

Valance Company, Inc.



Weekly

January 11, 2012

III

Highlights

US – Strong Payrolls

EU – Unemployment rate remained at its highest level in 13 years

JN – BoJ expected to downgrade GDP forecast

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Valance Economic Reports

Valance Co., Inc.

Valance Economic Report: United States

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January 11, 2011

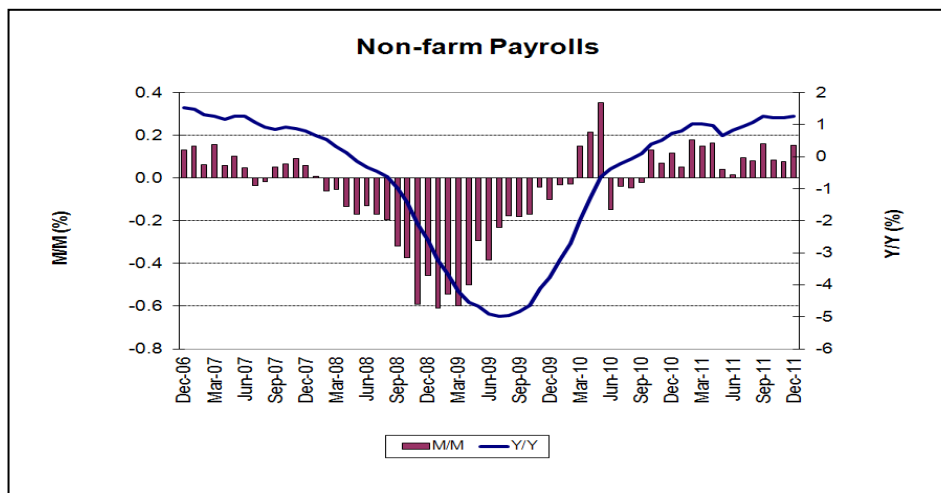
The labor market continues to improve, as a strong payroll report highlighted a light data week. Retail sales and earnings reports will be the focus in the upcoming week.

Weekly Highlights

Non-farm Payrolls – increased 200k in December, private payrolls gained 212k. (US 1)

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

Index of Aggregate Hours – rose 0.5% in December. (US 3)

Weekly Releases**Chart of the Week: *Non-farm Payrolls***

Non-farm Payrolls increased 200k in December, greater than expectations for a gain of 155k. November's gain for non-farm payrolls was revised down from 120k to 100k. Private payrolls increased 212k, surpassing expectations of 175k. November's figures for private payrolls were revised down from 140k to 120k. Manufacturing payrolls increased by 23k compared to expectations for a gain of 6k. The Unemployment Rate fell from 8.7% to 8.5%.

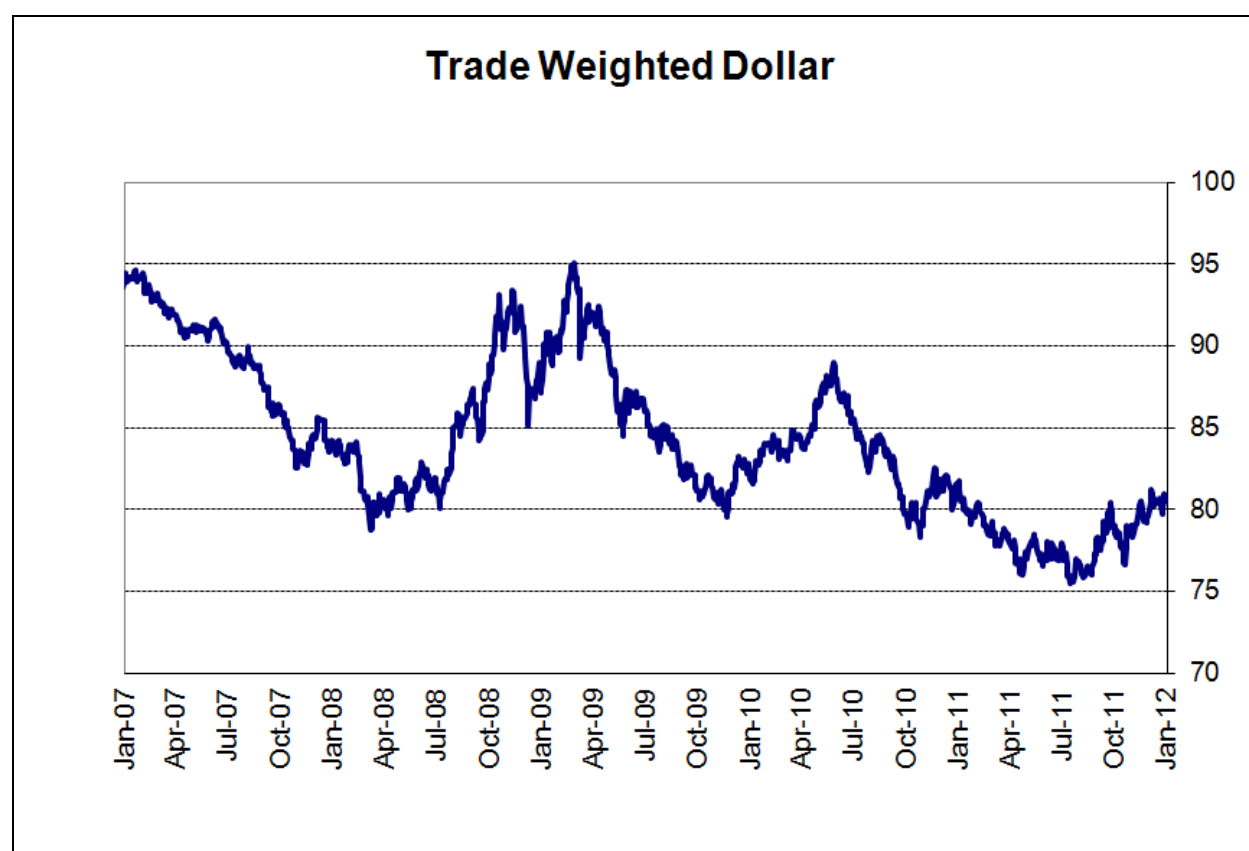
US 1

U.S. Financial Balances & Trade Weighted Dollar

Financial Balances

<i>U.S.</i>	<i>Latest period (\$blns)</i>	<i>Last 12mth. as a % of GDP</i>
Budget Balance	-137.3 (Nov)	-8.2%
Trade Balance	-43.1 (Oct)	-3.6%
Current Account Balance	-110.3B (Q3)	-3.1%
Private Balance	--	5.3%

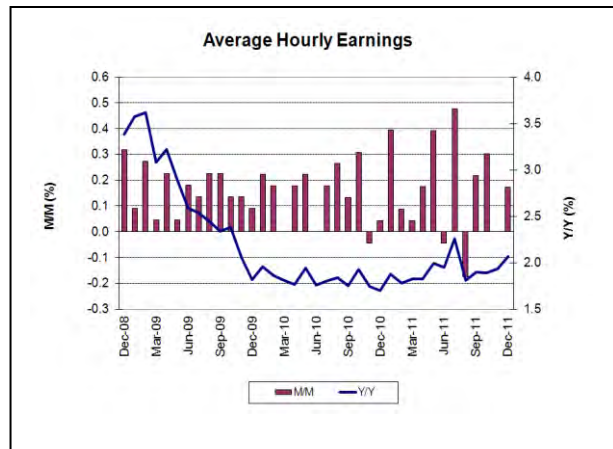
Trade Weighted Dollar



Weekly Earnings, Weekly Hours & Claims

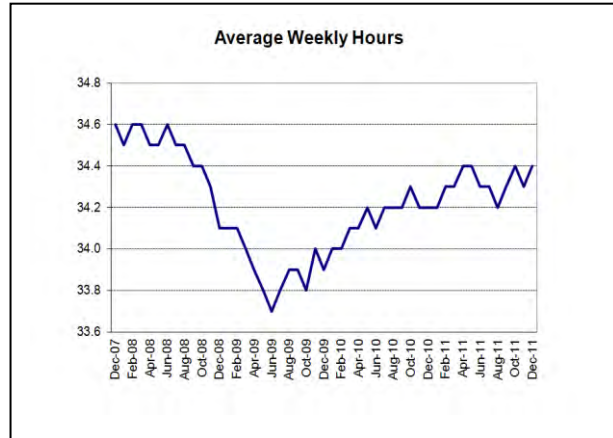
Average Hourly Earnings

Average Hourly Earnings improved 0.2% M/M and gained 2.1% Y/Y in December. November was revised from -0.1% to 0.0%. With a large supply of labor, wage growth is also expected to remain stable until the economy reaches full employment.



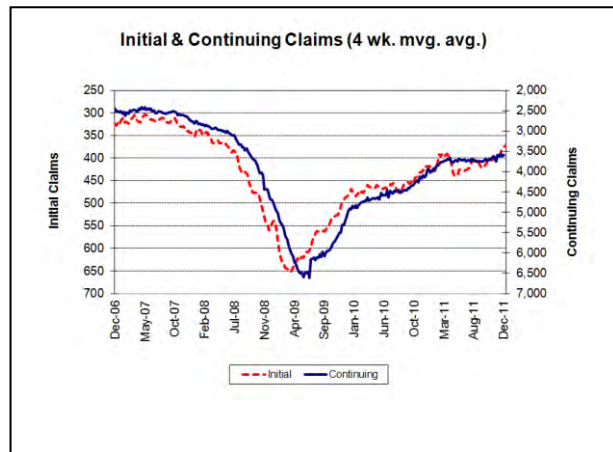
Average Weekly Hours

Average Weekly Hours ticked up from 34.3 to 34.4 in December. Aggregate hours stood at 34.2 a year ago.



Initial Jobless Claims

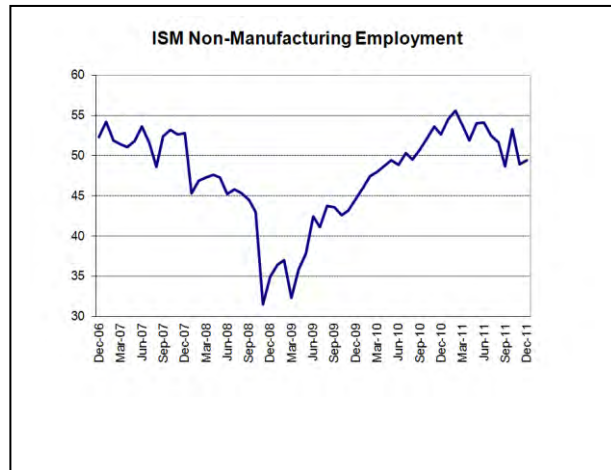
Initial Claims increased 372k in December, compared to market expectations for a reading of 375k. November's reading was revised up from 381k to 387k. The four week moving average of Initial Claims decreased from 376.5k to 373.3k. Continuing Claims fell from a revised 3617k (previous 3601) to 3595k, compared to market expectations for a reading of 3570k.



ISM Non-Manf Composite, Consumer Comfort & MBA Mortgage Apps

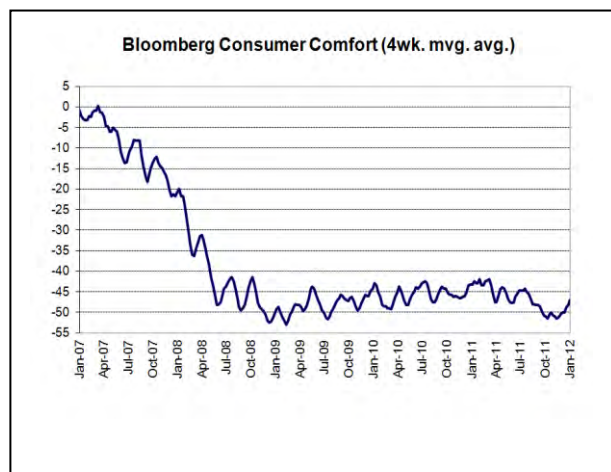
ISM Non-Manf. Composite

The ISM Non-Manufacturing Index increased from 52.0 to 52.6 in December. New Orders increased from 53.0 to 53.2 and the employment component rose from 48.9 to 49.4. The price component decreased from 62.5 to 61.2.



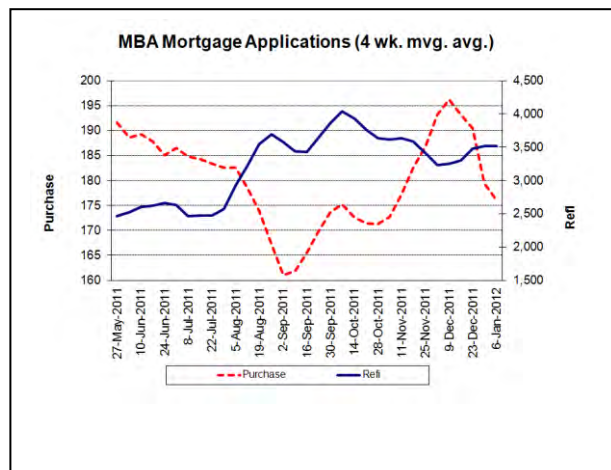
Bloomberg Consumer Comfort

The Bloomberg Consumer Comfort Index improved from -47.5 to -44.8, the highest reading in six months. The state of the economy increased from -85.0 to -82.9.



MBA Mortgage Applications

Purchase Mortgage Applications gained 8.1% W/W, after falling 9.1% W/W last week. Refi applications rose 3.3% W/W this week.



