

## EU talkfest no silver bullet

- EU summit comes up with few developments to contain the escalating European debt crisis.
- RBNZ leaves OCR on hold as widely expected, and indicates global conditions mean OCR increase unlikely until 2012 Q3.
- We continue to expect OCR will remain on hold until December 2012, with pauses in the tightening cycle likely.

The EU had its latest summit last Friday. The results mildly encouraged markets, though little progress was made on containing the brewing financial crisis. Most of the focus went on setting up future fiscal rules and enforcement of those rules. Agreement was not unanimous. The UK, unable to get concessions over financial services regulation, has opted out of treaty changes to bring more fiscal oversight and enforcement. Sweden, the Czech Republic and Hungary will consult their respective parliaments.

Outside of agreement for greater central oversight of fiscal affairs, other highlights of the summit were:

- Considering providing up to €200 billion to the IMF (though the EU will also be looking for contributions from elsewhere);
- Bringing forward the establishment of permanent rescue vehicle the European Stability Mechanism to July 2012, from 2013;
- Dropping the requirement for private sector participation in bailouts.

One area in which the ECB and Germany remain staunch on is no monetisation of government debt. In the face of limited funds currently available in rescue funds, the ECB is the only purchaser capable of credibly ensuring there is a buyer of last resort if Italy and any other large country find they can no longer raise money in their own name. Similar opposition remains for another oft-touted solution of jointly-guaranteed bonds (a.k.a. Eurobonds).

As yet, the long-term discussions are dominated by Germany's view that fiscal profligacy is the root of all the current problems. They are not focussing on the differing levels of competitiveness within the Eurozone, a key factor driving a fissure across the zone. The Mediterranean countries, for example, will continue to struggle economically against the northern European countries and their faster productivity growth unless they undertake considerable reform. There are no more meetings planned ahead of Christmas. But, given large bond maturities for Italy next year, weakening economies and a stressed banking sector, the situation is likely to prompt more meetings next year.

Last week's RBNZ Statement was, as expected, heavily influenced by the ongoing crisis in Europe. The RBNZ's forecasts assumed that Europe would be in mild recession for a year, and its 90-day rate forecasts imply a first OCR increase in September quarter 2012. A scenario of much weaker global growth (though not a repeat of 2008/09) implied that, should the global outlook deteriorate to a greater extent, the OCR would remain on hold until late 2013. To us that reinforces that, while you never say never, it would take a very serious situation for the RBNZ to consider cutting the OCR from its current GFC low of 2.5%. We continue to expect the OCR will remain on hold until December 2012.

### Click here for:

[Foreign Exchange](#)

[Interest Rates](#)

[Week Ahead](#)

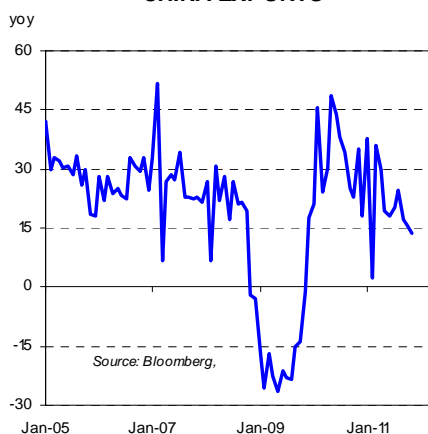
[Week in Review](#)

[Global Calendars](#)

- The NZD eases ahead of the EU summit but partially recovers as global investor confidence improves.
- NZ interest rates fall on offshore developments, with market reaction to RBNZ MPS muted.
- Business and consumer confidence next Monday only domestic data of note.
- RBNZ leaves OCR on hold as widely expected, and reiterates global conditions remain key risk.
- FOMC rate announcement will be key focus for markets this week.

### Chart of the Week

**CHINA EXPORTS**



China's export activity has steadily slowed over the past few months, with weaker exports to Germany and Italy starting to weigh on overall export growth. With the economic situation in Eurozone deteriorating further in the past month, China's export growth could potentially slow further.

NZ's direct export exposure to Europe is relatively minimal. With the Eurozone heading into economic recession, what is of more concern from NZ's perspective is the impact on growth in Asia. Slowing exports to Europe will likely have a knock-on impact on momentum in domestic demand within developing Asia.

In particular, China is now NZ's second-largest export market, and is a key export market for dairy and forestry. Forestry demand can be very sensitive to global demand conditions, and there has already been a noticeable drop in demand for forestry-related goods from China resulting in a fall for NZ forestry export volumes and prices.

