

## Wary of risks for 2012

- Upbeat mood in markets short-lived as focus returns to Eurozone debt issues.
- Data in other Western economies reasonably encouraging.
- NZ GDP data points to domestic recovery gaining traction, although some risks remain.

Investors started 2012 in an upbeat mood, but this was reasonably short-lived as focus returned to Eurozone's debt problems. The announcement from Italy's biggest bank UniCredit SpA that it will sell €7.5 billion at a heavy discount to its market value once again placed the spotlight on funding issues in the region. The announcement highlighted the immense capital requirements faced by many European financial institutions, and saw a surge in Spanish and Italian bond yields. Meanwhile, Germany, Portugal, France and the European Financial Stability Facility managed to raise funds via bond auctions, with varying degrees of demand. Demand was more subdued at the German and French bond auctions, with slightly higher yields paid as a result.

Against the backdrop of continued concerns about debt in Eurozone, data in the other Western economies has been encouraging. In particular, the 200,000 gain in US non-farm payrolls in December was stronger than expected. In another encouraging sign that the recovery in the US labour market is gaining traction, the unemployment rate fell to 8.5%, from 8.7% in the previous month.

Back in NZ, Q3 GDP data released towards the end of last year was stronger than expected, and showed some pleasing signs of stronger underlying momentum. While the boost from the Rugby World Cup was smaller than expected, growth in finance, insurance and business services was surprisingly strong. Furthermore, the recovery in plant and machinery investment is encouraging, and suggests businesses are feeling confident enough about the recovery in demand ahead to plan for an expansion of operations. Overall, the result points to the domestic recovery gaining traction.

Nonetheless, there are some areas of concern. Manufactured exports declined over Q3, and we expect further declines over the coming months as trading partner demand weakens. There was a steady deterioration in the manufacturing PMI over the second half of 2011, suggesting production declined sharply over Q4. The impact of the Eurozone debt crisis on global demand and hence our export growth is a key area of concern for the RBNZ.

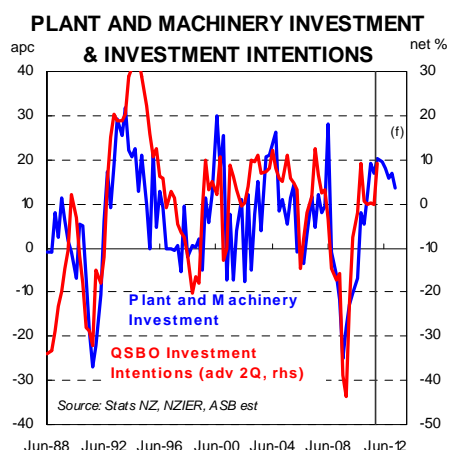
Added to that is the continued risk that post-earthquake rebuilding activity continues to be pushed back. Nationwide construction activity remained very weak over Q3, and residential investment is now at the lowest level since June 1993. Ongoing earthquakes and aftershocks in Christchurch in recent weeks will likely hamper rebuilding efforts. For now, we expect rebuilding activity to gather momentum from June this year, but see the risk this will be delayed further. Overall, recent developments indicate little urgency for the RBNZ to raise the OCR. The RBNZ has highlighted the Eurozone debt crisis as the dominant factor in its monetary policy outlook, and with a resolution looking some way off we continue to expect the RBNZ to remain on hold until December this year.

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- [Global Calendars](#)

- NZD set to ease against the USD this week, while NZD/EUR likely to rise further.
- Interest rates up slightly since late December, direction driven from offshore.
- NZ building consents and houses sales.
- GDP growth stronger than expected over Q3, US Non-farm payrolls up strongly in December.
- ECB and BoE rate announcements, Fed's Beige book, US retail sales and consumer confidence.

### Chart of the Week



Investment in plant, machinery and equipment increased a robust 6% in Q3. This underpinned the increase in goods imports.

Over the year to September 2011, investment in plant, machinery and equipment has increased just over 17%. This recovery likely reflects the high NZ dollar over 2011, which reduces the prices of capital goods imports.

In addition, the increase is likely to reflect some replacement of worn out plant and machinery. There was a sharp decline in plant and machinery investment over much of 2009 as businesses held off replacing equipment in the face of weak demand.

The Quarterly Survey of Business Opinion released next Tuesday will provide further insight into the investment intentions of businesses. We expect a continued recovery in business investment over the coming years.

## Foreign Exchange Market

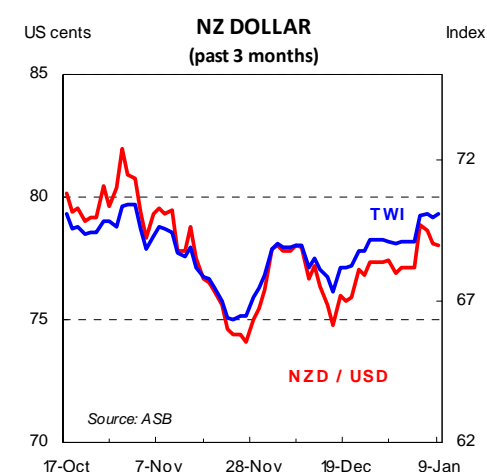
FX Rates	Current*	Week ago	Month ago	6 mths ago	Year ago	ST Bias	Support^	Resistance^
NZD/USD	0.7805	0.7711	0.7666	0.8342	0.7577	DOWN	0.7600	0.7900
NZD/AUD	0.7649	0.7608	0.7589	0.7785	0.7629	FLAT	0.7560	0.7830
NZD/JPY	59.97	59.90	59.53	67.36	63.17	DOWN	58.00	61.00
NZD/EUR	0.6148	0.5955	0.5756	0.5880	0.5830	UP	0.6050	0.6250
NZD/GBP	0.5064	0.5005	0.4911	0.5212	0.4904	UP	0.4975	0.5175
TWI	70.1	69.1	68.2	72.2	68.8	FLAT	69.00	71.00

^Weekly support and resistance levels \* Current is as at 11.50am Monday; week ago as at Monday 5pm.