Key Dates This Week

Dates	Indicators		Expectations	Previous
1/12	Advance Retail Sales	DEC	0.30%	0.20%
1/12	Retail Sales Ex Auto & Gas	DEC	0.40%	0.20%
1/12	Initial Jobless Claims	7-Jan	375K	372K
1/12	Continuing Claims	31-Dec	3588K	3595K
1/12	Business Inventories	NOV	0.40%	0.80%
1/12	Monthly Budget Statement	DEC	-\$83.0B	-\$78.1B
1/13	Import Price Index (M/M)	DEC	-0.10%	0.70%
1/13	Trade Balance	NOV	-\$45.0B	-\$43.5B
1/13	U. of Michigan Confidence	JAN P	71.5	69.9
1/17	Empire Manufacturing	JAN	11	9.53
1/18	MBA Mortgage Applications	13-Jan	--	--
1/18	Producer Price Index (M/M)	DEC	0.10%	0.30%
1/18	PPI Ex Food & Energy (M/M)	DEC	0.10%	0.10%
1/18	Industrial Production	DEC	0.50%	-0.20%
1/18	Capacity Utilization	DEC	78.10%	77.80%
1/18	NAHB Housing Market Index	JAN	21	21

Valance Co., Inc.

Valance Economic Report: Euro Zone

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January 11, 2011

Economic releases over the past week paint a grim picture for the Euro Area. EU Unemployment rate held steady at 10.3% in November, its highest level in 13 years, while Consumer Confidence fell to its lowest level in more than two years. Retail Sales fell more than expected in November.

Weekly Highlights

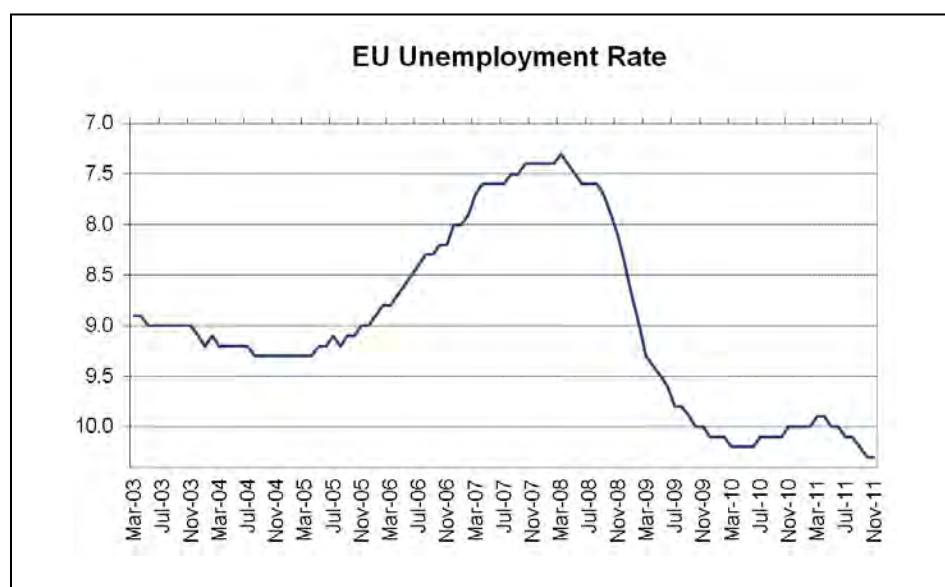
EU Unemployment Rate – held steady at 10.3% in November. (EU 1)

EU Retail Sales - fell a more than expected 0.8% M/M and 2.5% Y/Y in November. (EU 3)

EU Consumer Confidence - fell from -20.4 in November to -21.1 in December. (EU 3)

Weekly Releases & News

Chart(s) of the Week: EU Unemployment Rate



EU Unemployment Rate held steady at 10.3% in November, the highest level in more than 13 years.

EU 1

Euro Zone Financial Balances & Trade Weighted Euro

Financial Balances

<i>Germany</i>	<i>Last period (\$blns euros)</i>	<i>Last 12mth. as a % of GDP*</i>
Budget Balance		-3.3%
Trade Balance	16.2 (November)	2.0%
Current Account Balance	14.3 (November)	6.9%
Private Savings Balance		-3.6%
<i>France</i>		
Budget Balance		-2.7%
Trade Balance	-4.4 (November)	-4.9 %
Current Account Balance	-4.5 (October)	-3.9%
Private Savings Balance		-1.2%
<i>Italy</i>		
Budget Balance		-3.9 %
Trade Balance	-1.1 (October)	-7.7%
Current Account Balance	-2.5 (October)	5.5%
Private Savings Balance		-4.5
*Budget Balance as of year end 2010 – Source OECD		

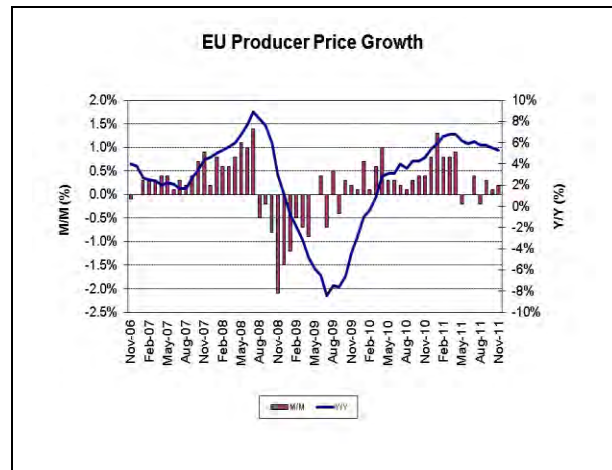
Trade-Weighted Exchange Rate



EU Producer Prices, Retail Sales & EU Consumer Confidence

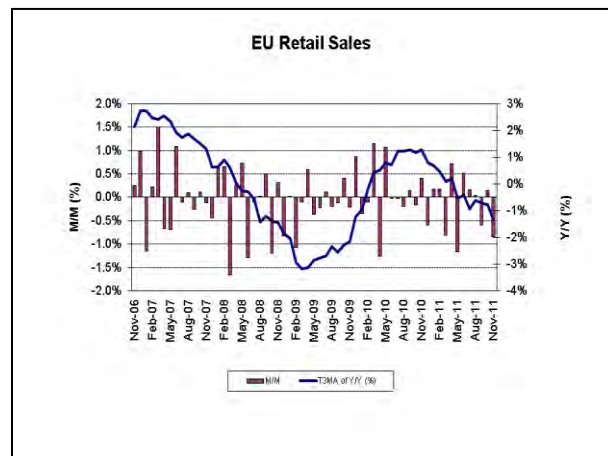
EU Producer Prices

EU Producer Prices increased 0.2% M/M in November, above market expectations for a reading of 0.1% M/M. The M/M gain was led by the 0.9% M/M increase in energy prices and to a lesser extent a 0.2% M/M and a 0.3% M/M gain in durable consumer goods and non-durable goods, respectively.



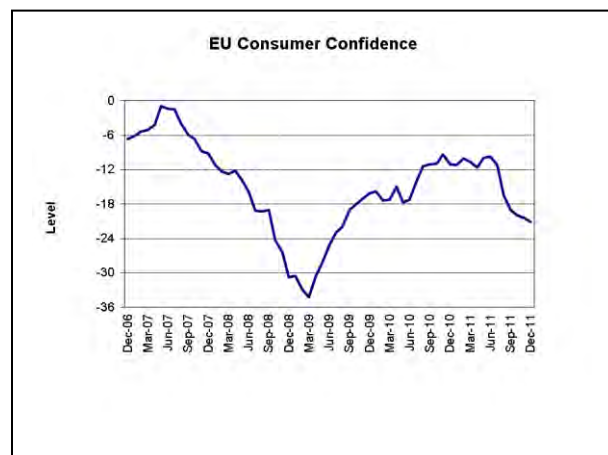
EU Retail Sales

EU Retail Sales fell a more than expected 0.8% M/M and 2.5% Y/Y in November. The Food, Drink and Tobacco sector fell 0.8% M/M and increased 1.6% Y/Y. Nonfood products fell 0.7% M/M and 3.0% Y/Y. Market expectations were for a decline of 0.4% M/M and 0.9% Y/Y.



EU Consumer Confidence

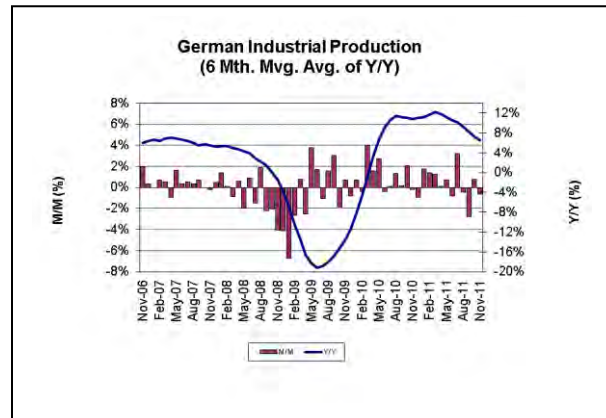
Final data shows that EU Consumer Confidence fell from -20.4 in November to -21.1 in December, compared to a previous estimate of -21.2.



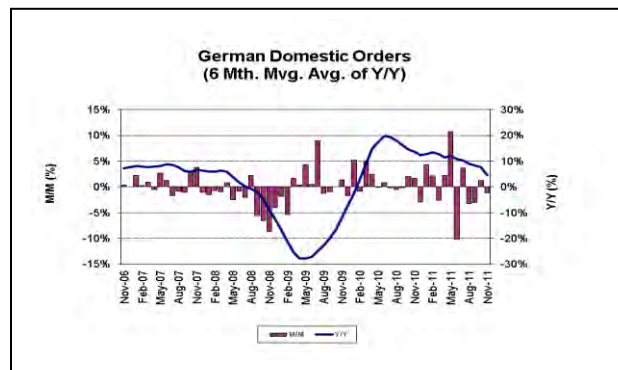
German Industrial Production & Factory Orders

German Industrial Production

German Industrial Production unexpectedly fell 0.6% M/M and increased 3.6% Y/Y in November. Manufacturing & mining fell 1.0% M/M and increased 5.1% Y/Y.



German Factory Orders

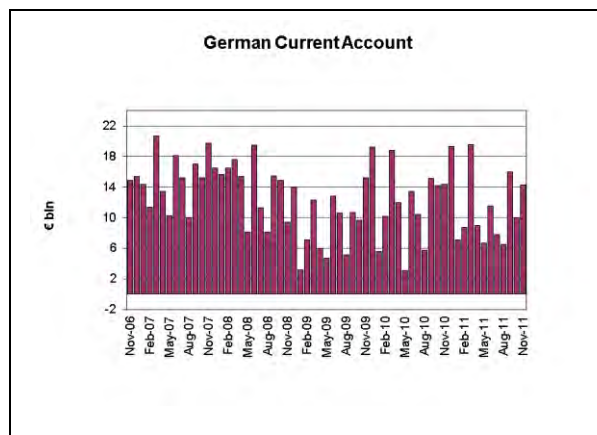


German Factory Orders fell 4.8% M/M and 4.3% Y/Y in November versus market expectations for a decline of 1.2% M/M and 1.8% Y/Y. Domestic Factory Orders fell 1.1% M/M and 0.1% Y/Y. Foreign Orders fell 7.8% M/M and 7.7% Y/Y.

German Current Account, Trade Balance & Exports

German Current Account

Germany's Current Account surplus widened from €10.0 bln in October to €14.3 bln in November. The Current Account balance stood at €14.4 bln in November 2011.



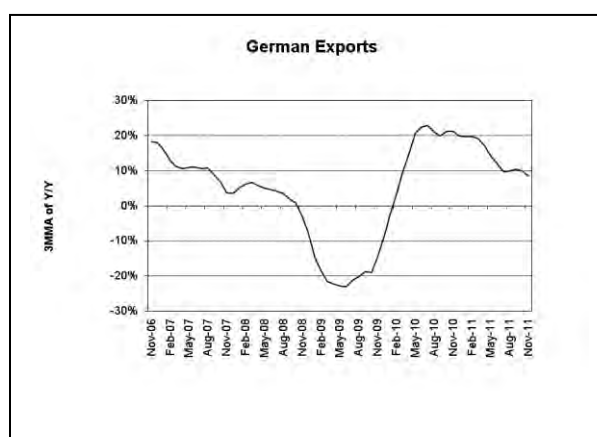
German Trade Balance

Germany's Trade surplus widened from €11.5 bln in October to €16.2 bln in November as exports increased and imports fell. The surplus stood at €13.9 bln in November 2011.



German Exports

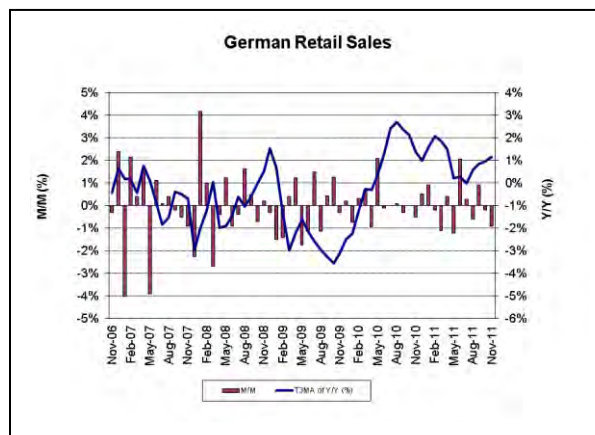
German Exports increased 2.5% M/M and 8.4% Y/Y in November. Imports fell 0.4% M/M and increased 6.9% Y/Y.