## Foreign Exchange Market

FX Rates	Current*	Week ago	Month ago	6 mths ago	Year ago	ST Bias	Support^	Resistance^
NZD/USD	0.7749	0.7778	0.7780	0.8132	0.7492	UP	0.7650	0.7900
NZD/AUD	0.7590	0.7600	0.7654	0.7709	0.7606	FLAT	0.7520	0.7630
NZD/JPY	60.12	60.63	60.31	65.49	62.70	UP	59.00	61.00
NZD/EUR	0.5792	0.5797	0.5709	0.5668	0.5654	UP	0.5700	0.5900
NZD/GBP	0.4951	0.4984	0.4883	0.5008	0.4748	UP	0.4900	0.5050
TWI	68.6	68.9	68.5	70.4	67.7	UP	68.00	70.00

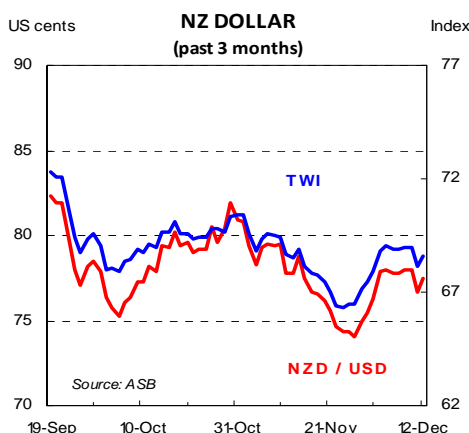
^Weekly support and resistance levels \* Current is as at 11.00am Monday; week ago as at Monday 5pm.

The NZD remained fairly steady over the first half of the week, range-trading ahead of the EU summit. The RBNZ announcement had very little impact on the market. However, the NZD fell sharply on Thursday night in reaction to market disappointment as the ECB showed no intention of increasing its bond purchase program. Market confidence then recovered over the weekend, as the EU summit made some progress towards agreeing on a new Treaty. However, the NZD did not make a full recovery, and remains below week-ago levels.

There is no major Australian or NZ economic data scheduled this week and we expect direction in currency markets will be determined by offshore investor sentiment. We expect investor sentiment to remain well supported this week following the latest European summit designed to address its public debt crisis. Sentiment may be supported further if the US economic data continues to be solid.

However, in time we expect the current positive sentiment around the Eurozone to fade. Europe's banking crisis has not been addressed. As more budget cuts will be implemented by European governments; their recession will likely be extended. Many of the high debt governments are issuing bonds this week, serving an ongoing reminder of their large debt load.

### Short-term outlook:



### Key data

Key data	Date	Time (NZT)	Market
FOMC Rate Announcement	14/12	8.15am	0.25%
US CPI – November, yoy	1712	2.30am	3.5%
NZ Westpac McDermott Miller Consumer	19/12	10.00am	-
National Bank Business Confidence Survey	19/12	1.00pm	-

**Key events in markets this week:** Italy, France sell bonds (12th); Spain, Greece, Belgium sell bonds, ZEW survey, European Parliament debates EU Summit, UK CPI, FOMC policy decision, US retail sales (13th); Italy sells bonds, EU industrial production, UK unemployment (14th); Japan Tankan business survey, Spain sells bonds, EU PMI, EU CPI, UK retail sales, US Empire manufacturing index, US jobless claims, US industrial production (15th); USCPI (16th).

**Fed Speakers:** Evans, Fisher (16th).

**ECB Speakers:** Schaeuble, Draghi (15th); Draghi, Regling (16th).

**RBA Speakers:** Battellino (15th).

### Medium-term outlook:

[Last Quarterly Economic Forecasts](#)

We expect NZD/USD remain around 0.78 until the end of 2011. However, 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

<u>Wholesale interest rates</u>	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	2.72	2.70	2.72	2.63	3.17	FLAT
2-year swap	2.81	2.91	2.98	3.38	3.87	FLAT
5-year swap	3.43	3.61	3.74	4.38	4.77	FLAT
5-year benchmark gov't stock	3.43	3.56	3.75	4.01	4.77	FLAT
NZSX 50	3283	3301	3322	3477	3273	FLAT

\* Current is as at 11.00 am Monday; week ago is as at Monday at 5pm. Please note there are currently no NZ govt 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 govt bond yields and swap rates.

Domestic interest rates largely followed offshore movements, with interest rates edging lower late last week as markets grew pessimistic over the outcome at the EU summit. Softer than expected Australian employment data also added to downward pressure on domestic interest rates. There was no material market reaction to the RBNZ December MPS, as the RBNZ left the OCR on hold and indicated it would likely remain on hold until global risks subside.

Australian interest rates fell in the wake of the release of softer than expected employment data and the RBA's 25bp cut to its cash rate. The move had been generally expected by markets, and the RBA has left the door open to further rate cuts should global conditions continue to deteriorate.

Interest rates were relatively quiet globally overnight, as markets waited for any material development at the EU summit at the end of last week. Market optimism that the EU summit would come up with any clear resolution dimmed as the summit drew closer.

