

## WEEKLY ECONOMIC BRIEF – 16 July 2010

### Key Points

- *A strong start to the US reporting season buoys equity markets, offsetting soft US and Chinese data*
- *Momentum behind China's recovery slows, with softer than expected GDP growth and industrial activity*
- *Australian consumer and business sentiment rise following the change in Labor leadership and mining tax compromise*

Global equity markets continued last week's rally as a strong start to the reporting season more than offset weak US and Chinese data. The MSCI World Index (local currency) rose 2.0 percent and since early July, has recovered 6.5 percentage points of this year's fifteen percent peak-to-trough fall. US ten-year government bond prices rose over the week after soft incoming data and the Federal Reserve released dovish minutes from its June meeting. In the peripheral European economies, Greece's spread to German ten-year government bonds steadied after the Greek government's first auction since its bailout was oversubscribed, while the spread between Portuguese and German ten-year government bonds widened following Moody's downgrade of Portuguese sovereign debt. Commodity prices continued to recover, contributing to strong gains in commodity currencies against the US dollar, with the Australian dollar closing the week at US\$0.87.

Incoming US data continues to point to a moderation in growth with weaker than expected retail sales in June. Retail sales values fell 0.5 percent in June, led by a fall in motor vehicle sales. On average, retail sales rose 1.0 percent in the June quarter, a marked slowdown from the 2.0 percent growth experienced in the March quarter. Prospects for the housing market also remain soft with the mortgage application purchase index falling to its lowest level since 1997. Inflation prospects continue to moderate, with the sharp fall in oil prices and the appreciation of the US dollar dampening producer and import prices in June. The momentum behind the manufacturing sector's recovery is starting to wane, with soft industrial production growth in June and a sharp pullback in the Empire State and Philly Fed manufacturing sectors.

Minutes from the June FOMC meeting reveal a downgrade to the 2010 growth and inflation forecasts. GDP growth was revised down to 3¼ percent in 2010 (from 3½ percent in April), while inflation was forecast to remain subdued around 1 percent. The Fed reiterated its commitment to keeping interest rates at exceptionally low levels for an extended period and noted that if the outlook deteriorates appreciably, it may consider additional stimulus measures. In regards to its exit strategy, most members favoured deferring asset sales until the recovery is well established.

The weak Euro continues to support the euro area's manufacturing sector, with robust May industrial production growth in Germany, France and Italy. Prospects in the UK economy are slowly improving. Strong import volumes in May and rising BRC retail sales in June point to a gradual recovery in domestic demand, while the unemployment rate has started to trend lower. Although wage growth remains weak, the increase in the VAT at the start of the year and weak sterling continue to keep inflation high, at above 3 percent in June. Excess capacity and a relatively modest economic recovery should ensure inflation falls back to around the Bank of England's 2 percent target in the medium term.

After leading the global recovery out of recession, growth in Asia is starting to slow. The pace of expansion in China has moderated in response to policy tightening and a slowing in the pace of global inventory rebuilding, with the economy expanding by 10.3 percent over the year to the June quarter, down from 11.9 percent year-ended growth in the March quarter. Year-ended IP growth fell from 15.1 percent in May to 13.7 percent in June and urban fixed asset investment also continues to slow. Retail sales were softer than expected in June and producer and consumer price inflation eased. Singapore's economy expanded by 6 percent in the June quarter but sequential growth in the latter half of the year is likely to soften as the surge in exports unwinds. The central banks of Korea and Thailand raised rates this week, with further hikes likely before the end of the year.

Australian sentiment indicators recovered some of their recent falls, with consumer confidence rising 11 percent in July and business conditions increasing modestly in June. Housing finance indicators stabilised in May, led by strong growth in investor financing, but the number of loans remain nearly 25 percent lower than one year ago. The Australian government revised its Budget forecasts from May, with upward revisions to the terms of trade from higher than expected commodity prices boosting nominal GDP and returning the Budget to surplus by 2012/13, despite a reduction in revenue from the revised mineral resource rent tax (MRRT). Real GDP growth is forecast to grow by 3 percent in 2010/11, and 3¾ percent in 2011/12. We forecast the economy to expand by 3.9 percent in the current financial year and by 3.7 percent in 2011/12.