German Retail Sales & French Business Sentiment/ Trade Balance

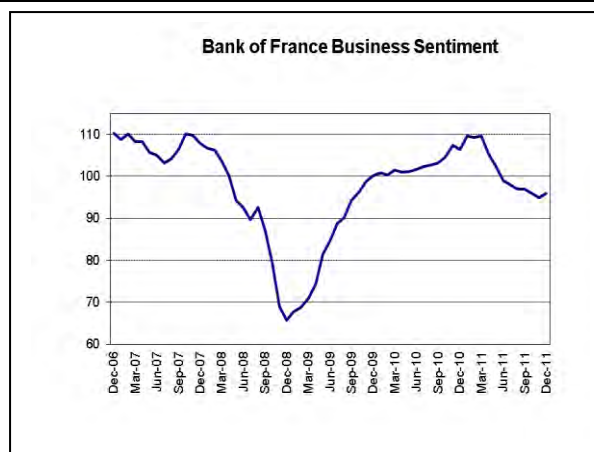
German Retail Sales

German Retail Sales unexpectedly fell 0.9% M/M in November. Y/Y growth increased 0.8%. Market expectations were for an increase of 0.2% M/M and 0.7% Y/Y.



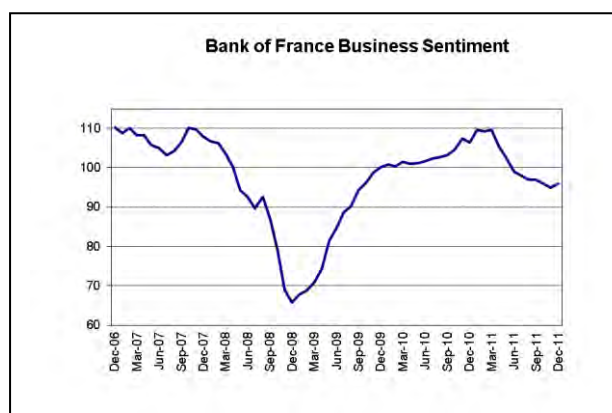
Bank of France Business Sentiment

French Business Sentiment increased from 95 in November to 96 in December versus market expectations for an unchanged reading. Aggregate demand increased from 2 to 5.



French Trade Balance

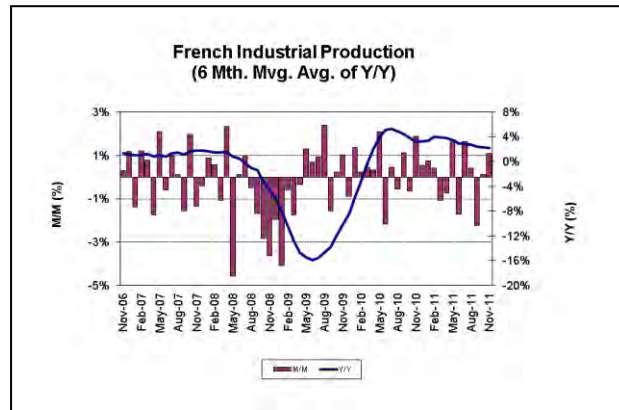
The French Trade deficit narrowed from €5.6 bln in October to €4.4 bln in November as exports increased more than imports. Exports increased 3.3% M/M and 7.6% Y/Y and Imports increased 0.1% M/M and 5.6% Y/Y. The Trade Balance stood at a deficit of €4.8 bln in November 2010.



French/Spanish Industrial Production & Italian Unemployment Rate

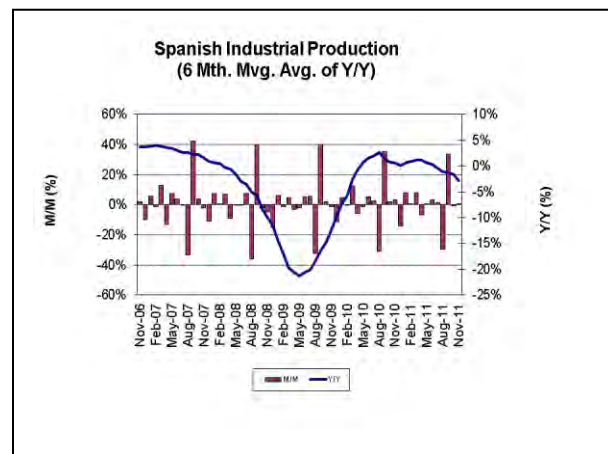
French Industrial Production

French Industrial Production unexpectedly increased 1.1% M/M and 0.9% Y/Y in November. Market expectations were for a reading of -0.2% M/M and -0.4% Y/Y. Manufacturing Production increased 1.3% M/M and 2.2% Y/Y.



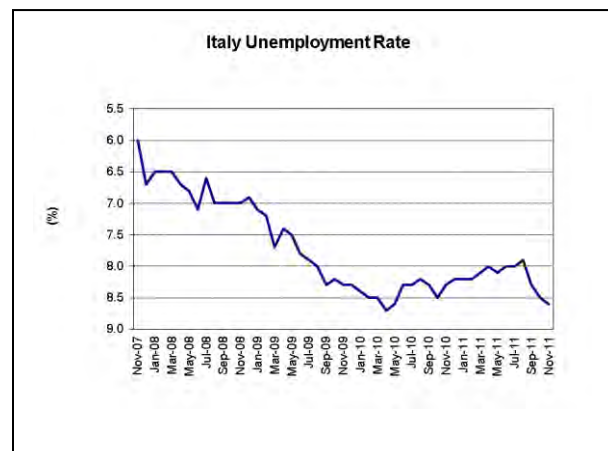
Spanish Industrial Production

Spanish Industrial Production increased 0.6% M/M and fell 7.0% Y/Y in November.



Italian Unemployment Rate

Italian Unemployment Rate increased from 8.5% in October to 8.6% in November, its highest level since May 2010. Market expectations were for the Unemployment Rate to remain unchanged.



News/Comments

Jan. 11th - Italy Called Biggest Euro-Zone Threat (WSJ) - LONDON-Fitch Ratings on Tuesday pointed to Italy as the euro-zone member that poses the greatest threat to the currency bloc's future, as the lack of a regionwide plan to prevent the sovereign-debt crisis from spreading has coupled with the country's large debt burden and high borrowing costs. Those factors are a major reason Italy's credit rating is likely to be downgraded by the end of January, said David Riley, head of global sovereign ratings at Fitch, speaking at a conference in London. "Italy is the front line of this crisis," Mr. Riley said, adding that the country's elevated government-bond yields have "marked a profound intensification of the crisis." Italy is planning to sell 440 billion (\$561.67 billion) in government bonds and Treasury bills in 2012. This is a daunting task given its current borrowing costs, Mr. Riley said.

Jan. 11th - German Economy May Have Contracted in Final Quarter of 2011 (Bloomberg) - The German economy probably contracted in the final quarter of 2011 as the sovereign debt crisis damped demand for exports. Europe's largest economy shrank "roughly" 0.25 percent in the fourth quarter from the third, the Federal Statistics Office in Wiesbaden said today, adding it may revise its assessment by the time official data are published on Feb. 15. Growth slowed to 3 percent in 2011 from 3.7 percent in 2010, which was the most since German reunification two decades ago, the office said. Germany's budget deficit amounted to 1 percent of gross domestic product last year.

Jan. 10th - Riley Says Greek IMF Growth Program Doesn't Seem to Be Working (Bloomberg) - David Riley, head of sovereign ratings at Fitch Ratings, said the International Monetary Fund's program for Greece may not be working. "The IMF program at the moment doesn't seem to be working," he said at a conference in London today. "The economy is contracting" while the point of the program was to promote growth. "Ireland has been more favorably viewed," he said. "People can actually see that potentially Ireland can grow its way out of this crisis."

Jan. 9th - EU, IMF, ECB Ask Greece to Cut Wages For New Loans, Ta Nea Says (Bloomberg) - Greece may freeze private-sector wages for at least three years in order to secure new loans from the European Union, the European Central Bank and the International Monetary Fund, Ta Nea said. EU, IMF and ECB officials, the so-called troika, have set a three-year freeze on wage increases in the private sector as a condition for the new loan agreement, the Athens-based newspaper reported, citing unnamed officials in Brussels and Washington. Other options being discussed include cutting Christmas and Easter bonuses, or the so-called 13th and 14th wages, as well as cuts of up to 30 percent to the minimum wage, Ta Nea said.

Jan. 6th - ECB's Noyer Says Euro Is 'Irreversible Choice' (Bloomberg) - European Central Bank governing council member Christian Noyer said the euro is an "irreversible" choice. Speaking in an interview on Europe 1 radio, he said the 17-country currency is "absolutely irreversible." He said he doesn't agree that France has effectively lost its AAA rating, adding that France still borrows at low rates.

Key Dates This Week

Date	Event	Expectations	Previous
12-Jan	EC Euro-Zone Ind. Prod. wda (Y/Y)	NOV 0.20%	1.30%
12-Jan	EC Euro-Zone Ind. Prod. sa (M/M)	NOV -0.30%	-0.10%
12-Jan	EC ECB Announces Interest Rates	12-Jan 1.00%	1.00%
13-Jan	EC Euro-Zone Trade Balance sa	NOV 0.5B	0.3B
13-Jan	EC Euro-Zone Trade Balance	NOV --	1.1B
15-16 JAN	EC ECB Publishes Jan. Monthly Report		
17-Jan	EC Euro-Zone CPI - Core (Y/Y)	DEC --	1.60%
17-Jan	EC Euro-Zone CPI (M/M)	DEC --	0.10%
17-Jan	EC Euro-Zone CPI (Y/Y)	DEC --	3.00%
17-Jan	EC ZEW Survey (Econ. Sentiment)	JAN --	-54.1
12-Jan	GE CPI - EU Harmonised (M/M)	DEC F 0.80%	0.80%
12-Jan	GE CPI - EU Harmonised (Y/Y)	DEC F 2.40%	2.40%
17-Jan	GE Zew Survey (Current Situation)	JAN --	26.8
17-Jan	GE ZEW Survey (Econ. Sentiment)	JAN --	-53.8
12-Jan	FR CPI - EU Harmonised (M/M)	DEC 0.30%	0.30%
12-Jan	FR CPI - EU Harmonised (Y/Y)	DEC 2.50%	2.70%
12-Jan	IT Industrial Production sa (M/M)	NOV -0.20%	-0.90%
12-Jan	IT Industrial Production wda(Y/Y)	NOV -2.90%	-4.20%
16-Jan	IT CPI - EU Harmonized (M/M)	DEC F --	0.30%
16-Jan	IT CPI - EU Harmonized (Y/Y)	DEC F --	3.70%
13-Jan	SP CPI (EU Harmonised) (M/M)	DEC 0.10%	0.20%
13-Jan	SP CPI (EU Harmonised) (Y/Y)	DEC F 2.30%	2.30%

Valance Economic Report: Japan

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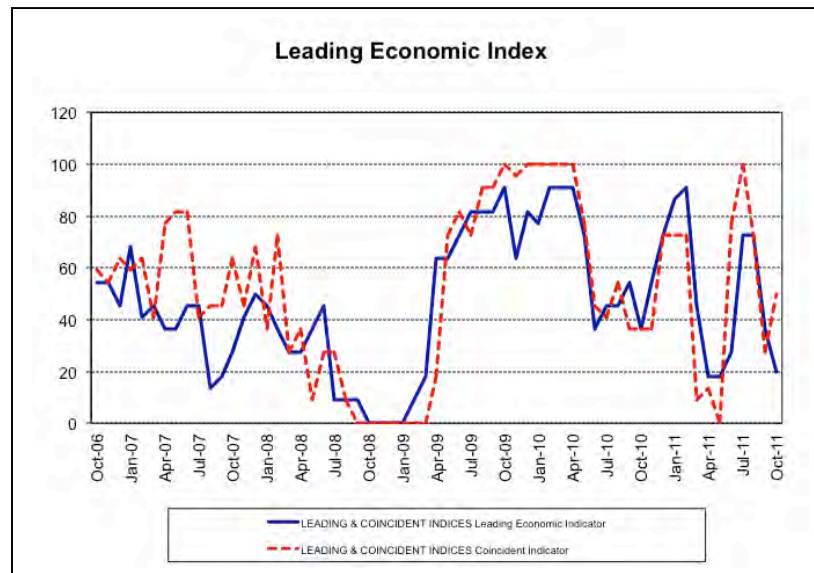
January 11, 2012

Data this week was relatively light. The leading index improved, as expected, while the Coincident Index declined.

Weekly Highlights

Leading Economic Index – increased from 90.0 in October to 92.9 in November. (JN 1)

Charts of the Week: *Leading Economic Index*



According to preliminary data, the Leading Index increased 0.9pts to 92.9 in November, meeting market expectations. The Coincident Index dropped 1.1pts to 90.3. In diffusion index terms, the Leading Index improved from 20.0 to 55.6 while the Coincident index dropped from 50.0 to 40.0.

Japan's Financial Balances

Financial Balances

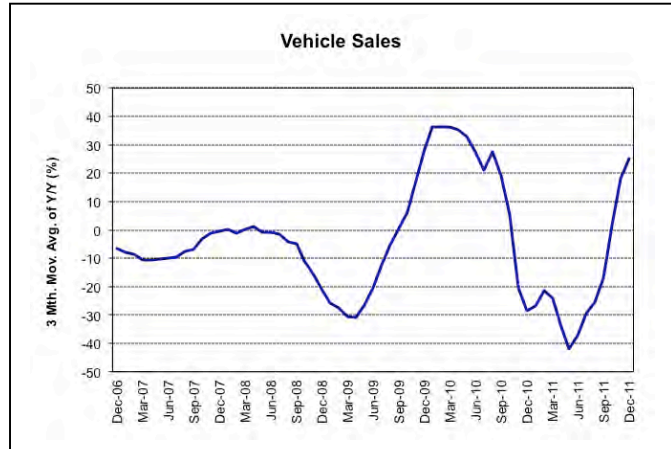
Japan	Last period (¥trln)	Last 12mth. as a % of GDP
Budget Balance	-3.03 (May)	-6.9%
Trade Balance	0.69 (June)	2.2%
Current Account Balance	1.50 (June)	5.2%
Private Balance	--	12.1%



Vehicle Sales & News

Vehicle Sales

Vehicle sales increased 23.5% Y/Y in November.