<b>Short-term outlook:</b>	Key data	Date	Time (NZT)	Market
<p>%p.a. <b>NZ INTEREST RATES (past 3 months)</b></p> <p>Source: ASB</p>	FOMC Rate Announcement	14/12	8.15am	0.25%
	US CPI – November, yoy	1712	2.30am	3.5%
	NZ Westpac McDermott Miller Consumer	19/12	10.00am	-
	National Bank Business Confidence Survey	19/12	1.00pm	-
	<b>Comment:</b> Developments out of Eurozone will continue to play a key role in market direction this week. Markets have been encouraged by some of the positive announcements from the EU summit, but the continued large degree of uncertainty means market volatility is likely.			
	The FOMC rate announcement will also be key for insight into the Fed's view on how the US and global economy is evolving.			

### 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
FOMC Rate Announcement	14/12	8.15am	0.25%	0.25%	0.25%
US CPI – November, yoy	1712	2.30am	3.5%	3.5%	-
NZ Westpac McDermott Miller Consumer Confidence	19/12	10.00am	112	-	-
National Bank Business Confidence Survey – Q4	19/12	1.00pm	18.3	-	-

### New Zealand Data Previews

Thursday 19 December

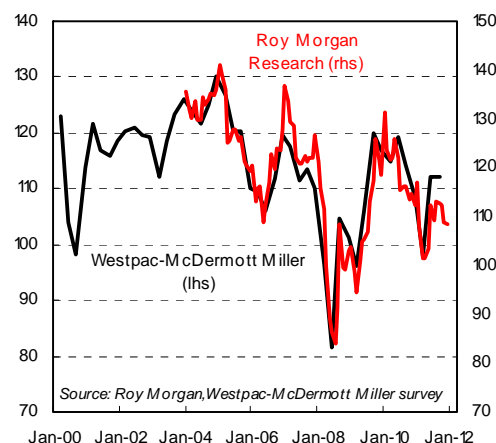
#### Westpac McDermott Consumer Confidence – Q4

Previous: 112.0

We expect the Westpac McDermott Consumer Confidence survey to show some decline in household sentiment over Q4, in line with the recent easing seen in monthly consumer confidence surveys. The deterioration in global conditions is likely to have weighed on household confidence. The continued high level of household debt will also have added to household caution.

Offsetting these negative factors to some degree will be the recovery in underlying employment demand. The recovery in wage growth is likely to flow through to a recovery in household spending over the coming year, albeit at a gradual pace.

#### NZ CONSUMER CONFIDENCE SURVEYS



Thursday 19 December

#### National Bank Business Outlook - December

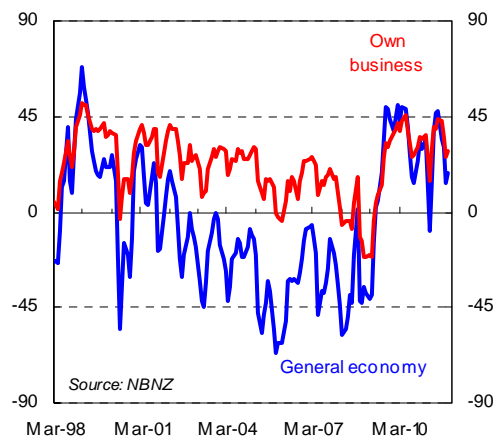
Previous: 18.3

Business confidence has held up reasonably well, despite the heightened uncertainty in offshore markets. Businesses remain mildly upbeat about their prospects and general economic conditions, indicating NZ's slow economic recovery should continue.

Encouragingly, the improvement in activity indicators in November was broad-based across most industry groups, suggesting that even those industries that did not directly benefit from the Rugby World Cup spending are seeing a gradual recovery in activity levels.

We expect business confidence will hold up around current levels, reflecting the gradual improvement in underlying economic activity taking place.

#### NZ BUSINESS CONFIDENCE



**International Data Previews**

**Wednesday 13 December**

**FOMC Rate Announcement**

**Previous: 0.25%, forecast: 0.25%**

We do not expect any significant decision from the Fed at its final policy meeting of 2011. In line with the Fed’s forecast, the US economy has accelerated from the soft patch experienced in the first half of 2011. The labour market has shown stronger signs of improvement. However, judging by the low level of employment-to-population, there remains significant slack in the US labour market. Also in line with Fed forecasts, there appears to be tentative signs that inflation may have peaked. While unlikely at this meeting, it is possible the Fed introduces an explicit inflation target.

