

Valance Company, Inc.



Weekly

February 13, 2013

III

Highlights

US – Light week of data

EU – Industrial Production stronger than expected

JN – Tertiary Industry Activity increased in December

CA – Employment unexpectedly fell in January

United States

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Valance Co., Inc.

Valance Economic Report: *United States*

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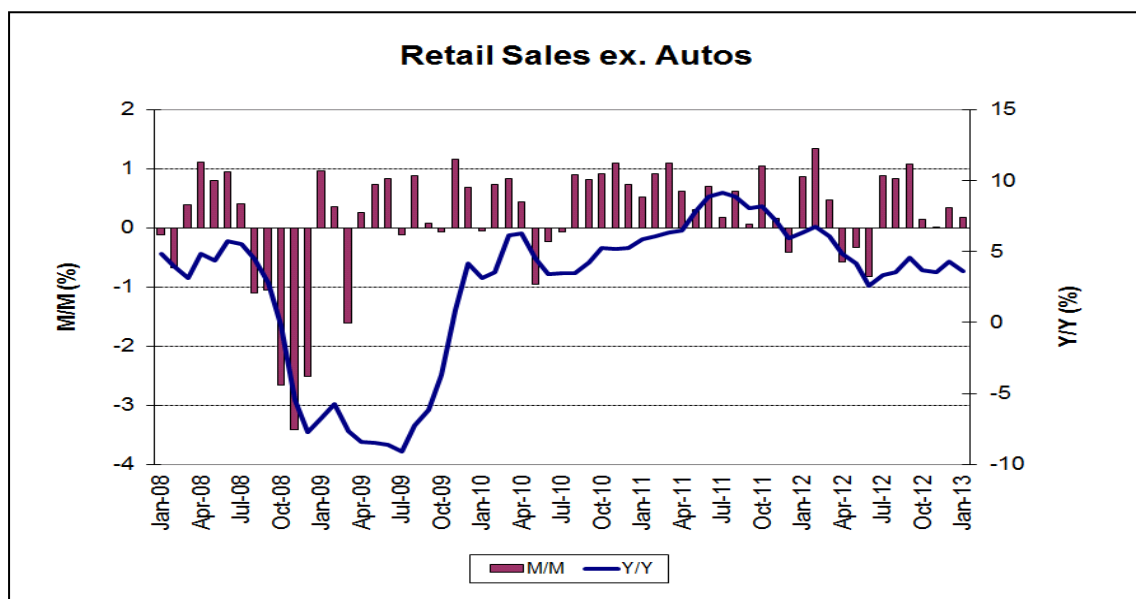
February 13, 2012

Light week of data in the US: Retail Sales were close to expectations but upward December revisions will be an additional push towards a positive reading for Q4 GDP.

Weekly Highlights

Retail Sales, ex. autos -gained 0.2 M/M and 3.6% Y/Y in January, slightly beating expectations. (US 1)

Weekly Releases
Chart of the Week: *Retail Sales ex. Autos*



Retail Sales, excluding autos, gained 0.2 M/M and 3.6% Y/Y in January. Headline Retail Sales rose 0.1% M/M and 4.4% Y/Y. Core Retail Sales (excluding gas, building materials and autos), increased 0.1% M/M, the three-month annualized rate increased to 6.0%.

US 1

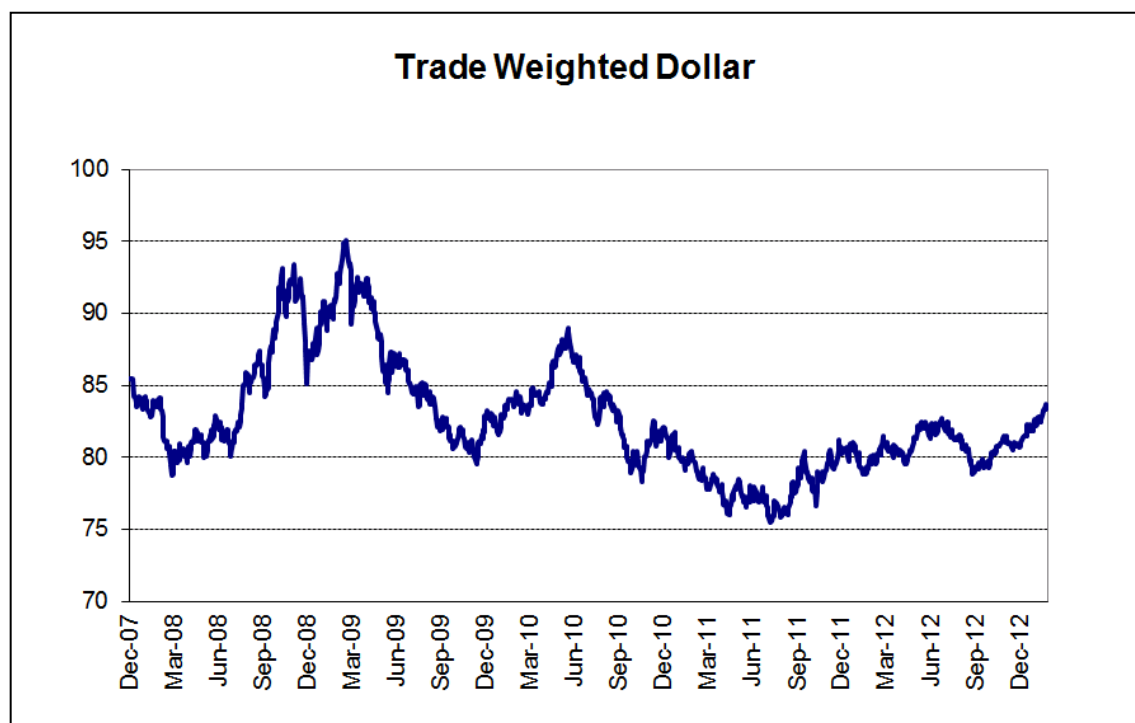
U.S. Financial Balances & Trade Weighted Dollar

Financial Balances

U.S.	Latest period (\$blns)	Last 12mth. as a % of GDP
Budget Balance	2.88 (Jan)	-6.5%
Trade Balance	-38.54 (Dec)	-3.4%
Current Account Balance	-103.0B (Q3)	-3.0%
Private Balance	--	5.3%

The budget deficit on a trailing twelve month basis as of January is 6.5% of GDP. The trade deficit as of December is 3.4% of GDP. The budget deficit is quite large but shrinking as expenditures are slowing and tax revenues increasing, the March 1st sequesters is the next risk to the deficit that is helping to build private balances and supporting economic growth.

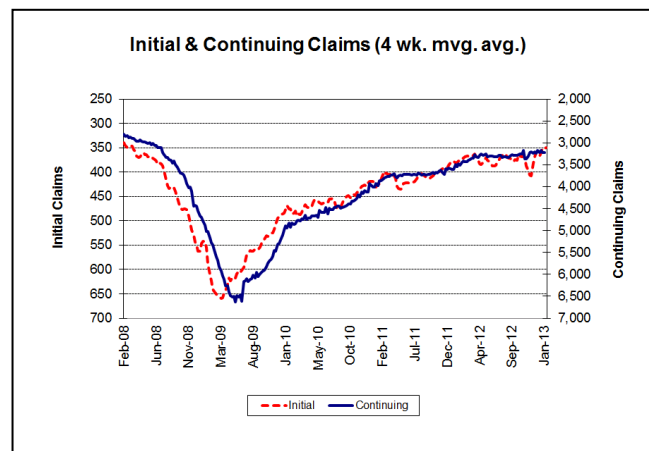
Trade Weighted Dollar



Initial Claims, Mortgage Apps, & Consumer Comfort

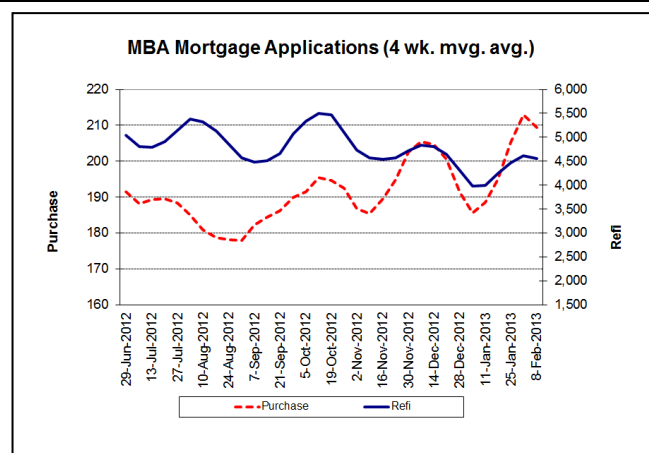
Initial Jobless Claims

Initial Claims dropped jumped from 371k to 366k. The four week moving average of Initial Claims declined 2k to 350.5k. Continuing Claims ticked lower from 3216k to 3224k.



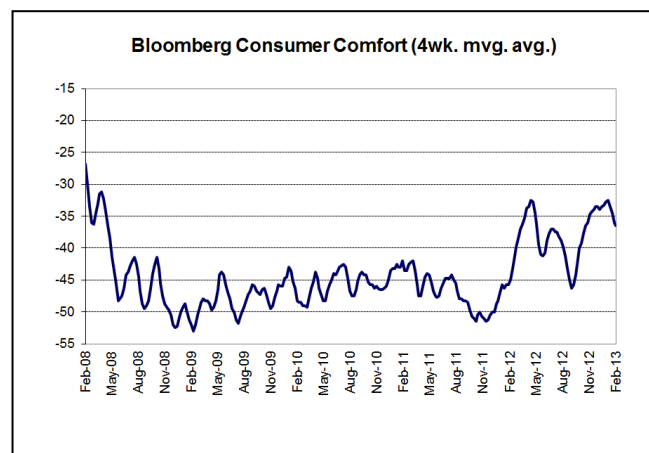
MBA Mortgage Applications

Purchase Mortgage Applications fell 9.5% W/W. Refi applications dropped 5.5% W/W. The FRM 30-year contract increased 2 bps to 3.75%, it is up of 25 bps from the December lows.



Consumer Comfort

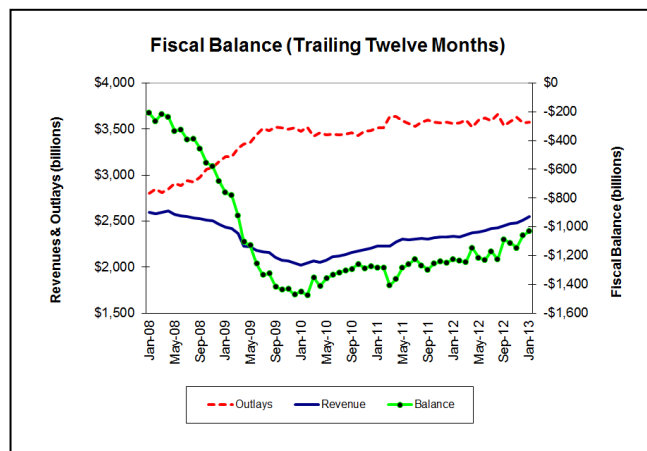
The Bloomberg Consumer Comfort Index improved from -37.5 to -36.3. Each component improved modestly.



Budget Statement, Import Price Index, & Trade Balance

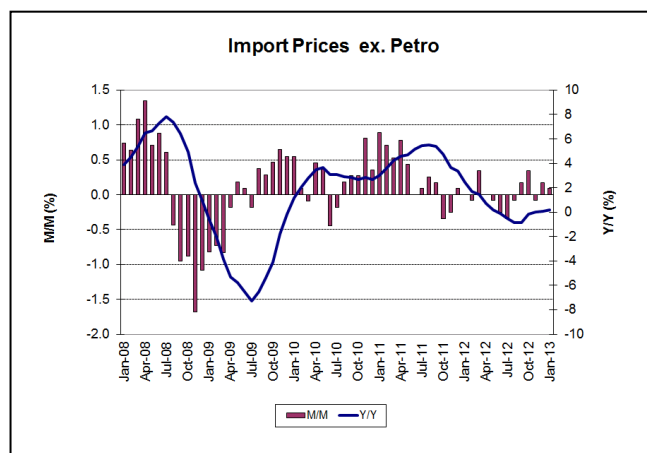
Monthly Budget Statement

The Fiscal Balance in January showed a surplus of \$2.88 bln versus a deficit of \$27.41 bln a year ago. Tax maneuvering due to the fiscal cliff was largely responsible for the surplus. On a trailing twelve month basis, the deficit narrowed to \$1,029.5 bln (6.5% of GDP).



