# Sunrise Market Commentary

## 13 October 2006

From KBC Market Research Desk
More research on www.kbc.be/dealingroom

## Highlights

- **Bond Markets:** **US Treasuries stabilize after 4 days losing streak**

  **Correction higher in European yields halts at key resistance data**
- **Currencies:** **Is the dollar out of breath?**
- **News:** **US economic data in the focus today**

## Markets: Fixed Income

### US: Curve slightly steeper

| | | |
|---|---|---|
| R2 | 107 - 27/32 | -1d |
| R1 | 107 - 08/32 | |
| **T-Bond** | **107 2/16** | 1/16 |
| S1 | 106 - 24/32 | |
| S2 | 106 - 17/32 | |

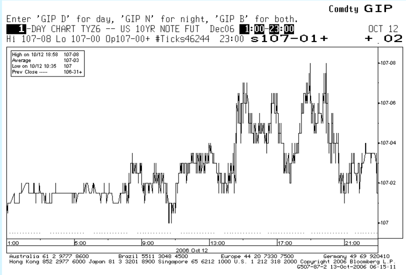
**On Thursday, US Treasuries ended the session little changed, as an attempt to regain ground was undone after the release of the Beige Book. Essentially though, it was a sideways ranging session with a positive bias that disappeared after the Beige Book. The data had no lasting impact. Comments of Fed governors Poole and Moskow were mixed.**

**The 10-year TIPS auction** went successfully and attracted buy-side interest, but couldn't generate a bid in the overall market.

**The Beige Book, compiled by the Richmond Fed of FOMC dissenter Lacker, painted a slightly stronger picture of the economy than the previous book**. "…activity continued to expand since the last report. Four districts reported that economic growth firmed, while a couple of districts noted that growth cooled. Other reports characterized growth as mixed." In the previous report, economic activity was also described as continuing to expand, but then five districts indicated deceleration, while the remaining seven districts reported little change in the pace of growth.

Regarding the housing market there is widespread evidence of a cooling, but some districts noted increased activity. Commercial real estate markets were strong in most districts. Labour markets remained strong and considered tight in a number of districts. Others noted that growth was steady to stronger. Wage growth was generally modest, although faster wage growth for skilled service workers was cited by a number of districts. Most districts reported few signs of increased price pressures in recent weeks.

**Concluding, the Beige Book at the margin suggested that growth didn't slow further, maybe even strengthened slightly compared to the previous book. Inflation remains a concern, but didn't worsen. So overall, this picture should allow the Fed to prolong its pause and some in the market will see it as justifying the recent upward correction in yields. Whether it adds something extra is less obvious to us.**




Dec Note future (intra-day): Little changed after broadly sideways trading session


S&P: New high as bull run has more legs. Strong earnings greeted enthusiastically.

**In other markets**, **the dollar** lost some ground following a strong run in the previous sessions. Probably the move was technically inspired. The negative reaction after the trade balance was rapidly reversed and the beige book and US stocks should have been even a positive.

**Commodities** traded mostly range-bound following steep losses on Wednesday. In the end the CRB index was up 1.90 points (299.73). Oil closed little changed at 57.86 USD/barrel. Gold gained some ground and copper lost some.

**US Equities** had a mighty run as strong earnings (McDonalds a.o.) and an encouraging Beige Book stimulated buying. Equities closed also at the highs of the session. Interestingly the cyclically sensitive NASDAQ seems to be catching up on other indices.

The **LT technical picture of the S&P** is upgraded to **bullish** following the recent break higher.

**To keep the very bullish sentiment intact, the S&P may not fall below 1326** (previous high), but only a break below 1302 (Break-up daily) would put questions about the longer-term outlook. The medium term moving average that nicely tracks the uptrend and was only briefly broken since early August stands at 1344 today.

On the upside, first resistance kicks in at 1366 (76% retracement and 1381/85 (highs Jan 2001/December 2000). The monthly Starc top stands at 1400.

**Today**, the calendar is busy and interesting. It contains the September retail sales and import prices, the October preliminary Michigan consumer sentiment survey and the August business inventories.