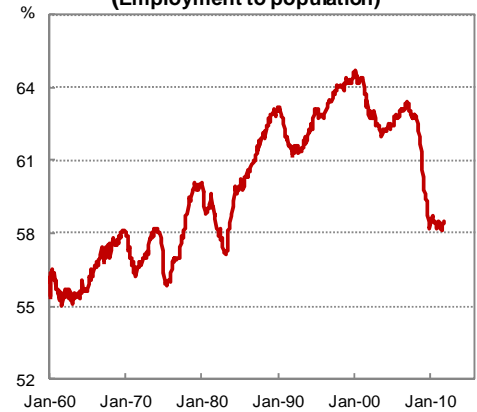
**Wednesday 13 December**

**US CPI – November, yoy**

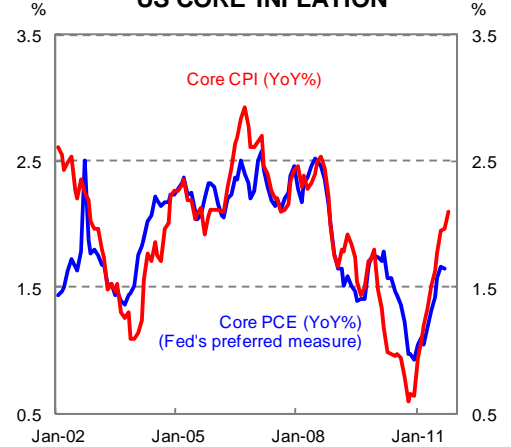
**Previous: 3.5%, forecast: 3.5%**

Headline CPI inflation has started to ease as retail petrol prices have fallen. We estimate retail petrol prices eased by about 7% in November. Core CPI inflation may also start to ease in coming months. An important foundation of the Fed’s policy stance is core inflation will moderate further and remain at or below their 1.7-2.0%pa ‘comfort zone’. A vindication of the Fed’s inflation forecast will leave the door open to further policy easing if the economic outlook deteriorates significantly further.

**US LABOUR MARKET SLACK  
(Employment to population)**



**US CORE INFLATION**



# Data Recap: weekly recap

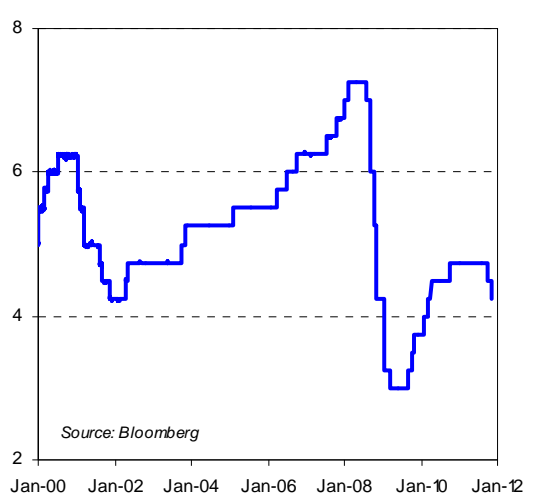
## RBA December Cash Rate Announcement

The RBA cut the cash rate by 25bps to 4.25% at its December Board meeting. Some revisions to the inflation profile – history and forecast – opened the door for rate cuts. And the downside risks posed by European developments saw the RBA deliver cuts in November and December. The cash rate now stands 50bpts lower than the recent peak at 4.75%.

There was no particular rates “guidance” in this Statement (which was largely a carbon copy of last month). There was a hint that policy makers have revised down global growth expectations again and a hint of greater concern about financial contagion flowing through to Australian markets.

Policy makers are caught between a domestic economy that is in reasonable shape and the risks posed by any European financial meltdown and recession. The balance of these risks argued for a shift away from the slightly restrictive policy settings of earlier in 2011.

**AUSTRALIAN CASH RATE**



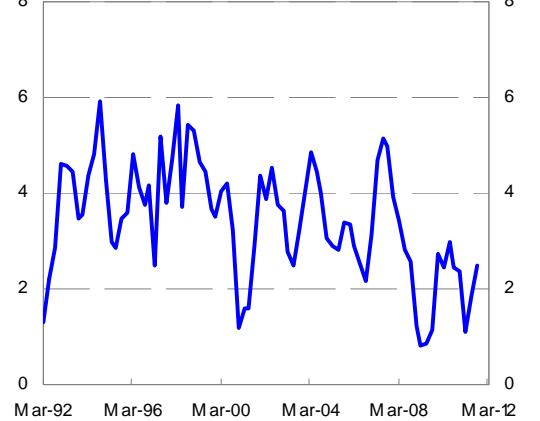
## Australian GDP

Australian GDP rose by 1.0% in Q3, a little above the consensus centred on a 0.8% rise. The Q3 lift follows an upwardly-revised increase of 1.4% in Q2. The broad picture is of an economy that was regaining momentum after the floods-induced contraction of Q1. Annual growth, however, remains at a fairly lacklustre 2.5%.

Growth drivers in Q3 followed the well-worn path: solid growth in private spending counterbalanced the impact of fiscal contraction on public spending. Mining-related capex is the key driver of private activity. Resilience in non-retail spending also continues to support consumer spending.

The data indicate the economy had a degree of momentum in the period where European concerns intensified. The economy was travelling at an annualised pace of 4.8% over the past six months, a significant improvement on the 0.3% outcome recorded over the previous six months. The data also show that the income flow generated by a rising terms of trade continued into Q3.

