



The Week Ahead

The Weekly Perspective is on its annual holiday shutdown and will resume in full on 13 January 2012 with an outlook piece on global and domestic prospects for 2012.

The first week of the New Year started off positively, with US and European shares posting firm gains. This improvement was on the back of better-than-expected data out of the US, China, UK and Germany. The US ISM manufacturing index rose to a six-month high and construction spending was also better than expected. The Chinese non-manufacturing PMI index soared to 56.0 in December from 49.7 in November while the manufacturing PMI bounced back into expansionary territory. UK manufacturing PMI also rebounded in December to a three-month high while the German unemployment rate fell to a new post re-unification low of 6.8%.

Positive market confidence was, however, relatively short-lived. Towards week end, European sovereign and banking issues came to the fore and once again put investors on edge. France went to the primary market but was met with slightly softer demand compared to the previous auction a month ago. Greek PM Papademos also warned that Greece faces an "uncontrolled default" in March unless unions and employers can agree on labour reform, through labour cost cuts, to boost Greek competitiveness and obtain the necessary associated funding. By contrast, the ADP employment survey in the US estimated that US private sector payrolls rose by 325,000 in December, well above economist expectations of 178,000. This result helped to prop up US markets, but was not enough to overshadow overall European debt concerns.

For the week ahead, the major Australian data releases are the November retail trade and building approval figures. A disparity currently exists in the retail sector between the weak traditional retail consumer spending and the firmer spending on services (including travel and utilities). We expect a soft retail trade figure of 0.5%(MoM) for November. Detached dwelling approvals have been soft over the year, as have multi-density approvals which have also been very volatile. We are expecting a 10.0%(MoM) rise in November approvals which is mainly a reversal of a large decline in October.

In Europe, the first Central Bank meetings for 2012 take place. The European Central Bank (ECB) and Bank of England (BoE) are both scheduled for Thursday. We expect the ECB to cut interest rates by 50bps in Q1. In our view, the question has become one of timing. A cut in January is far from certain. The December decision to cut rates was not unanimous. The ECB may want to wait to see the economic response from recent cuts. But the risk of a cut remains high. With Eurozone CPI inflation easing to 2.8% for the year to December 2011, the ECB has more ability to loosen its monetary policy stance. We expect the BoE to leave the base rate unchanged at 0.50%. But, further policy easing by the UK appears likely. The BoE downgraded its UK economic outlook to be "*broadly flat*" in its November inflation report. Given the growing risks in the Eurozone we expect the BoE to expand its asset purchase program in the coming months.

Chinese data is scheduled for release next week. CPI and trade data kick the week off and GDP and industrial production numbers close the week. Export growth from China has slowed amid the recent global volatility and weakening demand from Europe. But, domestic demand has remained strong. Inflation figures should also show signs of easing price pressures. Food prices peaked a few months ago.

A key focus for markets will be on comments coming from the bilateral summit meeting between French President Nicolas Sarkozy and German Chancellor Angela Merkel on 9 January. The leaders will head to Berlin for the first of several gatherings in January to discuss the preparations for the month-end EU leaders summit. The EU Government debt auctions in France, Italy and Spain will also keep participant attention and influence consumer and investor confidence over the week.

Regards,

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Calendar - Australasia, Japan and China

Date	Time	Econ	Event	Period	Unit	Last	Forecast	
							Market	CBA
Mon 9 Jan	08:45	NZ	Trade balance	Nov	NZ\$m	-282.0	-289.0	-300.0
	08:45	NZ	Exports	Nov	NZ \$bn	3.9	3.9	~
	08:45	NZ	Imports	Nov	NZ \$bn	4.2	4.2	~
	11:30	AU	Retail sales s.a.	Nov	m%ch	0.2	0.3	0.5
Tue 10 Jan	~	CH	Trade balance	Dec	USD bn	14.5	9.5	~
	~	CH	Exports	Dec	y%ch	13.8	13.5	~
	~	CH	Imports	Dec	y%ch	22.1	18.0	~
	08:45	NZ	Building permits	Nov	m%ch	11.2	3.0	~
	11:30	AU	Building approvals	Nov	m%ch y%ch	-10.7 -29.8	6.0 -19.6	10.0 ~
Wed 11 Jan	10:30	AU	Westpac consumer confidence	Jan	Index	94.7	~	~
Thu 12 Jan	10:50	JN	Current account total	Nov	¥bn	562.4	241.1	~
	10:50	JN	Adjusted current account total	Nov	¥bn	518.6	357.1	~
	10:50	JN	Current account balance	Nov	y%ch	-62.4	-74.8	~
	10:50	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	QIV	y%ch	9.4	9.3	~
	~	CH	Real GDP	QIV	y%ch	9.1	8.6	~
	~	CH	Real GDP	QIV	q%ch	2.3	~	~
	~	CH	Retail Sales	Dec	y%ch	17.3	17.1	~