The **retail sales** are an important piece of evidence about the health of the economy. It is the most volatile part of consumption spending that counts for 70% of GDP. So retail sales will tell us something about this important sector of the economy. The market wants to know whether consumers stepped up their spending after energy prices fell substantially lower. In other words the consumer is once more expected to underpin economic activity, or at least put negatively, the consumer may not disengage from spending or the slowing of the overall economy might deepen. Of course, the September results have not the final say on that subject. The market expects rather tepid sales with headline sales up 0.2% M/M and core sales (excluding cars) flat. **Risks seem to be on the downside of consensus though.** One shouldn't forget it is about nominal sales and therefore gasoline sales will play a major role in the current report, as gasoline prices dropped sharply. We witnessed often that in such circumstances, forecasters are too shy in their assessment and thus we expect gasoline sales to drop more substantially than most forecasters assume. Of course, as this is a price phenomenon, we should better look to retail sales excluding gasoline sales that might be moderately positive. Overall, we expect the retail sales to have been moderate in September, leaving open the question how consumers will react to lower energy prices.

| | US yield | -1d |
|---|---|---|
| 2 | 4.844 | -0.0035 |
| 5 | 4.739 | 0.0021 |
| 10 | 4.7737 | 0.0019 |
| 30 | 4.9037 | 0.0022 |

Contrary to the retail sales, the risks to **Michigan consumer sentiment** may be on the upside of consensus. The ABC Weekly consumer comfort index jumped to –8 from –13 previously and also the IBD economic optimism index for October showed some improvement. These indicators were released in recent days and not yet captured by the consensus estimate. Higher consumer sentiment might suggest that consumer spending may accelerate, further out, but that is still speculation at this stage (cf. above). Import prices and business inventories are no market movers. **Import prices** should drop sharply, driven by plunging petroleum prices. Often this leads also to an outcome that differs from consensus, but it probably won't stir much reaction.

**Yesterday,** Treasuries more or less stabilized, but couldn't regain ground. It is difficult to interpret yesterday's price action. **Should we see this correction as encouraging and a sufficient sign that the market is bottoming out or is it only a pause that is needed to digest the recent losses and prepare another down-leg?** A bit confusing and we need to see more price action to get a good handle of the market. The data might be mixed today. The retail sales might be Treasury friendly, but the Michigan consumer sentiment might be a negative as it suggests that consumers are becoming more optimistic, the other data shouldn't get much attention.

**So for trading today,** we are still looking whether the market can find a bottom. The ST technical picture has lost its bullish spin, but from a medium term perspective, there hasn't been major damage. For the 10-year yield, however, a break above the 4.85% level would be of bigger concern. We still look to enter the market again from the long side, but aren't in a hurry. We would like to see the market stabilize and hope this to happen below the 4.85% level.

Technically, in yields, the market approached the September highs, especially at the shorter end (2-year: 4.9%, 5-year 4.81%, 10-year 4.85%), which are the first MT important levels. However, no break occurred. These levels will continue to guide trading.

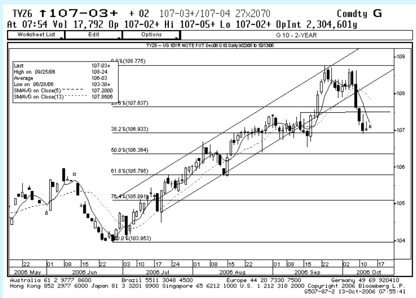
The **MT technical picture of the December Note future improved to bullish after the contract rose above the 105-31 level, painting a double bottom on the charts, but some cracks are appearing following the recent sell-off, making the ST picture again neutral.**

**The contract fell out the uptrend channel. The contract is also below the MTMA (107-27+) and lost the 107-13 level, but only a loss of the 106-30 level (38% retracement would oblige us to downgrade the MT bullish outlook.**

Short-term, **support** stands at 106-29 (S1, recent low); at 106-20+/17 (S2, Bollinger bottom/ prev. reaction low 18 Sep) and at 116-13+/11 (S3, Previous reaction lows 28 Aug/50% retracement).

**Resistance** stands at 107-08/07(R1, yesterday high/STMA), at 107-27+ (R3, MTMA) and; at 108-22/24 (R4, Previous reaction highs).

The contract is in overbought territory.