**AUSTRALIAN REAL GDP (YoY%, since March 1992)**

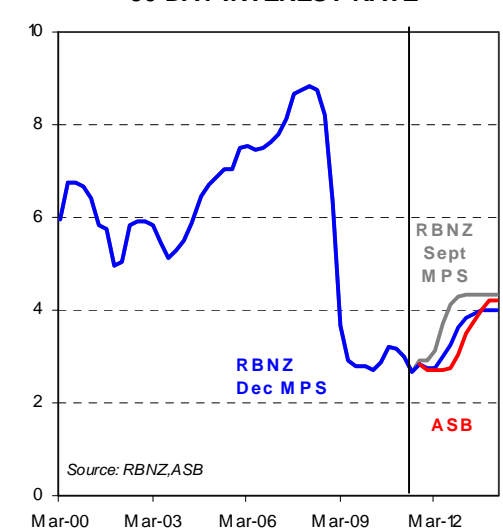


## RBNZ December Monetary Policy Statement

The RBNZ left the OCR unchanged at 2.5%, as widely expected. In the statement, the RBNZ highlighted the continued deterioration in global conditions. While the RBNZ notes the continued modest expansion in domestic activity, it is mindful of the substantial downside risks to the growth outlook. The increased volatility in global financial markets also means the RBNZ now expects an increase in bank funding costs over the coming year. However, 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 the OCR will increase in 2012 Q3, relative to 2012 Q1 in the September MPS. We continue to expect the RBNZ will raise the OCR in December 2012, given we see it as unlikely a clear resolution to the European debt crisis will be achieved over the first half of next year. The RBNZ’s 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.

**90-DAY INTEREST RATE**



**Australian Employment Report**

Australian employment data for November came in much weaker than expected. It was anticipated that the economy would have added 10k jobs but the actual figure came in as a *decline* of 6.3k, driven by a sharp fall in fulltime employment and pushing the unemployment rate up to 5.3% from 5.2% in October.

This latest jobs data confirmed that the jobs market has softened considerably over 2011 from the crackerjack pace set in 2010, in response to the growth pothole experienced by the Australian economy in Q1 2011. But the latest labour market readings also counsel that the labour market hasn't fallen into a deep black hole either.

Continued weakness in the labour market increases the likelihood of further cuts to the RBA's Cash Rate over the coming months. We see another 0.25% cut coming in February 2012.

**ECB and BoE December Meetings**

The ECB cut its refinance rate by another 25bps to 1.0%, lowering its deposit rate to 0.25% in the process, as expected. However, the decision was not unanimous, with a "lively" debate having taken place over timing. ECB President Draghi also announced another set of ECB non-standard measures to ease liquidity conditions for banks and attempt to prevent a credit crunch in the wider economy. However, the ECB also made it clear that it will not be increasing its purchases of Eurozone government bonds, a move that was met with dismay by financial markets.

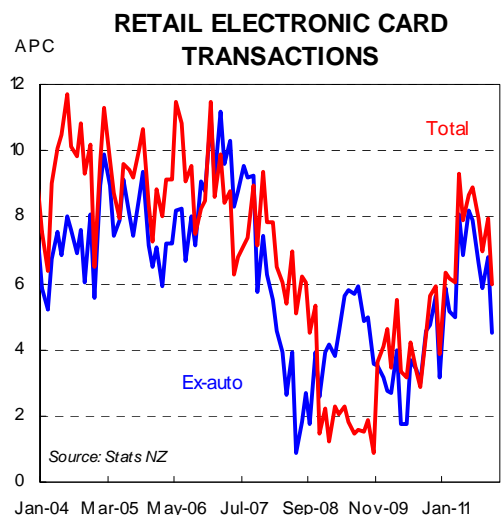
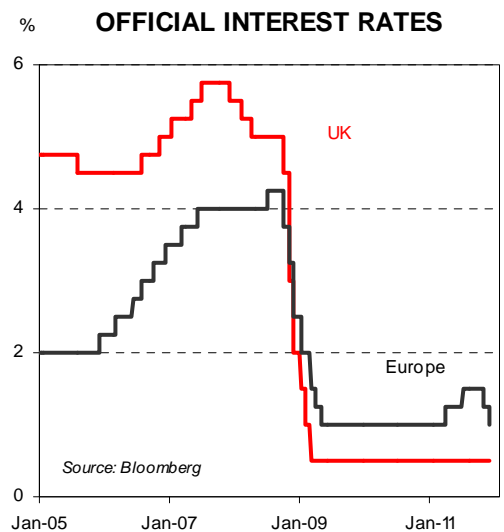
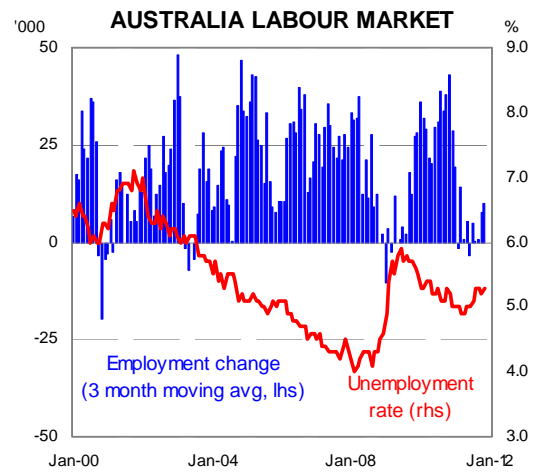
Meanwhile, the Bank of England left its asset purchase target unchanged at GBP275b, and its bank rate likewise unchanged at 0.5%.