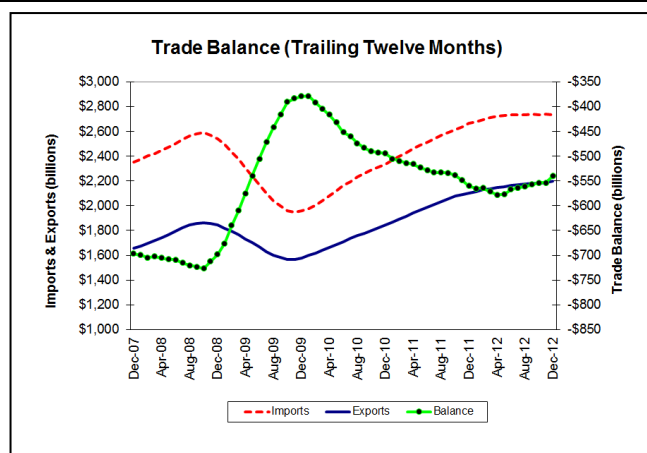
Import Price Index

Import Prices, excluding petroleum, rose 0.1% M/M and 0.2% Y/Y in January. Prices of all goods into the US increased 0.6% M/M but down 1.3% Y/Y. Goods from China prices declined 0.1% M/M and 1.0% Y/Y.



Trade Balance

The Trade Deficit fell from -\$48.6 bln to -\$38.5 bln in December. Total exports gained 2.2% M/M and 4.9% Y/Y. Imports declined 2.7% M/M and 2.0% Y/Y. The trailing twelve month trade deficit is now \$540.3 bln or 3.4% of GDP.



Key Dates This Week

Date	Indicators		Expectations	Previous
14-Feb	Initial Jobless Claims	9-Feb	360K	366K
14-Feb	Bloomberg Consumer Comfort	10-Feb	--	-36.3
15-Feb	Empire Manufacturing	Feb	-2	-7.78
15-Feb	Net Long-term TIC Flows	Dec	\$42.5B	\$52.3B
15-Feb	Industrial Production	Jan	0.20%	0.30%
15-Feb	Capacity Utilization	Jan	78.90%	78.80%
15-Feb	U. of Michigan Confidence	Feb P	74.8	73.8
19-Feb	NAHB Housing Market Index	Feb	48	47
20-Feb	MBA Mortgage Applications	15-Feb	--	-6.40%
20-Feb	Housing Starts	Jan	922K	954K
20-Feb	Housing Starts MOM%	Jan	-3.40%	12.10%
20-Feb	Building Permits	Jan	920K	903K
20-Feb	Building Permits MOM%	Jan	1.20%	0.30%
20-Feb	Producer Price Index (MoM)	Jan	0.40%	-0.20%
20-Feb	PPI Ex Food & Energy (MoM)	Jan	0.20%	0.10%
20-Feb	Producer Price Index (YoY)	Jan	--	1.30%
20-Feb	PPI Ex Food & Energy (YoY)	Jan	--	2.00%

Valance Economic Report: Euro Zone

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February 13, 2013

Industrial Production was stronger than expected in the Euro Area, in December, although the overall trend remains on a decline. On the monetary policy front, the ECB kept rates at 0.75% as expected.

Weekly Highlights

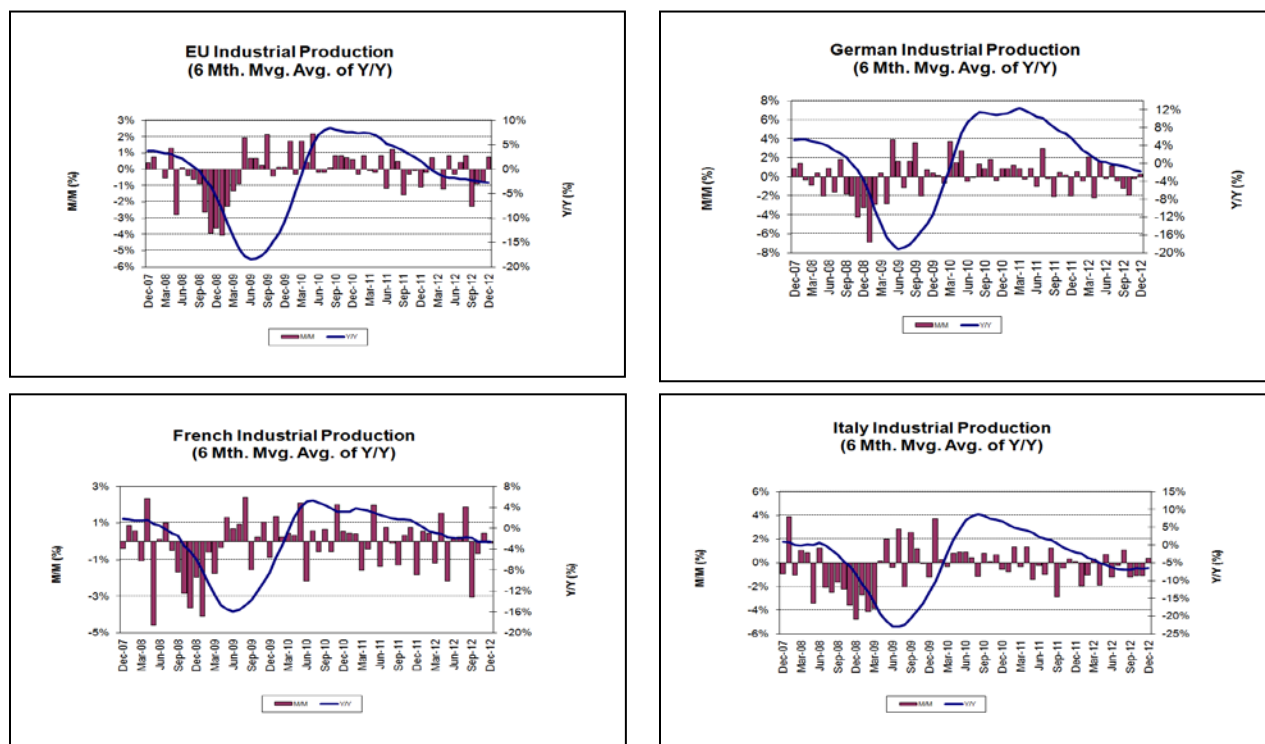
EU Industrial Production - increased above market expectations in December. (EU 1)

ECB – kept interest rates at 0.75%. (EU 2)

French Business Sentiment - increased from 94 in December to 95 in January. (EU 5)

Weekly Releases & News

Chart(s) of the Week: EU Industrial Production



EU Industrial Production increased 0.7% M/M in December, above market expectations for a 0.2% M/M gain. On a Y/Y basis, production fell 2.4%. German Industrial Production increased 0.3% M/M and fell 1.1% Y/Y in December versus market expectations for 0.2% M/M and -0.5% Y/Y. French Industrial Production fell 0.1% M/M and 2.1% Y/Y compared to market expectations for a 0.2% M/M and a 2.1% Y/Y decline. Italian Industrial Production increased 0.4% M/M and fell 6.6% Y/Y versus market expectations for a 0.3% M/M gain and a 6.9% Y/Y decline. Industrial Production for the Euro Area continues to trend lower but at a much slower pace.

EU 1

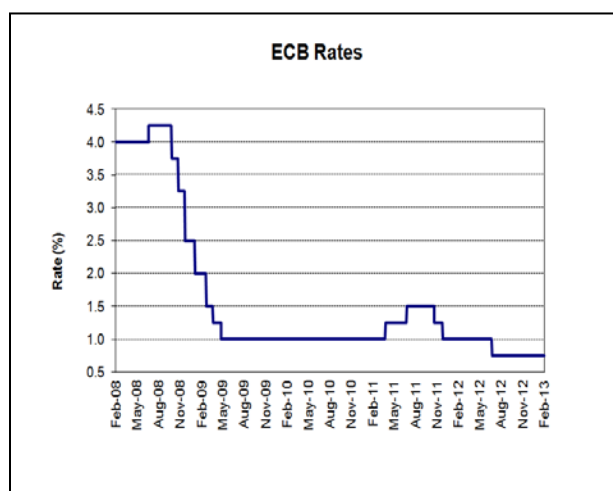
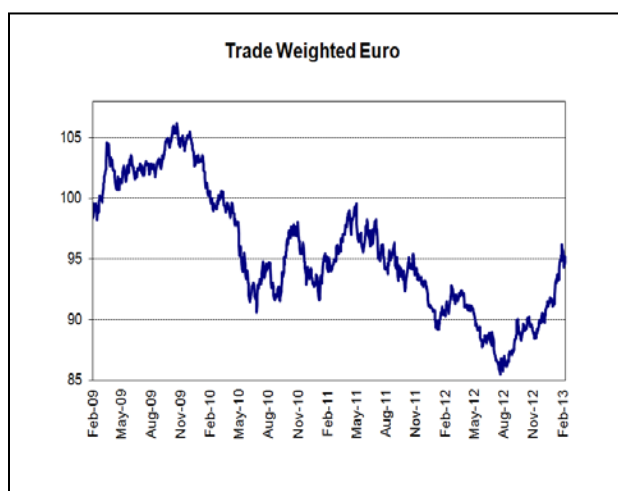
Euro Zone Financial Balances, Trade Weighted Euro & ECB Interest Rates

Financial Balances

<i>Germany</i>	<i>Last period (\$blns euros)</i>	<i>Last 12mth. as a % of GDP*</i>
Budget Balance		-4.3%
Trade Balance	17.0 (Nov)	2.0%
Current Account Balance	15.3 (Nov)	5.6%
Private Savings Balance		9.9%
<i>France</i>		
Budget Balance		-2.7%
Trade Balance	-4.3 (Nov)	-4.9 %
Current Account Balance	-2.9 (Nov)	-3.9%
Private Savings Balance		-1.2%
<i>Italy</i>		
Budget Balance		-4.5 %
Trade Balance	1.2 (Nov)	-7.7%
Current Account Balance	-0.2 (Oct)	-3.5%
Private Savings Balance		1.0%

**Source OECD*

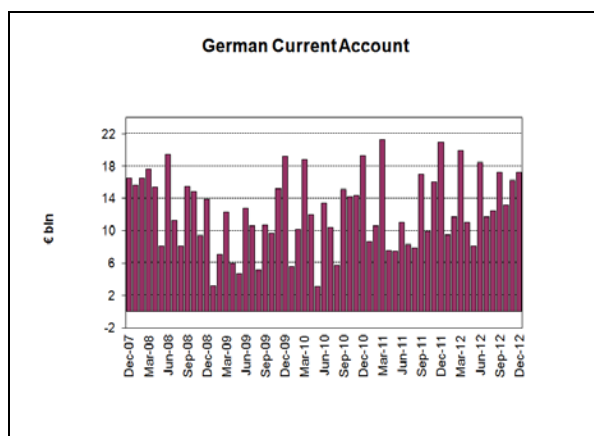
Trade-Weighted Exchange Rate & Interest Rate



German Current Account, Trade Balance & Exports

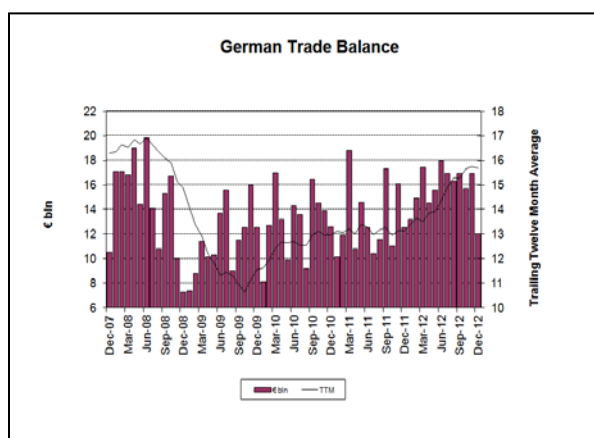
German Current Account

Germany's Current Account surplus widened from €16.9 bln in November to €17.3 bln in December. The Current Account balance stood at €20.9 bln in December 2011.