Dec Note future: Targets double bottom reached Sell-.off over? Yesterday's price action not convincing though

## EUROPE: CORRECTION HIGHER IN EUROPEAN YIELDS HALTS AT KEY RESISTANCE DATA

| | DE yield | -1d |
|---|---|---|
| 2 | 3.6560 | -0.0350 |
| 5 | 3.7130 | -0.0220 |
| 10 | 3.8110 | -0.0180 |
| 30 | 3.9670 | -0.0210 |

| | | |
|---|---|---|
| R2 | 117.62 | -1d |
| R1 | 117.47 | |
| **BUND** | **117.35** | 0.0400 |
| S1 | 117.03 | |
| S2 | 116.85 | |

European bonds opened lower on Thursday on the back of the overnight movement in US Treasuries. As such, 2- and 10-year yields closed in to their first key resistance levels at respectively 3.70% and 3.85%. These levels proved too difficult to break above, as this would have changed the longer-term outlook, and bonds rebounded. The data had little impact, as the editorial of the ECB monthly bulletin reiterated last Thursday's press conference and several other ECB members talked along the same lines confirming the December rate hike, but refrained from commenting on the outlook for monetary policy in 2007. Also in the US, the data failed to have a sustained impact on trading. The Bund closed the day at 117.35, a gain of 4 ticks. Curve-wise, there was a slight re-steepening of the yield curve, as short-term yields lost slightly more compared to longer-term yields.

The ECB monthly bulletin also contained an interesting article concerning the **impact of demographic change in the euro area**. These include changes in the size and composition of labour supply in the euro area, as the proportion of older workers increases and fewer new workers enter the labour market to replace those leaving it. Under the assumption of unchanged labour utilization and labour productivity growth, demographic trends imply according to the ECB a **decline in average real GDP growth from its average 1995-2005 level of 2.1% to around 1% by 2050 and may result in a modest flattening of the yield curve given the decline in the average real growth rate discounted in long-term yields.** The ECB adds that the 'slow burn' nature of demographic developments however implies that their **immediate effects on monetary policy are likely to be moderate**. However, in the absence of sufficient implementation of the needed structural reforms detailed above, **monetary policy could be indirectly affected**. First, **inflationary pressures** could be influenced as labour becomes scarcer and there is pressure to raise taxes to finance ageing-induced increases in government spending. Second, to the extent that a growing proportion of wealth is invested in nominal (non-inflation-indexed) assets, the **central bank's mandate to maintain price stability might become even more important** so as to avoid individuals' retirement provisions being eroded over time by relatively high inflation rates. This strengthens the case for leaning against asset price misalignments or 'bubbles', as the welfare losses stemming from 'boom-bust' cycles in asset prices would presumably be larger in older society. **As such, demographic changes appear to support a more hawkish stance of the ECB, but at a lower level, as potential growth declines and with it the neutral interest rate.**

**Today,** the euro zone calendar contains the French inflation data for September. Last week, the euro zone flash CPI fell back to below 2% at 1.8% Y/Y due to the plunge in oil prices. A similar decline is also expected in the French inflation data, which may result in a downward revision of the euro zone CPI to 1.7% Y/Y, as yesterday the German final CPI was revised down to 1% previously reported at 1.1% Y/Y. This however won't change the immediate outlook for monetary policy, as inflation is expected to rise again towards the end of this year and the beginning of next and the ECB focuses on the medium term outlook. Therefore, the main question for the ECB is whether inflation is expected to remain above the 2% level in 2008. In this context, the December ECB staff projections for inflation and growth will be key, as they will provide a first glimpse of the expectations for 2008.

**On the ECB front,** ECB's Quaden and Stark are scheduled to speak, but following the numerous comments of recent days, it's very unlikely that they will move the market today.

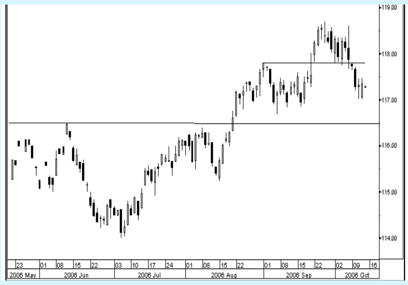
**On the supply front,** Italy will tap its 5-year BTP 3.75% Sep 11 for an amount of EUR 2.5 B.