News

December 10th – BoJ to Forecast Mild Contraction in 2011/12 – The BOJ is widely expected to downgrade its GDP forecast for FY11 from +0.3% Q/Q growth to a mild contraction of 0.1-0.5%. The new forecast is likely to come on Jan 23-24.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
1/11	Coincident Index CI	90.3	91.4
1/11	Leading Index CI	92.9	92
1/11	Bank Lending Ex-Trusts YoY	N/A	0.20%
1/11	Bank Lending incl Trusts (YoY)	N/A	0.20%
1/11	Current Account Total	¥248.4B	¥562.4B
1/11	Adjusted Current Account Total	¥446.0B	¥518.6B
1/11	Current Account Balance YOY%	-74.20%	-62.40%
1/11	Trade Balance - BOP Basis	-¥599.4B	-¥206.1B
1/11-1/12	Tokyo Avg Office Vacancies (%)	N/A	8.9
1/12	Eco Watchers Survey: Current	N/A	45
1/12	Eco Watchers Survey: Outlook	N/A	44.7
1/12	Machine Tool Orders (YoY)	N/A	15.80%
1/12	Bankruptcies (YoY)	N/A	3.20%
1/15	Machine Orders (MoM)	N/A	-6.90%
1/15	Machine Orders YOY%	N/A	1.50%
1/15	Domestic CGPI (MoM)	N/A	0.10%
1/15	Domestic CGPI (YoY)	N/A	1.70%
1/16	Consumer Confidence	N/A	38.1
1/16	Tertiary Industry Index (MoM)	N/A	0.60%
1/16-1/17	Cabinet Office Monthly Economic Report	N/A	
1/17	Machine Tool Orders (YoY)	N/A	--
1/17	Industrial Production (MoM)	N/A	-2.60%
1/17	Industrial Production YOY%	N/A	-4.00%
1/17	Capacity Utilization (MoM)	N/A	4.10%
1/18	Tokyo Condominium Sales (YoY)	N/A	31.00%

Valance Co., Inc.

Valance Economic Report: United Kingdom

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January 11, 2012

This week's data continued on the weak side. The Halifax House Price Survey declined in December while the Trade Deficit increased. The Performance of Services Index improved, but RICS house prices remained negative.

Weekly Highlights

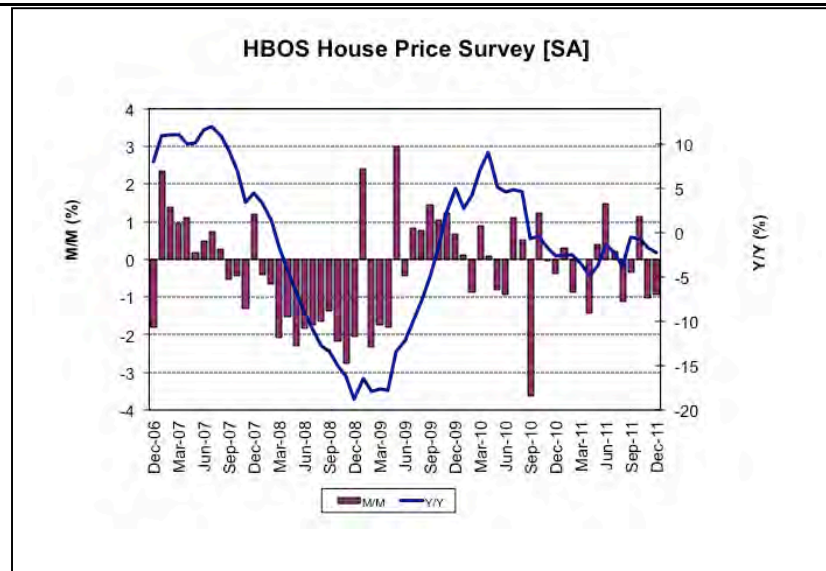
Halifax House Prices – declined 0.9% M/M and 1.3% Y/Y in December. (page 1)

Trade Deficit – increased from £1,861 million in October to £2,566 million in November. (page 3)

PMI Services – increased from 52.1 to 54.0 in December. (page 3)

Weekly Releases & News

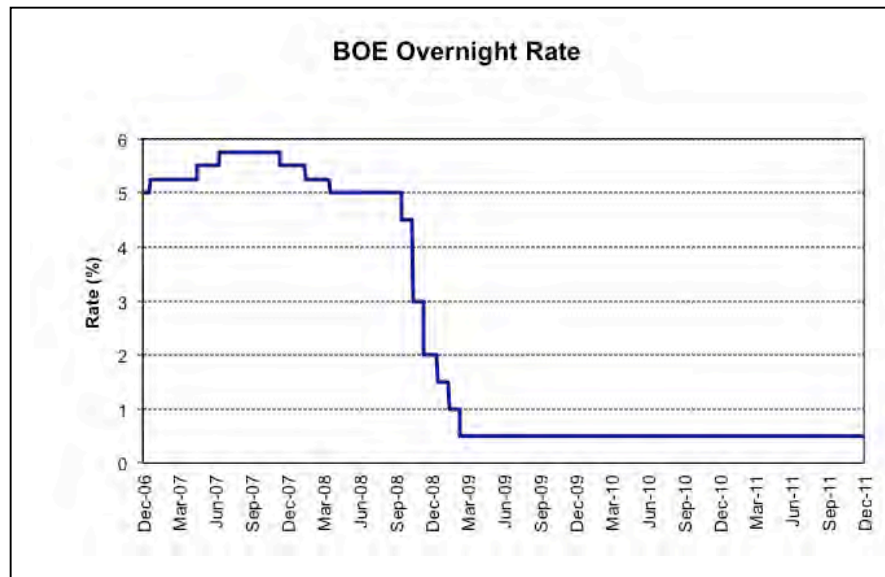
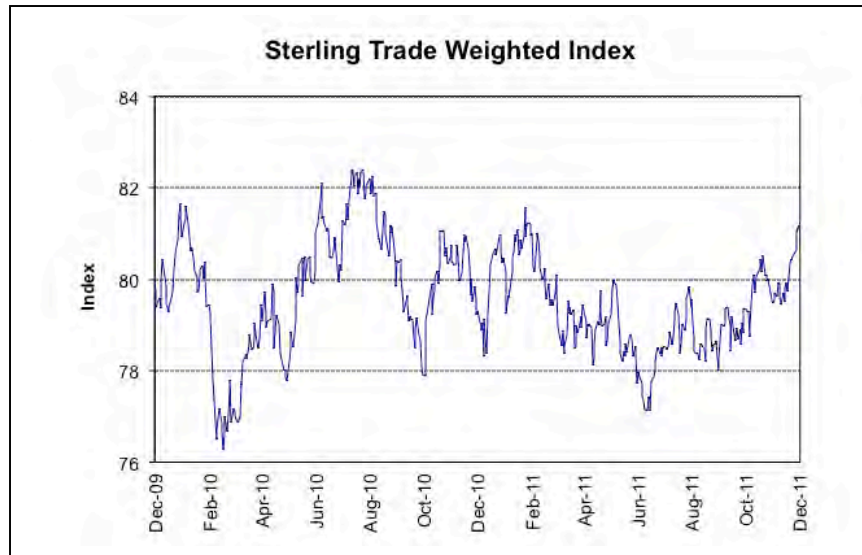
Chart of the Week: *Halifax House Prices*



The Halifax House Price Survey fell 0.9% M/M in December, marking the fourth decline in five months. On a Y/Y basis, prices fell 1.3%. In its report, Halifax commented that "The extent to which households choose to reduce their debts will...affect growth. As a result, the outlook for house prices is uncertain."

Financial Balances, FX & BoE Overnight Rate

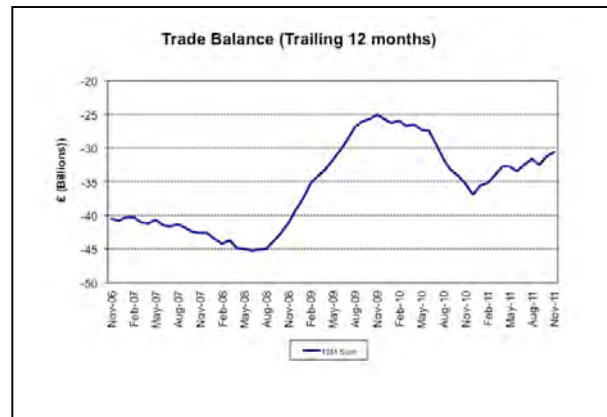
U.K.	Last Period (blns)	Last 12mth. % of GDP
Budget Balance (monthly)	-£14.5 (Jun)/	-12.8%
Curr. Acct. Balance (quarterly)	-£9.6(Q3)	-1.9%
Private Balance	£4.9	+10.9%



Trade Balance

Trade Balance

The Trade Deficit in November increased from a revised £1,861 million in October to £2,566 million in November. The Visible Trade Deficit increased from £7,868 mln to £8,644 mln. The Non-EU Trade Deficit increased from £4,556 mln to £5,021 mln. Overall the deficit widened more than expected, as the market had anticipated a total trade deficit of £2.4 bln. Within the data, exports dropped 1.5% M/M while imports rose 1.1% M/M.



Data

PMI Services – The UK Index of Growth in Services increased from 52.1 in November to 54.0 in December against expectations for a decline to 51.6. A reading of above 50 indicates growth in activity. The chief economist at Markit commented that "Services are likely to have expanded by around 0.3% to 0.4% in the final quarter, down from 0.7% in the third quarter but offsetting a renewed downturn in manufacturing and sluggish growth of construction to help the UK avoid a slide back into recession, at least for now."

BRC December Retail Sales Monitor – The BRC reported that total retail sales increased 4.1% Y/Y in December. On a same store basis, sales increased 2.2% Y/Y. Food sales saw a strong 5.1% 3M Y/Y gain while non-food sales only increased 0.1% 3M Y/Y.

Labor Survey – Lloyd's Banking Group reported that its index of Job Security dropped from -21 to -33 in November. The drop brings the series to its lowest level since 2004 and occurred as inflation expectations declined 5pts to 65, the lowest level since 2009. Going forward, it was noted that Britons expect inflation to increase 6.7% in the next 12 months.

New Car Registrations - New car registrations dropped 3.7% Y/Y after dropping 4.2% Y/Y in November. The decline in December was the second consecutive and third in four months.

RICS House Prices – The RICS net house price balance was -16 in December against expectations for -19. This was its highest level since July 2010. Also within the report, price expectations dropped 2pts to -24. Sales expectations dropped 4pts to 0. New buyer enquiries dropped 5pts to 0 and agreed sales dropped 10pts to 4. New instructions improved 2 pts to 12.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
1/12	Industrial Production (MoM)	NOV	-0.10%	-0.70%
1/12	Industrial Production (YoY)	NOV	-2.20%	-1.70%
1/12	Manufacturing Production (MoM)	NOV	-0.20%	-0.70%
1/12	Manufacturing Production (YoY)	NOV	-0.50%	0.30%
1/12	BOE ANNOUNCES RATES	JAN	0.50%	0.50%
1/12	NIESR GDP Estimate	JAN 13	N/A	0.30%
1/13	PPI Input NSA (MoM)	DEC	-0.20%	0.10%
1/13	PPI Input NSA (YoY)	DEC	9.10%	13.40%
1/13	PPI Output n.s.a. (MoM)	DEC	0.10%	0.20%
1/13	PPI Output n.s.a. (YoY)	DEC	5.00%	5.40%
1/13	PPI Output Core NSA (MoM)	DEC	0.00%	0.00%
1/13	PPI Output Core NSA (YoY)	DEC	3.20%	3.20%
1/15	Rightmove House Prices (MoM)	DEC	N/A	-2.70%
1/15	Rightmove House Prices (YoY)	JAN	N/A	1.50%
1/16-20	Nationwide Consumer Confidence	JAN	N/A	40
1/17	DCLG UK House Prices (YoY)	DEC	N/A	-0.40%
1/17	CPI (MoM)	DEC	N/A	0.20%
1/17	CPI (YoY)	NOV	N/A	4.80%
1/17	Core CPI YOY	DEC	N/A	3.20%
1/17	Retail Price Index	DEC	N/A	238.5
1/17	RPI (MoM)	DEC	N/A	0.20%
1/17	RPI (YoY)	DEC	N/A	5.20%
1/18	Claimant Count Rate	DEC	N/A	5.00%
1/18	Jobless Claims Change	DEC	N/A	3.0K
1/18	Average Weekly Earnings 3M/YoY	DEC	N/A	2.00%
1/18	Weekly Earnings exBonus 3M/YoY	NOV	N/A	1.80%

Valance Economic Report: Canada

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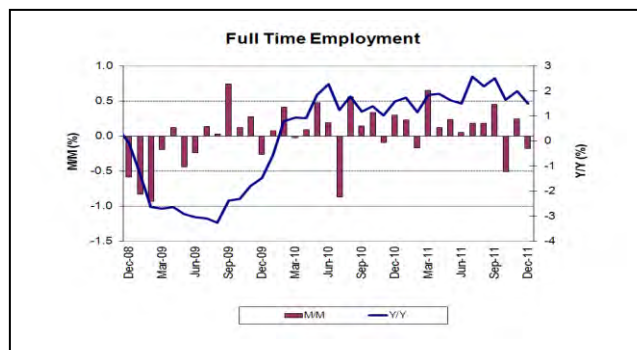
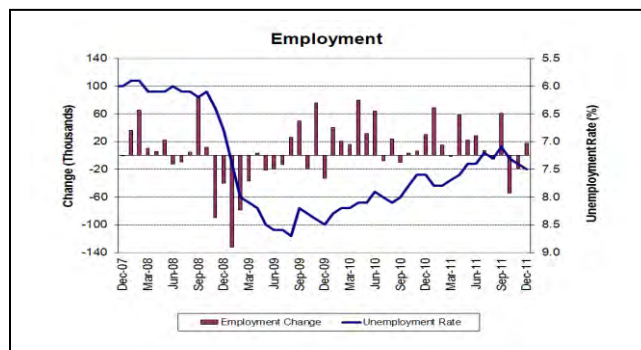
January 11, 2012

The Canadian economy added 17.5k jobs in December, as substantial gains in part-time employment offset losses in full-time employment. Both Housing Starts and the Ivey Purchasing Managers Indices increased more than expected in December. On the other hand, Building Permits posted the fourth decline in five months in November.