Calendar – North America & Europe

Please note all days and times are UK time, not local release day/times

Date	UK Time	Econ	Event	Period	Unit	Last	Forecast	
							Market	CBA
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	QIV	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, Washington						
	16:10	US	Fed's Pianalto speaks on labour markets in Ohio						
	18:00	US	Fed's George speaks on economic outlook in Kansas City						
Wed 11 Jan	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						
	19:00	US	Fed's Beige Book						
Thu 12 Jan	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 bn	-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						



Calendar – Key Events To Watch

Australia and New Zealand

Monday 9 January

NZ Trade Balance, Nov, NZ\$mn, (f) -300 (-282 prev)

The October trade deficit was narrower than expected, with a deficit of \$282 million. Once seasonally adjusted, the trade balance recorded a surplus of \$224 million. The continued strength in exports over October was very encouraging. While there has been an easing in exports of dairy and meat, these remain at reasonably elevated levels. Dairy and meat prices remain strong, and we expect these exports to continue to perform well over the coming months. However, other exports that are more sensitive to global growth, such as manufactured and forestry exports, are likely to slow over coming months. Ongoing uncertainty around the global outlook presents downside risks to NZ's export performance, and weaker trading partner growth is likely to slow demand for some exports.

In November, we expect a trade deficit of \$300 million. The deficit is largely seasonal, as imports pick up ahead of Christmas demand in retailing.

Monday 9 January

AU Retail Trade, Nov, m%ch, (f) 0.5, (0.2 prev)

Retail sales have reported consecutive gains since July this year, although the October data showed a moderated pace of growth for the month. Department store sales have remained the weak spot in retailing. The November RBA interest rate cut should positively influence the November retail result. Consumer sentiment for November reported a strong gain; and indicators such as the CBA-Ai-Group PSI showed expanding activity in the retail trade sub-sector for the month. For these reasons we are predicting growth in retail spending for November at 0.5% over the month.

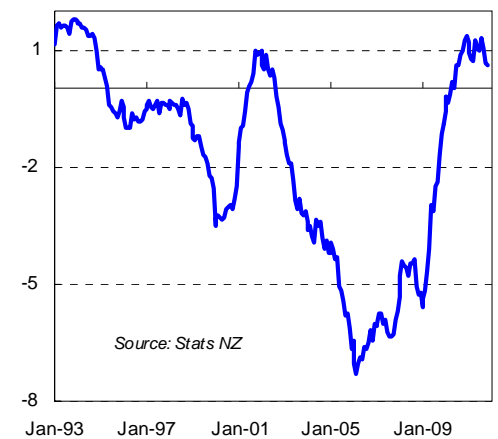
Tuesday 10 January

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

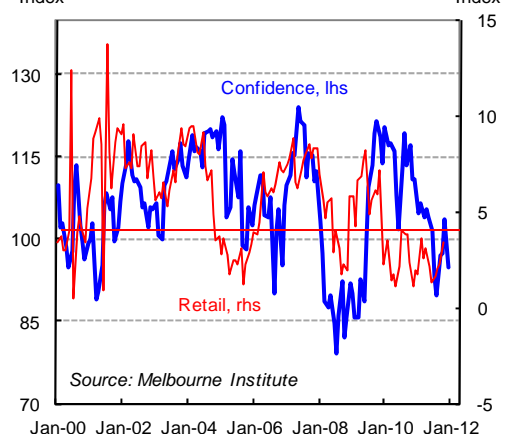
Building consents recovered 11% over October, following the previous month's 17% decline. Dwelling consents have been more volatile than usual over the past 3 months. Looking through this volatility to the underlying trend, the current pace of consent issuance is up slightly from lows recorded over the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

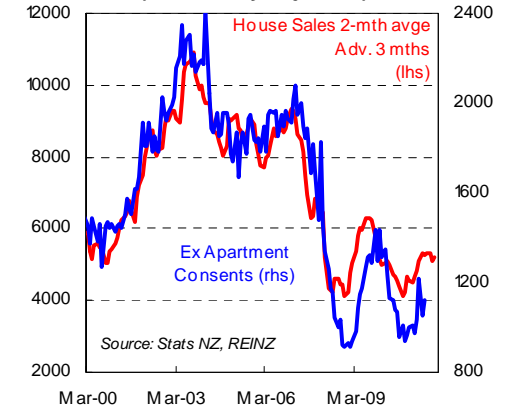
NZ GOODS TRADE BALANCE (annual total)