**Regarding trading,** yesterday's trading may suggest that the upward correction in yields is running out of steam and that the bottoming out process in bonds has started. This would be in line with our view that the 3.70% level in 2-year yields and 3.85% level in 10-year yields provide good levels to install new long positions. However, before drawing such a firm conclusion, we would like to see this picture confirmed in the US, where bonds are still close to the recent lows. Today's market reaction on the heavy US calendar containing the import prices, retail sales and Michigan consumer confidence will tell us more in that perspective.

**The short-term technical outlook of the Bund deteriorated recently, as the Bund fell below the 117.81/62 area. However, as long as the Bund is above the 116.50-level, the neckline of a major double bottom formation, the long-term outlook remains bullish with targets at 119.00.**

Intraday, support comes in at 117.03 (yesterday's low), at 116.89/85 (daily Bollinger bottom/previous reaction low) and at 116.69 (previous reaction low) ahead of the key 116.50 (neckline major double bottom).

On the topside, resistance stands at 117.39/47 (STMA/yesterday's high), at 117.62 (LTMA, break down), at 117.71 (previous reaction high), at 117.84 (daily Bollinger midline), at 118.60 (last week's high) and at 118.70 (RH high).



Bund to remain above 116.50 level to keep longer-term bullish outlook intact.

**In the UK,** Gilts underperformed the European bond market, as the RICS house price balance and the BCC Q3 economic survey painted an upbeat picture of the UK economy. The testimony of BoE's Besley and Sentance didn't change much to the outlook of monetary policy, where a November rate now looks like a done deal.

# CURRENCIES: IS THE DOLLAR OUT OF BREATH?

| | | |
|---|---|---|
| R2 | 1.2638 | -1d |
| R1 | 1.2586 | |
| **EUR/USD** | **1.2566** | 0.0034 |
| S1 | 1.2511 | |
| S2 | 1.2487 | |

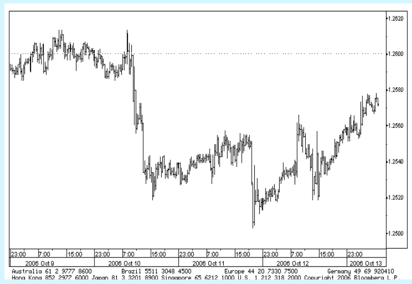
**On Thursday, EUR/USD** took a step back higher, as the pair moved away somewhat from recent lows at the 1.25 zone towards the 1.2560 zone. This morning, the euro even tries to build out these gains to the 1.2570 area.

EMU data were non-existent yesterday. **ECB's President Trichet confirmed** the market expectations on a December rate hike, as he said he didn't want to do anything to change policy expectations for year end. For next year he reiterated the view of no pre-commitment. This had no impact on FX.

All eyes were on the **US**. The initial claims came out at +308K, almost in line with expectations. The **US trade balance** though worsened again from 68.0 B$ to another fresh record 69.9 B$ and this wasn't according to expectations, which called for a shrinking deficit, to –66.7 B$. This in theory should have had a dollar negative impact. That was the first knee-jerk reaction with EUR/USD gaining some 20 pips to the 1.2550 zone, but things stabilized after that. It wasn't until later in the session that the dollar lost some more ground, as the pair moved to the 1.2550-60 zone, this despite good equity sentiment. **The evening's Fed's beige book** was the highlight of the day. It also showed some good economic signs (for details see treasuries part of this report), but again to no help for the dollar.

**The market sentiment up until now was always very much pro dollar.** Even bad news was digested without question marks. **Now there is a sense of exaggeration or exhaustion.** The USD has been pushed close to important technical levels and many market payers see it as a bit of an exaggeration to push EUR/USD below these levels for a test of the important 1.2323 zone. If this is seen as a bridge too far for now, then this should be the signal for some profit taking on the USD really. We already felt yesterday that our buy-dollar-on-dip strategy would require deeper dips before becoming interesting again. We wait as we sense the EUR/USD pair may have some more upside short-term as the market unwinds dollar overbought conditions, also against the yen short-term.

**Today**, there are of course some interesting releases on the agenda with the US retail sales and Michigan confidence numbers. These could show the way intraday.