Over the past few weeks liquidity in markets has been very thin, with the NZD trading within a narrow range most days. The NZD rallied towards 0.79 cents in the New Year on a brief wave of optimism following upbeat US economic data. However, that momentum has since faded as risk aversion set back in as market focus returned to Eurozone debt concerns. The NZD/USD looks set to drive lower this week. Continued uncertainty around Europe and an improving US economic outlook should support the USD.

The NZD has steadily appreciated against the EUR, and is now approaching July's high of 0.6148. We expect the NZD/EUR will continue to grind higher over the week if volatility remains low. The European leaders meeting this week are not expected to announce a circuit breaker for the crisis, while the various sovereign debt auctions are likely to show modest improvement at best. Despite the need to support the weakening economy, there is a risk the ECB disappoints by keeping policy unchanged at this week's policy meeting. There also remains the lingering threat of broad Eurozone sovereign downgrades.

### Short-term outlook:



### Key data

Key data	Date	Time (NZT)	Market
NZ Building Consents	10/1	10.45am	-
REINZ House Sales	-	-	-

**Key events in markets this week:** German & French debt auctions, Merkel & Sarkozy talks (9th); AU building approvals, China trade balance, US wholesale inventories (10th); AU consumer confidence, German debt auction, Merkel & Monti talks, UK trade balance, US Fed's Beige Book (11th); China CPI and PPI, Spanish & Italian debt auctions, EU industrial production, ECB policy meeting, BoE policy meeting, US retail sales, US jobless claims, US business inventories (12th); Italian debt auction, UK industrial production, UK producer prices, US trade balance, US consumer confidence (13th).

**Fed Speakers:** Lockhart (9th), Williams, George (10th), Evans, Lockhart, Plosser (11th), Lacker, Evans, Bullard (13th).

**EU Speakers:** Merkel, Sarkozy, Rehn (10th), Merkel (11th), Draghi, Barroso, Van Rompuy (12th).

### Medium-term outlook:

#### [Last Quarterly Economic Forecasts](#)

Uncertainty around the Eurozone sovereign debt crisis is likely to continue over the next 3-6 months. Over this period, investors are likely to remain in safe-haven assets, which will continue to provide support to the USD. In addition to this, we have revised down our expectations on global growth, which in turn will impact demand for commodity currencies such as the NZD and AUD. Given these forces, we expect the NZD/USD will come under pressure over the first half of 2012, falling to 0.73 by June.

By mid-2012 we anticipate Eurozone leaders will have finally made progress towards a resolution of the crisis. This should help support a recovery in global sentiment. In addition, with RBNZ OCR increases on the radar for late 2012 and early 2013 we expect the NZD will recover back to 0.78 by the end of 2012.

We expect the NZD to remain high, and relatively stable against the GBP and EUR over the medium term. Whilst the RBNZ is likely to raise rates at some point, further policy easing from the BoE and ECB is possible.

Australian interest rates are significantly higher than NZ interest rates over our forecast horizon, and the NZD is expected to trade mainly below 0.80 against the AUD over the medium term. However, we expect a slightly higher NZD/AUD cross rate over 2012 compared with 2011, as the AU-NZ interest rate spread narrows over the coming year.

## Interest Rate Market

<b>Wholesale interest rates</b>	Current	Week ago	Month ago	6 mths ago	Year ago	ST Bias
Cash rate	2.50	2.50	2.50	2.50	3.00	FLAT
90-day bank bill	2.73	2.72	2.69	2.66	3.20	FLAT
2-year swap	2.83	2.76	2.79	3.44	3.82	FLAT
5-year swap	3.42	3.31	3.41	4.50	4.74	FLAT
5-year benchmark gov't stock	3.33	3.29	3.43	4.04	4.69	FLAT
NZSX 50	3254	3254	3271	3434	3318	FLAT

\* Current is as at 11.50 am Monday; week ago is as at Monday at 5pm. Please note there are currently no NZ gov't bonds on issue that are close to a 5-year maturity. As a result, we are currently using the Dec 2017 maturity, which is technically a 6-year maturity. Please be very careful with comparisons of gov't bond yields and swap rates.

NZ interest rate markets have remained relatively quiet over the past few weeks with very thin liquidity since the 19<sup>th</sup> of December. Despite limited trading activity, NZ swap rates have been bumped about by offshore movements. Swap rates dipped heading into the New Year as offshore market confidence waned in the final days of 2011. Interest rates then recovered after the New Year's holiday, following the recovery in confidence on the back of stronger US economic data.

European Government bond auctions over the past week have been met with disappointing demand. Concerns of waning investor appetites as European government debt crisis drags on have triggered a sharp rise in Italian and Spanish bond yields. The weak investor demand is also concerning as many European banks need to raise additional capital over the first half of 2012. Increased difficulty in doing so may spark further difficulties in the region.

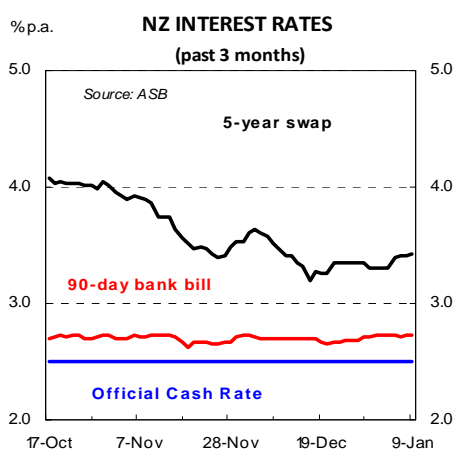
### Short-term outlook:

#### Key data

Date

Time (NZT)

Market



NZ Building Consents

10/1

10.45am

-

REINZ House Sales

-

-

-

**Comment:** NZ data calendar remains light this week, with just a couple of second-tier releases. The next big event is the Q4 CPI, released 19<sup>th</sup> January ahead of the RBNZ's January OCR Review.

