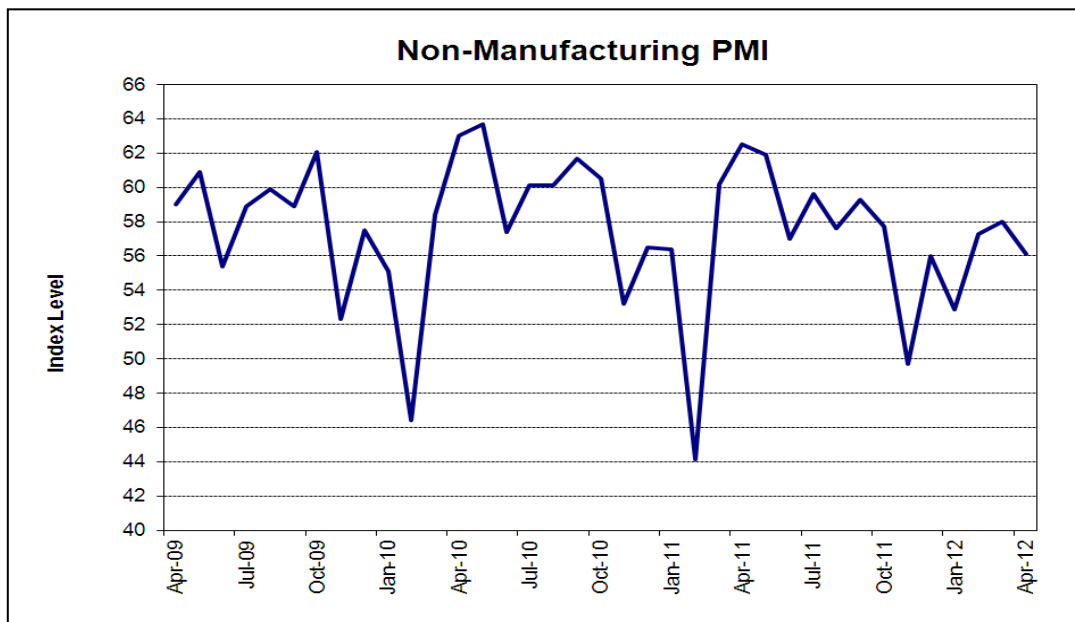
### Weekly Highlights

**Non-Manufacturing PMI** – fell from 58.0 in March to 56.1 in April. (CH 1)

**HSBC Services PMI** – rose from 53.3 in March to 54.1 in April. (CH 2)

### Weekly Releases & News

#### Chart(s) of the Week: *Non-Manufacturing PMI*



The Non-Manufacturing Purchasing Managers' Index fell from 58.0 in March to 56.1 in April – retreating from March's ten-month high. Notably, the new orders index fell by 0.8 points to 52.7 during the month and the input price index fell 2.3 points to 57.9. Cai Jin, Vice Chairman of the CFLP remarked, "All industries saw balanced development and stable expansion overall. The non-manufacturing sector will continue to pick up steadily as investment and holiday consumption increase."

## **Data & News**

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### **Data**

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**May 3<sup>rd</sup> (Bloomberg) – HSBC Services PMI** – expanded to its highest level in 12 months, advancing from 53.3 in March to 54.1 in April. This marked the strongest reading since October 2011. Markit Economics, which compiles the HSBC-sponsored survey said, “April data signaled a further rise in new orders placed at Chinese service providers. Although below the long-run trend for the survey, the rate of new order growth was solid, and the sharpest in 10 months. Companies commented on better demand conditions, new product launches and the success of promotional campaigns.”

### **News**

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**May 9<sup>th</sup> (Bloomberg) - China Cuts Retail Fuel Prices for First Time in 7 Months** – According to the National Development and Reform Commission:

*China will cut retail gasoline and diesel prices tomorrow for the first time since October after international crude costs fell to a government threshold for adjusting fuel rates. The maximum price at which gasoline can be sold to motorists will be reduced by 330 yuan (\$52) a metric ton and diesel by 310 yuan. That is a reduction of as much as 3.5 percent...*

**May 7<sup>th</sup> (Bloomberg) - Excessive Yuan Move May Hurt Economy** – Yi Gang, Head of the State Administration of Foreign Exchange remarked:

*Historical evidence shows it's possible to see the exchange rate overshooting when a currency approaches an equilibrium level, which would hit the economy badly.*

*We can't rule out the possibility of this happening in China and we should strictly guard against it.*

**May 4<sup>th</sup> (New York Times) - China Agrees to Economic Reforms** – U.S. Treasury Secretary Timothy Geithner said:

*These broader economic reforms -- to the exchange-rate system, the financial system, the state-owned enterprises and the existing mix of taxes and tariffs -- are necessary to advance China's objectives of rebalancing economic growth, encouraging consumption and reducing reliance on exports.*

**News (Cont'd.)**

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**May 4<sup>th</sup> - Weak Europe May Slow China's Growth Further** – Senior Vice President, Thomas Byrne of Moody's Investors Service in Singapore stated:

On growth: *[First quarter growth] would mark the bottom if there were not continued weaknesses in Europe. A big element of the slowdown is, one, the slack demand from Europe on China's exports, and, two, the policy-induced slowdown with the monetary-policy tightening and also the credit tightening that occurred after the post-global financial crisis surge in credit. If China can improve its accountability, particularly in local government, then probably a slower growth rate won't destabilize the country. If China continues on a very favorable growth and fiscal trajectory then that should be reflected in a higher rating.*

On inflation: *Macroeconomic stability would be credit-positive; inflation has come down from last year's peak of 6 percent or so, and now it's under 4 percent, so these developments still support the positive outlook. High inflation would have more immediate negative consequences than this gradual rise in unemployment from the grinding down of the growth rate.*

On political unrest: *We don't think the greater social unrest has had a negative impact on government fiscal performance or economic growth, or adverse consequences on the budget where the government has to hand out more public sector increases like they did in some Middle Eastern countries recently. Political unrest that feeds into economic or financial consequences would be credit negative.*

**May 3<sup>rd</sup> (Bloomberg) - Yuan Gains Would Aid Shift in China's Economy** - U.S. Treasury Secretary Timothy F. Geithner made the following comments:

*A stronger, more market-determined [currency would] reinforce China's reform objectives of moving to higher value-added production, reforming the financial system and encouraging domestic demand. Future economic growth will require another fundamental shift in economic policy [akin to that of more than 30 years ago].*

**Key Dates This Week**

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
05/09-10	Trade Balance	APR	\$9.90B	\$5.35B
05/09-10	Exports / Imports	APR	8.5% / 10.9%	8.9% / 5.3%
05/10	CPI	APR	3.4%	3.6%
05/10	PPI	APR	-0.5%	-0.3%
05/10-15	New Yuan Loans	APR	780.0B	1010.0B
05/10-15	Money Supply – M0, M1, M2	APR	10.7% / 4.5% / 13.3%	10.6% / 4.4% / 13.4%
05/11	IP YTD / Y/Y	APR	11.7% / 12.2%	11.6% / 11.9%
05/11	Fixed Assets Inv. Excl.	APR	20.5%	20.9%
05/11	Retail Sales YTD / Y/Y	APR	14.9% / 15.1%	14.8% / 15.2%
05/13-18	Actual FDI	APR	2.8%	-6.1%

Valance Co., Inc.

# Valance Economic Report: Sweden

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May 9, 2012

**In April, Sweden's Budget Surplus was larger-than-expected. Output in the service sector improved above expectations in March.**