EUR/USD (5 days) Is the dollar out of breath short-term? It would seem so

**For EUR/USD trading, this is looking still like a bit of a dollar positive environment, with the move Friday below recent lows at the 1.2630 zone. This keeps the road open for a potential test of the 1.2460-area or even the 1.2323 Jan reaction high.**

Support is seen at 1.2511 (11 Oct low), at 1.2473 (low 18 July) and at 1.2458 (low 19 July).

Resistance is seen at 1.2586 (9 Oct low), at 1.2614 (9/10 Oct highs) and at 1.2630 (breakdown).

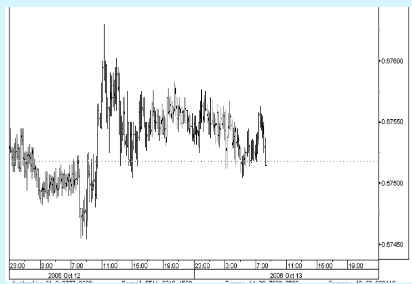
| | | |
|---|---|---|
| R2 | 0.6782 | -1d |
| R1 | 0.6769 | |
| **EUR/GBP** | **0.67515** | 0.0004 |
| S1 | 0.6738 | |
| S2 | 0.6711 | |

**EUR/GBP** etched out a sideways picture yesterday at the 0.6750 area, with only very small dips and rises intraday.

In the UK, the **BCC** quarterly economic survey was a winner across the line. Manufacturing sales and orders balances strengthened, as the euro zone recovery fuelled UK exports. In the services sector, sales and orders stabilized at home markets and increased to historically elevated levels in export markets. However it couldn't inspire much action on the FX market yesterday, with EUR/GBP practically unchanged all day.

The EUR/GBP pair has been trading in a **tight range** over the past two weeks. On the downside, the new year lows were set at the 0.6885 zone and then a rebound developed, which went to the 0.6770 zone.
This may now be considered a ST top of this **tight range trading.** This is how we would prefer to play it short-term. There doesn't seem enough impetus from either side to really go for a quick break either side.

If pressed, we have a slight bias for selling the euro on upticks, as we felt a bit disappointed over the single currency's performance the past few months.
But since we now have become a little bit more positive on EUR/USD short-term (see above), it would be difficult to reconcile these two views, so we stick to range trading for now, but hope for somewhat larger movements than recorded yesterday to do so….



EUR/GBP (2 days): very tight, too tight

**Up until now, the EUR/GBP pair was well captured in the long-standing 0.70 to 0.67 area. Recently, the pair fell below this support zone, but it snapped back for now.**

Support stands at 0.6738 (recent lows), at 0.6715/11 (MT break-up / 6 Oct low) and at 0.6686 (year low).

Resistance comes in at 0.6769 (recent high), at 0.6782 (2 Oct high) and at 0.6793 (29 Sept. high).

| | | |
|---|---|---|
| R2 | 120.47 | -1d |
| R1 | 119.84 | |
| **USD/JPY** | **119.35** | -0.0800 |
| S1 | 118.80 | |
| **S2** | 118.40 | |

**USD/JPY** dipped slightly yesterday, moving from the 119.70- to the 119.30 area.

This morning, the pair even dipped to the 119.10 zone. This occurred as the **Corporate Price Index in Japan showed signs of mounting inflation. The index rose at its fastest pace in over 25 years!** The increase was +3.6% Y/Y! This suddenly re-opens the debate on whether the BoJ shouldn't come into action a little bit sooner…

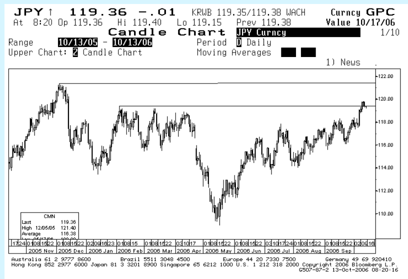
This **debate on earlier timing could be yen positive**, as the market at this moment thinks any BoJ rate hikes are still too far off and too uncertain to bet on. The yen thus stayed under downward pressure as ultimate cheap currency for funding carry trades in or opinion. The BoJ this morning kept its policy unchanged, reiterating that consumer prices are likely to maintain a positive trend. This had no impact. The market is also watching the Fukui press conference at 08.30 CET.

ST, the **upward momentum** of the dollar may have been broken off for now. It all started with the accidental plane crash on Wednesday night. This caused a temporary dip in USD sentiment just ahead of tops in USD/JPY.