**Electronic Card Transactions**

The 0.5% decline in retail card spending follows on from some strong results over the previous two months. The strength in retail spending over September and October reflected the boost from the Rugby World Cup, and once the effects had been accounted for the results point to a gradual recovery in underlying retail spending. The decline in card spending in November suggests the effects of the Rugby World Cup were short-lived, with declines in card spending in the apparel and hospitality sectors more than reversing the boost in the previous month.

Partly offsetting these declines was another robust increase in spending on fuel. Petrol prices fell slightly over the month, suggesting there has been growth in the volume of spending on fuel in recent months.

This result suggests the boost to spending from the Rugby World Cup was brief, with many of the large increases in the categories seen in the previous month reversing out in November. Beyond the effects of the World Cup, we are continuing to see a recovery in underlying retail spending taking place. Whilst we expect this recovery to continue over the coming year, it is likely to occur at a gradual pace in light of the continued high level of household debt.

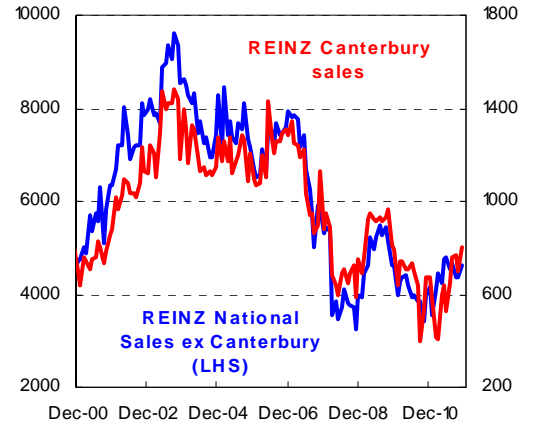


**REINZ House Sales**

The November REINZ house sales data show an improvement in housing market activity. Nationwide turnover increased 6.2% by our seasonally-adjusted estimates, and was driven by a 14.8% increase in housing turnover in Canterbury. There has been volatility in Canterbury housing turnover since late 2010, reflecting the many disruptions in the wake of the 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.

Against this backdrop of higher housing turnover, the median number of days taken to sell a house dipped slightly in November. Recent housing inventory data have pointed to continued supply constraints in the housing market, and this is underpinning a recovery in house prices with the stratified measure of prices increasing 2.6% over the past year.

**NZ DWELLING SALES**  
(seasonally adjusted)



## Global Data Calendars

### Calendar - Australasia, Japan and China

Date	Time (NZT)	Eco	Event	Period	Unit	Last	Forecast	
							Market	ASB
Mon 12 Dec	12:50	JN	Domestic CGPI	Nov	m%ch	-0.7	~	~
	13:30	AU	Home loans	Oct	m%ch	2.2	~	1.0
	13:30	AU	Investment Lending	Oct	%	1.9	~	~
	13:30	AU	Owner-occupied home loan value	Oct	m%ch	0.7	~	-2.0
	13:30	AU	Trade balance	Oct	\$bn	2.6	~	2.0
	19:00	JN	Machine tool orders	Nov	y%ch	26.0	~	~
Tue 13 Dec	10:45	NZ	Food prices	Nov	m%ch	-1.3	~	~
	12:50	JN	Tertiary industry index	Oct	m%ch	-0.7	~	~
	13:00	AU	CBAHIA house affordability	QIII	Index	56.2	~	~
	13:01	CH	China manpower survey	QI	%	25.0	~	~
	13:30	AU	Dwelling starts	QIII	q%ch	-4.7	~	-2.0
	13:30	AU	NAB business confidence	Nov	~	2.0	~	~
	13:30	AU	NAB business conditions	Nov	~	-1.0	~	~
	17:01	AU	Australia manpower survey	QI	q%ch	16.0	~	~
	17:01	NZ	New Zealand manpower survey	QI	q%ch	23.0	~	~
Wed 14 Dec	12:30	AU	MI/WBC consumer confidence	Dec	m%ch	6.3	~	~
	12:30	AU	MI/WBC consumer confidence index	Dec	Index	103.4	~	~
	13:00	AU	DEWR internet skilled vacancies	Nov	m%ch	-1.9	~	~
	14:30	AU	RBA's Battellino Speaks at Banking					
	15:00	CH	Conference Board China October leading					
	15:00	NZ	Non resident bond holdings	Nov	%	61.4	~	~
	17:30	JN	Industrial production	Oct	m%ch	2.4	~	~
	17:30	JN	Capacity utilization	Oct	m%ch	-3.6	~	~
Thu 15 Dec	10:30	NZ	Business NZ PMI	Nov		46.5	~	~
	12:30	AU	MI/WBC consumer inflation expectation	Dec	%	2.5	~	~
	12:50	JN	Tankan large manufacturers index	QIV	~	2.0	-2	~
	12:50	JN	Tankan non-manufacturing	QIV	~	1.0	1	~
	12:50	JN	Tankan large manufacturing outlook	QIV	~	4.0	-3	~
	12:50	JN	Tankan non- manufacturing outlook	QIV	~	1.0	1	~
	12:50	JN	Tankan large all industry Capex	QIV	%	3.0	2.2	~
	13:30	AU	New motor vehicle sales	Nov	m%ch	1.1	~	~
15:30	CH	HSBC flash China manufacturing PMI	Dec	Index	48.0	~	~	
Fri 16 Dec	13:30	AU	RBA foreign exchange transaction	Nov	\$mn	401.0	~	~