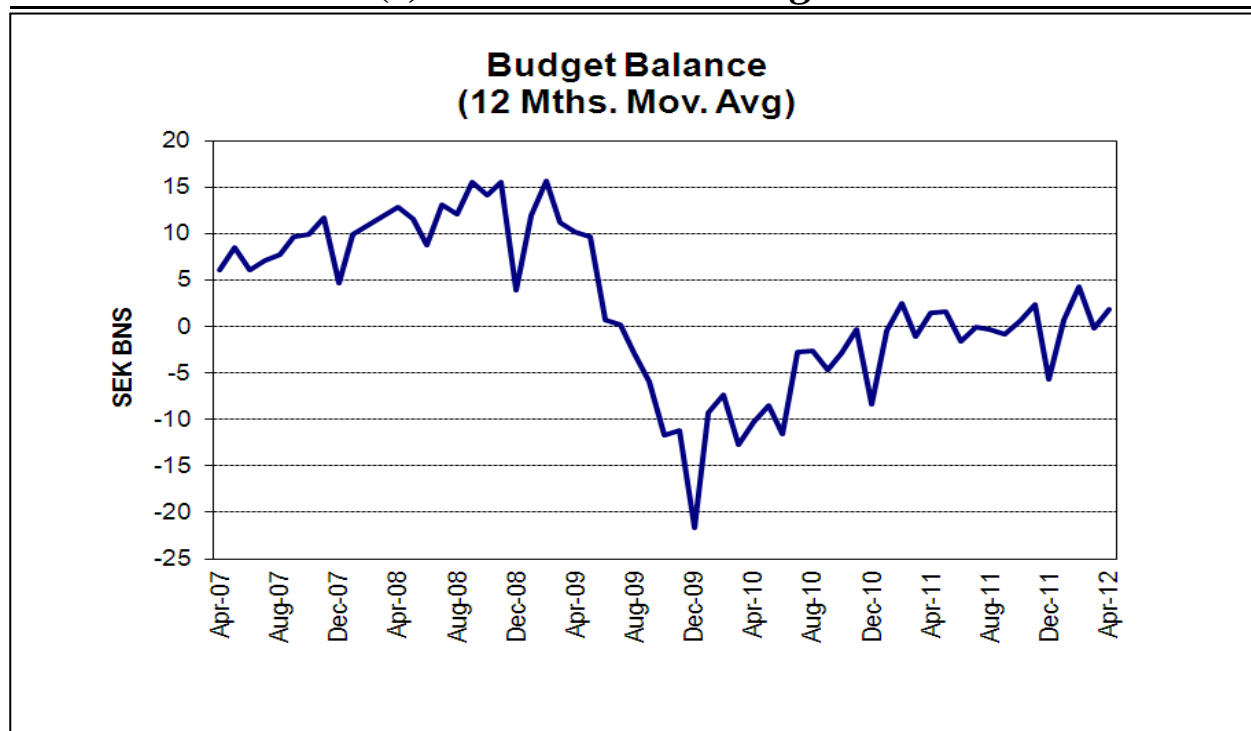
## Weekly Highlights

**Budget Surplus** – widened from a surplus of SEK 9.5 bln in March to a surplus of SEK 24.3 bln in April. (SW 1)

**Service Production** – rose 0.9% M/M and 2.8% Y/Y in March. (SW 2)

## Weekly Releases & News

### Chart(s) of the Week: *Budget Balance*



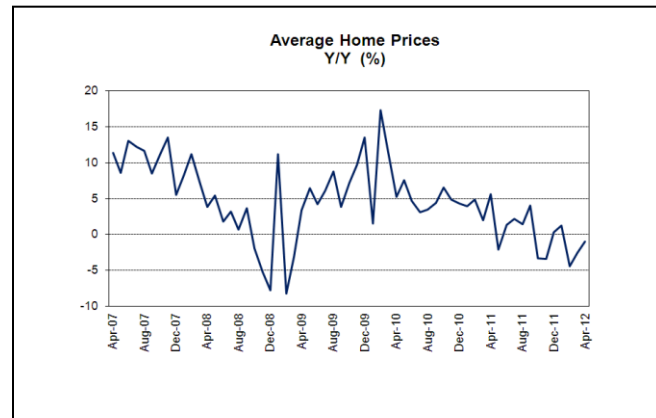
Sweden posted a Budget Surplus of SEK 24.3 bln in April, well above the surplus of SEK 9.5 bln posted the previous month, and much higher than the Debt Office's surplus forecast of SEK 12.7 bln. April's surplus was mainly due to higher tax revenue and repo transactions by government agencies. On a 12 mth. mov. avg. basis, the budget balance strengthened from a deficit of SEK 0.19 bln in March to a surplus of SEK 1.90 bln in April.

SW 1

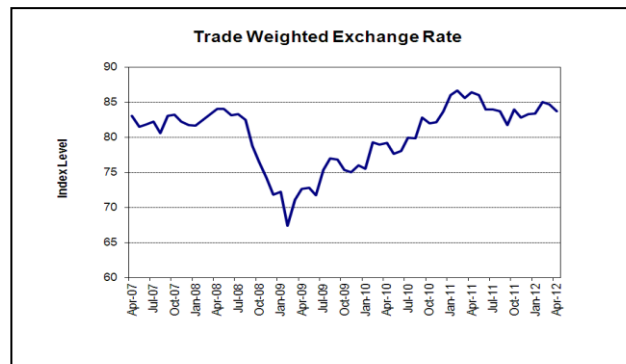
## Average Home Prices, Trade Weighted Exchange Rate & Data

### Average House Prices

Average House Prices fell from SEK 2.060 mln in March to SEK 1.995 mln in April. Prices rose 3.3% M/M, compared with -3.2% M/M the previous month. On an annual basis prices improved to -1.0%, compared with -2.5% the month before.



### Trade Weighted Exchange Rate



### Data

**May 4<sup>th</sup> (Statistics Sweden) – Service Production** – rose 0.9% M/M and 2.8% Y/Y (wda) in March, compared with 0.0% M/M and +1.3% Y/Y the previous month. Notably, increases were seen in Computer Programming (9.9% Y/Y), Human, Health and Social Work (5.0% Y/Y), and Professional, Scientific and Technical Activities (7.6% Y/Y).