CONFIDENCE & RETAIL



NZ HOUSE SALES & CONSENTS (seasonally adjusted)



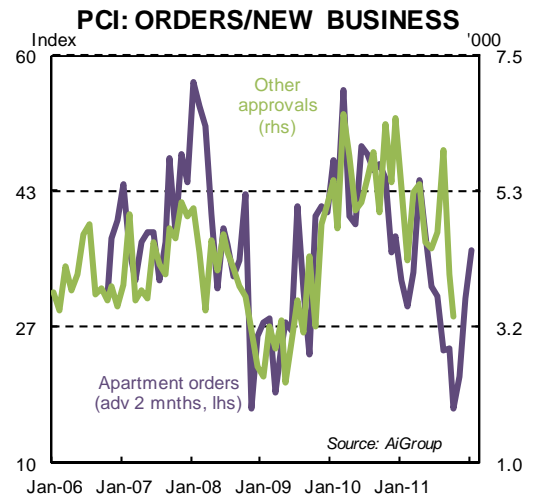


Tuesday 10 January

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.



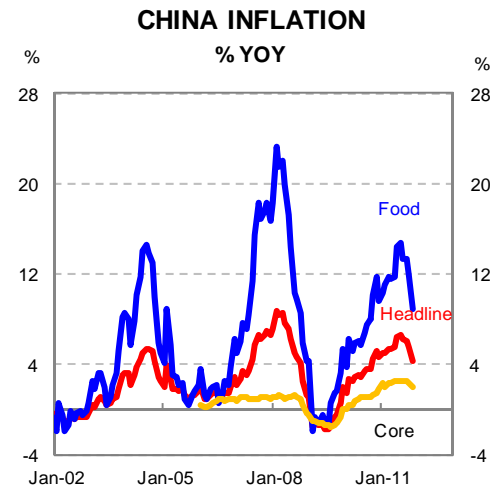


International

Monday 9 – Friday 13 January

CH CPI, Dec, y%ch, (4.2 prev)

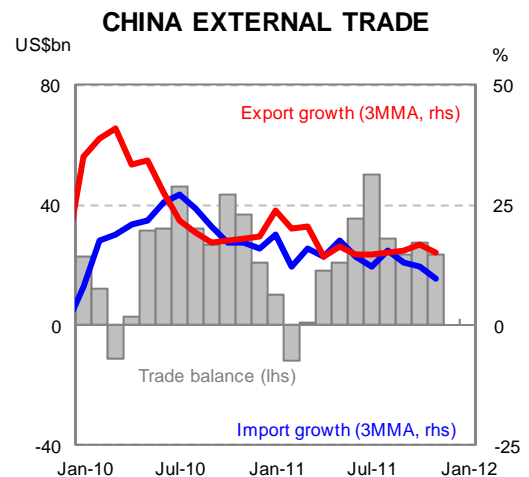
In November, headline CPI rose by 4.2% from a year earlier. The significant fall in November primarily reflects base-effects in food prices. More specifically, food inflation moderated to 8.8% (YoY) in November, having peaked at 13.4% (YoY) in QIII 2011. Food prices contributed 2.7 percentage points to headline CPI in November. Pork prices increased by 26.5% (YoY) in November and added 0.78 percentage points to headline CPI alone. Although pork prices appear to have stabilized recently, the increased seasonal demand for fresh produce should lift these prices. As such, we expect December CPI to have risen by 4.2% on a year-on-year basis.



Tuesday 10 January

CH 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.



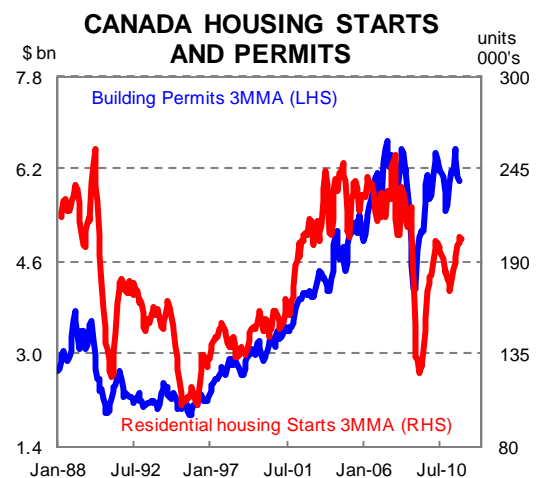
Tuesday 10 January

CA Building Permits, Nov, m%ch, (11.9 prev)

Wednesday 11 January

CA Housing Starts, Nov, '000, (181.2 prev)

Canadian housing starts have been recovering recently from the low levels recorded a year ago. However, new home building dropped 13% in November. The seasonally adjusted annual rate of housing starts was 181,200 units, down from 208,800 recorded in October. The volatile multi-family sector, which represents condos and apartments, recorded a 29,000 unit drop (saar). Single family dwelling consents actually picked up 3.5% (MoM, saar) in November.