NZ interest rates will continue to be heavily influenced by offshore sentiment and market direction continues to be driven by developments in the Eurozone debt crisis. Economic data has become less influential, as seen by the lack of impact the stronger US employment report had on market sentiment last week.

### Medium-term outlook:

#### [Last Quarterly Economic Forecasts](#)

The RBNZ left the OCR on hold at 2.5% at the December Monetary Policy Statement, as widely expected. The RBNZ revised down its near-term growth outlook, reflecting the weaker Q2 GDP outturn and a softer near-term activity outlook.

The key change to the outlook is the RBNZ's view of global growth. It has revised forecasts for global growth below consensus expectations, largely on the view of a sharper downturn in Europe. In addition, the RBNZ is very wary of the slowing export activity in Asian trading partners. While it expects the slowdown in growth in these regions to be modest, it is clearly concerned about the downside risks.

The RBNZ remains comfortable with the inflation outlook. The recent easing in inflation indicators point to breathing space for the RBNZ on the inflation front for now. However, we expect inflation pressures to build from late next year as post-earthquake rebuilding activity picks up pace.

The RBNZ is now explicitly assuming an increase in bank funding costs over the coming year as a result of the financial difficulties in Europe. However, the assumption of an added 30 basis point increase in funding costs highlights that the RBNZ continues to expect the impact of the Eurozone Sovereign debt crisis on NZ will be relatively mild.

The RBNZ's new 90-day interest track now implies a first move in 2012 Q3, relative to 2012 Q1 in the September MPS. The forecast 90-day peak of 4% remains consistent with a low OCR peak, and we are comfortable with our view that the OCR will eventually peak at 4% late in 2013. We expect uncertainty in global markets means the RBNZ will leave the OCR on hold until December 2012.

## Data Preview: a look at the week ahead

Data	Date	Time (NZT)	Previous	Market expects	ASB expects
NZ Building Consents – November mom	10/1	10.45 am	+11.2%	-	-
Australian Building Permits – November mom	10/1	1.30 pm	-10.7%	+6%	+10%
China Exports – December yoy	10/1	-	+13.8%	+13.5%	-
Fed’s Beige Book	12/1	8.00 am	-	-	-
UK Industrial Production – November yoy	12/1	10.30 pm	-1.7%	-2.2%	-
BoE rate announcement	13/1	1.00 am	0.5%	0.5%	0.5%
ECB rate announcement	13/1	1.45 am	1%	1%	1%
US Retail Sales – December mom	13/1	2.30 am	+0.2%	+0.2%	-
US Consumer Confidence – January (index)	14/1	3.55 am	69.9	70.4	-
REINZ house sales – December (this week or next)	-	-	-	-	-

### New Zealand Data Previews

#### Tuesday 10 January

##### NZ Building Consents, Nov, m/y%ch, (11.2/11.8 prev)

Building consents recovered 11% over October, following the previous month’s 17% decline. Dwelling consents have been more volatile than usual over the past 3 months. Looking through this volatility to the underlying trend, the current pace of consent issuance is up slightly from lows recorded over the first half of 2011, but remains at extremely weak levels.

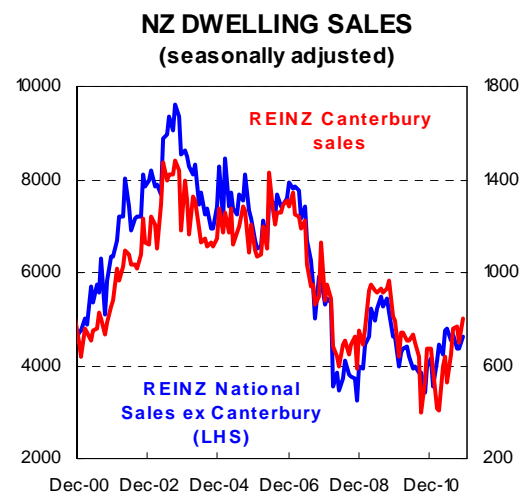
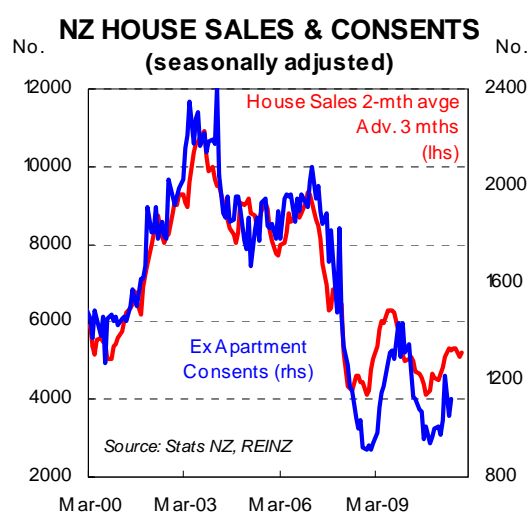
While the underlying demand for housing construction appears to have increased slightly over the second half of the year, overall dwelling consent issuance remains very weak and points to low construction activity over the final months of 2011. Over the coming year we expect to see further recovery in underlying demand for housing construction, with low interest rates and a tight housing market underpinning this lift. From mid-2012 we expect that residential reconstruction activity in Canterbury will have started to gather some momentum and drive much of the activity in the construction sector for the next few years.