Table 1. Financial market movements, 8 - 15 July 2010

|                                   | Equity markets | Fixed interest<br>(10 yr sovereign yields) | Exchange Rates<br>(against USD, NY close) |
|-----------------------------------|----------------|--|---|
| MSCI World Index (local currency) | 2.0%           | -  | -   |
| US - S&P 500                      | 2.5%           | -3.7 bps                                   | -   |
| Japan - Nikkei                    | 1.6%           | -5.9 bps                                   | 1.1%                                      |
| UK - FTSE 100                     | 2.1%           | 0.2 bps                                    | 1.6%                                      |
| Germany - DAX                     | 1.9%           | 2.1 bps                                    | 1.8%                                      |
| Australia - S&P/ASX 200           | 2.0%           | -1.9 bps                                   | 0.8%                                      |

Source: Bloomberg

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Table 2: Economic charts<sup>2</sup>

United States

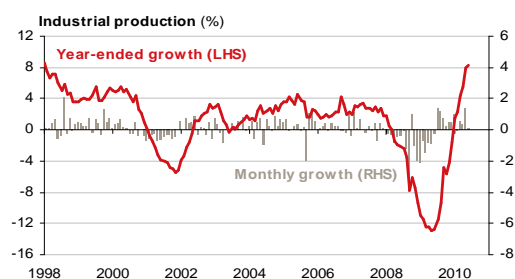


| US - Retail sales (14 July)          | Apr-10 | May-10 | Jun-10 | Mkt fcast |
|--------------------------------------|--------|--------|--------|-----------|
| Retail sales (% y/y)                 | 8.7    | 6.9    | 4.8    | -         |
| Retail sales (% m/m)                 | 0.3    | -1.1   | -0.5   | -0.3      |
| Ex autos                             | 0.3    | -1.2   | -0.1   | 0.0       |
| Ex autos and gas                     | 0.3    | -1.0   | 0.1    | -         |
| Control                              | -0.4   | -0.5   | -0.1   | -         |
| Motor Vehicle & Parts Dealers        | 0.5    | -0.6   | -2.3   | -         |
| Retail sales revisions (ppts, % m/m) | -0.1   | 0.1    | -      | -         |

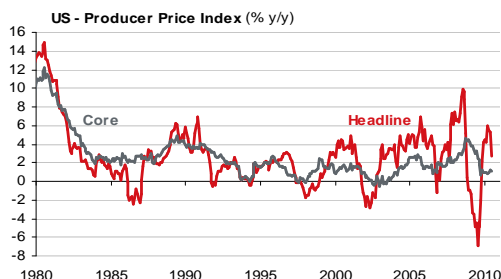


| US - Redbook Retail sales (13 July) | 25-06-10 | 02-07-10 | 09-07-10 | Mkt fcast |
|-------------------------------------|----------|----------|----------|-----------|
| Redbook index, weekly total, m/m%   | -0.6     | -0.5     | -0.4     | -         |
| Redbook index, weekly total, y/y%   | 2.5      | 3.1      | 3.1      | -         |

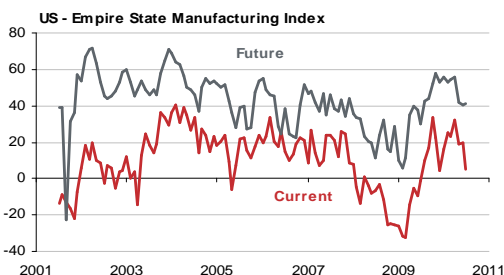
| US - ICSC Chain Store sales (13 July) | 25-06-10 | 02-07-10 | 09-07-10 | Mkt fcast |
|---------------------------------------|----------|----------|----------|-----------|
| ICSC Chain store sales, w/w%          | 2.1      | 1.0      | -1.5     | -         |
| ICSC Chain store sales, y/y%          | 3.0      | 3.9      | 3.2      | -         |