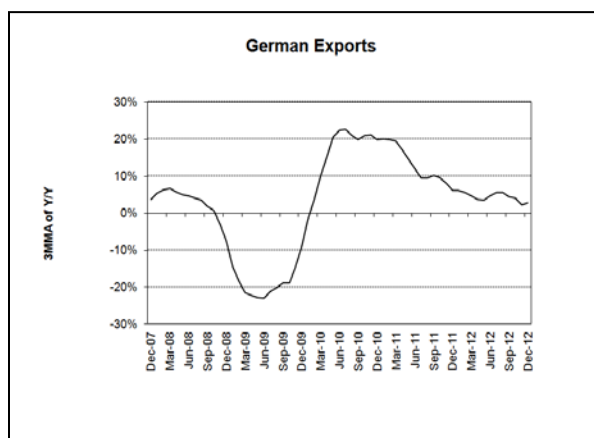
German Trade Balance

Germany's Trade surplus narrowed from €16.9 bln in November to €12.0 bln in December. The surplus stood at €12.5 bln in December 2012.



German Exports

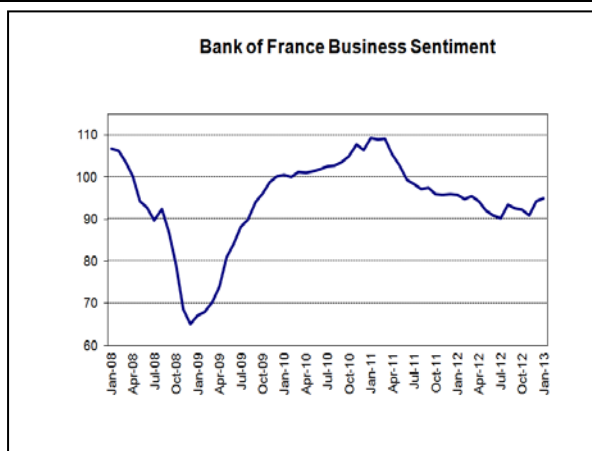
Exports increased 0.3% M/M and 3.4% Y/Y in December. Imports fell 1.3% M/M and 0.5% Y/Y.



Bank of France Business Sentiment, Trade Balance & Current Account

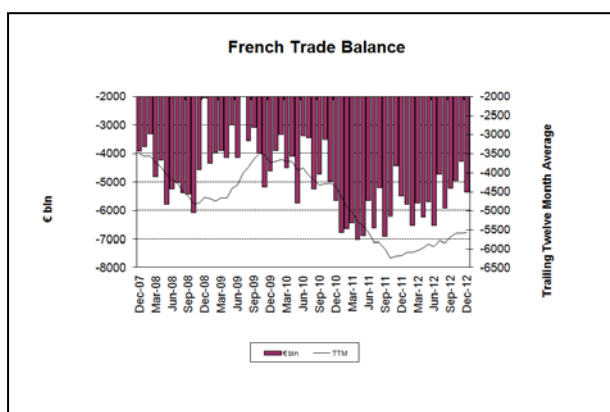
Bank of France Business Sentiment

French Business Sentiment unexpectedly increased from a revised 94 (previous 95) to 95 in January. Market expectations were for a reading of 93.



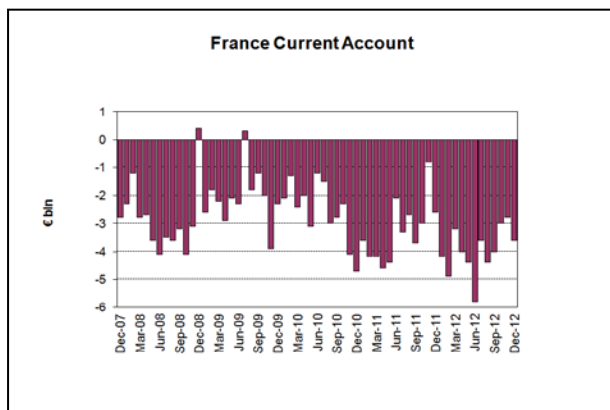
French Trade Balance

The French Trade deficit widened from €4.3 bln in November to €5.3 bln in December as imports increased more than exports. Exports increased 3.1% M/M and 4.7% Y/Y and Imports gain 5.4% M/M and 3.8% Y/Y. The Trade Balance stood at a deficit of €5.5 bln in December 2012.



French Current Account

French Current Account deficit widened from €2.8 bln in November to €3.6 bln in December. The Current Account balance stood at a deficit of €2.6 bln in December 2011.



News

February 11th - (Bloomberg) - Weidmann Says Euro Not Overvalued, Warns Against Weakening

“An exchange-rate policy to specifically weaken the euro would lead to higher inflation in the end,” ECB council member Jens Weidmann said. “Experience from previous, politically induced depreciations show that they don’t normally lead to a sustained increase in competitiveness,” Weidmann said. “Often, more and more depreciations are necessary. If more and more countries try to depress their currency, it will end in a depreciation competition, which will only produce losers.” Weidmann said exchange-rate developments “certainly are taken into account in monetary-policy decisions, given that they influence price developments.” “The problems can only be solved by politics, central banks can’t do it,” he said. “Therefore, the discussion about an allegedly overvalued euro is only diverting attention from the actual challenges.”

February 12th (Bloomberg) - Constancio Says ECB Only Looks at Euro for Inflation

Outlook - European Central Bank Vice President Vitor Constancio said the bank only takes the euro’s exchange rate into account when assessing the outlook for inflation.

“The only consideration that we do about the exchange rate is to see what is the effect it has on the prospects for future inflation, that’s the only consideration,” Constancio told reporters in Helsinki today. “The euro is a floating currency and we respect both the G-7 and G-20 principles” that a “floating currency should be left to the market and this means that the exchange rate as such for floating currencies should not be a target of policies,” he said.

Constancio also said that while “there is no currency war going on,” such an event “has to be avoided.”

February 12th (Bloomberg) - French Taxes May Hurt 2013 Growth, Deficit Target, Auditor

Says- The French government’s tax increases may eat into growth this year, making its budget-deficit target of 3 percent of gross domestic product difficult to achieve, the president of the country’s independent state auditor said today. “Meeting the 3 percent target would most probably require new and significant measures,” Didier Migaud said at a press conference. Socialist President Francois Hollande’s government’s focus on taxes rather than spending cuts may erode the government’s receipts by slowing growth, he said. The auditor, Cour des Comptes, is releasing its report today in Paris on the state of France’s public finances. The government has added 32 billion euros (\$43 billion) in tax increases this year, while earmarking public spending cuts of between 6 and 10 billion euros.

February 8th (WSJ) - EU Leaders Agree on a Budget Deal - European Union leaders struck a deal Friday on a seven-year budget. The deal calls for EU governments to contribute slightly less to this budget, after adjusting for inflation, than they did to the past seven-year funding plan. The deal will cap government contributions to the EU budget at €959.99 billion (\$1.29 trillion), a €35 billion decrease after adjusting for inflation from the last seven-year budget and down from €1.03 trillion the European Commission had originally proposed. Actual spending by the EU will be capped at €908 billion—a lower figure because not all spending programs are carried through in the period—compared with €943 billion for 2007-13.

Key Dates This Week

Date	Indicators			Expectations	Previous
14-Feb	EC	Euro-Zone GDP s.a. (QoQ)	4Q A	-0.40%	-0.10%
14-Feb	EC	Euro-Zone GDP s.a. (YoY)	4Q A	-0.70%	-0.60%
15-Feb	EC	Euro-Zone Trade Balance sa	Dec	11.5B	11.0B
15-Feb	EC	Euro-Zone Trade Balance	Dec	13.1B	13.7B
19-Feb	EC	ZEW Survey (Econ. Sentiment)	Feb	--	31.2
20-Feb	EC	Euro-Zone Consumer Confidence	Feb A	--	-23.9
14-Feb	GE	GDP s.a. (QOQ)	4Q P	-0.50%	0.20%
14-Feb	GE	GDP wda (YoY)	4Q P	0.50%	0.90%
14-Feb	GE	GDP nsa (YoY)	4Q P	0.20%	0.40%
19-Feb	GE	Zew Survey (Current Situation)	Feb	--	7.1
19-Feb	GE	ZEW Survey (Econ. Sentiment)	Feb	--	31.5
20-Feb	GE	Producer Prices (MoM)	Jan	--	-0.30%
20-Feb	GE	Producer Prices (YoY)	Jan	--	1.50%
20-Feb	GE	Consumer Price Index (MoM)	Jan F	--	-0.50%
20-Feb	GE	Consumer Price Index (YoY)	Jan F	--	1.70%
14-Feb	FR	Gross Domestic Product (QoQ)	4Q P	-0.20%	0.10%
14-Feb	FR	Gross Domestic Product (YoY)	4Q P	-0.20%	0.00%
14-Feb	FR	Wages (QoQ)	4Q P	0.50%	0.40%
14-Feb	FR	Non-Farm Payrolls (QoQ)	4Q P	-0.20%	-0.30%
20-Feb	FR	Own-Company Production Outlook	Feb	--	-15
20-Feb	FR	Production Outlook Indicator	Feb	--	-36
20-Feb	FR	Business Confidence Indicator	Feb	--	86
20-Feb	FR	CPI - EU Harmonised (MoM)	Jan	--	0.40%
20-Feb	FR	CPI - EU Harmonised (YoY)	Jan	--	1.50%
20-Feb	FR	Consumer Price Index (MoM)	Jan	--	0.30%
20-Feb	FR	Consumer Price Index (YoY)	Jan	--	1.30%
20-Feb	FR	CPI Ex Tobacco Index	Jan	--	125.02
14-Feb	IT	GDP sa and wda (QoQ)	4Q P	-0.60%	-0.20%
14-Feb	IT	GDP sa and wda (YoY)	4Q P	-2.20%	-2.40%
15-Feb	IT	Trade Balance (Total) (Euros)	Dec	3090M	2363M
15-Feb	IT	Trade Balance Eu (Euros)	Dec	--	508M
15-Feb	IT	Current Account (mlns euro)	Dec	--	683M
15-Feb	SP	CPI (EU Harmonised) (MoM)	Jan	-1.90%	0.00%
15-Feb	SP	CPI (EU Harmonised) (YoY)	Jan F	2.80%	2.80%

Valance Economic Report: Japan

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January 13, 2013

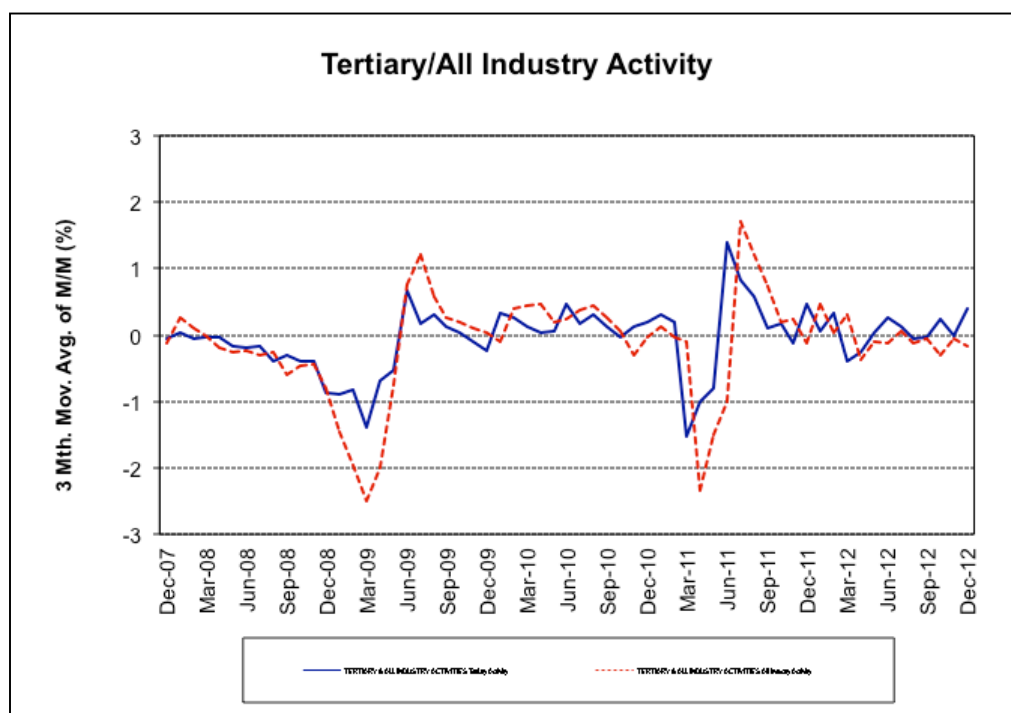
This week's data was largely positive as Tertiary Industry Activity, CGPI, Consumer Sentiment and Machinery Orders all improved.