## 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 12 Dec	14:30	EC	ECB calls for bids in 7-day main refinancing					
	14:30	EC	ECB calls for bids in 1-month tender					
	18:00	CA	Bank of Canada's Carney speaks in Toronto					
	19:00	US	Monthly Budget Statement	Nov	\$bn	-98.5	-\$145.0	
	20:30	CA	Bank of Canada Advisor Crawford speaks in					
	23:01	GE	Germany first quarter manpower					
Tue 13 Dec		EC	ECB's reserve maintenance period ends					
	00:01	UK	RICS house price balance	Nov	%	-24.0	~	~
	06:45	SZ	SECO December 2011 economic forecasts					
	09:30	UK	DCLG UK house prices	Oct	y%ch	-1.4	~	~
	09:30	UK	CPI	Nov	m%ch	0.1	~	~
	09:30	UK	Core CPI	Nov	y%ch	3.4	~	~
	09:30	UK	Retail price index	Nov	Index	238.0	~	~
	09:30	UK	RPI	Nov	m%ch	0.0	~	~
	09:30	UK	RPI Ex mortgage interest payments	Nov	y%ch	5.6	~	~
	10:00	GE	ZEW survey (current situation)	Dec	~	34.2	~	~
	10:00	EC	ZEW survey (econ. sentiment)	Dec	~	-59.1	~	~
	10:00	GE	ZEW survey (econ. sentiment)	Dec	~	-55.2	-55.0	~
	10:15	EC	ECB announces allotment in 7-day main					
	10:15	EC	ECB announces allotment in 1-month tender					
	12:00	EC	ECB's Mersch Speaks at event in London					
	12:00	EC	ECB allotment of 7-day term deposits to					
	12:30	US	NFIB small business optimism	Nov	~	90.2	~	~
	13:30	US	Advance retail sales	Nov	%	0.5	0.6	~
	13:30	US	Retail sales less autos	Nov	%	0.6	0.5	~
	13:30	US	Retail sales ex auto & gas	Nov	%	0.7	0.5	~
	15:00	US	IBD/TIPP economic optimism	Dec	~	40.6	42.0	~
	15:00	US	JOLTs job openings	Oct	~			
	15:00	US	Business inventories	Oct	%	0.0	0.5	~
17:30	EC	Bundesbank's Weidmann speaks in Frankfurt						
19:15	US	FOMC rate decision	Dec	%	0.25	0.25	~	
Wed 14 Dec		LX	ECB's Mersch Presents BCL's quarterly report					
	08:15	SZ	Producer & import prices	Nov	m%ch	-0.2	~	~
	09:30	UK	Jobless claims change	Nov	000	5.3	~	~
	09:30	UK	Average weekly earnings	Oct	3m	2.3	~	~
	08:15	SZ	Producer & import prices	Nov	m%ch	-0.2	~	~
	09:30	UK	Claimant count rate	Nov	%	5.0	~	~
	09:30	UK	Weekly earnings ex bonus	Oct	3m	1.7	~	~
	09:30	UK	ILO unemployment rate	Oct	3mth	8.3	~	~
	10:00	EC	Euro-Zone industrial production	Oct	m%ch	-1.8	-0.3	~
	10:00	SZ	Credit Suisse ZEW survey (expectations)	Dec	~	-64.3	~	~
	12:00	US	MBA mortgage applications	Dec	%	12.8	~	~
	13:30	GE	Germany's Schaeuble, Weidmann Speak on					
	13:30	US	Fed's Lockhart speaks about Midtown Atlanta					
	13:30	CA	Leading indicators	Nov	m%ch	0.2	~	~
	13:30	CA	Manufacturing sales	Oct	m%ch	2.6	~	~
13:30	US	Import price index	Nov	m%ch	-0.6	1.0	~	