#### This week or next

##### REINZ House Sales, Dec, m/y%ch, (6.2/16.9 prev)

There was a rebound in nationwide house sales in November. This was largely driven by a strong increase in housing turnover in Canterbury. There has been volatility in Canterbury house sales from the disruptions in the wake of the Christchurch earthquakes. We expect Government and insurance payouts will support a continued recovery in house sales in the region as households relocate over the coming year.

Nationwide, we expect the gradual recovery in housing market activity will continue over the coming year. With signs the housing market is becoming tighter, we expect this improvement in housing demand will underpin further modest increases in house prices.



**International Data Previews**

**Tuesday 10 January**

**AU Building Approvals, Nov, m%ch, (f) 10.0, (-10.7 prev)**

October building approvals slumped 11% (MoM) and reported the weakest result since March 2009. While building approvals are a relatively volatile economic indicator, 2011 figures have been weak. The November and December RBA interest rate cuts should flow through to housing loan approvals, which are an interest rate sensitive area. However, non-residential approvals are exceptionally weak and the European debt crisis is not assisting the non-mining sector weakness.

November data from the Performance of Construction (PCI) Index points to an upward trend for the month in new orders for construction. Historically, the PCI Index has been a good indicator of monthly approval trends. We are predicting a 10% rise in building approvals for November.

**Tuesday 10 January**

**China Exports/Imports, Dec, y%ch, (13.8/22.1 prev)**

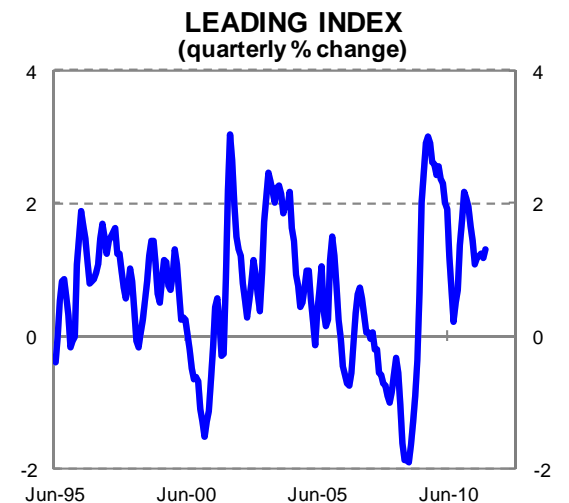
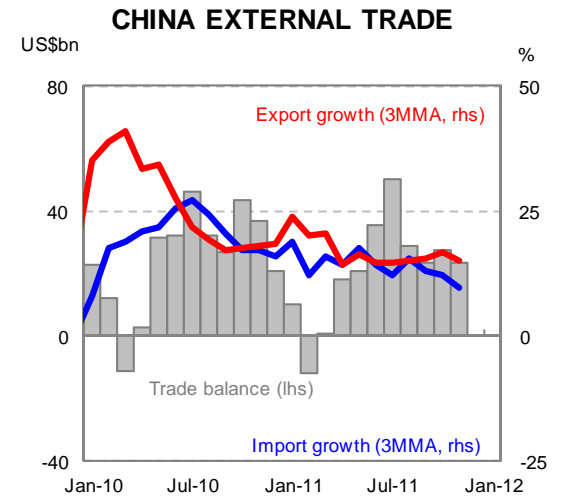
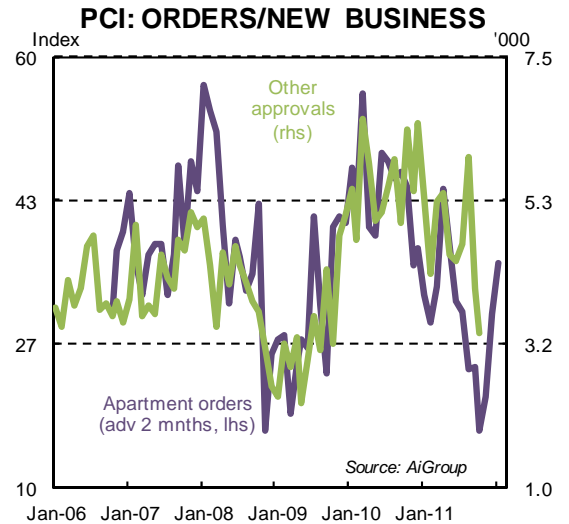
In November, China's exports increased by 13.8% (YoY). The weaker growth reflected mainly slower shipments to Europe, which rose by just 5% (YoY). By contrast, shipments to the US rose by 17% (YoY), up from an average pace of 15.2% (YoY) recorded this year. Moreover, intra-regional demand, which accounts for one third of China's total exports, remained robust. In particular, shipments to the ASEAN countries grew by 22% (YoY). We expect export growth to be mostly flat at 15% (YoY) in December.

Import growth of 21% (YoY) in November remained broadly consistent with its trend. China's domestically driven economy continues to show a healthy appetite for imported goods and we expect imports to have grown by 20% (YoY) in December.