Weekly Highlights

Tertiary Industry Activity – increased 1.4% M/M and 0.2% Y/Y in December. (JN 1)

CGPI – increased 0.4% M/M and dropped 0.2% Y/Y in January. (JN 4)

Chart of the Week: *Tertiary Industry Activity*



The Tertiary Industry Index increased 1.4% M/M and 0.2% Y/Y in December, against market expectations for a 0.7% M/M increase. The increase occurred as the decline in wholesale/retail was outweighed by gains in finance/insurance, IT, electricity/gas, and goods/leasing.

Financial Balances

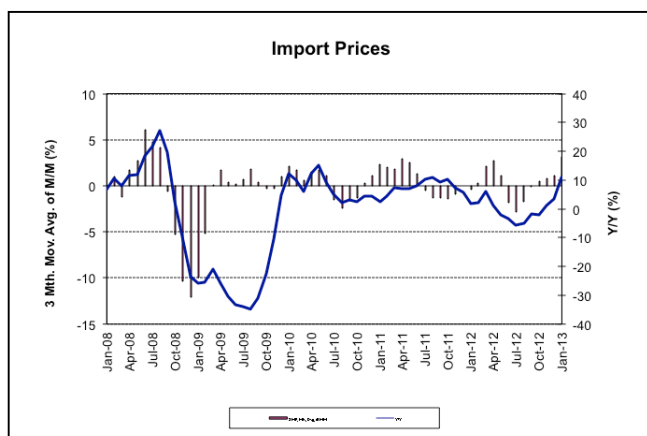
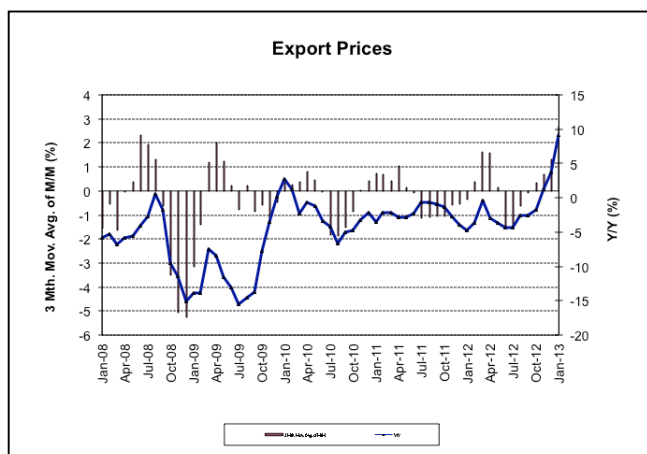
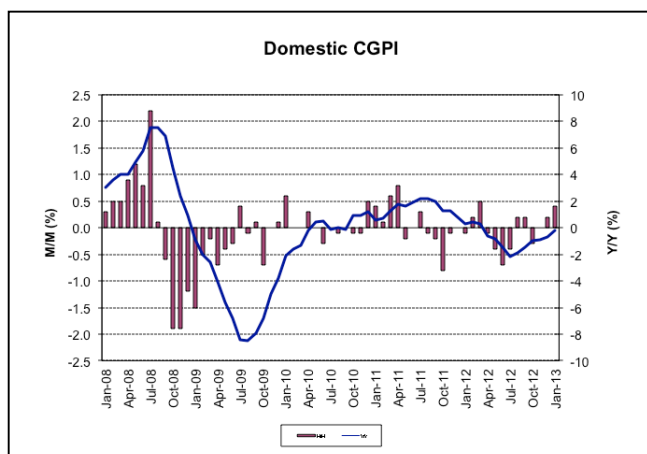
<i>Japan</i>	<i>Last period (¥trln)</i>	<i>Last 12mth. as a % of GDP</i>
Budget Balance	-3.50 (Dec)	-6.9%
Trade Balance	0.58 (Dec)	1.5%
Current Account Balance	1.87 (Dec)	3.5%
Private Balance	--	11.6%

Japanese Yen (Trade-Wtd.)

CGPI, Export & Import Prices

Corporate Goods Prices increased 0.4% M/M and dropped 0.2% Y/Y in January. Export prices increased 0.4% M/M and declined 0.6% Y/Y. Import prices increased 0.3% M/M and declined 0.8% Y/Y.

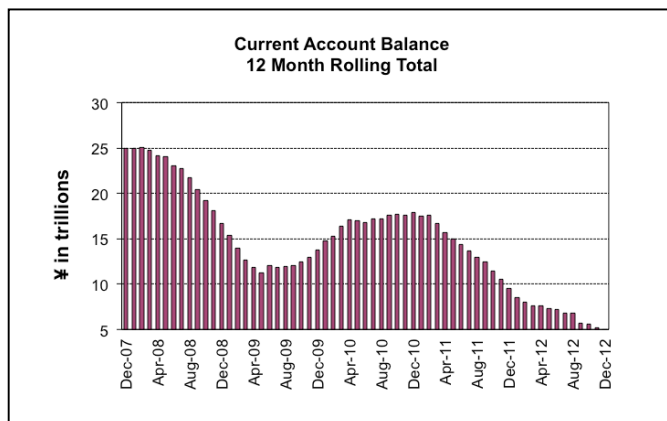
The monthly increase in prices was attributed to gains in manufacturing and scrap/waste, which outweighed losses in agriculture, minerals, and utilities.



Consumer Sentiment & Bank Lending

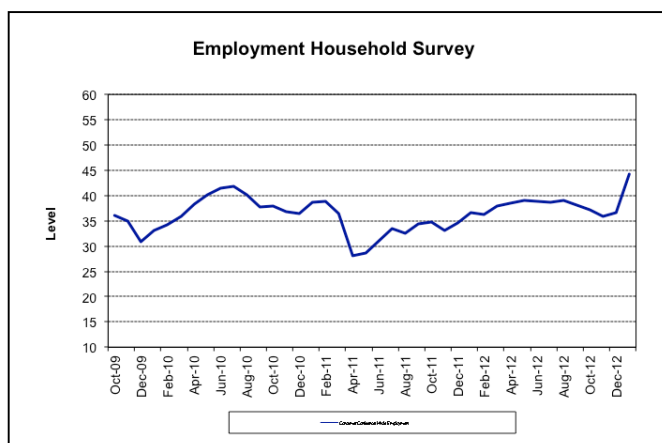
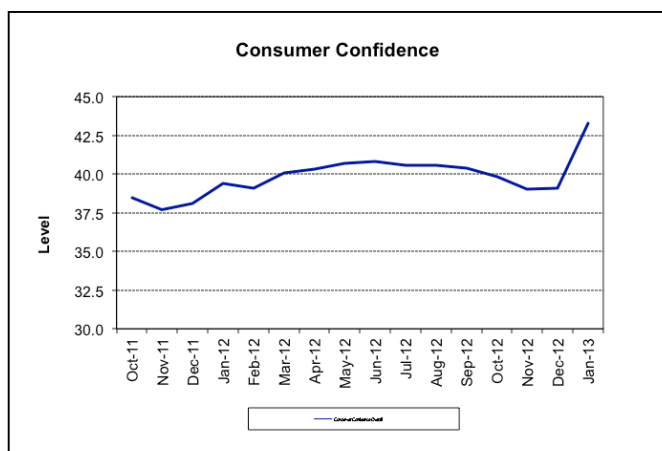
Current Account Surplus

The adjusted Current Account Balance declined from Y225.9 bln to Y98.1 bln in December, against the market's expected increase to Y230.8 bln. Imports increased 2.3% M/M and 0.8% Y/Y. Exports increased 0.4% M/M and dropped 6.9% Y/Y.



Consumer Sentiment

Consumer Sentiment increased from 39.2 to 43.3 in January. This occurred as overall livelihood increased 3.1pts to 42.6, income growth increased 1.9pt to 40.7, employment increased 7.6pts to 44.9, and willingness to buy durable goods increased 3.5pts to 44.8.

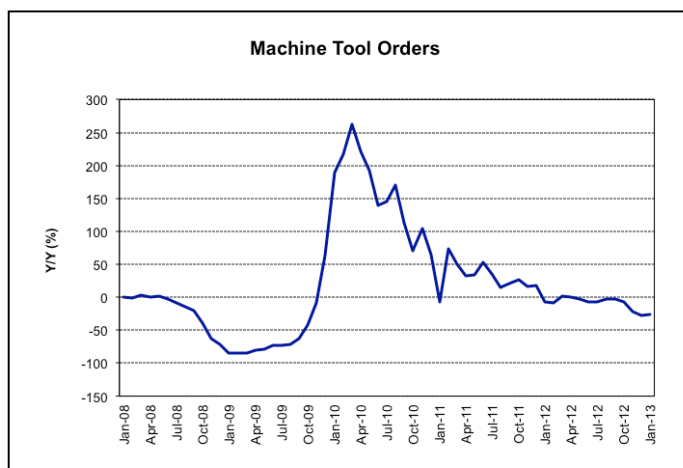
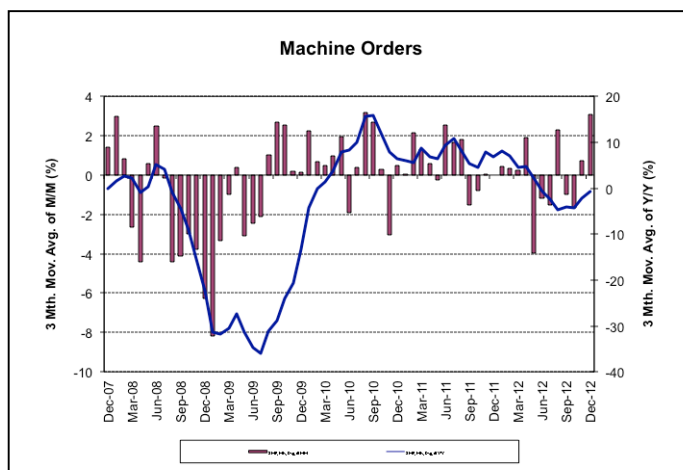


Machinery Orders & Leading Index

Machine Orders & Machine Tool Orders

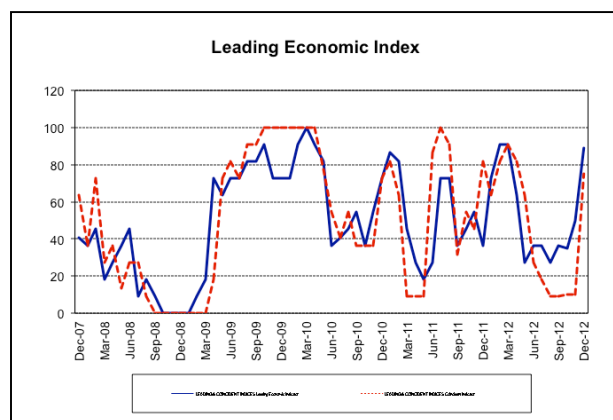
Core Machinery Orders increased 2.8% M/M and declined 3.4% Y/Y in December. This was significantly better than the 0.8% M/M and 3.9% Y/Y decline the market expected and occurred on monthly strength in manufacturing, despite a decline in non-manufacturing orders.

Final data on Machinery Tool Orders indicates that it declined 26.1% Y/Y in January.