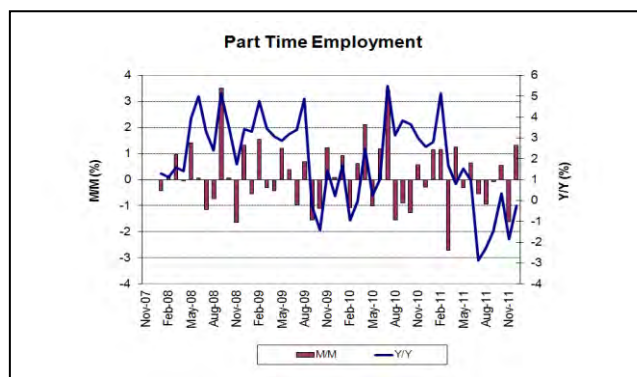
Weekly Highlights

- Canadian economy** - added 17.5k jobs in December. (CA 1)
- Housing Starts** - increased 7.9% M/M and 20.8 Y/Y in December. (CA 3)
- Ivey Purchasing managers Index** – increased from 59.9 in Nov to 63.5 in Dec. (CA 3)

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



The Canadian economy added 17.5k jobs in Dec., following an 18.6k job loss in November. Market expectations were for a job gain of 20.0k. Full-time jobs decreased by 25.5k while part-time jobs gain 43.1k. The Unemployment Rate increased from 7.4% to 7.5%. Average hourly wages rose 2.4% Y/Y.

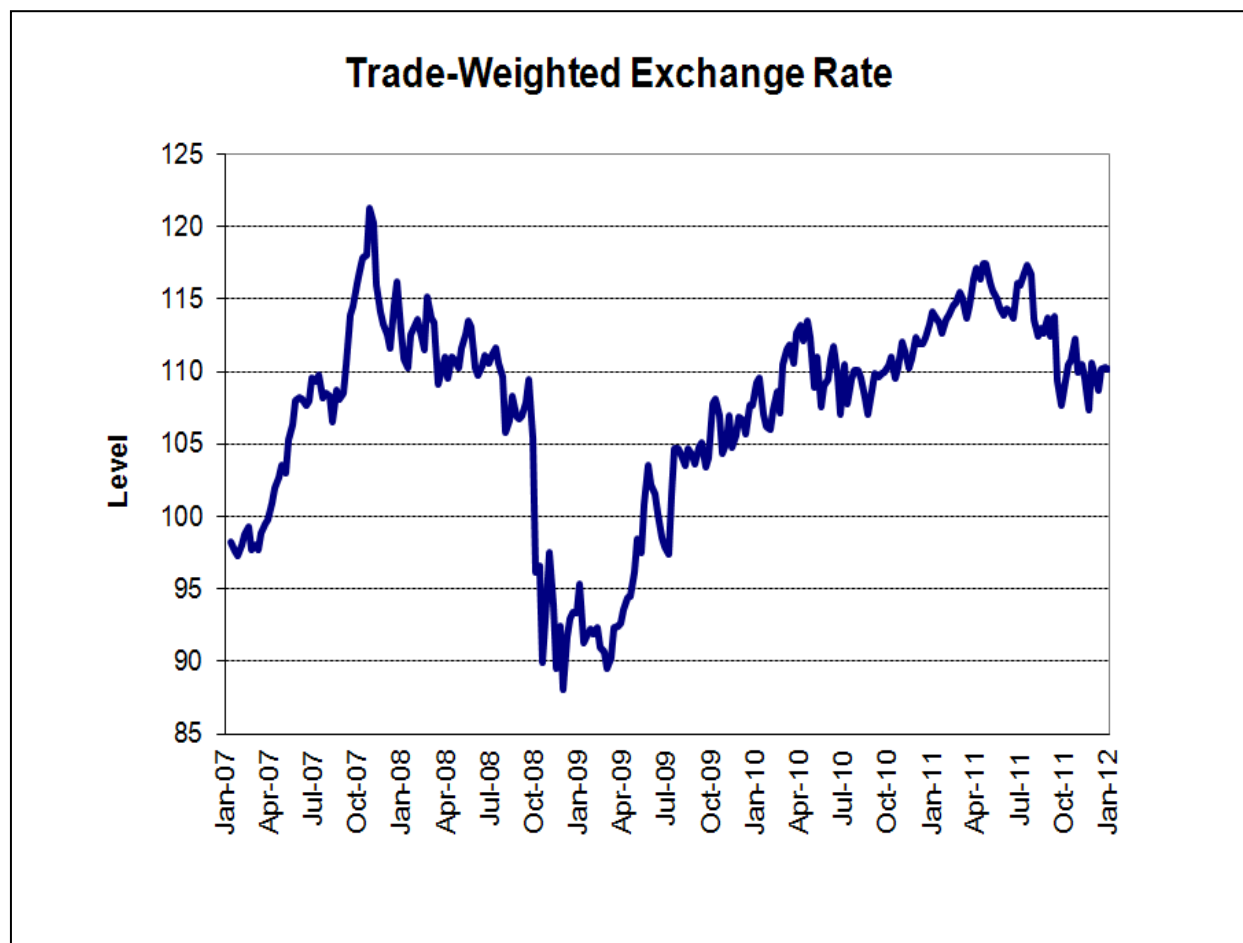


Financial Balances & Trade Weighted Exchange Rate

Financial Balances

<i>Canada</i>	<i>Latest period (C\$bln)</i>	<i>Last 12mth. as % of GDP</i>
Budget Balance	-0.9 (Feb)	-2.3%
Trade Balance	-0.89 (Oct)	-1.4%
Current Account Balance	-12.1 (Q3)	-6.3%
Private Balance	--	-4.0%

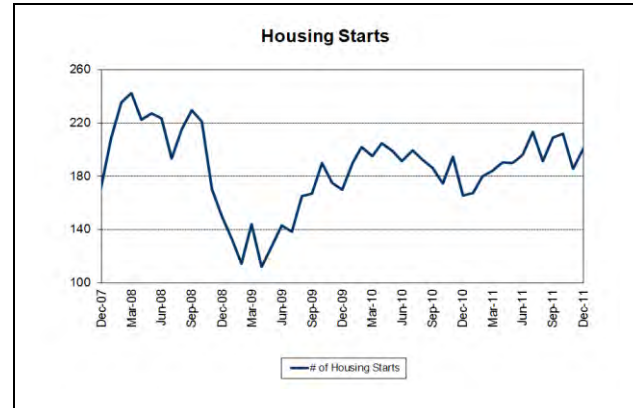
Trade-Weighted Exchange Rate



Housing Data, Building Permits & Ivey Purchasing Managers Index

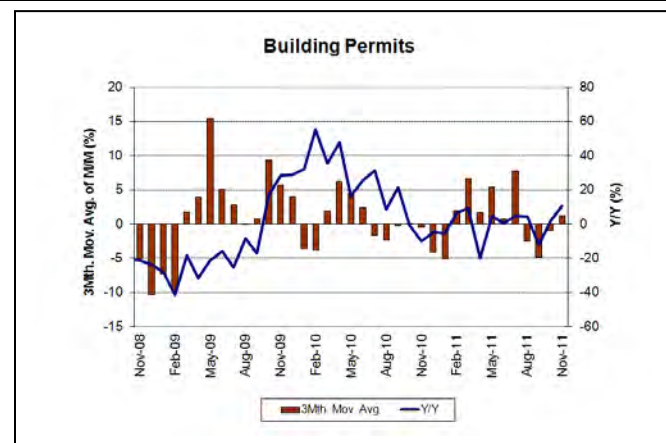
Housing Starts

Housing Starts increased 7.9% M/M and 20.8% Y/Y in December. The number of starts rose to 200.2k, above market expectation for an increase to 185.5k.



Building Permits

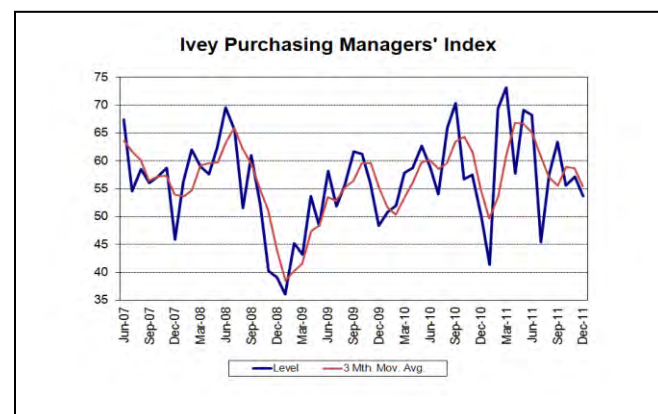
Building Permits fell 3.6% M/M in November, versus market expectations for a 5.0% M/M decline. Y/Y growth increased 10.7%. Total Building Permits decline mostly as a result of a decline in non-residential permits.



Ivey Purchasing Managers' Index

The Ivey Purchasing Managers' Index unexpectedly increased from 59.9 in November to 63.5 in December. Market expectations were for a reading of 58.0.

The Employment component increased from 49.4 to 60.0 and Supplier Delivery increased from 44.8 to 46.4.



Data

Data

Jan. 9th - Canadian Firms Turn Negative on Sales Growth Outlook, Bank Says (Bloomberg)

- The Bank of Canada says executives are predicting slower sales growth for the first time in almost three years because of concern about fading global demand, according to the central bank's quarterly survey.

The so-called balance of opinion for sales over the next year was negative 4 percentage points in the fourth quarter, the Business Outlook Survey said. That was down from plus 6 in the last survey and marks the first reading below zero since the beginning of 2009.

The share of firms predicting slower sales growth rose to 41 percent from 33 percent and those predicting faster sales growth fell to 37 percent from 39 percent in the last survey.

“The weak U.S. economic outlook, concerns about adverse effects from the situation in Europe and an expected slowing in household spending were among the factors dampening sales prospects,” the Ottawa-based Bank of Canada said today.

Governor Mark Carney will probably keep the benchmark interest rate at 1 percent at the next decision Jan. 17 and through this year, according to a Bloomberg economist survey. Carney has kept the rate unchanged since September 2010 and has said the risks from Europe's debt crisis have increased in recent months.

The balance of opinion on employment over the next year rose to 45 percent from 38 percent. For new investment spending, the balance was 21 percent versus 22 percent in the last survey.

Inflation Forecast

About 92 percent predicted the consumer price index will advance between 1 percent and 3 percent over the next two years, up from 88 percent in the third quarter.

The survey found that credit conditions were tighter on balance for the first time since the second quarter of 2009.

About 28 percent of companies said credit conditions had tightened in the fourth quarter, while 23 percent said they were looser.

A separate survey of lending officers had a balance of opinion that went to negative 6.33 from negative 26.9, with readings less than zero indicating that lending conditions eased.

The senior loan officer survey gathered responses from “major Canadian financial institutions” from Dec. 5 to Dec. 9.

The business survey polled about 100 executives from Nov. 14 to Dec. 14.

Key Dates This Week

Date	Indicator		Expectations	Previous
12-Jan	New Housing Price Index M/M	NOV	0.20%	0.20%
12-Jan	New Housing Price Index Y/Y	NOV	2.40%	2.50%
13-Jan	Int'l Merchandise Trade	NOV	-0.50B	-0.89B
17-Jan	Int'l Securities Transactions	NOV	- -	2.03B
17-Jan	Bank of Canada Rate	17-Jan	1.00%	1.00%

Valance Economic Report: Australia

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January 11, 2012

In November, Retail Sales stalled, ending a four-month advance, and Home Building Approvals rebounded more than economists' forecasts.