**Wednesday 11 January**

**US Fed's Beige Book**

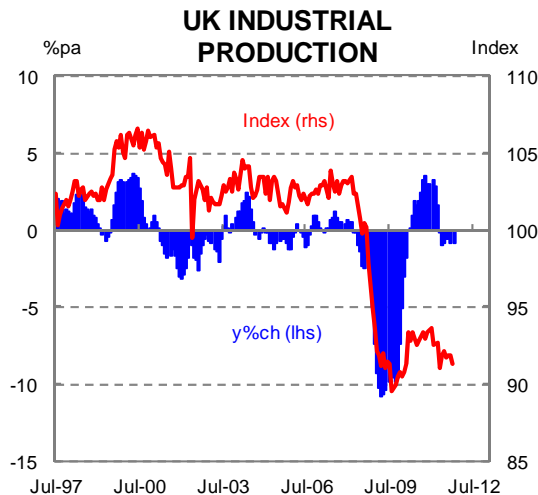
The Beige Book is the Fed's qualitative survey of business contacts. The Fed uses the Beige Book as an input in its policy discussions. The most recent Beige Book indicated that the US economy was expanding at a "moderate" pace in 11 of its 12 districts. The recent Beige Books have also illustrated the fact that while US economic growth is likely to continue it remains too soft to make significant inroads into the unemployment rate. The January Beige Book is likely to reinforce this outlook. We would also expect the January Beige Book to suggest that wage and other input costs continue to remain muted. The limited price pressures should continue to leave the door open to further policy easing by the Fed in 2012.



**Thursday 12 January**

**UK Industrial Production, Nov, m/y%ch, (-0.7/-1.7 prev)**

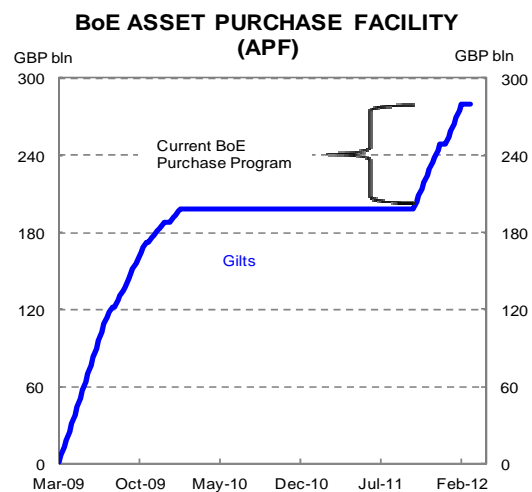
UK industrial and manufacturing production growth continues to stutter. Industrial production contracted by 1.7% (YoY) in the 12 months to October, while manufacturing production was barely positive at 0.3% (YoY). There is little reason to expect any improvement in the near term either. Manufacturing surveys such as the PMI remain soft, with sub-50 readings indicating a shallow contraction. Indeed, with the Eurozone economy likely to be in shallow recession and global growth expected to ease through H1 2012, there is a fair chance UK manufacturing production begins to contract on an annual basis in the coming months.



**Thursday 12 January**

**UK BoE Policy Meeting, Jan, %/£bn, (f) 0.5/275 (0.5/275 prev)**

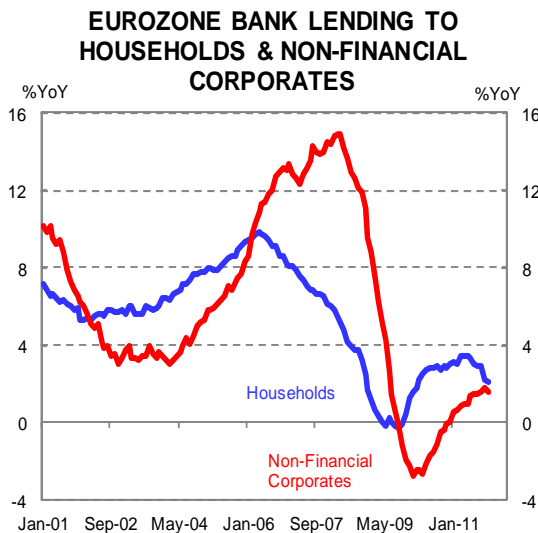
The first Bank of England meeting of 2012 is eagerly anticipated for any indication that the Monetary Policy Committee (MPC) intends to expand the current asset purchase program. The current expansion of the program up to £275bn is set to end in February. Given the softening in the UK economy in late 2011, we expect the MPC to increase the QE program up to the £350-400bn range. The main question is rather over the timing of any such an extension. We see little reason for the MPC to pause after the £275bn level has been reached in February and therefore expect an announcement of more QE to come either at the January or February MPC meetings.



**Thursday 12 January**

**EZ ECB Meetings, Jan, %, (f) 1.0 (1.0 prev)**

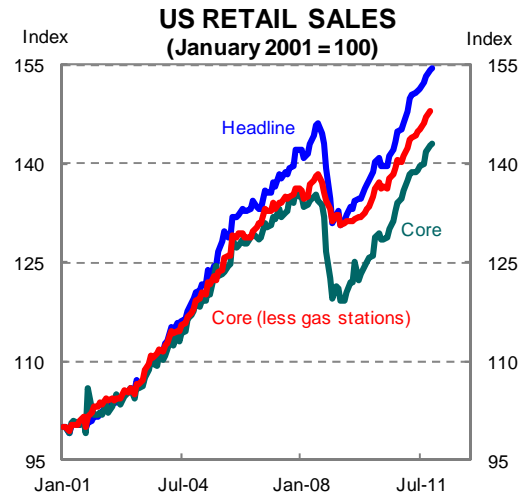
The first ECB meeting of 2012 begins with little in terms of the European debt crisis being resolved and the economy likely to be in recession. The ECB finished last year off with two successive 25bpt rate cuts, which took the refinance rate back down to 1.0%. Given the current recessionary environment, ongoing uncertainty and strains in the financial markets, we expect further easing in coming months. That being said, there is a question mark over the pace of further rate cuts. ECB President Draghi confirmed that the decision to cut the refinance rate by 25bpts in December had not been unanimous, albeit with the disagreement being over timing rather than direction. Given the huge take-up at the ECB's three-year LTRO, the ECB may choose to pause and see if there is any impact on lending to the wider real economy. However there is a high risk that the ECB acts in an effort to promote growth and cuts the policy rate further in January.