Leading & Coincident Index

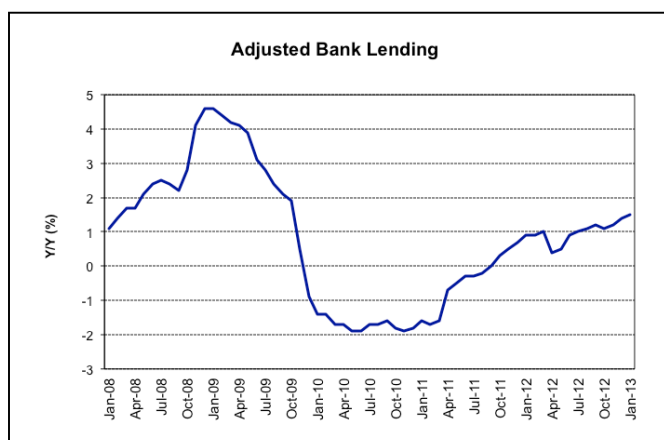
The Preliminary Leading Index DI increased from 50.0 to 88.9 in December. The Coincident index increased from 10.0 to 75.0. The Preliminary Leading Index CI increased 1.4pts to 93.4 while the Coincident Index CI increased 2.5pts to 92.7. This was roughly in line with the market's expected increase of 93.6 and 92.6 respectively.



Bank Lending, Eco Watcher's Survey & Bankruptcies

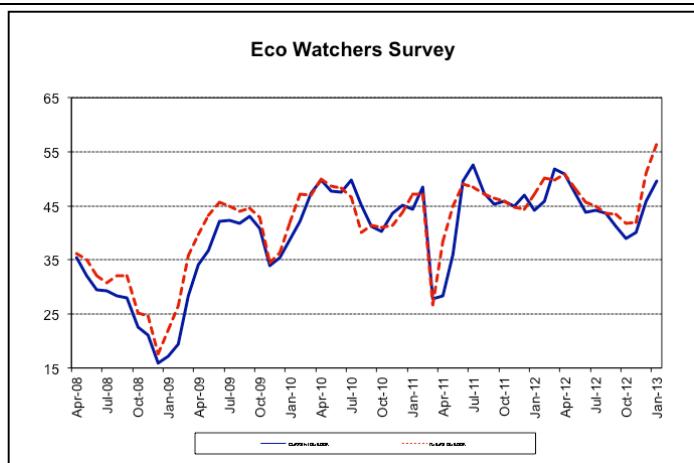
Bank Lending

Adjusted Bank Lending excluding trusts increased 1.6% Y/Y in January, against market expectations for a 1.1% Y/Y increase.



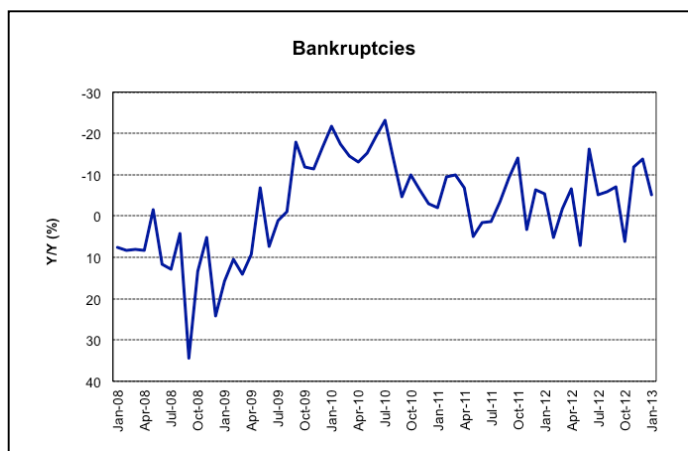
Eco Watchers Survey

In January, the Eco Watchers Survey for current conditions increased from 45.8 to 49.5 against market expectations for an increase to 48.0. The outlook component of the survey increased from 51.0 to 56.5 against expectations for an increase to 52.0.



Bankruptcies

Corporate Bankruptcies declined 5.2% Y/Y in January.



Key Dates This Week

<i>Date</i>	<i>Indicator</i>	<i>Expectation</i>	<i>Previous</i>
2/13	Gross Domestic Product (QoQ)	0.10%	-0.90%
2/13	GDP Annualized	0.40%	-3.50%
2/13	Nominal GDP (QoQ)	0.00%	-0.90%
2/13	GDP Deflator YoY	-0.60%	-0.80%
2/13	Tokyo Condominium Sales (YoY)	N/A	-3.00%
	BOJ Target Rate	0.10%	0.10%
2/14	Industrial Production (MoM)	N/A	2.50%
2/14	Industrial Production YOY%	N/A	-7.80%
2/14	Capacity Utilization (MoM)	N/A	-0.20%
2/15	Bank of Japan's Monthly Economic Report History (Table)	N/A	N/A
2/18	Machine Tool Orders (YoY)	N/A	-26.10%
2/19	Leading Index CI	N/A	93.4
2/19	Coincident Index CI	N/A	92.7
2/19	Merchnds Trade Balance Total	N/A	-¥641.5B
2/19	Adjusted Merchnds Trade Bal.	N/A	-¥800.7B
2/19	Merchnds Trade Exports YoY	N/A	-5.8
2/19	Merchnds Trade Imports YoY	N/A	1.9
2/19	All Industry Activity Index (MoM)	N/A	-0.30%
2/20	Convenience Store Sales YoY	N/A	-2.00%

Valance Economic Report: **United Kingdom**

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January 13, 2013

Headline CPI remained unchanged Y/Y in December. Producer prices increased M/M although RPI declined.

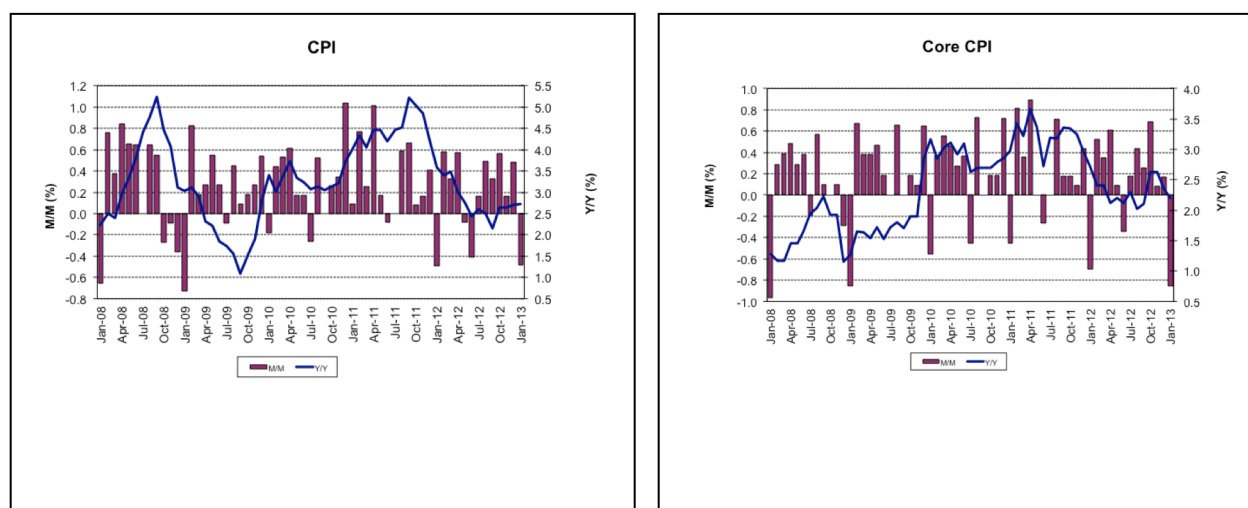
Weekly Highlights

CPI – Headline declined 0.5% M/M and increased 2.7% Y/Y in August. (UK 1)

PPI – increased 1.3% M/M and 1.8% Y/Y in January. (UK 3)

Weekly Releases & News

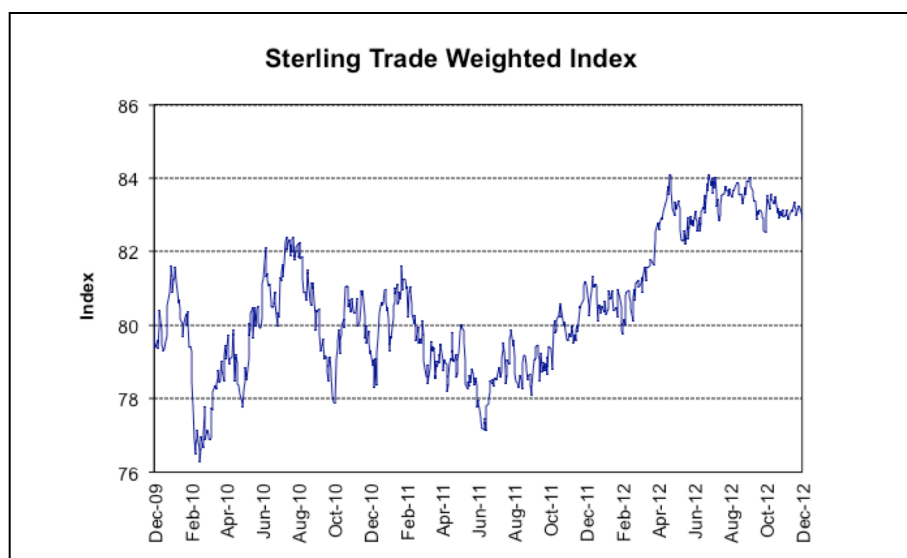
Charts of the Week: *Headline CPI & Core CPI Growth*



Headline CPI declined 0.5% M/M and increased 2.7% Y/Y. Core CPI declined 0.9% M/M and increased 2.3% Y/Y. This was a tick below the market's expected 2.4% Y/Y increase. For headline CPI, the yearly growth rate was unchanged and the highest rate since May.

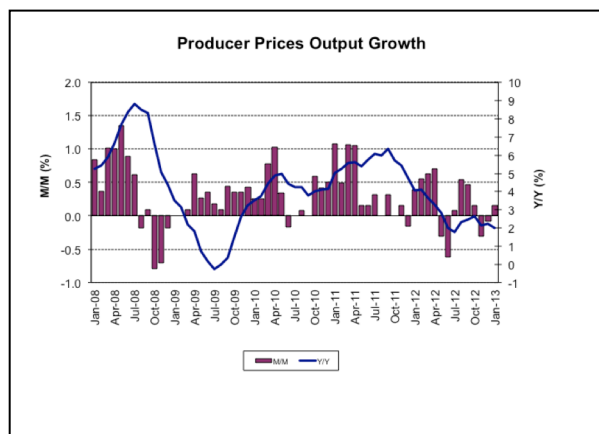
Financial Balances, FX & BoE Overnight Rate

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

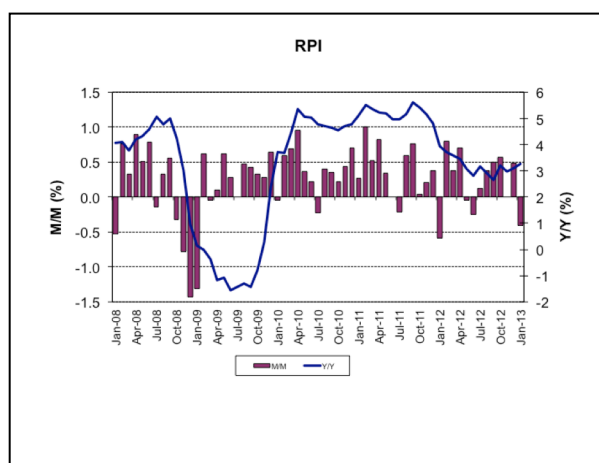


PPI, RPI**PPI**

Input PPI increased 1.3% M/M and 1.8% Y/Y in January, rising faster than the 0.9% M/M and 1.0% Y/Y gain the market expected. Output PPI increased 0.2% M/M and 2.0% Y/Y, in line with market expectations. Meanwhile Core Output increased 0.2% M/M and 1.4% Y/Y, a tick faster than the 0.1% M/M gain the market expected.

**RPI**

RPI declined 0.4% M/M and increased 3.3% Y/Y against market expectations for a 0.5% M/m decline and a 3.2% Y/Y increase.

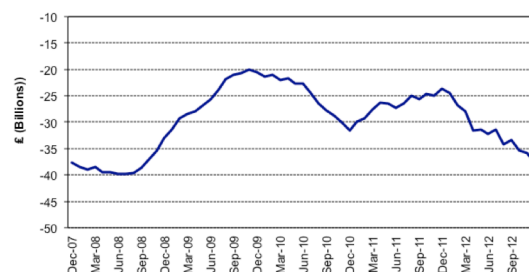


DCLG House Prices

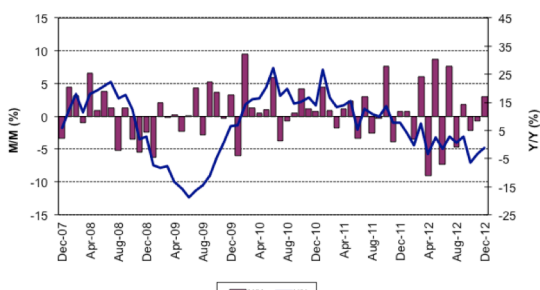
Trade Balance

The Visible Trade Balance increased from a revised -£9275 bln in November (originally -£9164 bln) to -£8897 bln, against market expectations for an increase to -£8900.