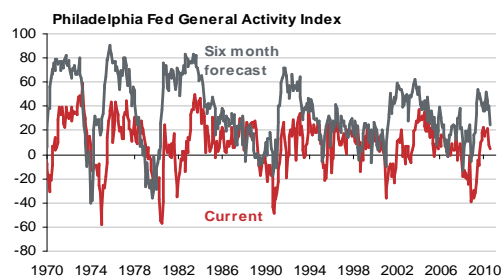
| US - Industrial production (15 July)               | Apr-10 | May-10 | Jun-10 | Mkt fcast |
|--|--------|--------|--------|-----------|
| Industrial production (sa, m/m%)                   | 0.3    | 1.3    | 0.1    | -0.1      |
| Industrial production (sa, y/y%)                   | 5.5    | 7.9    | 8.2    | -         |
| Industrial production ex motor vehicles (sa, m/m%) | 0.4    | 1.2    | 0.2    | -         |
| Industrial production ex motor vehicles (sa, y/y%) | 4.7    | 6.5    | 6.8    | -         |
| Manufacturing production (sa, m/m%)                | 0.8    | 1.0    | -0.4   | -         |
| Mining production (sa, m/m%)                       | 1.7    | -0.3   | 0.4    | -         |
| Utilities production (sa, m/m%)                    | -4.4   | 5.6    | 2.7    | -         |
| Capacity utilisation (sa, %)                       | 73.1   | 74.1   | 74.1   | 74.2      |



| US - Producer Price Index (15 July) | Apr-10 | May-10 | Jun-10 | Mkt fcast |
|-------------------------------------|--------|--------|--------|-----------|
| PPI (% m/m)                         | -0.1   | -0.3   | -0.5   | -0.1      |
| PPI (% y/y)                         | 5.5    | 5.3    | 2.8    | 3.1       |
| Core PPI (% m/m)                    | 0.2    | 0.2    | 0.1    | 0.1       |
| Core PPI (% y/y)                    | 1.0    | 1.3    | 1.1    | 1.1       |
| Intermediate goods (% m/m)          | 0.8    | 0.4    | -0.9   | -         |
| Intermediate goods (% y/y)          | 8.6    | 8.5    | 6.4    | -         |
| Core intermediate goods (% m/m)     | 1.1    | 0.3    | -0.4   | -         |
| Core intermediate goods (% y/y)     | 5.6    | 6.1    | 5.4    | -         |
| Crude goods (% m/m)                 | -1.2   | -2.8   | -2.4   | -         |
| Crude goods (% y/y)                 | 28.8   | 21.2   | 13.3   | -         |
| Core Crude goods (% m/m)            | 4.0    | -1.6   | -4.8   | -         |
| Core Crude goods (% y/y)            | 49.5   | 40.8   | 29.9   | -         |



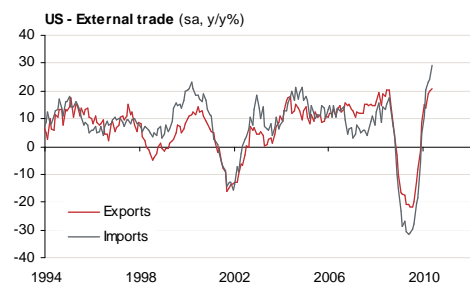
| US - Empire State Survey (15 July)     | May-10 | Jun-10 | Jul-10 | Mkt fcast |
|--|--------|--------|--------|-----------|
| General Business Condition (sa, index) | 19.1   | 19.6   | 5.1    | 18.0      |
| New Orders (sa, index)                 | 14.3   | 17.5   | 10.1   | -         |
| Shipments (sa, index)                  | 11.3   | 19.7   | 6.3    | -         |
| Delivery Time (sa, index)              | -6.6   | 9.9    | -7.9   | -         |
| Inventories (sa, index)                | 1.3    | -1.2   | 6.4    | -         |
| Unfilled Orders (sa, index)            | -7.9   | -1.2   | -15.9  | -         |
| Prices Paid (sa, index)                | 44.7   | 27.2   | 25.4   | -         |
| Prices Received (sa, index)            | 5.3    | 4.9    | -1.6   | -         |
| Employment (sa, index)                 | 22.4   | 12.4   | 7.9    | -         |
| Average Workweek (sa, index)           | 0.0    | 8.6    | -9.5   | -         |