## News & Upcoming Dates

### News

**May 9<sup>th</sup> (Bloomberg) - Riksbank's Main Rate Seen at 1.4% in 12 Months** – A survey by TNS Sifo Prospera (commissioned by the Riksbank) showed the Riksbank will reduce its benchmark interest rate to 1.4% in a year – following an April forecast of 1.3%.

**May 7<sup>th</sup> (Bloomberg) - Stronger Krona Would Be 'Problematic'** - Riksbank Deputy Governor Lars E.O. Svensson said:

*Should the krona strengthen even more, then it becomes problematic for the Swedish economy and exports will find it more difficult to compete.*

*If one could wish for something it would be that the krona weakened.*

**May 4<sup>th</sup> (Bloomberg) - Riksbank's Jochnick Sees Macroprudential Policy Important** - Swedish Central Bank First Governor, Kerstin af Jochnick made the following remarks:

*One of the most important lessons of the financial crisis is the need for macroprudential policy.*

*Important work lies ahead of us here, at the European level and in Sweden.*

### Key Dates This Week

Date	Indicator	Month	Expectation	Previous
05/10	Industrial Prod.	MAR	3.0% / -2.6%	-5.25 / -7.15
05/10	Industrial Orders	MAR	--	-5.5% / -8.3%
05/10	CPI – HR	APR	0.3% / 1.4%	0.3% / 1.5%
05/10	CPI – CPIF	APR	0.3% / 1.0%	0.4% / 1.1%
05/10	CPI Level	APR	315.70	314.80
05/11	PES Unemployment Rate	APR	4.4%	4.5%
05/14	Industry Capacity	Q1	--	87.5
05/15	Total Number of Employees	Q1	--	3.1%

Valance Co., Inc.

# Valance Economic Report: Switzerland

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May 9, 2012

**In April, Swiss Consumer Prices dropped for the sixth consecutive month on an annual basis and the seasonally adjusted Unemployment Rate increased slightly to 3.1%.**

## Weekly Highlights

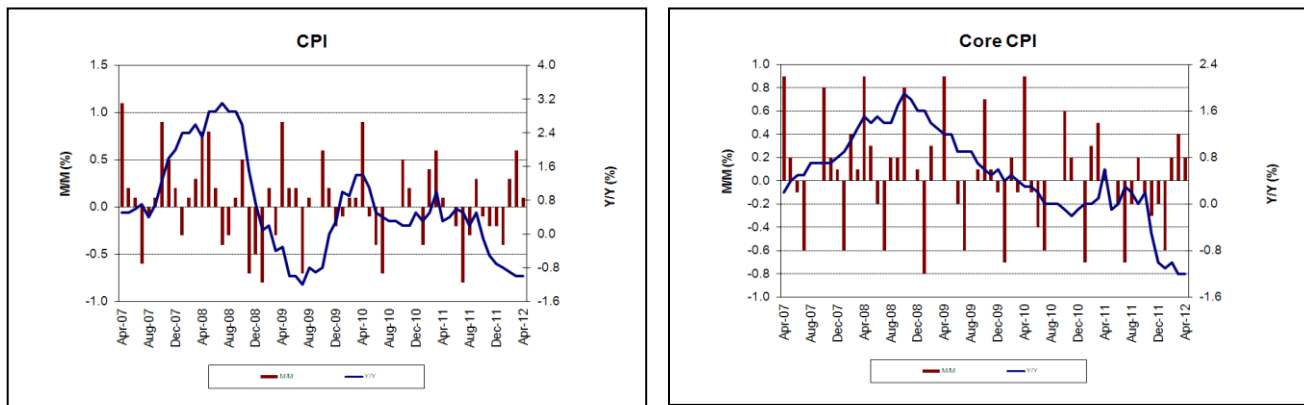
**CPI** – rose 0.1% M/M and fell 1.0% Y/Y in April. (SZ 1)