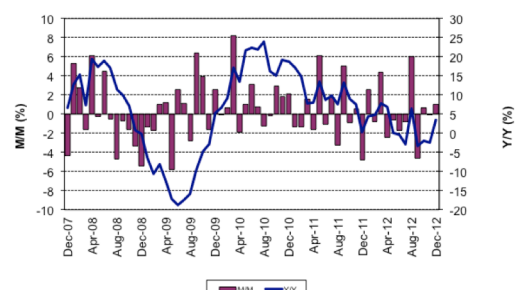
Trade Balance (Trailing 12 months)



Export Growth



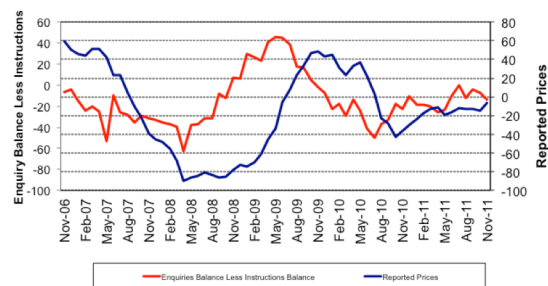
Import Growth



RICS House Price Survey

The RICS House Price Survey declined from -1% to -4% in January against expectations for an increase to +1%. Within the details, price expectations were unchanged at +1. Sales expectations declined from +22 to +7. New buyer enquiries declined from +10 to -9. New instructions declined from +1 to -5. Agreed sales increased from +2 to +15.

RICS Reported Prices versus Enquiries Balance Less Instructions Balance



News

News

NIESR GDP Estimate – The National Institute of Economic and Social Research announced that the British economy posted no growth in the three months through January.

Lloyd's Employment Confidence – Declined from -42 to -45 in January.

BOE –Announced no change in its key rate (0.50%). Its asset purchase target remained unchanged at 375 bln as well.

Key Dates This Week

Date	Indicator	Month	Expectation	Previous
2/15	Retail Sales Ex Auto Fuel(MoM)	Jan	0.50%	-0.30%
2/15	Retail Sales Ex Auto Fuel(YoY)	Jan	1.60%	1.10%
2/15	Retail Sales w/Auto Fuel (MoM)	Jan	0.50%	-0.10%
2/15	Retail Sales w/Auto Fuel (YoY)	Jan	0.90%	0.30%
2/17	Rightmove House Prices (MoM)	Feb	N/A	0.20%
2/17	Rightmove House Prices (YoY)	Feb	N/A	2.40%
2/20	Bank of England Minutes		N/A	N/A
2/20	Claimant Count Rate	Jan	N/A	4.80%
2/20	Jobless Claims Change	Jan	N/A	-12.1K
2/20	Average Weekly Earnings 3M/YoY	Dec	N/A	1.50%
2/20	Weekly Earnings exBonus 3M/YoY	Dec	N/A	1.40%
2/20	ILO Unemployment Rate (3mths)	Dec	N/A	7.70%
2/20	Employment Change (3M/3M)	Dec	N/A	90K

Valance Economic Report: Canada

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February 13, 2013

The Canadian economy unexpectedly lost 21.9K jobs in January, posting the first decline in six months. The Trade Deficit narrowed in December as exports fell less than imports.

Weekly Highlights

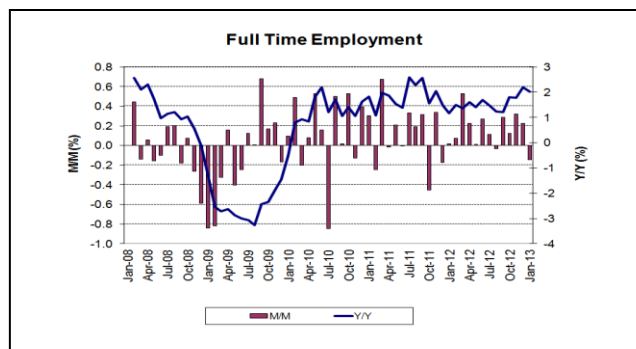
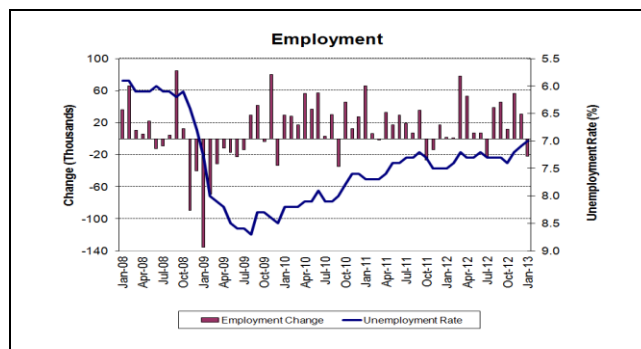
Canadian economy – loss 21.9K jobs in January. (CA 1)

New House Prices - gained 0.2% M/M and 2.3% Y/Y in December. (CA 3)

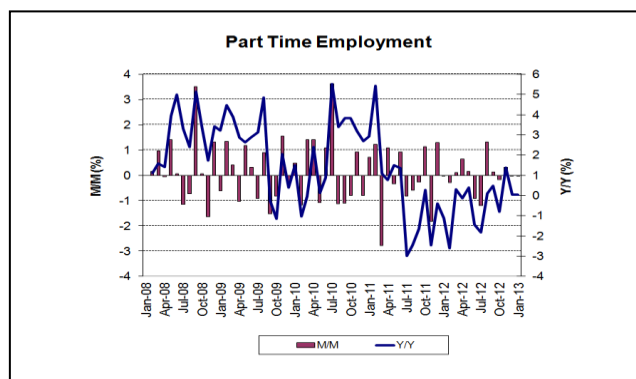
Trade Deficit - narrowed from C\$1.7 bln in November to C\$0.9 bln in December. (CA 4)

Weekly Releases & News

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



The Canadian economy unexpectedly loss 21.9K jobs in January compared to market expectations for a 5K gain. The Unemployment Rate decreased from 7.1% to 7.0% as the labor force decreased by 57.5K. Market expectations were for unemployment to increase to 7.2%. Full-time employment decreased by 20.6K, while part-time employment decreased by 1.4 K jobs.

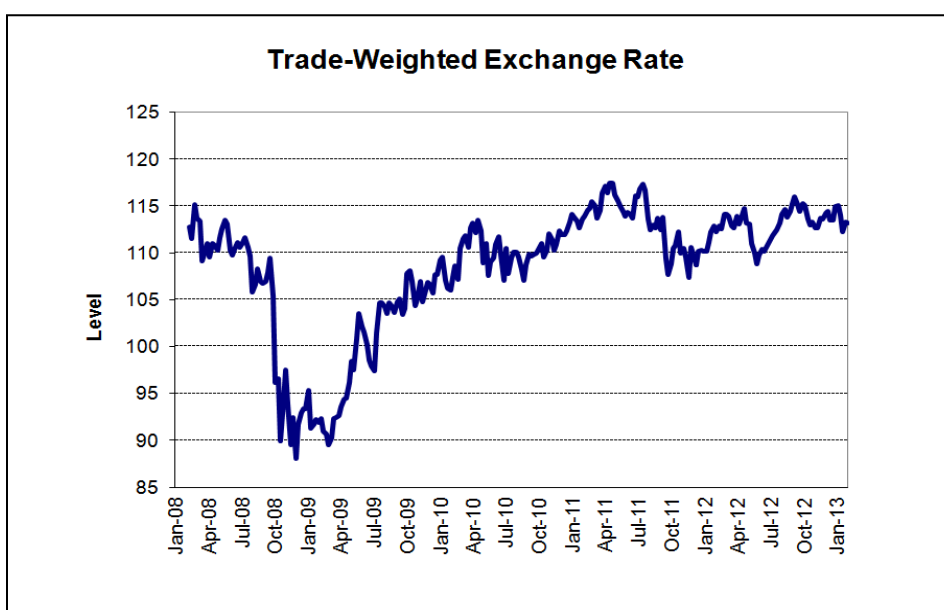


Financial Balances & Trade Weighted Exchange Rate

Financial Balances

<i>Canada</i>	<i>Latest period (C\$bln)</i>	<i>Last 12mth. as % of GDP</i>
Budget Balance	-2.7 (Sep)	-2.3%
Trade Balance	-1.7 (Dec)	-1.4%
Current Account Balance	-18.9 (Q3)	-6.3%
Private Balance	--	-4.0%

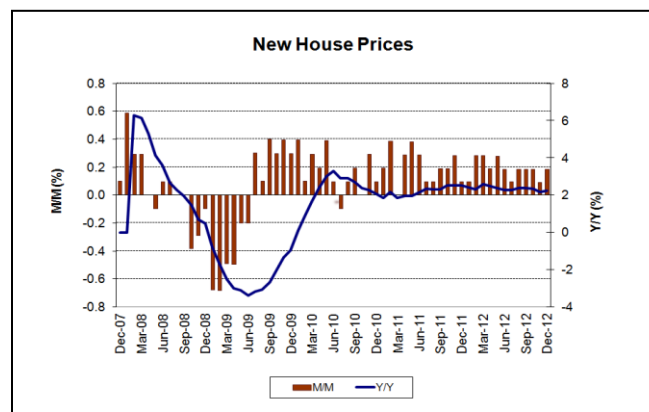
FX



New House Prices, Housing Starts & Building Permits

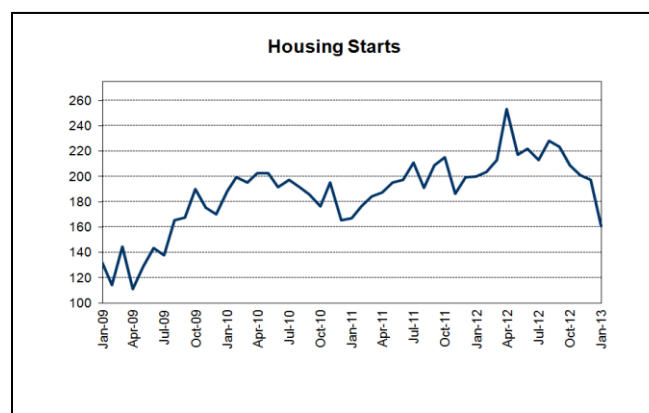
New House Prices

New House Prices gained 0.2% M/M and 2.3% Y/Y in December above market expectations for a reading 0.1% M/M and 2.2% Y/Y. The Y/Y growth has been relatively stable at around 2.3% over the past two years.



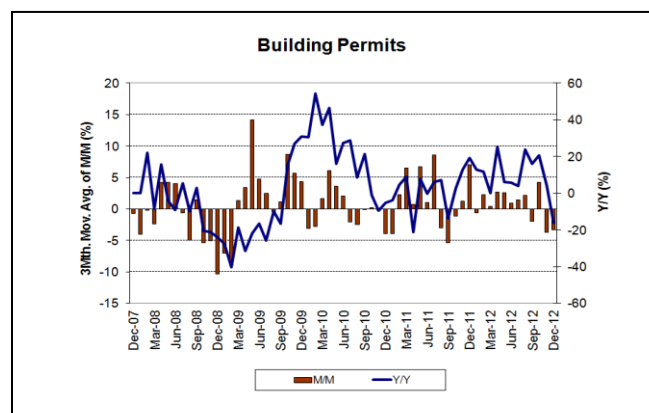
Housing Starts

Housing Starts fell sharply at 18.5% M/M and 19.7% Y/Y in January. Total starts decreased from 197.1K to 160.6K versus market expectations for a reading of 195.0K.