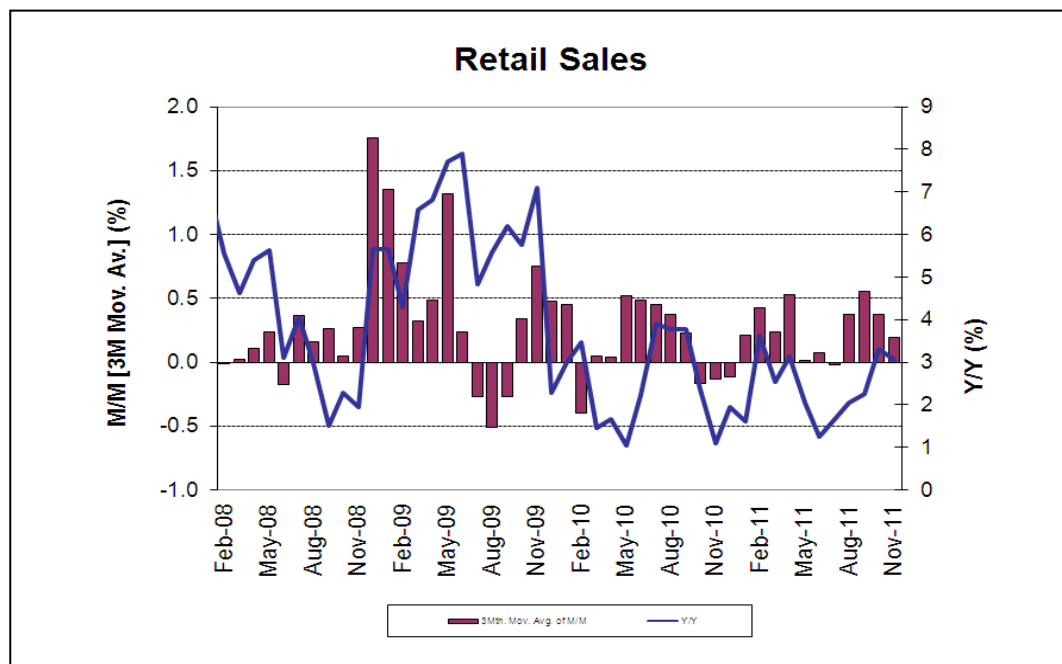
Weekly Highlights

Retail Sales – were flat M/M and up 3.1% Y/Y in November. (AU 1)

Building Approvals – rose 8.4% M/M and fell 18.9% Y/Y in November. (AU 3)

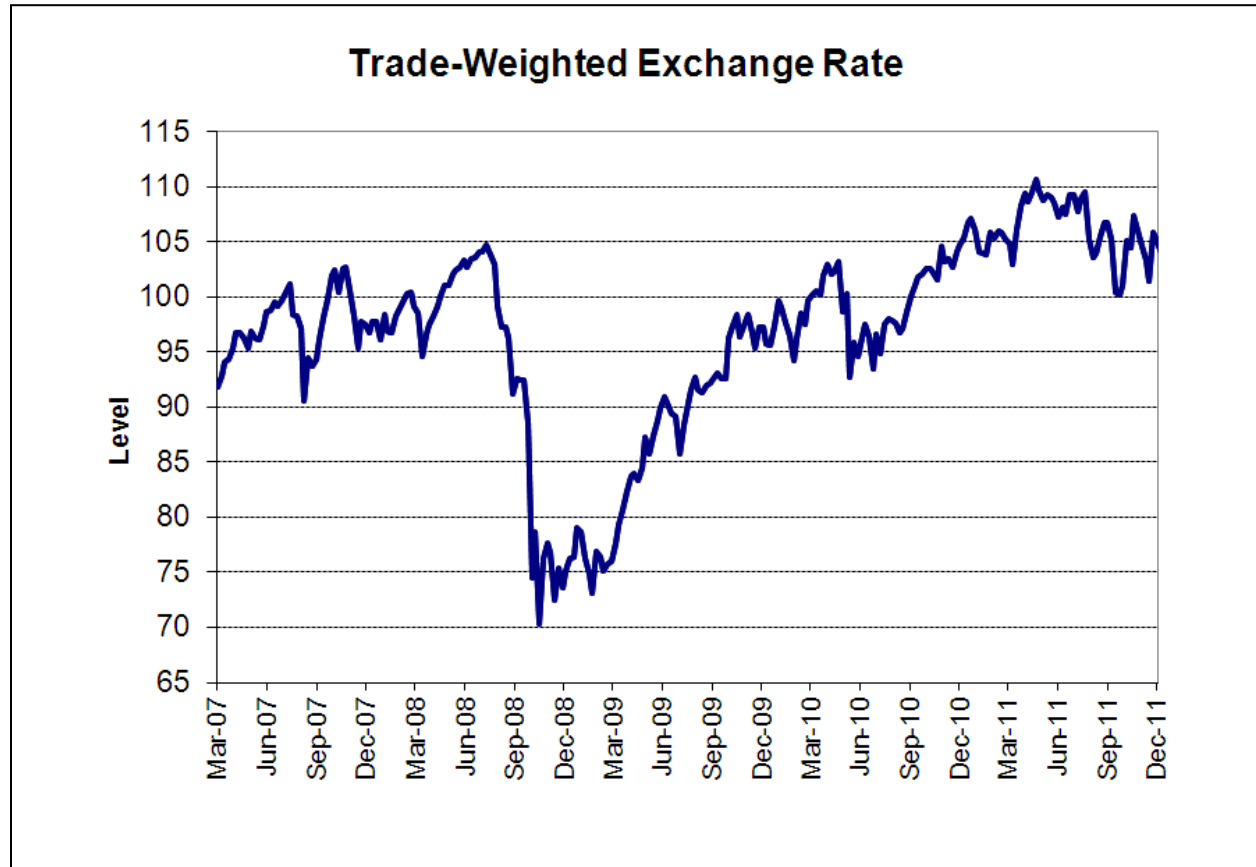
Weekly Releases & News

Chart of the Week: Retail Sales



November's Retail Sales were flat on the month; below expectations of a 0.4% M/M gain and gained 3.1% Y/Y – compared with 3.3% growth the previous month. This monthly increase followed October's 0.2%. Notably, spending was down in the clothing, footwear, and personal accessory (-0.4% M/M) and in the department stores (-0.1% M/M) categories.

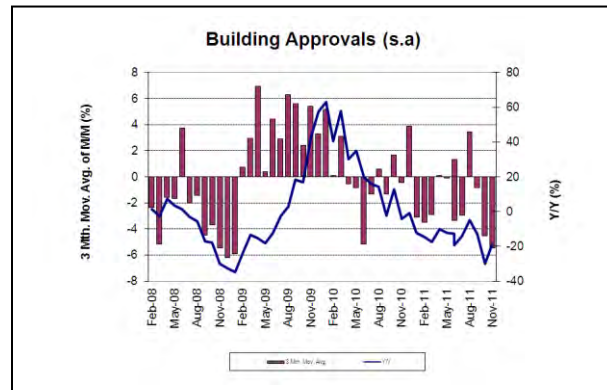
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Building Approvals & Data

Building Approvals

In November, the number of Home Building Approvals rose 8.4% M/M after falling 10.0% in September. Annually, approvals were down 18.9%, compared with -29.9% the previous year. The market expected a 6.0% M/M gain and a -19.8% Y/Y loss.



Data

January 10th – Job Vacancies – fell from 3.3% in the November quarter; totaling \$181K (down 6,100 from the October quarter). Private and public sector vacancies totaled 163,700 and 17,300, respectively.

January 8th - AiG Performance of Construction Index - rose 1.4 pts from 39.6 in November to 41.0 in December. Peter Burn, Director of Public Policy at the Australian Industry Group stated, “The easing of the pace of contraction in overall activity and in new orders across all sub-sectors serve as a glimmer of hope that 2012 may see a return to more balanced growth across the industry.”

January 8th – HIA New Home Sales – rose from 2.8% M/M in October to 6.8% M/M in November. Harley Dale, HIA chief economist remarked, “With falling interest rates, a competitive building market, and a greater availability of skilled trades amidst still very soft overall demand conditions, now is clearly a good time to build a new home for those who are financially set to take that decision.”

Key Dates This Week

Date	Indicator	Month	Expectations	Previous
15-Jan	TD Securities Inflation Y/Y%	DEC	--	2.10%
15-Jan	Home Loans M/M	NOV	--	0.70%
15-Jan	Investment Lending	NOV	--	-5.50%
	Owner-Occupied Home Loan Value			
15-Jan	M/M	NOV	--	-1.20%
15-Jan	ANZ Job Advertisements (M/M)	DEC	--	0.00%
	Westpac Consumer Confidence s.a.			
17-Jan	(M/M)	JAN	--	-8.30%
	Westpac Consumer Confidence			
17-Jan	Index	JAN	--	94.7
17-Jan	New Motor Vehicle Sales M/M	DEC	--	-0.70%
18-Jan	New Motor Vehicle Sales Y/Y	DEC	--	2.90%
18-Jan	RBA Foreign Exchange Transaction	DEC	--	330M
18-Jan	Employment Change	DEC	--	-6.3K
18-Jan	Unemployment Rate	DEC	--	5.30%
18-Jan	Full Time Employment Change	DEC	--	-39.9K
18-Jan	Part Time Employment Change	DEC	--	33.6K
18-Jan	Participation Rate	DEC	--	65.50%

Valance Co., Inc.

Valance Economic Report: New Zealand

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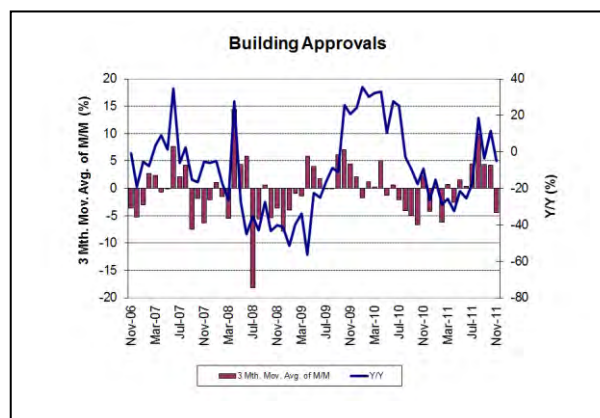
January 11, 2012

Home building approvals fell 6.4% M/M in November. The trade deficit widened in November as imports increased more than exports.

Weekly Highlights

Building Approvals –fell 6.4% M/M and 5.0% Y/Y in November. (NZ 1)

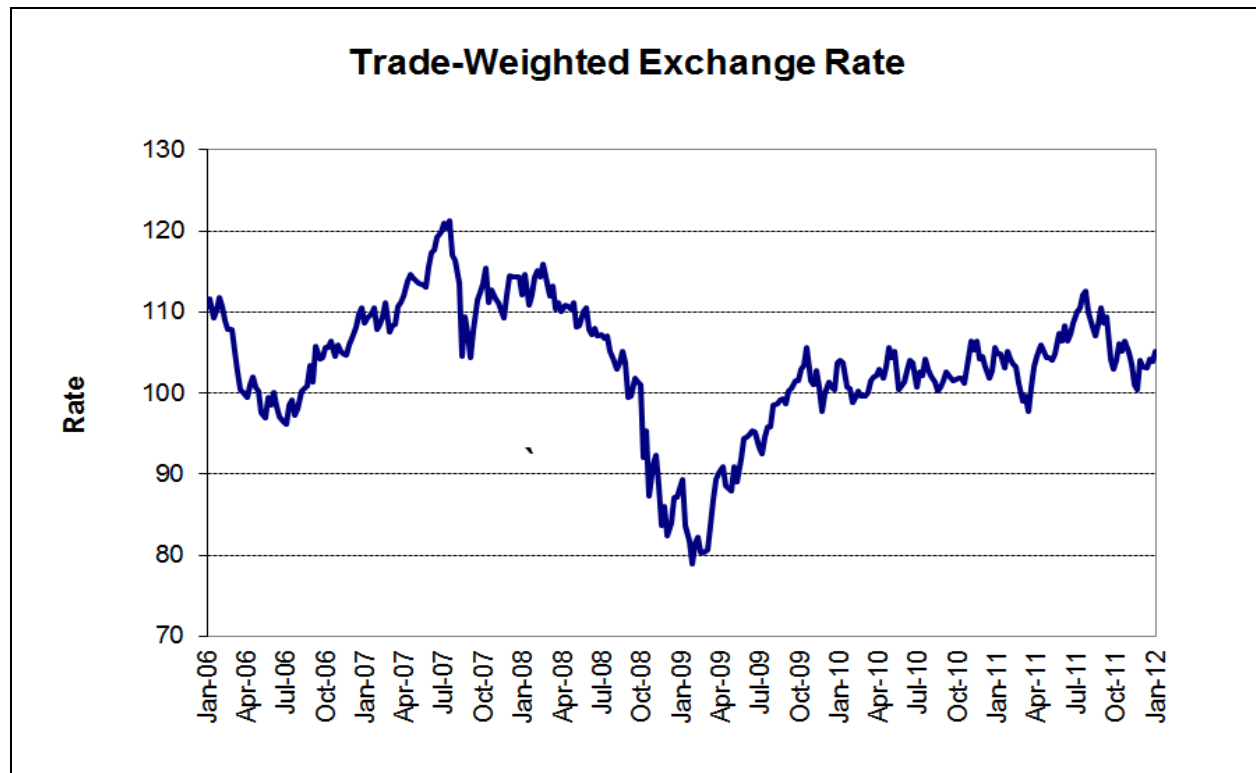
Trade Deficit– widened from NZ\$220 mln in October to NZ\$308 mln in November. (NZ 3)

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

Home Building Approvals fell 6.4% M/M and 5.0% Y/Y in November. Ex-apartments, approvals fell 2.5% M/M. "Although housing trend numbers continue to rise, seasonally adjusted figures are still volatile," Statistics New Zealand industry and labour statistics manager Louise Holmes-Oliver said in a statement. "Figures dipped in November, the third change in direction in as many months."