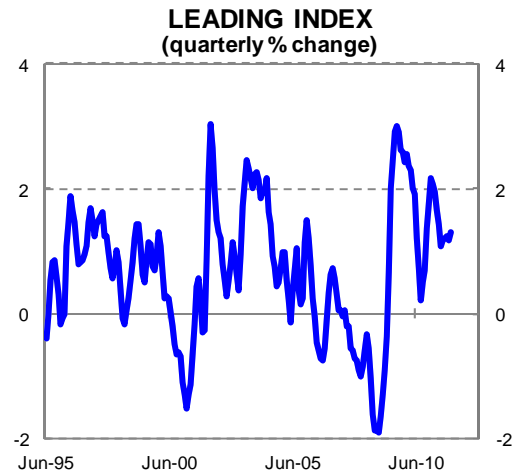
We expect some moderation in housing market activity over 2012, reflecting the recent softening labour market conditions and consumer confidence.



Wednesday 11 January

US Fed's Beige Book

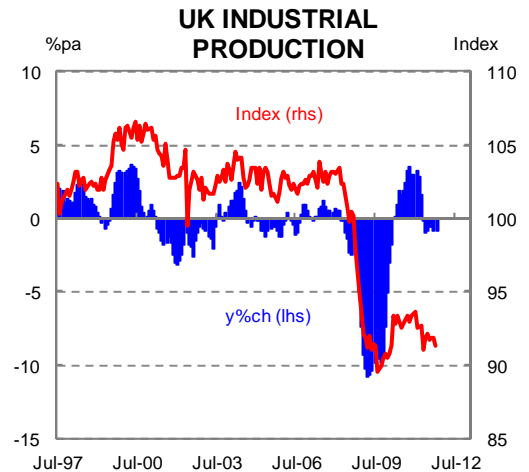
The Beige Book is the Fed's qualitative survey of business contacts. The Fed uses the Beige Book as an input in its policy discussions. The most recent Beige Book indicated that the US economy was expanding at a "moderate" pace in 11 of 12 districts. The recent Beige Book's have also illustrated the 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)

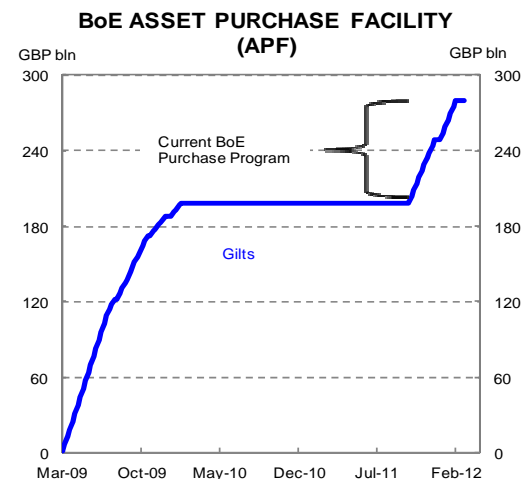
UK industrial and manufacturing production growth continues to stutter. Industrial production contracted by 1.7% (YoY) in the 12 months to October, while manufacturing production was barely positive at 0.3% (YoY). There is little reason to expect any improvement in the near term either. Manufacturing 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 refi rate back down to 1.0%. Given the current recessionary environment, ongoing uncertainty and strains in the financial markets, we expect further easing to come 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 refi rate by 25bpts in December had not been unanimous, albeit with the disagreement being over timing not 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 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.