This has strengthened resistance to the upside; Now having come to the end of the week, **the dollar may find itself prone to some profit taking.**

**We also feel that the yen is heavily oversold.** IMM data at the start of the week showed speculative positions against the yen at record highs. This could be an early sign for an impending reversal. Such reversals can be fast and deep so we rather be safe than sorry at this stage. Impressive dollar gains are on the table. It may be time to take at least some profits and walk away for a nice weekend.

**We forego the buy-USD-dip feeling short-term and look for a wider pullback in this pair, as the CGPI may be a reversal signal.**



USD/JPY (1-year): new year highs this week, but maybe it's time for a pullback

**USD/JPY is in ST overbought conditions, as it moved to new-year highs. It could be time for some profit taking short-term as the market may want to find out of this is a false break and the market is very yen short.**

Support is seen at 119.16 (today low), at 118.80 (recent lows) and at 118.39 (ST break-up).

Resistance is seen at 119.40 (today high), at 119.84 (new year high), at 120.00 (psycho) and at 120.47 (13 Dec '05 high).

# NEWS

## US: US TRADE BALANCE SHOWS RECORD DEFICIT

The **US trade balance** for the Month for August showed a record deficit for the second month in a row. The deficit this time came out at USD 69.9 bln, up from a USD 68.0 bln deficit in July. Also the balance excluding oil still slightly deteriorated to USD 42.7 bln. A positive note is that both imports and exports rose quite substantially, suggesting that economic activity both in the US and at their counterparts remains rather strong. The deficit with Europe declined from USD 15.6 bln to 13.7 bln. However, the politically sensitive deficit with China again was up quite sharply from USD 19.58 bln to UD 21.96 bln in August. Expectations are that the decline in oil prices from September onwards might become a positive factor helping to gradually reduce the deficit.

**US initial jobless** claims rose slightly in the week to Oct 7 from a slightly upwardly revised 304 k (from 302) to a still rather low 308K. Continuing claims were almost stable at 2448 K. The overall report was rather close to market expectations. The figures suggest that, while hiring recently shifted into a lower gear, the layoffs stay at low levels, too.

## OTHER NEWS: STRONG BCC SURVEY CONFIRMS PICK UP IN MANUFACTURING SECTOR

In the UK, the **quarterly economic survey of the BCC** showed **manufacturing sales and orders balances strengthening, especially in export markets**, as the euro zone recovery fuelled UK exports. In the **services sector**, sales and orders balanced stabilized at home markets, where growth was already strong, but increased to historical high levels in export markets. Besides, **employment and investment improved** also in both sectors. **This may confirm that investment growth is picking and support the rebalancing of the UK economy away from the consumer**. Overall confidence improved in the services sector, while turnover confidence stabilized and profitability confidence even decreased in the manufacturing sector. This may point to **strong downward pressure on profit margins** due to rising costs, which is also reflected in the **price balance in the manufacturing sector, which rose to its highest level since Q2 1997**. **Strong growth accompanied by rising price pressures will further cement market expectations of a November rate hike. The BCC however warned that 5% should be seen as the absolute ceiling, as global risks are worsening.**

KBC Banking & Insurance

SUNRISE MARKET COMMENTARY

13 Oct 2006

| 10-year | td | - 1d |
|---|---|---|
| US | 4.77 | 0.00 |
| DE | 3.81 | -0.02 |
| BE | 3.84 | -0.02 |
| UK | 4.61 | -0.04 |
| JP | 1.78 | 0.02 |

| 2 -year | td | - 1d |
|---|---|---|
| US | 4.84 | 0.00 |
| DE | 3.66 | -0.04 |
| BE | 3.67 | 0.00 |
| UK (3yr) | 4.93 | -0.05 |
| JP | 0.90 | 0.03 |

| STOCKS | | - 1d |
|---|---|---|
| DOW | 11948 | 95.89 |
| NASDAQ | 2346 | 37.91 |
| NIKKEI | 16537 | 167.73 |
| DAX | 6160 | 40.83 |
| DJ euro-50 | 4000 | 32.50 |

| IRS | EUR | USD (3M) | GBP |
|---|---|---|---|
| 3y | 3.889 | 5.203 | 5.320 |
| 5y | 3.923 | 5.227 | 5.243 |
| 10y | 4.048 | 5.313 | 5.008 |