NZ 1

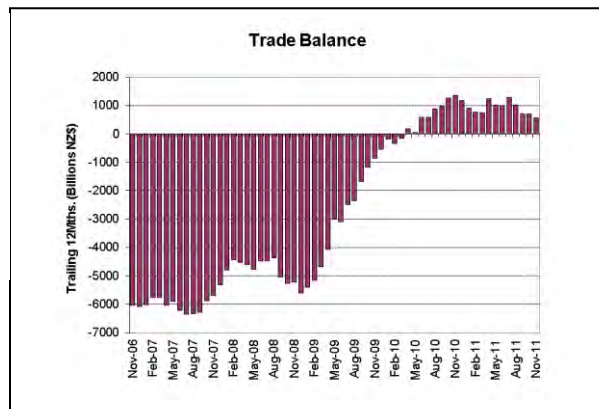
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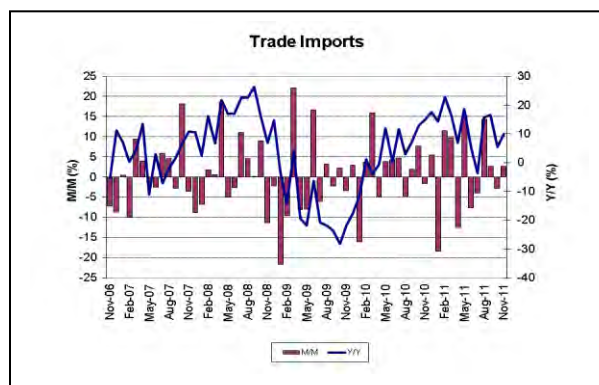
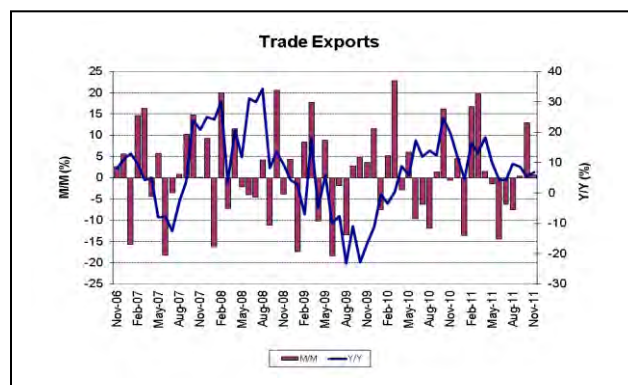
Trade Data

Trade Balance

The Trade Balance Deficit widened from NZ\$220 mln in October to NZ\$308 mln in November. The annual trade surplus narrowed from NZ\$687 mln to NZ\$555 mln.



Exports & Imports



Exports increased 0.6% M/M and 6.8% Y/Y in November, mainly as a result of an increase in sales of dairy products and fruits. Imports increased 2.6% M/M and 9.9% Y/Y.

Key Dates This Week

Date	Event	Survey	Prior
12-15 JAN	REINZ Housing Price Index	DEC --	3304.3
12-15 JAN	REINZ Housing Price Index M/M%	DEC --	1.10%
12-15 JAN	REINZ House Sales Y/Y%	DEC --	16.90%
15-Jan	Food Prices (M/M)	DEC --	0.20%
16-Jan	NZIER Business Opinion Survey	4Q --	25
16-Jan	NZ Card Spending - Retail M/M	DEC --	-0.50%
16-Jan	NZ Card Spending - Total M/M	DEC --	-0.20%
16-Jan	Non Resident Bond Holdings	DEC --	60.20%
18-Jan	ANZ NZ Job Ads (M/M)	DEC --	0.90%
18-Jan	Consumer Prices (Q/Q)	4Q --	0.40%
18-Jan	Consumer Prices (Y/Y)	4Q --	4.60%
18-Jan	ANZ Consumer Confidence Index	JAN --	108.4
18-Jan	ANZ Consumer Confidence M/M	JAN --	-0.60%

Weekly Economic Report: **China**

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January 11, 2012

In December, China's export growth slowed to a 2-year low; while New Loans and Money supply growth beat expectations.

Weekly Highlights

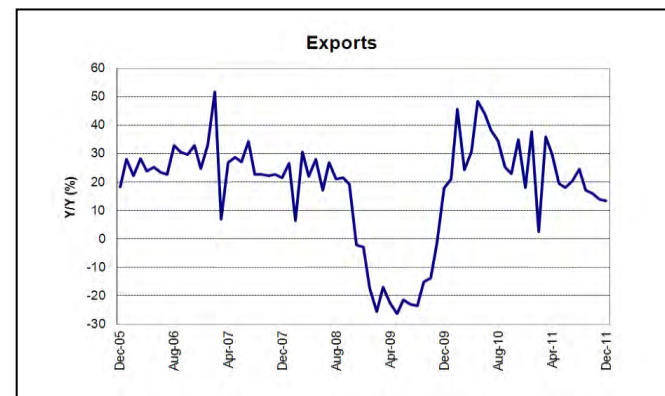
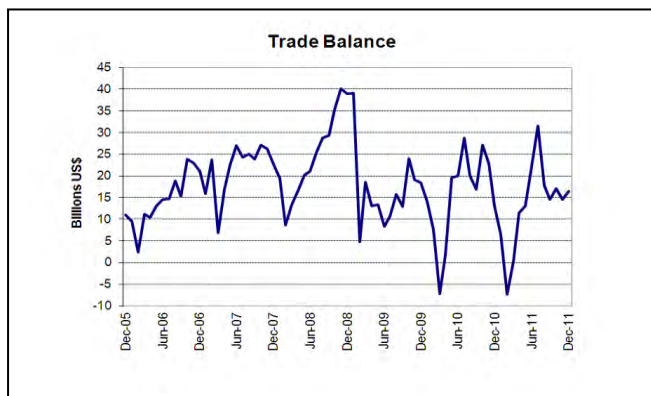
Exports – rose 13.4% Y/Y in December. (CH 1)

M2 Money Supply – rose from 12.7% Y/Y in November to 13.6% Y/Y December. (CH 2)

New Yuan Loans - from \$562.2 bln in November to \$640.5 bln in December, (CH 3)

Weekly Releases & News

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



China's Trade Balance widened from a surplus of \$14.53 bln in November to a surplus of \$16.52 bln in December; above an expected surplus of \$8.80 bln.

As expected, Exports growth rose 13.4% Y/Y in December – compared with 13.8% Y/Y growth the previous month.

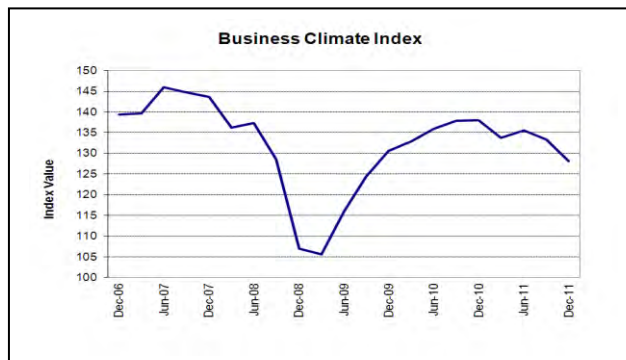
Imports growth rose 11.8% Y/Y in December – compared with 22.1% in November. They were expected to gain 18.0%.



Business Climate, Entrepreneur Confidence & Money Supply

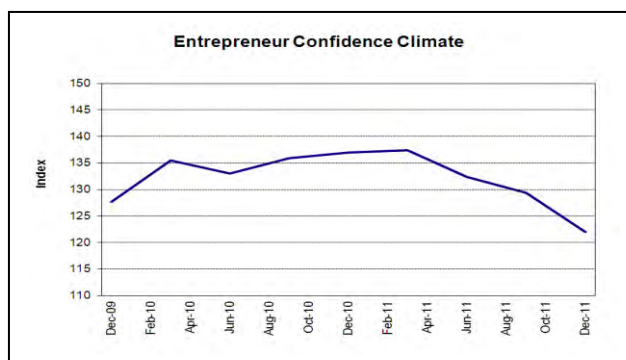
Business Climate Index

China's Business Climate Index fell 5.2 points, from 133.4 in Q3 to 128.2 in Q4.



Entrepreneur Confidence Index

The Entrepreneur Confidence Index fell 7.4 points, slowing from 129.4 in Q3 to 122.0 in Q4.

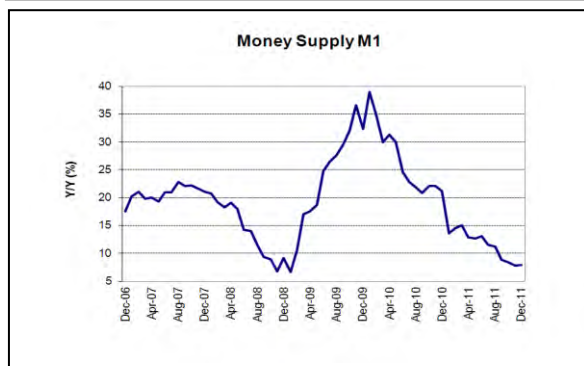
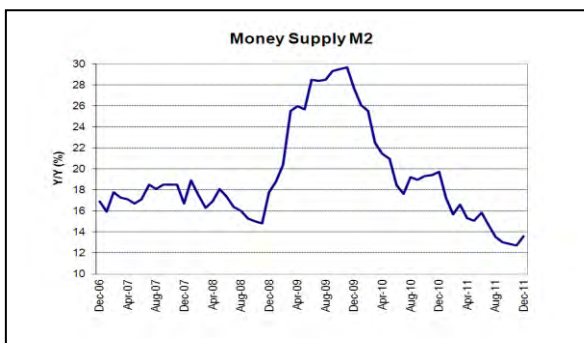


Money Supply

M2, the broadest measure of money supply, rose from 12.7% Y/Y in November to 13.6% Y/Y December; above expectations of 12.9%.

As expected, M1 Money Supply growth rose from 7.8% Y/Y in November to 7.9% Y/Y in December.

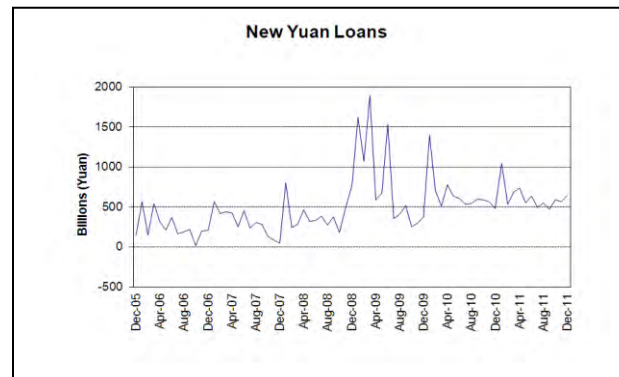
M0 Money Supply growth rose from 12.0% Y/Y in November to 13.8% Y/Y in December.



New Yuan Loans & News

New Yuan Loans

New Yuan Loans rose from \$562.2 bln in November to \$640.5 bln in December; above expectations of \$575.0 bln. PBOC Governor Zhou Xiaochuan remarked, “Small and midsize enterprises, especially microenterprises, are still having troubles, so better measures are needed structurally to solve this problem.”



News

January 11th (Bloomberg) - Geithner Presses China on Currency - U.S. Treasury Secretary Timothy F. Geithner in a meeting with Vice President, Xi Jinping stated:

On economic growth, financial stability around the world, on nonproliferation, we have what we view as a very strong cooperative relationship with the government and we are looking forward to building on that.

Vice Premier Wang Qishan stated yesterday in a meeting with Geithner:

[...the two countries] have a lot of issues to talk about in the areas of economy, finance, trade and investment. Apart from the bilateral aspect, we are also having important cooperation in the multilateral and global arena in the areas of economy, finance, trade policies and also G-20 related affairs.

January 10th (Bloomberg) - China Won't See Hard Landing in 2012 – Former PBoC Adviser, Yu Yongding remarked at a forum in New York:

China has yet to hit the rocks this year.

People are worried about a housing market collapse. This is not warranted.

[Annual growth of] 8 percent or even 7 percent is OK. A pace of less than 7 percent means crisis, economic and perhaps political crisis.

Real demand for housing is still very strong.

News (Cont'd.) & Upcoming Dates

News (Cont'd.)

January 10th (Bloomberg) - China May Ease Property Curbs to Prevent Collapse - UBS Economist Chen Li said in a Bloomberg TV interview:

The gap between supply and demand will reach the peak, and the supply will be 1.5 or even 1.6 times demand, and it will be a disaster for developers.

Their cash flow will be exhausted to zero by the end of this year if they cannot get any financing. No one can afford that.

If you assume the property policy keeps stable in the coming year that means by the end of the year the inventory of property will reach a new peak, around 10 years or even 20 years.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
01/11	PPI	DEC	1.7%	2.7%
01/11	CPI	DEC	4.0%	4.2%
01/10-15	Foreign Exchange Reserves	DEC	\$3200.0B	\$3201.7B
01/13-18	Actual FDI	DEC	--	-9.8%
01/1/16	IP YTD / Y/Y	DEC	13.8% / 12.3%	14.0% / 12.4%
01/16	Fixed Assets	DEC	24.1%	24.5%
01/16	Real GDP YTD / Q/Q	DEC	9.2% / --	9.4% / 2.3%
01/16	Retail Sales YTD / Y/Y	DEC	8.7% / 17.0%	9.1% / 17.0%
01/18	Conference Board China Nov Leading Economic Index			

Valance Co., Inc.

Valance Economic Report: Sweden

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January 11, 2012

Sweden posted a budget deficit of SEK 90.8 bln in December. In November, Industrial Output grew much less than expected; Orders continued to decline; and Output in the service sector increased below expectations.