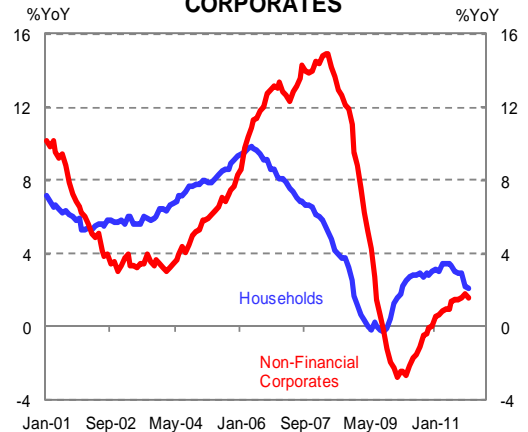
Friday 13 January

CA International Merchandise Trade, Nov, C\$bn, (-0.89 prev)

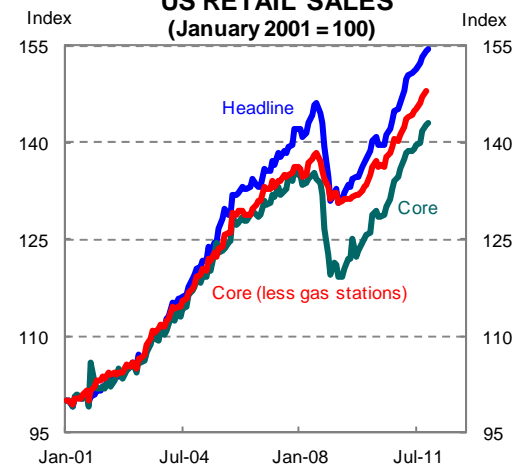
Canada posted an unexpected trade deficit of C\$0.89bn in October, following a revised surplus of C\$1.03bn in September. In October, a 3% (MoM) lift in energy imports contributed to a 1.9% (MoM) lift in total imports. Imports rose to a record C\$39.3bn in October. Meanwhile exports fell 3% to C\$38.4bn, as energy exports dropped 5.8% (MoM).

Negative international developments are affecting Canada through financial, confidence and trade channels. The direct impact of weaker European economic growth on Canada should be relatively modest; the direct impact of a slowdown in the United States is more material, given the close trade ties. Canada sends over 70% of exports to the US. In that regard, the US economy has been showing signs of life of late, but the strong Canadian dollar should continue to act as a headwind to strong export growth.

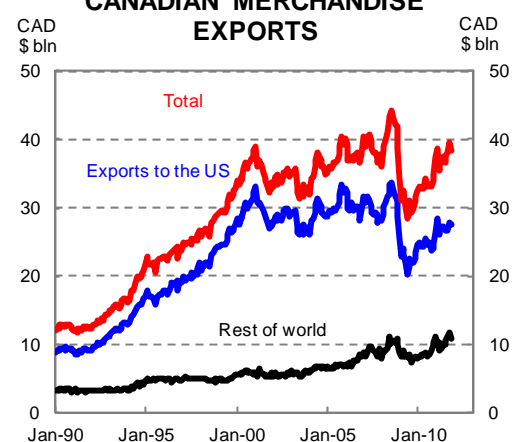
EUROZONE BANK LENDING TO HOUSEHOLDS & NON-FINANCIAL CORPORATES



US RETAIL SALES (January 2001 = 100)