**Core CPI** – were unchanged M/M and fell 1.1% Y/Y in April. (SZ 1)

**Unemployment Rate (sa)** – rose from 3.0% in March to 3.1% in April. (SZ 2)

## Weekly Releases & News

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



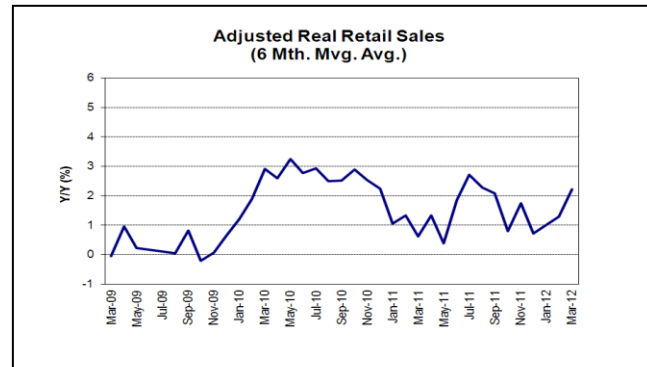
April Consumer Prices rose 0.1% M/M, compared with 0.6% MM the previous month, and below expectations of 0.2% M/M. On an annual basis, prices fell 1.0% -- equal to the previous month's level. This was the seventh consecutive annual decline. A decrease of -0.9% Y/Y was forecast. Additionally, Core Consumer Prices were unchanged M/M and fell 1.1% Y/Y, compared with +0.9% M/M and -1.0% Y/Y the previous month.

SZ 1

# Retail Sales, Unemployment Rate & Trade Weighted Exchange Rate

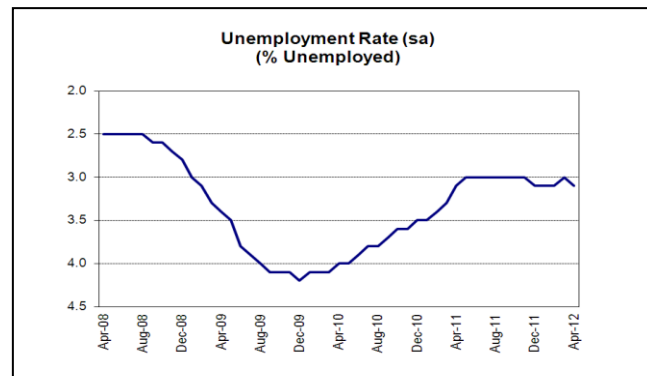
## Retail Sales

March Retail Sales, adjusted for inflation, rose 4.2% Y/Y, compared to 0.8% Y/Y the previous month. Sales were expected to grow 1.1% Y/Y.

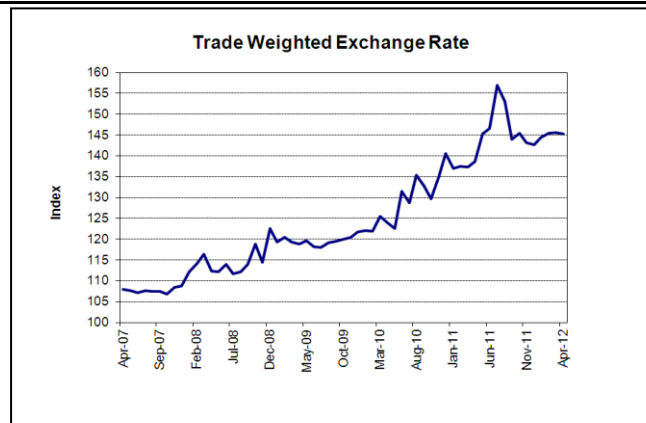


## Unemployment Rate

As expected, Switzerland's seasonally adjusted Unemployment Rate rose from 3.0% in March to 3.1% in April. Meanwhile, the seasonally unadjusted Unemployment Rate fell from 3.2% in March to 3.1%, in line with expectations. On an unadjusted basis, the total number of unemployed totaled approximately 123K persons – down by almost 3K.



## Trade Weighted Exchange Rate



## **Data, News & Upcoming Dates**

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### **Data**

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**May 7<sup>th</sup> (Bloomberg) – Foreign Currency Reserves** – fell from 237.5 bln francs in March to 235.6 bln francs in April.

### **News**

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**May 8<sup>th</sup> - IMF Urges Switzerland to End Franc Cap Once Economy Rebounds** – The IMF stated:

*[The IMF encouraged] the Swiss National Bank to return to a freely floating exchange-rate regime once the growth and inflation outlook normalizes.*

*While the economy is stagnant and inflation is forecasted to remain too low, the exchange rate floor helps to protect the economy from further contractionary pressures.*

*Notwithstanding Switzerland's strong economic fundamentals and policy frameworks, downside risks stemming mostly from the euro area crisis and vulnerabilities in the domestic financial sector clouded the near-term outlook.*

**May 2<sup>nd</sup> (Bloomberg) - Swiss Central Bank to Defend Franc Cap** - Swiss Economy Minister Johann Schneider-Ammann said:

*I am satisfied that this limit exists. I am very confident and convinced that the national bank will in fact defend the limit as it has said it would.*

*It was an absolute necessity.*

### **Key Dates This Week**

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<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
05/14	Producer & Import Prices	APR	--	0.3% / -2.0%
05/16	Credit Suisse ZEW Survey	MAY	--	2.1