Weekly Highlights

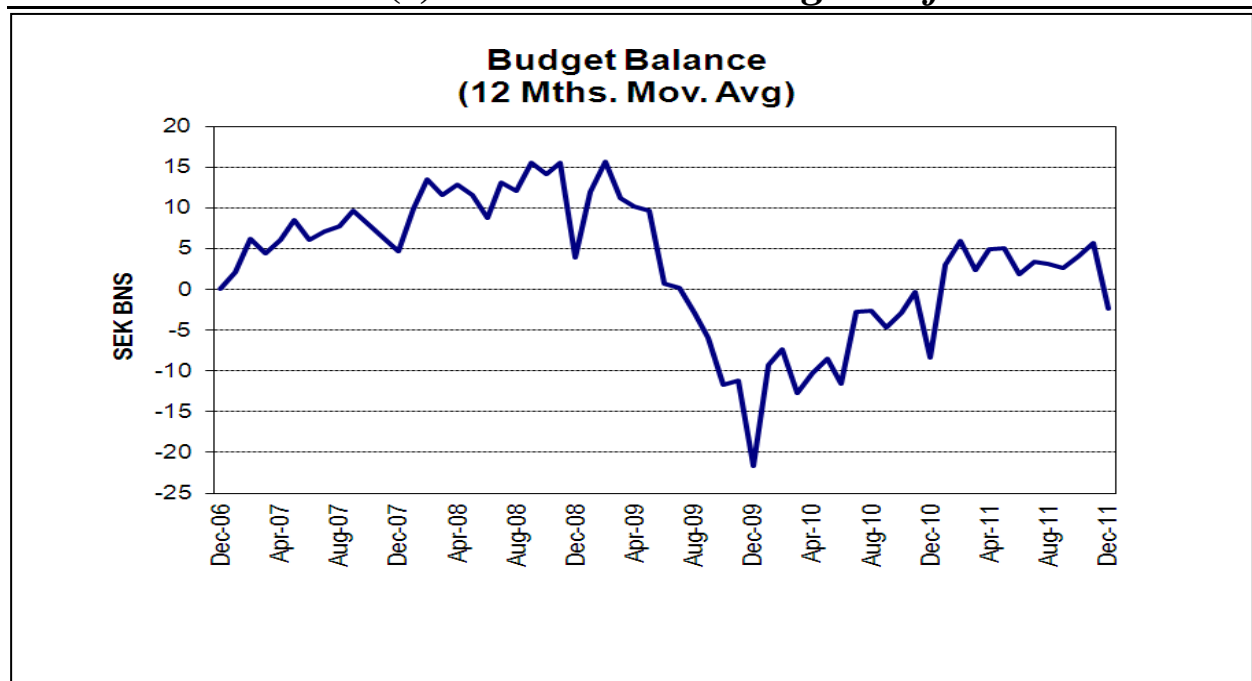
Budget Deficit – fell to SEK -90.8 bln in December. (SW 1)

Industrial Production – fell 1.9% M/M and rose 0.2% Y/Y in November. (SW 2)

Service Production – rose 0.1% M/M (sa) and 2.6% Y/Y (wda) in November. (SW 3)

Weekly Releases & News

Chart(s) of the Week: *Budget Deficit*



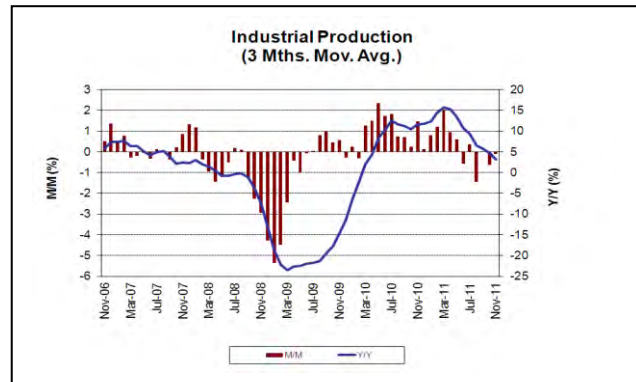
Sweden posted a Budget Deficit of SEK 90.8 bln in December, compared to a deficit of SEK 97.7 bln in December 2010. The Deficit was SEK 10.3 lower than estimated. Interest payments on central government debt were SEK 10.4 bln – 1.8 billion higher than expected. On a 12-mth. mov. avg. basis, the budget balance weakened from a surplus of SEK 5.73 bln in November to a deficit of SEK 2.31 bln in December.

SW 1

Industrial Production/Orders & Trade Weighted Exchange Rate

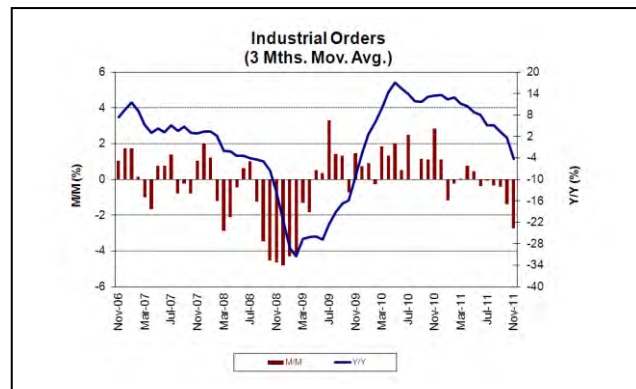
Industrial Production

Industrial Production fell 1.9% M/M and rose 0.2% Y/Y in November, compared with 0.3% M/M and 4.5% Y/Y the previous month. On a monthly basis, production in most of the industry's subsectors decreased, with the weakest development in the pharmaceutical and electronics industries; while the electrical industry had the strongest gain.

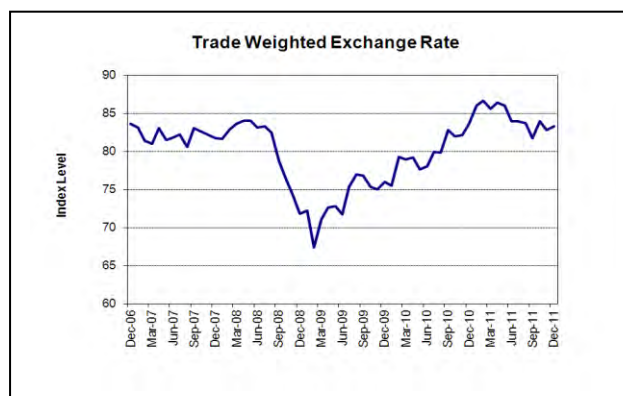


Industrial Orders

October Industrial Orders fell 4.8% M/M and 8.4% Y/Y, compared with -2.3% M/M and -5.2% Y/Y in October. The electronics, motor vehicle, and the other transport equipment industries suffered the greatest loss. New orders in the domestic market declined 2.0% M/M and in the export market, fell by 6.7% M/M.



Trade Weighted Exchange Rate



Data & Upcoming Dates

Data

January 9th (Bloomberg) - Service Production – rose 0.1% M/M (sa) and 2.6% Y/Y (wda) in November, compared with -0.6% M/M and 2.8% Y/Y the previous month. Notably, increases were seen in Telecommunications (12.8% Y/Y), Computer Programming (7.6% Y/Y), and Administrative Supportive Services (7.0% Y/Y).

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
01/12	CPI Level	DEC	314.92	314.16
01/12	CPI – HR	DEC	0.2% / 0.0%	0.2% / 0.2%
01/12	CPI – CPIF	DEC	0.65 / 2.3%	1.1% / 2.8%
01/12	Average House Prices	DEC	--	1.898M
01/17	PES Unemployment Rate	DEC	--	4.4%

Valance Economic Report: Switzerland

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January 11, 2012

In December, Swiss Consumer Prices had their largest annual drop in two years and the Jobless Rate reached its highest level in eight months. Retail Sales rose above expectations in November. SNB President Philipp Hildebrand resigned from his post following allegations his wife profited from currency transactions.

Weekly Highlights

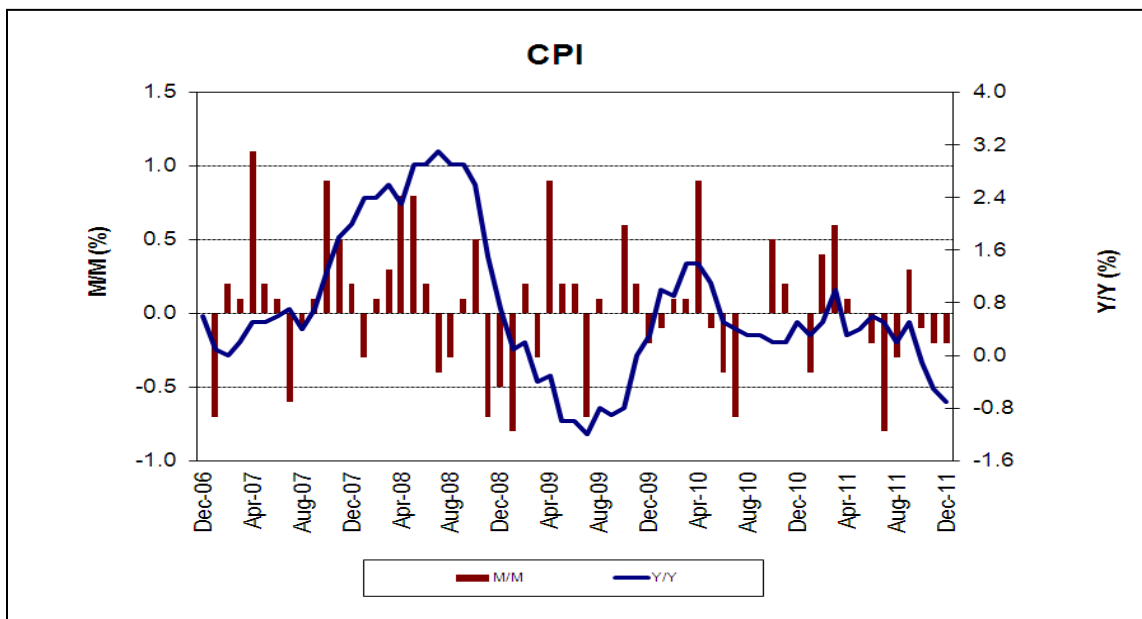
CPI – fell 0.2% M/M and 0.7% Y/Y in December. (SZ 1)

Retail Sales – rose 1.8% Y/Y in November. (SZ 2)

Unemployment Rate (sa) – rose from 3.0% in November to 3.1% in December. (SZ 2)

Weekly Releases & News

Chart(s) of the Week: *CPI*



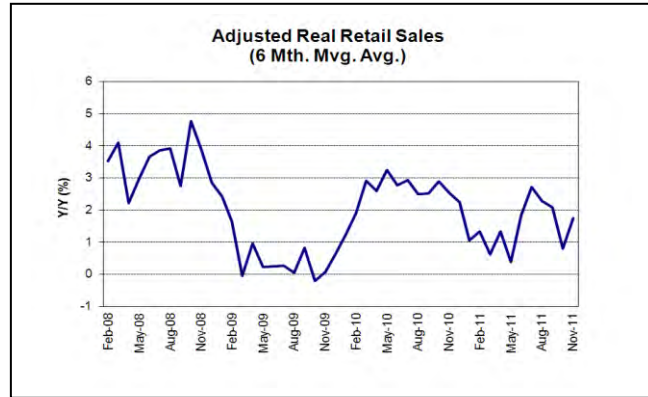
December Consumer Prices fell 0.2% M/M -- below expectations of -0.1% M/M. On an annual basis, prices fell 0.7%, slower than the -0.5% loss posted the month before and the -0.6% Y/Y forecast. Additionally, Core Consumer Prices rose 0.3% and fell 0.4% Y/Y, compared with -0.4% M/M and -0.8% Y/Y the previous month.

SZ 1

Retail Sales, Unemployment Rate & Trade Weighted Exchange Rate

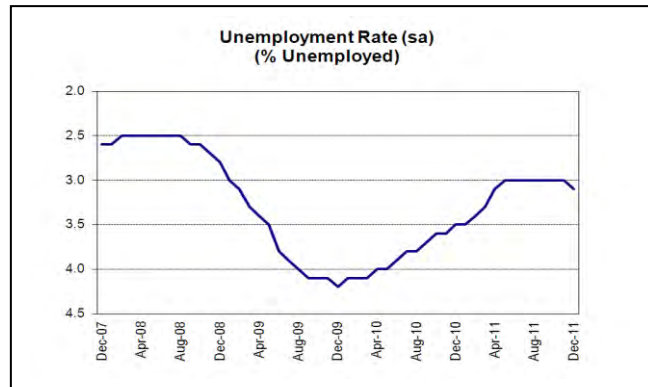
Real Retail Sales

November Real Retail Sales, adjusted for inflation, rose 1.8% Y/Y, compared to 0.1% Y/Y the previous month.

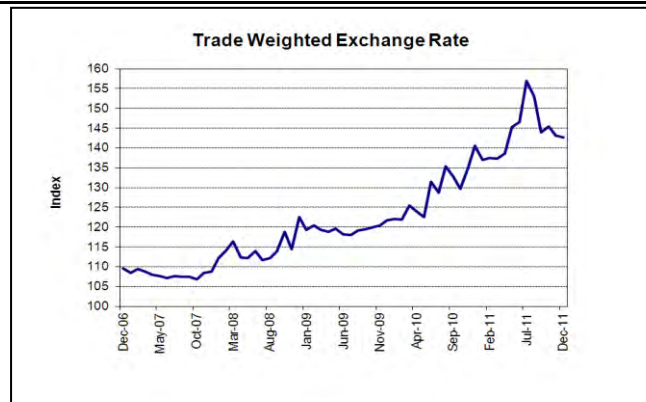


Unemployment Rate

As expected, Switzerland's seasonally adjusted Unemployment Rate rose from 3.0% in November to 3.1% in December – its highest in eight months. Meanwhile, the seasonally unadjusted Unemployment Rate rose from 3.1% in November to 3.3% in December, above expectations. On an unadjusted basis, the total number of vacancies was approximately 15K – falling by 2,361 and the total seeking employment reached around 185K – up 8,025.



Trade Weighted Exchange Rate



Data, News & Upcoming Dates

Data

January 6th (Bloomberg) – Foreign Currency Reserves – rose from 231.6 bln francs in November to 254.2 bln francs in December.

News

January 9th (CNN) - Hildebrand quits Swiss National Bank – SNB President, Philipp Hildebrand has resigned and made the following comments during a press conference “following allegations that his wife profited from currency transactions just weeks before the central bank introduced a price target to weaken the Swiss franc”:

I came to the conclusion that it's not possible for me to deliver a definite proof that my wife requested the currency transaction without my knowledge. Unfortunately, mistakes were made around this transaction.

Thomas Jordan has been named interim SNB President.

Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
01/16	Producer & Import Prices	DEC	--	-0.8% / -2.4%
01/17	Credit Suisse Zew Survey	JAN	--	-72.0