CANADIAN MERCHANDISE EXPORTS

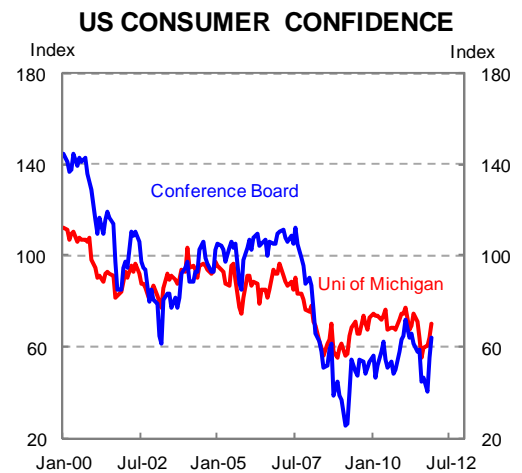




Friday 13 January

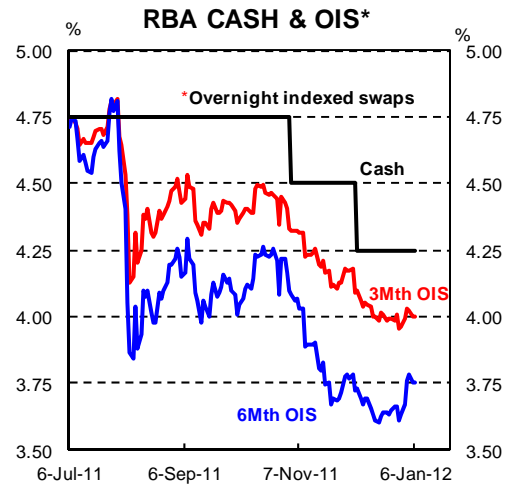
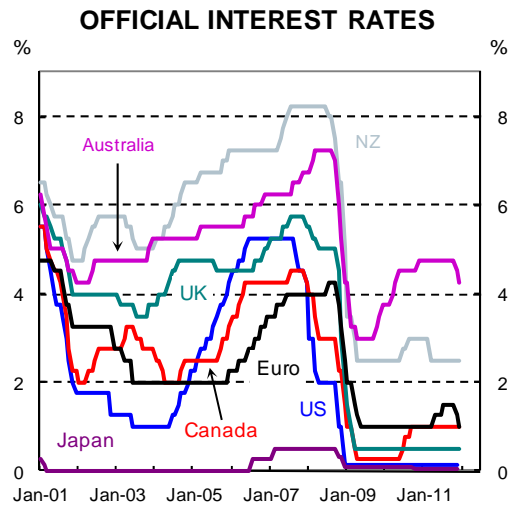
US University of Michigan Confidence, Jan P, Index, (69.9 prev)

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 somewhat off the levels reached pre the Lehman's collapse. We expect consumer confidence to have lifted, albeit modestly, in December.





Monetary Policy



Country	Last Move	Next Meeting and Forecast	CBA View															
Australia (RBA)	25bpt cut to 4.25% on 5 December 2011.	<table border="1"> <tr> <th colspan="5">7 February 2012</th> </tr> <tr> <td>Mar '12</td> <td>Jun '12</td> <td>Sep '12</td> <td>Dec '12</td> <td></td> </tr> <tr> <td>4.00%</td> <td>4.00%</td> <td>4.00%</td> <td>4.00%</td> <td></td> </tr> </table>	7 February 2012					Mar '12	Jun '12	Sep '12	Dec '12		4.00%	4.00%	4.00%	4.00%		The RBA has moved to a more neutral policy stance. We think a further cut is likely in February 2012. However, if offshore risks abate, the medium-term outlook still favours higher interest rates.
7 February 2012																		
Mar '12	Jun '12	Sep '12	Dec '12															
4.00%	4.00%	4.00%	4.00%															
US (FOMC)	75-100bpt cut to 0-0.25% on 16 December 2008.	<table border="1"> <tr> <th colspan="5">25 January 2012</th> </tr> <tr> <td>Mar '12</td> <td>Jun '12</td> <td>Sep '12</td> <td>Dec '12</td> <td></td> </tr> <tr> <td>0-0.25%</td> <td>0-0.25%</td> <td>0-0.25%</td> <td>0-0.25%</td> <td></td> </tr> </table>	25 January 2012					Mar '12	Jun '12	Sep '12	Dec '12		0-0.25%	0-0.25%	0-0.25%	0-0.25%		Given the loss of momentum in the US economy, we expect the Fed to initiate more policy easing in 2012. Policy easing is first likely to take the form of enhanced guidance.
25 January 2012																		
Mar '12	Jun '12	Sep '12	Dec '12															
0-0.25%	0-0.25%	0-0.25%	0-0.25%															
Eurozone (ECB)	25bpt cut to 1.00% on 8 December 2011.	<table border="1"> <tr> <th colspan="5">12 January 2012</th> </tr> <tr> <td>Mar '12</td> <td>Jun '12</td> <td>Sep '12</td> <td>Dec '12</td> <td></td> </tr> <tr> <td>0.50%</td> <td>0.50%</td> <td>0.50%</td> <td>0.50%</td> <td></td> </tr> </table>	12 January 2012					Mar '12	Jun '12	Sep '12	Dec '12		0.50%	0.50%	0.50%	0.50%		The recent deterioration in Eurozone economic indicators has resulted in the ECB continuing to reduce its refi rate. We expect the ECB to cut rates again in early 2012.
12 January 2012																		
Mar '12	Jun '12	Sep '12	Dec '12															
0.50%	0.50%	0.50%	0.50%															