**Thursday 12 January**

**US Retail Sales, Dec, m%ch, (0.2 prev)**

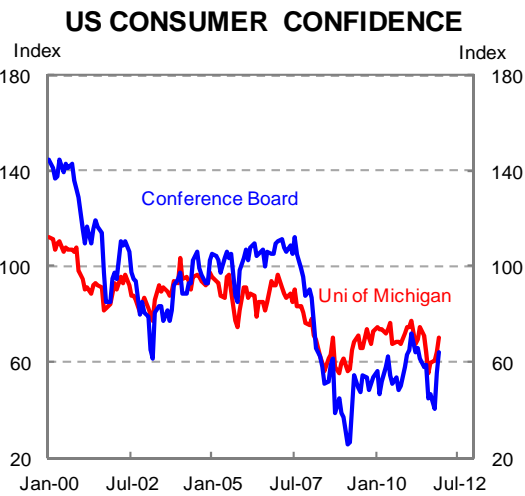
Retail sales in the US have grown consistently over the past six months, averaging monthly growth of 0.5%. Significantly core retail sales have also increased on a consistent basis. Anecdotal evidence suggests that the holiday shopping period in the US was relatively robust. But growth in December is unlikely to be the catalyst for a sustained acceleration in retail sales growth. The savings ratio in the US continues to ease. Consumption fuelled by a drawing down of savings has its limits. And despite showing signs of improvement, significant levels of slack remain in the US labour market.



**Friday 13 January**

**US University of Michigan Confidence, Jan P, Index, (69.9 prev)**

Consumer confidence readings in the US have increased in recent months. Income growth, an improving labour market, easing fuel prices, a modest improvement in the share market and signs of stabilisation in the housing market have all helped to improve confidence. If these areas were to show further improvement, confidence levels would likely follow. Scope for further increases in confidence remains. Despite the recent increase, confidence levels in the US remain some way off the levels reached prior to the Lehman's collapse. We expect consumer confidence to have lifted, albeit modestly, in December.



# Data Recap: weekly recap

## Balance of Payments

The Q3 current account deficit of \$4.6 billion was considerably larger than the market expectation of \$3.8 billion and our forecast of \$4.2 billion.

The smaller goods surplus reflects weaker export prices over the quarter. Exports of goods could continue to weaken over the coming year as trading partner growth slows as a result of the Eurozone debt crisis. This will see the goods surplus continue to unwind, and eventually move to deficit.

Meanwhile, the gradual underlying economic recovery has seen NZ firm profitability continue to improve, which has resulted in increased outflows to foreign owners. As the economic recovery continues to gain traction over 2012 and 2013, the investment income deficit will continue to widen.

The net international debt position increased over Q3, due to increased bank funding offshore and foreign ownership of NZ government debt. As the Eurozone crisis continues to escalate, this increase in indebtedness highlights NZ's ongoing vulnerability to offshore funding markets.

## International Travel and Migration

The continued decline in short-term international visitor arrivals (-11.6% mom) over November underlines the challenging conditions for the NZ tourism industry at the moment. Visitor arrivals spiked over the July to September months, reflecting the boost from the Rugby World Cup. However, the decline since then indicates the effects on the tourism sector have been short lived – which was to be expected once the event was over. At this point the current level of visitor arrivals is nearly back to pre-RWC levels.

There was a small net outflow of migrants over November, with the net loss of 568 migrants over the year to November 2011 the largest annual total since the September 2001 year. However, a recovery in permanent long-term migration looks to be slowly taking place. In particular, permanent long-term departures to Australia continue to ease. We expect this will continue over the coming months as the Australian labour market continues to slow.

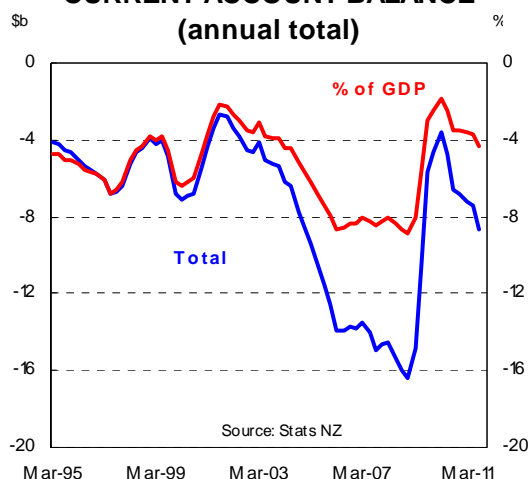
Meanwhile, permanent long-term arrivals (+6.7% mom) are recovering on the back of increased number of arrivals from Europe. This reflects the deterioration in economic conditions there, which are likely encouraging European residents and ex-pats to move back to NZ.

## GDP

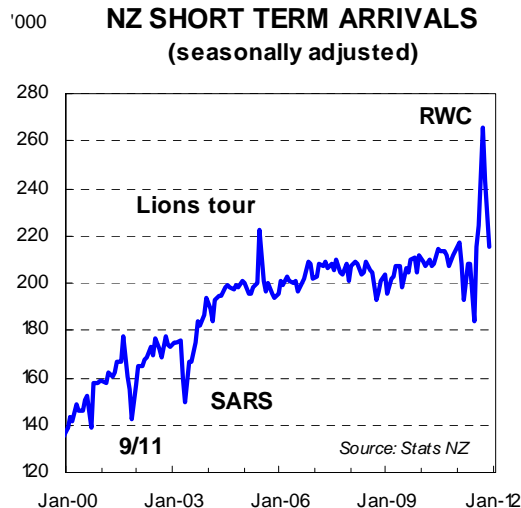
Q3 GDP grew 0.8% qoq, stronger than market expectations of 0.6% and our forecast of 0.4%. There were some pleasing signs of stronger underlying momentum within the Q3 release, with Rugby World Cup activity contributing less to growth than we had expected. In particular, positive developments included the lift in finance, insurance and business services along with continued recovery in plant and machinery investment. However, providing some offset to the Q3 strength were downward revisions in earlier quarters totalling 0.5 percentage points.