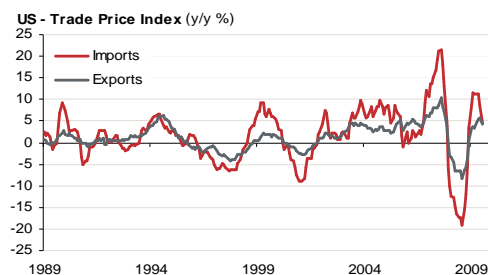
| US - Philly Fed Survey (15 July) | May-10 | Jun-10 | Jul-10 | Mkt fcast |
|----------------------------------|--------|--------|--------|-----------|
| Business activity                | 21.4   | 8.0    | 5.1    | 10.0      |
| New Orders                       | 6.1    | 9.0    | -4.3   | -         |
| Shipments                        | 15.8   | 14.2   | 4.0    | -         |
| Unfilled Orders                  | -3.0   | -0.1   | -8.6   | -         |
| Delivery times                   | -1.2   | 6.8    | -8.1   | -         |
| Inventories                      | -7.9   | 4.6    | 4.5    | -         |
| Prices Paid                      | 35.5   | 10.0   | 13.1   | -         |
| Prices Received                  | 3.5    | -6.5   | -8.4   | -         |
| Number of Employees              | 3.2    | -1.5   | 4.0    | -         |
| Average employee workweek        | 7.0    | -1.5   | 1.7    | -         |

<sup>2</sup> Source: FactSet

## United States (con'd)



| US - Trade balance (13 July)             | Mar-10 | Apr-10 | May-10 | Mkt fcast |
|--|--------|--------|--------|-----------|
| Trade balance (US\$b)                    | -40.0  | -40.3  | -42.3  | -39.0     |
| Goods balance (Census basis, US\$b)      | -51.2  | -51.9  | -53.8  | -         |
| Real Goods (Census basis, US\$b)         | -44.1  | -44.2  | -46.0  | -         |
| Nominal exports (%m/m)                   | 3.8    | -0.7   | 2.4    | -         |
| Nominal imports (%m/m)                   | 2.9    | -0.4   | 2.9    | -         |
| Nominal goods exports (BOP basis, %m/m)  | 5.0    | -0.9   | 2.8    | -         |
| Nominal goods imports (BOP basis, %m/m)  | 3.8    | -0.5   | 3.1    | -         |
| Real goods exports (Census basis, % m/m) | 3.8    | -2.2   | 2.3    | -         |
| Real goods exports (Census basis, % y/y) | 16.5   | 18.6   | 18.9   | -         |
| Real goods imports (Census basis, %m/m)  | 3.3    | -1.4   | 2.9    | -         |
| Real goods imports (Census basis, %y/y)  | 13.5   | 14.8   | 21.4   | -         |



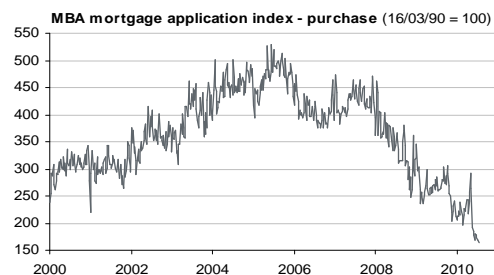
| US - Trade prices (14 July) | Apr-10 | May-10 | Jun-10 | Mkt fcast |
|-----------------------------|--------|--------|--------|-----------|
| Import prices (nsa, m/m%)   | 1.1    | -0.5   | -1.3   | -0.4      |
| Import prices (nsa, y/y%)   | 11.2   | 8.7    | 4.5    | 5.3       |
| Export prices (nsa, m/m%)   | 1.1    | 0.6    | -0.2   | -         |
| Export prices (nsa, y/y%)   | 5.5    | 5.7    | 4.3    | -         |