Building Permits

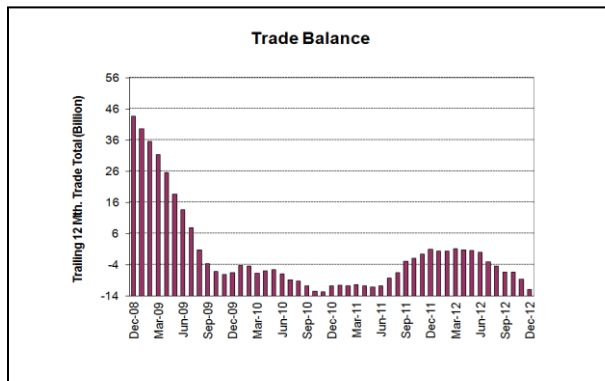
Building Permits unexpectedly fell 11.8% M/M in December versus market expectation for a 5.0% M/M gain. Residential and non residential permits fell 13.1% M/M and 8.5% M/M, respectively. Y/Y growth was 16.2%.



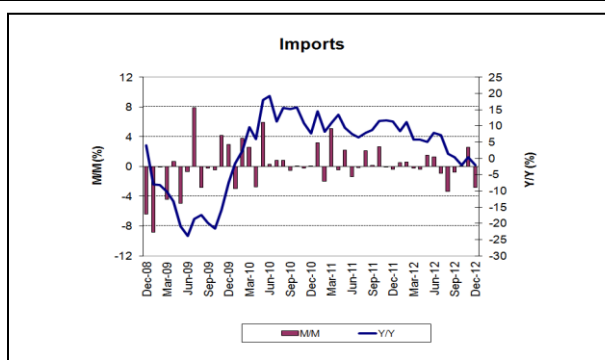
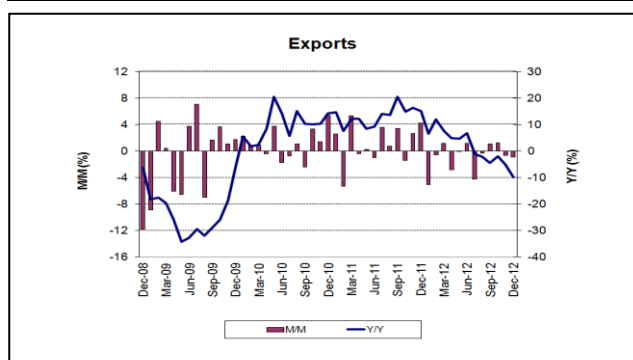
Trade Data

Trade Balance

Canada's Trade Deficit narrowed from C\$1.7 bln in November to C\$0.9 bln in December, as imports fell more than exports. The reading for November was revised down from -C\$2.0 bln to -C\$1.7 bln. The trade balance stood at a surplus of C\$2.4 bln in December 2011.



Exports & Imports



Exports fell 1.0% M/M and 9.9% Y/Y in December. Decreases in exports of energy products and motor vehicles and parts were partly offset by gains in metal ores and non-metallic minerals. Imports decreased 2.8% M/M and 2.1% Y/Y mainly as a result of a decrease in imports of lubricants and other petroleum refinery products.

Key Dates This Week

Date	Indicators		Expectations	Previous
14-Feb	Bloomberg Feb. Canada Economic Survey			
15-Feb	Manufacturing Sales MoM	Dec	-0.80%	1.70%
15-Feb	Existing Home Sales MoM	Jan	--	-0.50%
19-Feb	Int'l Securities Transactions	Dec	--	5.62B
19-Feb	Wholesale Sales MoM	Dec	--	0.70%
20-Feb	Teranet/National Bank HPI MoM%	Jan	--	-0.40%
20-Feb	Teranet/National Bank HPI YoY%	Jan	--	3.10%
20-Feb	Teranet/National Bank HP Index	Jan	--	153.45

Valance Economic Report: Australia

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February 13, 2013

In December, Retail Sales rose less than expected. Both the NAB Business Confidence and Westpac Consumer Confidence rebounded in January.

Weekly Highlights

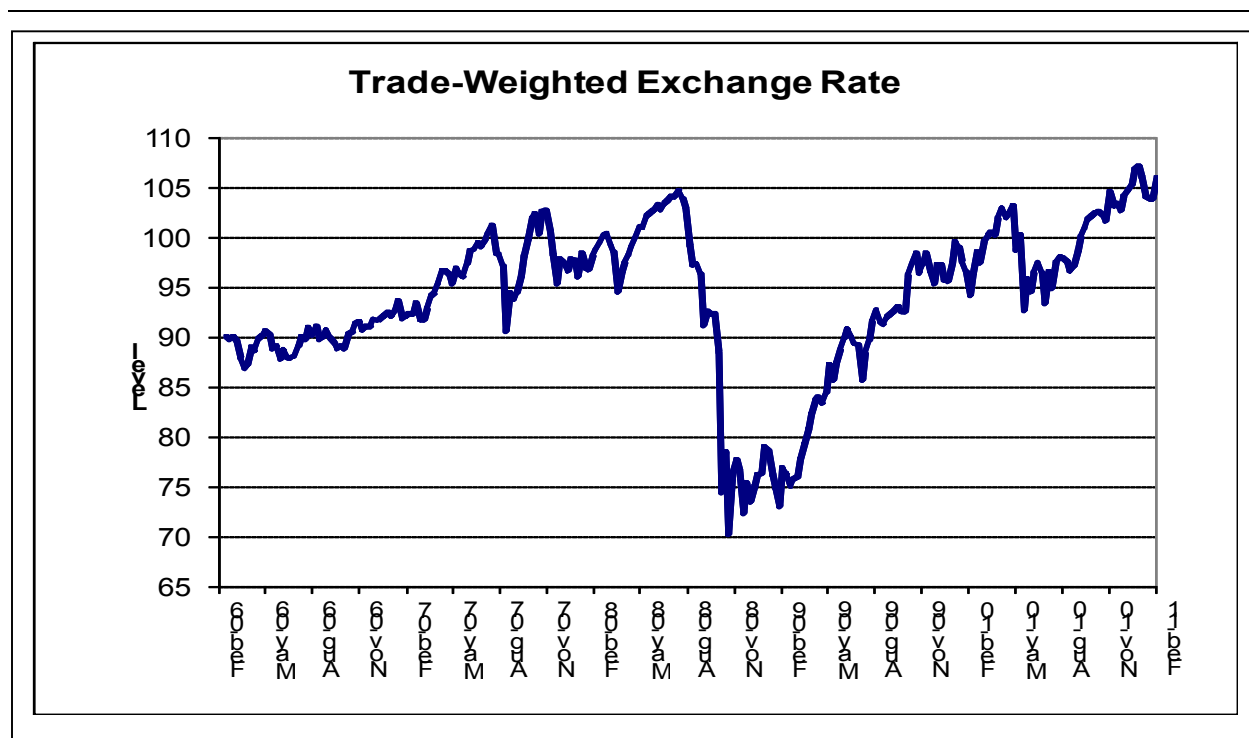
Westpac Consumer Confidence – rose 7.7% M/M in February. (AU 2)

NAB Business Conditions - index increased from -5 to -2pts on January. (AU 2)

NAB Business Confidence Survey - Index increased from 2 to 3 in January. (AU 2)

Weekly Releases & News

Chart of the Week: FX

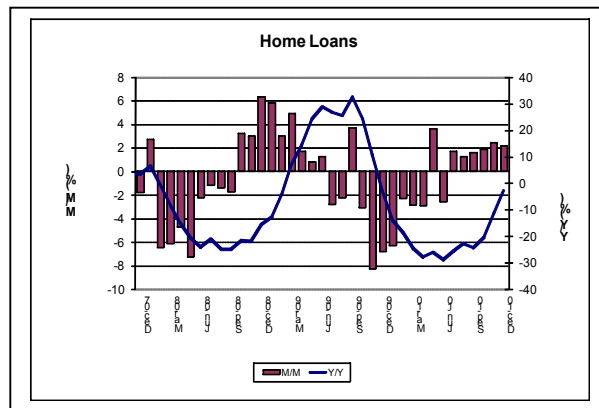


Home Loans & Data

AU 1

Home Loans

Home loans fell 1.5% M/M in December after falling 0.7% M/M in November. Y/Y, the number of loans fell 4.7%. Lending to owner-occupied fell 2.7% M/M and investment lending fell 2.4% M/M.



Data

Westpac/MI Consumer Confidence:

The Consumer Sentiment Index rose 7.7% M/M in February after falling rising 0.6% M/M in January (5 month low). Y/Y the index rose 7.2%. The index is currently at 108.3, compared to the reading of 101.1 from a year ago. A reading above 100 indicates optimists outnumbered pessimists.

NAB Business Confidence Survey:

The Australian Business Confidence Index increased for 2 to 3 in January. The Business Conditions Index increased from -5 to -2pts.

RBA Quarterly Monetary Policy Statement

The RBA Comments:

Global economic developments have, on balance, been more positive in recent months after economic conditions weakened earlier in 2012. There have been further signs that the Chinese economy has stabilized, underpinned by public spending and accommodative financial policies. This has provided some additional support for commodity prices and activity in east Asia, outside of Japan. In Japan, the new government has announced plans to boost domestic economic activity and combat deflation. In the United States, the full extent of the large fiscal consolidation that had been legislated to commence

Key Dates This Week

Date	Indicator	Month	Expectation	Previous
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AU 3

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17-Feb	New Motor Vehicle Sales M/M	Jan	--	2.2%
17-Feb	New Motor Vehicle Sales Y/Y	Jan	--	17.9%
18-Feb	RBA Policy Meeting - February Minutes			
19-Feb	Conference Board Leading Index	Dec	--	-0.2%
19-Feb	Westpac Leading Index (M/M)	Dec	--	0.6%
19-Feb	DEWR Internet Skilled Vacancies M/M	Jan	--	-2.8%
19-Feb	Wage Cost Index Q/Q	4Q	--	0.7%
19-Feb	Wage Cost Index Y/Y	4Q	--	3.7%
20-Feb	RBA Foreign Exchange Transactn	Jan	--	752M

Valance Co., Inc.

Valance Economic Report: New Zealand

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February 13, 2013

This week's data was subdued highlighting the REINZ Housing Survey showing the housing market remained very weak in January. Total and Retail Credit card spending rose in January.

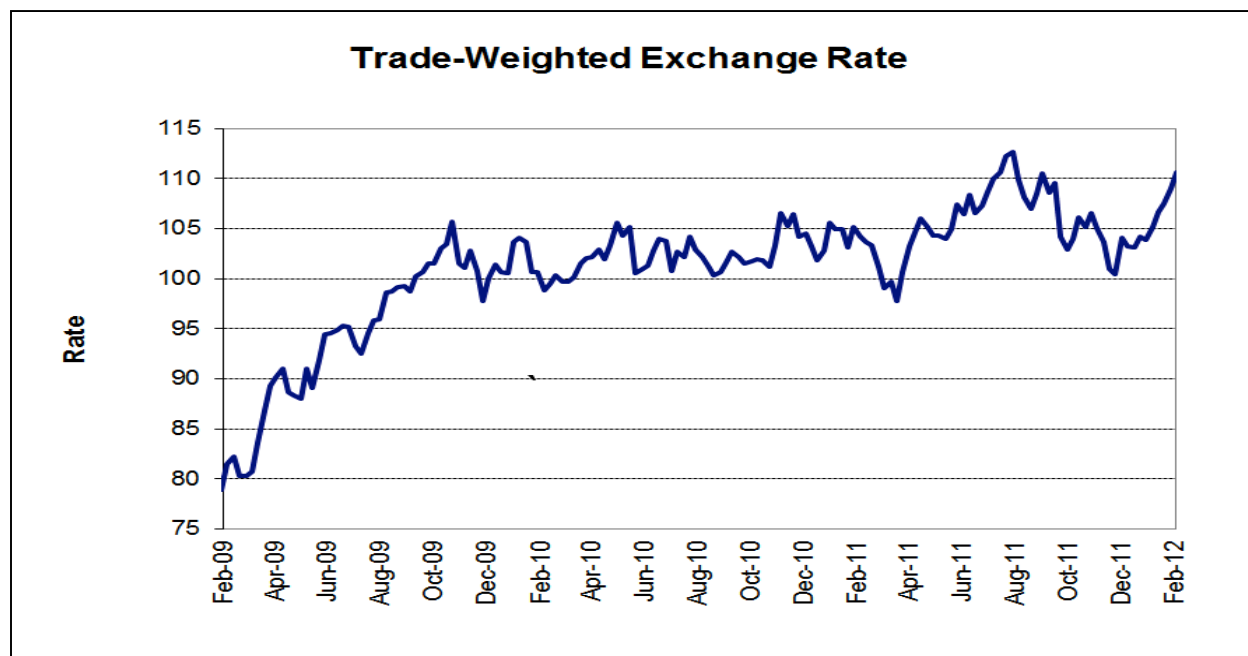
Weekly Highlights

Total credit card spending - rose 0.4% M/M in January (AU 3)