| | | |
|---|---|---|
| Eonia | 3.31 | 0.00 |
| Euribor-1 | 3.35 | 0.00 |
| Euribor-3 | 3.49 | 0.01 |
| Euribor-6 | 3.64 | 0.01 |

| 3-m f. | 1st | - 1d | 2nd |
|---|---|---|---|
| euro | 97.865 | 0.00 | 97.865 |
| dollar | 94.290 | 0.03 | 94.265 |
| sterling | 95.401 | 0.00 | 95.401 |

| Currencies | | - 1d |
|---|---|---|
| EUR/USD | 1.2566 | 0.0034 |
| USD/JPY | 119.35 | -0.08 |
| GBP/USD | 1.8606 | 0.0033 |
| AUD/USD | 0.7508 | 0.0042 |
| USD/CAD | 1.1331 | -0.0036 |

| Currencies | | - 1d |
|---|---|---|
| EUR/JPY | 149.97 | 0.31 |
| EUR/GBP | 0.6753 | 0.0007 |
| EUR/CHF | 1.5932 | 0.0009 |
| EUR/SEK | 9.2577 | 0.01 |
| EUR/NOK | 8.4345 | -0.01 |

| Commodities | CRB | GOLD | BRENT |
|---|---|---|---|
| | 299.73 | 577.9 | 57.36 |
| - 1d | 1.92 | 3.30 | 0.37 |


KBC Market Research Desk

| | |
|---|---|
| Piet Lammens | +32 2 417 59 41 |
| Peter Wuyts | +32 2 417 32 35 |
| Didier Hanesse | +32 2 417 59 43 |
| Peter Fontaine | +32 2 417 56 11 |
| Bob Maes | +32 2 417 51 94 |

Sales Force

| | |
|---|---|
| Brussels | |
| Corporate Desk | +32 2 417 45 82 |
| Commercial Desk | +32 2 417 53 23 |
| Institutional Desk | +32 2 417 46 25 |
| London | +44 207 256 4848 |
| Frankfurt | +49 69 756 19372 |
| Paris | +33 153 89 83 15 |
| New York | +1 212 541 06 97 |
| Singapore | +65 533 34 10 |


**Our reports are also available on**

Bloomberg KBCR

Internet: www.kbc.be/dealingroom



| FRIDAY, 13 OCTOBER 2006 | CONSENSUS | PREVIOUS |
|---|---|---|
| U S | | |
| 14.30 Import price index (Sep) M/M Y/Y | -1.3% / 3.8% | 0.8% / 6.6% |
| **14.30 Advance retail sales (Sep)** | **0.2%** | **0.2%** |
| 14.30 Retail sales less autos (Sep) | 0.0% | 0.2% |
| **15.45 U. of Michigan confidence (Oct P)** | **86.5** | **85.4** |
| 16.00 Business inventories (Aug) | 0.5% | 0.6% |
| C a n a d a | | |
| 14.30 New motor vehicle sales (Aug) M/M | 3.0% | 3.0% |
| J a p a n | | |
| BoJ target rate | A 0.25% | 0.25% |
| 01.50 Corporate prices (Sep) M/M Y/Y | A 0.3% / 3.6% | 0.3% / 3.5% |
| 06.30 Industrial production (Aug F) M/M Y/Y | | 1.9% / 6.0% |
| 06.30 Capacity utilization (Aug F) | | 105.5 |
| E M U | | |
| 08.00 New car registrations (Sep) Y/Y | | -1.2% |
| F r a n c e | | |
| **08.40 HICP (Sep) M/M Y/Y** | **0.0% / 1.7%** | **0.3% / 2.1%** |
| 08.40 CPI (Sep) M/M Y/Y | 0%/1.5% | 0.3%/1.9% |
| E v e n t s | | |
| France: Details BTAN/OATi/OATei auctions on 19 | | |
| Italy: BTP 3.75% Sep 2011 2.5 B EUR | | |
| 08.00 BoJ releases monthly economic survey | | |
| **08.30 BoJ Governor Fukui speaks at Regular Press Conference** | | |
| 09.00 Belgian Central Bank concludes Inflation | | |
| **11.30 ECB's Stark on 'the euro area's role in the global economy'** | | |