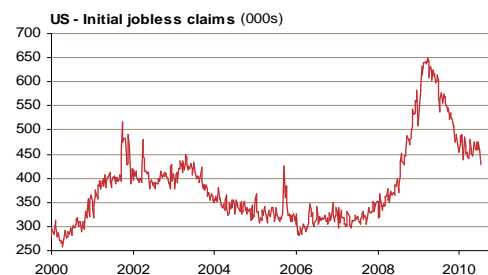
| US - Wholesale inventories (9 July)     | Mar-10 | Apr-10 | May-10 | Mkt fcast |
|---|--------|--------|--------|-----------|
| Wholesale inventories (sa, m/m%)        | 0.7    | 0.2    | 0.5    | 0.4       |
| Wholesale inventories (sa, y/y%)        | -5.0   | -3.5   | -2.1   | -         |
| Wholesale trade (sa, m/m%)              | 2.6    | 0.9    | -0.3   | -         |
| Wholesale trade (sa, y/y%)              | 16.0   | 16.5   | 15.1   | -         |
| Wholesale inventories/sales (sa, ratio) | 1.14   | 1.13   | 1.14   | -         |



| US - Business inventories (14 July)    | Mar-10 | Apr-10 | May-10 | Mkt fcast |
|--|--------|--------|--------|-----------|
| Total business inventories (sa, m/m%)  | 0.7    | 0.4    | 0.1    | 0.3       |
| Total business inventories (sa, y/y%)  | -4.5   | -2.8   | -1.5   | -         |
| Business inventories/sales (sa, ratio) | 1.23   | 1.23   | 1.24   | -         |



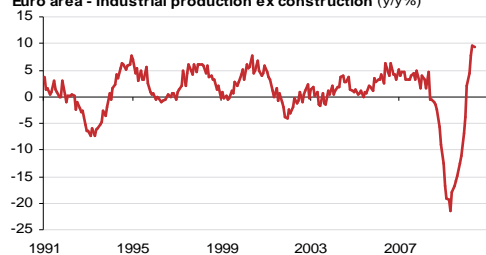
| US - Mortgage applications (14 July) | 25-06-10 | 02-07-10 | 09-07-10 | Mkt fcast |
|--------------------------------------|----------|----------|----------|-----------|
| Purchase index                       | 172.1    | 168.6    | 163.3    | -         |
| % w/w                                | -3.3     | -2.0     | -3.1     | -         |
| Refinancing index                    | 3,613.1  | 3,944.6  | 3,831.2  | -         |
| % w/w                                | 12.6     | 9.2      | -2.9     | -         |
| Composite index                      | 675.9    | 721.5    | 700.3    | -         |
| % w/w                                | 8.8      | 6.7      | -2.9     | -         |



| US - Initial claims (15 July)                     | 25/6/10 | 2/7/10 | 9/7/10 | Mkt fcast |
|---|---------|--------|--------|-----------|
| Continuing claims (000s)                          | 4434.0  | 4681.0 | -      | -         |
| Continuing claims (000s, 4wk moving average)      | 4559.3  | 4581.3 | -      | -         |
| Initial jobless claims (000s)                     | 475.0   | 458.0  | 429.0  | 453.0     |
| Initial jobless claims (000s, 4wk moving average) | 467.3   | 467.0  | 455.3  | -         |