UK (MPC)	50bpt cut to 0.5% on 5 March 2009.	<table border="1"> <tr> <th colspan="5">12 January 2012</th> </tr> <tr> <td>Mar '12</td> <td>Jun '12</td> <td>Sep '12</td> <td>Dec '12</td> <td></td> </tr> <tr> <td>0.50%</td> <td>0.50%</td> <td>0.50%</td> <td>0.50%</td> <td></td> </tr> </table>	12 January 2012					Mar '12	Jun '12	Sep '12	Dec '12		0.50%	0.50%	0.50%	0.50%		With the risks to the UK economy skewed to the downside, we now expect the BoE to raise the asset purchase target up to the £350-400bn area in 2012.
12 January 2012																		
Mar '12	Jun '12	Sep '12	Dec '12															
0.50%	0.50%	0.50%	0.50%															
NZ (RBNZ)	50bpt cut to 2.5% on 10 March.	<table border="1"> <tr> <th colspan="5">25 January 2012</th> </tr> <tr> <td>Mar '12</td> <td>Jun '12</td> <td>Sep '12</td> <td>Dec '12</td> <td></td> </tr> <tr> <td>2.50%</td> <td>2.50%</td> <td>2.50%</td> <td>2.75%</td> <td></td> </tr> </table>	25 January 2012					Mar '12	Jun '12	Sep '12	Dec '12		2.50%	2.50%	2.50%	2.75%		We have pushed out the timing for RBNZ to lift the OCR to December 2012, from June 2012, largely because of further escalation of the Eurozone debt crisis.
25 January 2012																		
Mar '12	Jun '12	Sep '12	Dec '12															
2.50%	2.50%	2.50%	2.75%															
Canada (BoC)	25bpt rise to 1.00% on 8 September 2010.	<table border="1"> <tr> <th colspan="5">17 January 2012</th> </tr> <tr> <td>Mar '12</td> <td>Jun '12</td> <td>Sep '12</td> <td>Dec '12</td> <td></td> </tr> <tr> <td>1.00%</td> <td>1.00%</td> <td>1.00%</td> <td>1.00%</td> <td></td> </tr> </table>	17 January 2012					Mar '12	Jun '12	Sep '12	Dec '12		1.00%	1.00%	1.00%	1.00%		Softness in the US economy is likely to affect the Canadian economy given the strong trade ties. We expect the BoC to remain on hold until early 2013 before it embarks on a slow and steady removal of policy accommodation.
17 January 2012																		
Mar '12	Jun '12	Sep '12	Dec '12															
1.00%	1.00%	1.00%	1.00%															
Japan (BoJ)	0-10bpt cut to 0-0.1% on 5 October 2010.	<table border="1"> <tr> <th colspan="5">24 January, 2012</th> </tr> <tr> <td>Mar '12</td> <td>Jun '12</td> <td>Sep '12</td> <td>Dec '12</td> <td></td> </tr> <tr> <td>0-0.10%</td> <td>0-0.10%</td> <td>0-0.10%</td> <td>0-0.10%</td> <td></td> </tr> </table>	24 January, 2012					Mar '12	Jun '12	Sep '12	Dec '12		0-0.10%	0-0.10%	0-0.10%	0-0.10%		In response to the recent natural disasters, the Bank of Japan has implemented further quantitative easing measures. Monetary policy in Japan is likely to remain accommodative for some time.
24 January, 2012																		
Mar '12	Jun '12	Sep '12	Dec '12															
0-0.10%	0-0.10%	0-0.10%	0-0.10%															