We do not expect the Q3 GDP outcome to change the RBNZ's stance much. The RWC boost to tourism will be fleeting, while much of Q3's strength in manufacturing will unwind next quarter. Moreover, recent confidence surveys suggest core manufacturing activity began falling in the closing stages of 2011. This underscores the real focus for the RBNZ, which is developments in the Eurozone debt crisis, and its impact on NZ's export industries as global growth starts to deteriorate.

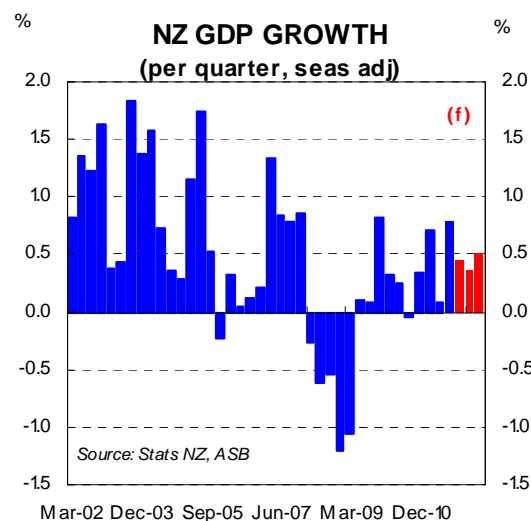
**CURRENT ACCOUNT BALANCE (annual total)**



**NZ SHORT TERM ARRIVALS (seasonally adjusted)**



**NZ GDP GROWTH (per quarter, seas ad)**



**Trade Balance**

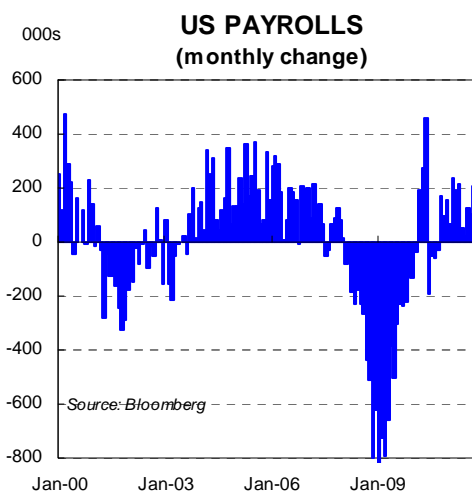
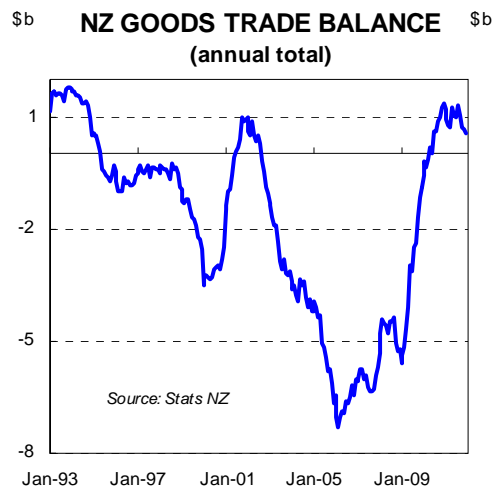
The November trade balance was in line with market expectations, with a \$308 million deficit. Seasonally adjusted, the trade balance registered a small surplus of \$54 million, which is down from the strong surplus of \$252 million in October. The weaker surplus was due to a 4.6% seasonally-adjusted fall in exports over the month.

As expected, there were some declines in forestry and aluminium reflecting weaker global demand. However, it was encouraging to see manufactured exports holding up well and dairy exports increasing strongly over the month. NZ's strong export performance over the past year has been largely underpinned by strong prices for meat and dairy, and prices have continued to hold up well despite the increased uncertainty from offshore. However, we expect to see more weakness in forestry and manufactured exports going forward, as these sectors are more sensitive to global growth.

**Non-farm Payrolls**

US Non-farm Payrolls increased by more than expected in December, lifting by 200,000 compared to expectations of a 155,000 increase. This follows a 100,000 gain in November. The lift is seen as an encouraging sign the US labour market recovery is gaining momentum. It also follows other relatively upbeat economic data for the December quarter, which points to a reacceleration in US GDP growth.

In another encouraging sign of recovery in the labour market, the unemployment rate (estimated off a separate survey) fell for the 4<sup>th</sup> consecutive month, and is down to 8.5% from a peak of 9.1% in August.