## Euro area

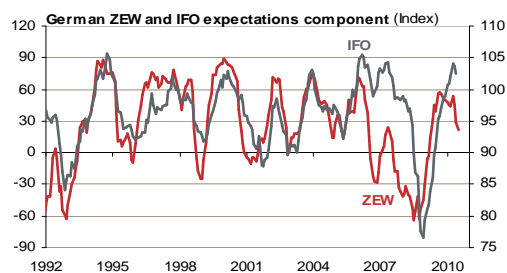
**Euro area - Industrial production ex construction (y/y%)**



| <b>Euro area - Industrial production (14 July)</b> | <b>Mar-10</b> | <b>Apr-10</b> | <b>May-10</b> | <b>Mkt fcast</b> |
|--|---------------|---------------|---------------|------------------|
| Industrial production ex construction (sa, m/m%)   | 1.8           | 0.9           | 0.9           | 1.2              |
| Industrial production ex construction (nsa, y/y%)  | 7.8           | 9.6           | 9.4           | 11.4             |

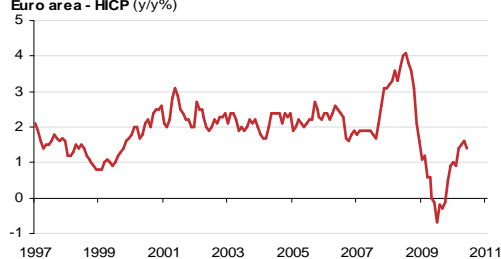
| <b>France - Industrial production (9 July)</b> | <b>Mar-10</b> | <b>Apr-10</b> | <b>May-10</b> | <b>Mkt fcast</b> |
|--|---------------|---------------|---------------|------------------|
| Industrial production (sa, m/m%)               | 1.3           | -0.5          | 1.7           | 0.3              |
| Industrial production (sa, y/y%)               | 7.5           | 8.1           | 8.2           | 6.0              |

| <b>Italy - Industrial production (9 July)</b> | <b>Mar-10</b> | <b>Apr-10</b> | <b>May-10</b> | <b>Mkt fcast</b> |
|---|---------------|---------------|---------------|------------------|
| Industrial production (sa, m/m%)              | 0.2           | 0.9           | 1.0           | 0.8              |
| Industrial production (sa, y/y%)              | 9.2           | 8.4           | 10.5          | 11.0             |



| <b>Germany - ZEW Survey (13 July)</b> | <b>May-10</b> | <b>Jun-10</b> | <b>Jul-10</b> | <b>Mkt fcast</b> |
|---------------------------------------|---------------|---------------|---------------|------------------|
| Economic sentiment (net balance)      | 45.8          | 28.7          | 21.2          | 25.3             |
| Current situation (net balance)       | -21.6         | -7.9          | 14.6          | -1.2             |

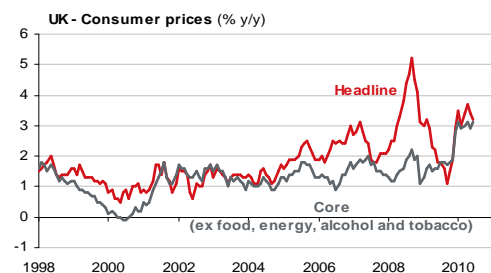
**Euro area - HICP (y/y%)**



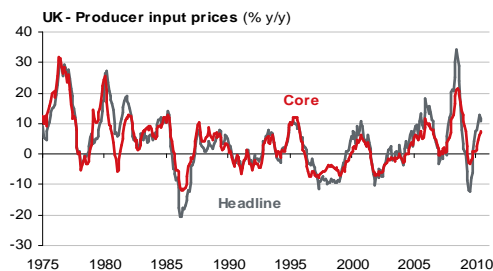
| <b>Euro area - HICP (14 July)</b> | <b>Apr-10</b> | <b>May-10</b> | <b>Jun-10</b> | <b>Mkt fcast</b> |
|-----------------------------------|---------------|---------------|---------------|------------------|
| Headline inflation (nsa, m/m%)    | 0.4           | 0.1           | 0.0           | 0.0              |
| Headline inflation (nsa, y/y%)    | 1.5           | 1.6           | 1.4           | 1.4              |
| Core inflation (nsa, m/m%)        | 0.3           | 0.1           | 0.0           | -                |
| Core inflation (nsa, y/y%)        | 0.8           | 0.9           | 0.9           | -                |