Forecasts - Economic

	2008/09						2007						
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007	2008	2009	2010	2011	2012	2013
	(a)	(a)	(a)	(f)	(f)	(f)	(a)	(a)	(a)	(a)	(f)	(f)	(f)
Economic Activity													
Private final demand	0.1	1.0	3.3	6.2	5.0	5.6	6.9	3.0	-0.4	2.0	5.3	5.3	5.5
<i>Of which:</i> Household spending	0.1	2.5	3.1	3.5	3.0	3.3	5.6	1.9	1.0	2.9	3.5	3.0	3.2
Dwelling investment	-1.5	1.2	0.9	-0.7	0.7	2.0	2.0	2.7	-4.4	4.2	-1.5	0.1	1.9
Business investment	2.2	-5.2	6.5	19.2	12.6	13.9	14.9	9.4	-4.7	-1.3	16.3	14.5	13.7
Public final demand	3.7	6.6	3.1	-1.2	0.4	0.6	3.4	6.8	0.7	8.7	-0.5	-0.3	0.5
Domestic final demand	0.9	2.3	3.2	4.4	3.9	4.5	6.1	3.9	-0.2	3.6	3.9	3.9	4.4
Inventories (contrib to GDP)	-0.7	-0.1	0.6	0.0	0.1	0.0	0.8	-0.3	-0.7	0.4	0.4	0.1	0.0
GNE	0.2	2.3	3.9	4.4	4.0	4.5	6.9	3.5	-0.9	4.0	4.3	4.1	4.3
Exports	1.7	5.3	0.2	5.0	7.1	6.7	3.2	3.8	2.1	5.8	-1.6	8.5	6.7
Imports	-3.3	5.6	10.4	12.0	8.8	11.0	12.6	11.2	-8.6	14.1	11.3	9.0	10.6
<i>Net exports (contrib to GDP)</i>	1.0	-0.1	-2.0	-1.6	-0.7	-1.4	-1.6	-1.4	2.2	-1.5	-2.7	0.0	0.0
GDP	1.4	2.3	1.9	3.2	3.4	3.3	4.7	2.5	1.4	2.6	2.0	3.7	3.3
Prices & Wages													
CPI	3.1	2.3	3.1	2.7	3.2	3.4	2.3	4.4	1.8	2.8	3.4	2.6	3.4
Underlying CPI	4.4	3.3	2.6	2.6	3.4	3.3	3.0	4.6	3.7	2.8	2.6	3.0	3.4
AWOTE	5.5	5.6	4.1	4.3	3.1	3.3	4.8	4.8	5.7	4.9	4.5	3.4	3.2
WPI	4.1	3.0	3.8	3.6	3.9	3.8	4.0	4.2	3.6	3.3	3.7	3.8	3.8
Real h/hold disposable income	7.4	1.0	3.8	3.7	2.6	2.1	7.5	4.2	5.9	1.0	4.6	2.8	2.3
Labour Market													
Employment	1.6	1.4	2.9	0.7	1.3	1.9	3.1	2.8	0.7	2.7	1.7	0.7	1.8
Unemployment rate	4.9	5.5	5.1	5.3	5.4	4.9	4.4	4.3	5.6	5.2	5.1	5.5	5.1
External Accounts													
Current Account: \$bn	-37.0	-56.1	-33.5	-29.9	-39.9	-28.1	-69.8	-53.3	-53.2	-38.5	-29.2	-39.4	-34.3
% of GDP	-2.9	-4.3	-2.4	-2.0	-2.5	-1.6	-6.2	-4.3	-4.2	-2.8	-2.0	-2.6	-2.1



Forecasts - Financial

End Period	Interest Rates					Exchange Rates				
	Cash Rate	90-day Bank Bill	180-day Bank Bill	3-year Bond	10-year Bond	USD versus				
						AUD	JPY	EUR	GBP	NZD
Dec-07	6.75	7.24	7.36	6.80	6.33	0.88	111.7	1.46	1.98	0.77
Mar-08	7.25	7.86	7.96	6.16	6.05	0.91	99.7	1.58	1.98	0.79
Jun-08	7.25	7.84	7.96	6.72	6.45	0.96	106.2	1.58	1.99	0.76
Sep-08	7.00	7.32	7.04	5.07	5.40	0.79	106.1	1.41	1.78	0.67
Dec-08	4.25	4.15	0.00	3.29	3.99	0.70	90.7	1.40	1.46	0.58
Mar-09	3.25	3.14	3.06	3.37	4.42	0.69	99.0	1.33	1.43	0.56
Jun-09	3.00	3.19	3.31	4.75	5.52	0.81	96.4	1.40	1.65	0.65
Sep-09	3.00	3.38	3.78	5.04	5.36	0.88	89.7	1.46	1.60	0.72
Dec-09	3.75	4.28	4.47	5.06	5.64	0.90	93.0	1.43	1.62	0.72
Mar-10	4.00	4.49	4.76	5.39	5.78	0.92	93.4	1.35	1.52	0.71
Jun-10	4.50	4.92	5.00	4.56	5.09	0.84	88.4	1.22	1.49	0.68
Sep-10	4.50	5.01	5.20	4.82	4.96	0.97	83.5	1.36	1.57	0.73
Dec-10	4.75	5.04	5.23	5.30	5.55	1.02	81.1	1.34	1.56	0.78
Mar-11	4.75	4.93	5.01	5.07	5.49	1.03	83.1	1.42	1.60	0.76
Jun-11	4.75	5.03	5.07	4.78	5.21	1.07	80.6	1.45	1.61	0.83
Sep-11	4.75	4.92	4.68	3.61	4.24	0.97	77.1	1.34	1.56	0.76
Dec-11	4.25	4.50	4.40	3.00	3.90	1.02	76.9	1.30	1.55	0.78
Mar-12	4.00	3.80	3.60	2.70	3.80	0.98	76.0	1.30	1.50	0.75
Jun-12	4.00	3.80	3.70	2.70	3.80	0.95	75.0	1.27	1.48	0.73
Sep-12	4.00	3.95	3.90	2.90	3.90	0.97	77.0	1.28	1.49	0.75
Dec-12	4.00	4.10	4.10	3.10	4.00	1.00	78.0	1.30	1.50	0.78

Forecast



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