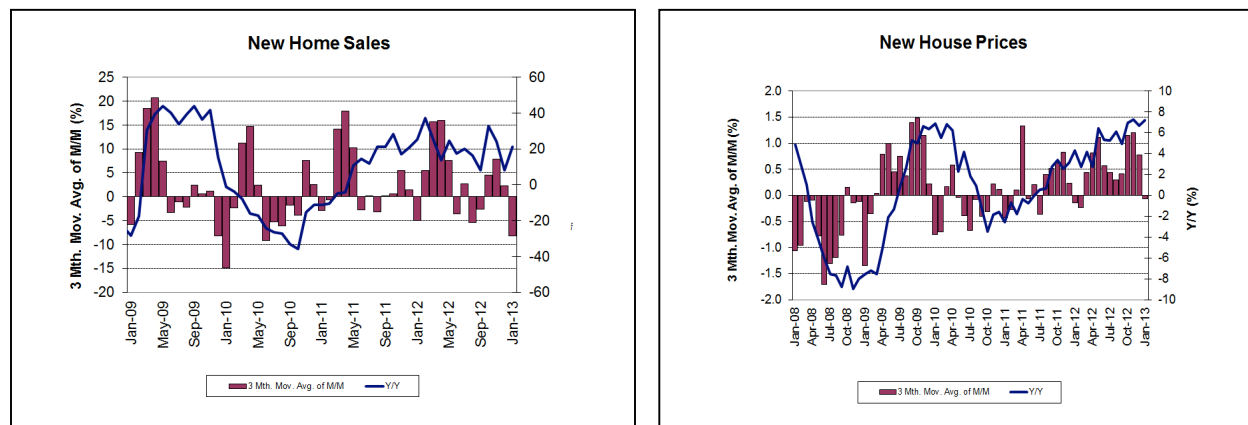
REINZ House Sales – fell 14.3% M/M and rose 21.1% Y/Y in January (AU 3)

Weekly Releases & News

Charts of the Week: *FX*



REINZ House Sales/Prices & Data



According to the Real Estate Institute of New Zealand Inc., House Sales fell 14.3% M/M and rose 21.1% Y/Y in January. Median House Prices rose 7.2% M/M, mainly due to demand in Auckland, and rose 6.7% Y/Y. It took 41 days to sell a house.

Data

QV Home Prices:

According to Quotable Value New Zealand Ltd., the government's valuation agency, the National House Price Index rose 6.2% Y/Y, after rising 5.7% Y/Y.

Credit Card Spending:

According to the RBNZ, total credit card spending rose 0.4% M/M in January, after gaining 0.4% M/M in December. Retail credit card spending rose 0.3% M/M in January.

Key Dates This Week

Key dates

Date	Indicator	Month	Expectation	Previous
14-Feb	Retail Sales Ex Inflation(Q/Q)	4Q	1.40%	-0.40%
14-Feb	Non Resident Bond Holdings	Jan	--	64.00%
17-Feb	Performance Services Index	Jan	--	51.5
19-Feb	Producer Prices- Inputs (Q/Q)	4Q	--	-1.00%
19-Feb	Producer Prices- Outputs (Q/Q)	4Q	--	-0.90%
20-Feb	ANZ NZ Job Ads (M/M)	Jan	--	0.40%

Weekly Economic Report: **China**

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January 13, 2013

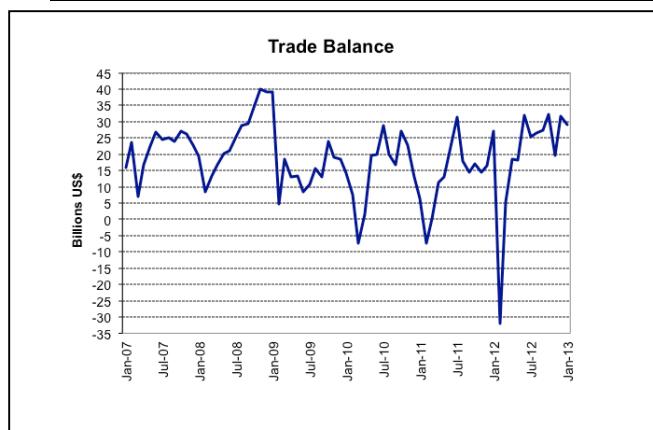
In December, China's export growth was better than expected. Meanwhile, New Loans and Money supply growth beat expectations as well.

Weekly Highlights

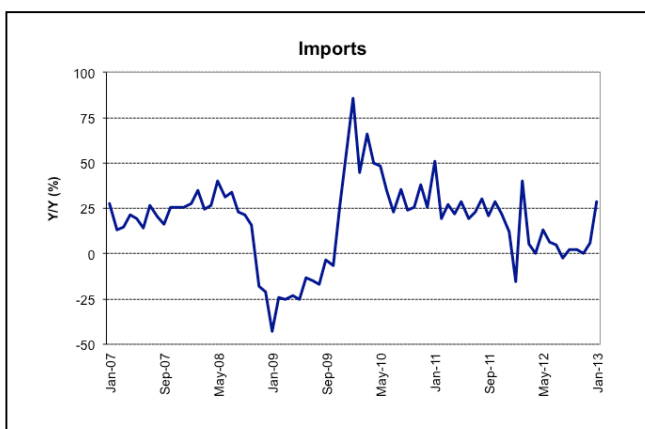
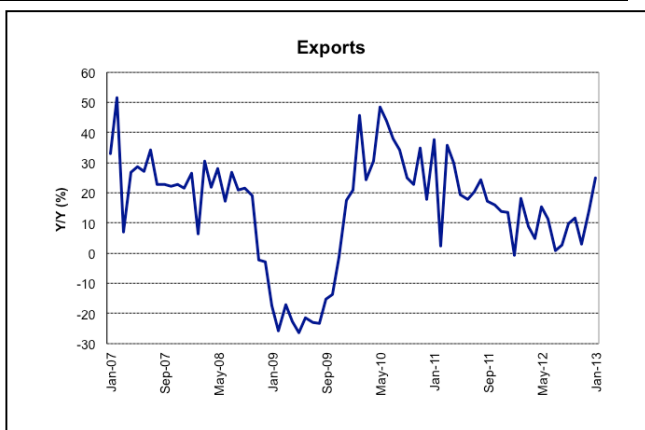
Exports – rose 25.0% Y/Y in December. (CH 1)

M2 Money Supply – increased 15.9% Y/Y in January. (CH 2)

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

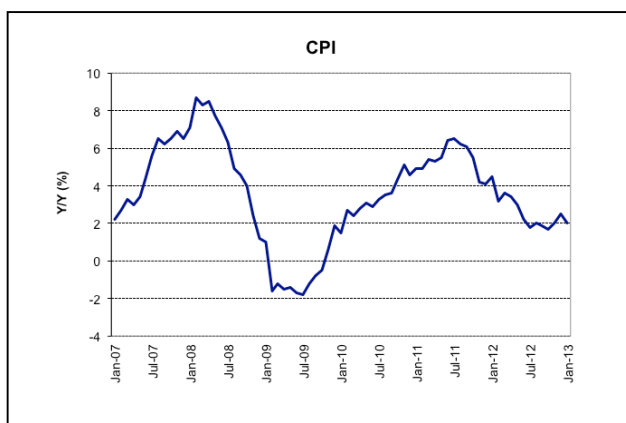


China's Trade Balance narrowed from \$31.62 bln in December to \$29.15 bln in January, against market expectations for \$24.70 bln. Imports grew 28.8% Y/Y against market expectations for a 23.5% Y/Y gain. Exports grew 25.0% Y/Y against market expectations for a 17.5% Y/Y increase.

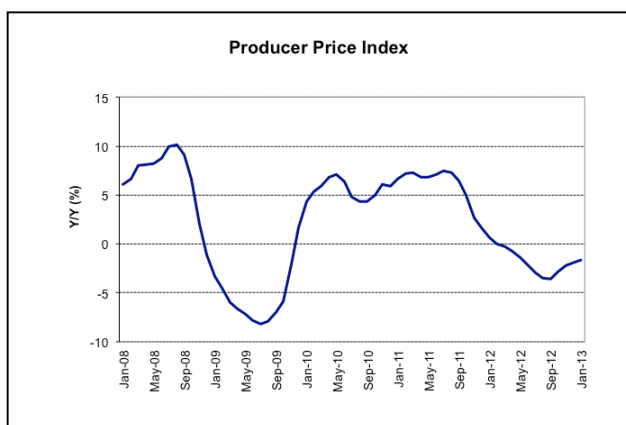


CPI

The Consumer Price Index increased 1.0% M/M and 2.0% Y/Y in January, in line with market expectations.

**PPI**

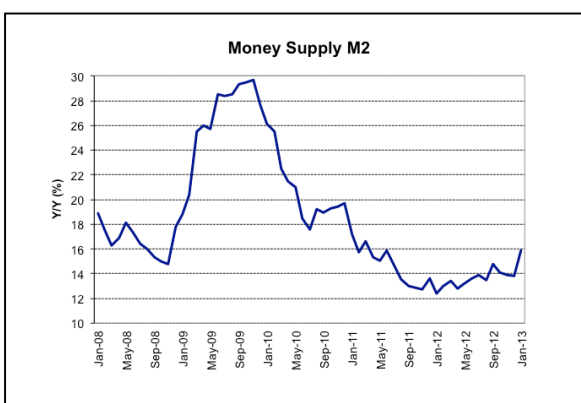
The January Producer Price Index declined 1.6% Y/Y after a 1.9% Y/Y decline in December.

**Money Supply**

M2, the broadest measure of money supply, saw a pickup in growth from 13.8% Y/Y to 15.9% Y/Y against an expected growth rate of 14.0% Y/Y.

As expected, M1 Money Supply growth 15.3% Y/Y against an expected growth rate of 11.5% Y/Y.

M0 Money Supply growth rose 4.4% Y/Y.



Valance Company, Inc.



Weekly

February 13, 2013

III

Highlights

US – Light week of data

EU – Industrial Production stronger than expected

JN – Tertiary Industry Activity increased in December

CA – Employment unexpectedly fell in January

United States

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Japan

United Kingdom

China

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Europe

Canada

Sweden

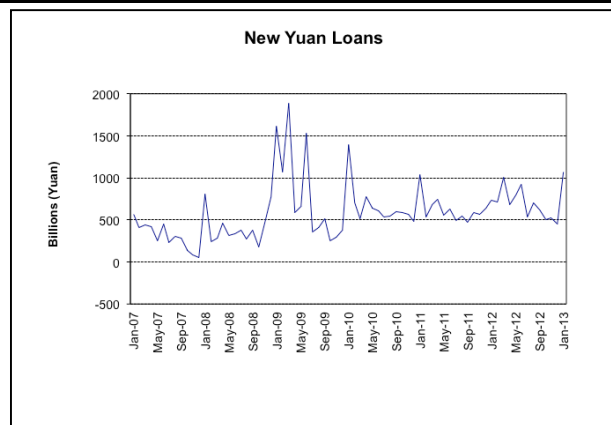
Switzerland

La-Toya Elizee

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New Yuan Loans

New Yuan Loans rose from \$454.3 bln to \$1,070.0 bln in January, against expectations for an increase to \$1,000 bln.

**Key Dates This Week**

<i>Date</i>	<i>Indicator</i>	<i>Month</i>	<i>Expectation</i>	<i>Previous</i>
2/13-2/18	Actual FDI (YoY)	Jan	N/A	-4.50%
	MNI February Flash Business			
2/14	Sentiment Indicator	Jan	N/A	N/A
	Conference Board China January			
2/20	Leading Economic Index	Jan	N/A	N/A
	Bloomberg Feb. China Economic			
2/20	Survey	Jan	N/A	N/A