Thu 15 Dec	08:15	SZ	Industrial production	QIII	q%ch	3.6	~	~
	08:30	SZ	The Swiss Central Bank holds its monetary					
	08:30	GE	PMI manufacturing	Dec	Index	47.9	~	~
	08:30	GE	PMI services	Dec	Index	50.3	~	~
	08:30	SZ	SNB 3-Month libor target rate	Dec	%	0.0	0.0	~
	09:00	FI	ECB's Erkki Liikanen Speaks at Bank of Finland					
	09:00	EC	ECB Publishes December monthly report					
	09:00	EC	PMI composite	Dec	Index	47.0	~	~
	09:00	EC	PMI manufacturing	Dec	Index	46.4	~	~
	09:00	EC	PMI services	Dec	Index	47.5	~	~
	09:30	UK	BoE/GfK inflation next 12 months	Nov	~	4.2	~	~
	09:30	UK	Retail sales ex auto fuel	Nov	m%ch	0.6	~	~
	09:30	UK	Retail sales w/auto fuel	Nov	m%ch	0.6	~	~
	10:00	EC	Euro-Zone CPI - core	Nov	y%ch	1.6	~	~
	10:00	EC	Euro-Zone CPI	Nov	m%ch	0.3	~	~
	10:00	EC	Eurozone employment	QIII	q%ch	0.3	~	~
	11:00	UK	CBI trends total orders	Dec	~	-19.0	~	~
	11:00	UK	Service production	Dec	y%ch	2.0	~	~
	11:25	GE	ECB President Draghi speech on social market					
	13:30	CA	Capacity utilization rate	QIII	q%ch	78.4	~	~
	13:30	US	PPI	Nov	m%ch	-0.3	0.2	~
	13:30	US	PPI Ex Food & Energy	Nov	m%ch	0.0	0.2	~
	13:30	US	Current account balance	QIII	\$bn	-118.0	-107.2	~
	13:30	US	Empire manufacturing	Dec	~	0.6	2.0	~
	13:30	US	Initial jobless and continuing claims	Dec	~	~	~	~
	14:00	US	Net long-term TIC flows	Oct	\$bn	\$68.6	~	~
	14:00	US	Total net TIC flows	Oct	\$bn	\$57.4	~	~
	14:15	US	Industrial production	Nov	%	0.7	0.2	~
	14:15	US	Capacity utilization	Nov	%	77.8	77.9	~
	15:00	US	Philadelphia Fed.	Dec	~	3.6	5.0	~
Fri 16 Dec	07:00	EC	EU 25 new car registrations	Nov	%	-1.8	~	~
	08:00	IT	Draghi, King, Bini Smaghi, Visco, Regling at					
	10:00	EC	Euro-Zone labour costs	QIII	y%ch	3.6	~	~
	10:00	EC	Euro-Zone trade balance	Oct	€bn	2.1	~	~
	13:30	CA	Interatnional securities transaction	Oct	\$bn	7.4	~	~
	13:30	US	CPI	Nov	m%ch	-0.1	0.1	~
	13:30	US	CPI ex food & energy	Nov	m%ch	0.1	0.1	~
	13:30	US	CPI Core index	Nov	Index	226.4	~	~
	16:15	US	Fed's Evans Speaks on econometric policy					
	17:00	US	Fed's Fisher speaks on economy in Austin,					
Sat 17 Dec	10:30	SZ	KOF institute December economic forecast					

## ASB Economics &amp; Research

## Phone

## Fax

## Economics

Chief Economist

Nick Tuffley

[nick.tuffley@asb.co.nz](mailto:nick.tuffley@asb.co.nz)

(649) 301 5659

(649) 302 0992

Economist

Jane Turner

[jane.turner@asb.co.nz](mailto:jane.turner@asb.co.nz)

(649) 301 5660

Economist

Christina Leung

[christina.leung@asb.co.nz](mailto:christina.leung@asb.co.nz)

(649) 301 5661

Economist

Daniel Smith

[daniel.smith@asb.co.nz](mailto:daniel.smith@asb.co.nz)

(649) 301 5853

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

ASB Economics

Level 9, 135 Albert Street, Auckland

**Important Disclosures**

ASB Institutional is an undertaking of ASB Bank Limited ("ASB") and Commonwealth Bank of Australia (incorporated in Australia, ABN 48 123 123 124) ("Commonwealth Bank").

This document is published solely for informational purposes. It has been prepared without taking account of your objectives, financial situation, or needs. Before acting on the information in this document, you should consider the appropriateness and suitability of the information, having regard to your objectives, financial situation and needs, and, if necessary seek appropriate professional or financial advice.

We believe that the information in this document is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this document. Any opinions, conclusions or recommendations set forth in this document are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by ASB or Commonwealth Bank. We are under no obligation to, and do not, update or keep current the information contained in this document. No person involved in the preparation of this document accepts any liability for any loss or damage arising out of the use of all or any part of this document.

Any valuations, projections and forecasts contained in this document are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. No representation or warranty is made that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met.