## Global Data Calendars

### Calendar - Australasia, Japan and China

Date	Time (NZT)	Eco	Event	Period	Unit	Last	Forecast	
							Market	ASB
Mon 9 Jan	10:45	NZ	Trade balance	Nov	NZ\$m	-282.0	-289.0	-300.0
	10:45	NZ	Exports	Nov	NZ	3.9	3.9	~
	10:45	NZ	Imports	Nov	NZ	4.2	4.2	~
	13:30	AU	Retail sales s.a.	Nov	m%ch	0.2	0.3	0.5
Tue 10 Jan	~	CH	Trade balance	Dec	USD	14.5	9.5	~
	~	CH	Exports	Dec	y%ch	13.8	13.5	~
	~	CH	Imports	Dec	y%ch	22.1	18.0	~
	10:45	NZ	Building permits	Nov	m%ch	11.2	3.0	~
	13:30	AU	Building approvals	Nov	m%ch	-10.7	6.0	10.0
Wed 11 Jan	13:30	AU	Westpac consumer confidence	Jan	Index	94.7	~	~
Thu 12 Jan	12:50	JN	Current account total	Nov	¥bn	562.4	241.1	~
	12:50	JN	Adjusted current account total	Nov	¥bn	518.6	357.1	~
	12:50	JN	Current account balance	Nov	y%ch	-62.4	-74.8	~
	12:50	JN	Trade balance - BOP basis	Nov	¥bn	-206.1	-600.0	~
13-20 Jan	~	CH	Industrial Production	Dec	y%ch	12.4	12.3	~
	~	CH	Fixed Assets Investments (Ex Rural Households)	Dec	y%ch	24.5	24.1	~
	~	CH	Real GDP YTD	Q4	y%ch	9.4	9.3	~
	~	CH	Real GDP	Q4	y%ch	9.1	8.6	~
	~	CH	Retail Sales	Dec	y%ch	17.3	17.1	~

## Calendar – North America &amp; Europe

Please note all days and times are UK time. Add 13 hours for NZ times.

Date	Time (UK)	Eco	Event	Period	Unit	Last	Forecast	
							Market	ASB
Mon 9 Jan	06:45	SZ	Unemployment rate s.a.	Dec	%	3.0	3.1	~
	07:00	GE	Trade balance	Nov	€bn	11.6	12.0	~
	08:15	SZ	Retail sales (real)	Nov	y%ch	-0.2	~	~
	10:15	GE	German bill auction					
	11:00	GE	Industrial production	Nov	y%ch	4.1	3.6	~
	12:30	GE	Merkel and Sarkozy hold talks in Berlin					
	13:30	CA	Building permits	Nov	m%ch	11.9	-3.0	~
	14:00	FR	French bill auction					
	15:30	CA	Bank of Canada senior loan officer survey	Q4	Index	-26.9	~	~
	17:40	US	Fed's Lockhart to speak on economy in Atlanta					
Tue 10 Jan	20:00	US	Consumer credit	Nov	US\$bn	7.6	7.0	~
	13:15	CA	Housing starts	Dec	'000	181.2	186.5	~
	15:00	US	Wholesale inventories	Nov	m%ch	1.6	0.5	~
	15:30	US	Fed's Williams to speak on economy in Vancouver,					
	16:10	US	Fed's Pianalto speaks on labour markets in Ohio					
Wed 11 Jan	18:00	US	Fed's George speaks on economic outlook in					
	09:30	UK	Visible trade balance	Nov	€mn	-7,557	8,500	~
	09:30	UK	Total trade balance	Nov	€mn	-1,552	~	~
	10:15	GE	German note auction					
	13:40	US	Fed's Evans speaks in Lake Forest, Illinois					
	14:00	US	Fed's Lockhart to speak on economy in Atlanta					
	17:30	US	Fed's Plosser speaks on economy in Rochester, NY					
Thu 12 Jan	19:00	US	Fed's Beige Book					
	07:00	GE	CPI - EU harmonised	Dec	y%ch	2.4	2.4	~
	09:30	SP	Spanish bond auction					
	09:30	UK	Industrial production	Nov	y%ch	-1.7	-2.2	~
	09:30	UK	Manufacturing production	Nov	y%ch	0.3	-0.3	~
	10:00	IT	Italian bill auction					
	10:00	EC	Eurozone industrial production	Nov	y%ch	1.3	~	~
	12:00	UK	BOE asset purchase target	Jan	€bn	275.0	275.0	275.0
	12:00	UK	BOE announces rates	Jan	%	0.5	0.5	0.5
	12:45	EC	ECB announces interest rates	Jan	%	1.0	1.0	1.0
	13:30	EC	ECB monthly news conference					
	13:30	US	Advance retail sales	Dec	m%ch	0.2	0.2	~
	13:30	US	Retail sales less autos	Dec	m%ch	0.2	0.3	~
	13:30	US	Retail sales ex auto & gas	Dec	m%ch	0.2	0.3	~
	13:30	US	Initial jobless and continuing claims	Jan	'000	~	~	~
	15:00	US	Business inventories	Nov	m%ch	0.8	0.4	~
	15:00	UK	NIESR GDP estimate	Dec	q%ch	0.3	~	~
Fri 13 Jan	09:30	UK	PPI output	Dec	y%ch	5.4	5.1	~
	09:30	UK	PPI output core	Dec	y%ch	3.2	3.1	~
	10:00	IT	Italian bond auction					
	10:00	EC	Eurozone trade balance s.a	Nov	€bn	0.3	~	~
	13:30	CA	International trade balance	Nov	CAD	-0.89	-0.4	~
	13:30	US	Trade balance	Nov	US\$bn	-43.5	-44.9	~
	14:55	US	University of Michigan Confidence	Jan P	Index	69.9	70.4	~
	17:45	US	Fed's Lacker speaks on Economy in Richmond					

ASB Economics & Research			Phone	Fax
Economics				
Chief Economist	Nick Tuffley	<a href="mailto:nick.tuffley@asb.co.nz">nick.tuffley@asb.co.nz</a>	(649) 301 5659	(649) 302 0992
Economist	Jane Turner	<a href="mailto:jane.turner@asb.co.nz">jane.turner@asb.co.nz</a>	(649) 301 5660	
Economist	Christina Leung	<a href="mailto:christina.leung@asb.co.nz">christina.leung@asb.co.nz</a>	(649) 301 5661	
Economist	Daniel Smith	<a href="mailto:daniel.smith@asb.co.nz">daniel.smith@asb.co.nz</a>	(649) 301 5853	

<https://reports.asb.co.nz/index.html>

ASB Economics

Level 9, 135 Albert Street, Auckland

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