| <b>Germany - HICP (9 July)</b> | <b>Apr-10</b> | <b>May-10</b> | <b>Jun-10</b> | <b>Mkt fcast</b> |
|--------------------------------|---------------|---------------|---------------|------------------|
| Headline inflation (nsa, m/m%) | -0.1          | 0.1           | 0.0           | 0.0              |
| Headline inflation (nsa, y/y%) | 1.0           | 1.2           | 0.8           | 0.8              |

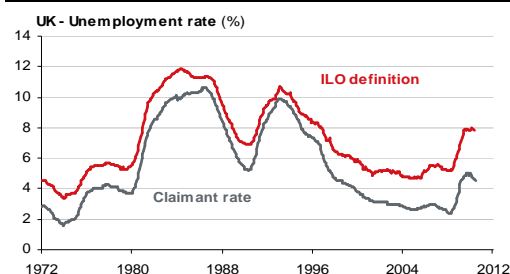
## United Kingdom



| UK - Price Inflation (13 July)                          | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|---|--------|--------|--------|------------|
| Headline CPI (nsa, m/m%)                                | 0.6    | 0.2    | 0.1    | 0.0        |
| Headline CPI (nsa, y/y%)                                | 3.7    | 3.4    | 3.2    | 3.1        |
| CPI ex energy (nsa, m/m%)                               | 0.5    | 0.3    | 0.3    | -          |
| CPI ex energy (nsa, y/y%)                               | 3.2    | 2.9    | 3.0    | -          |
| CPI ex energy, food, alcohol & tobacco (nsa, m/m%)      | 0.5    | 0.3    | 0.4    | -          |
| CPI ex energy, food, alcohol & tobacco (nsa, y/y%)      | 3.1    | 2.9    | 3.1    | 2.8        |
| Retail price inflation (nsa, m/m%)                      | 1.0    | 0.4    | 0.2    | -          |
| Retail price inflation (nsa, y/y%)                      | 5.3    | 5.1    | 5.0    | -          |
| Retail price inflation ex mortgage interest (nsa, m/m%) | 1.0    | 0.4    | 0.2    | -          |
| Retail price inflation ex mortgage interest (nsa, y/y%) | 5.4    | 5.1    | 5.0    | -          |

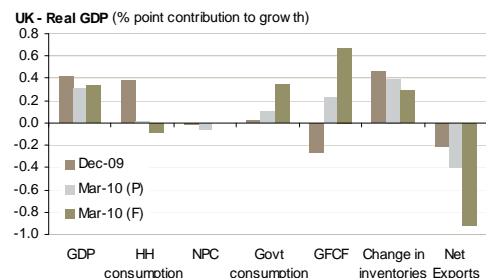


| UK - Producer price inflation (9 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|--|--------|--------|--------|------------|
| Input (nsa, % m/m)                     | 0.3    | -0.2   | -0.2   | -0.4       |
| Input (nsa, % y/y)                     | 13.0   | 11.5   | 10.7   | 10.2       |
| Core input (sa, % m/m)                 | 0.7    | 0.4    | -0.2   | -          |
| Core input (nsa, % m/m)                | -0.3   | 0.9    | -0.7   | -          |
| Core input (nsa, % y/y)                | 6.3    | 7.1    | 7.4    | -          |
| Output (nsa, % m/m)                    | 1.6    | 0.1    | -0.3   | 0.1        |
| Output (nsa, % y/y)                    | 5.9    | 5.5    | 5.1    | 5.7        |
| Core output (nsa, % m/m)               | 1.2    | 0.1    | -0.3   | 0.1        |
| Core output (nsa, % y/y)               | 4.5    | 4.4    | 4.8    | 5.1        |

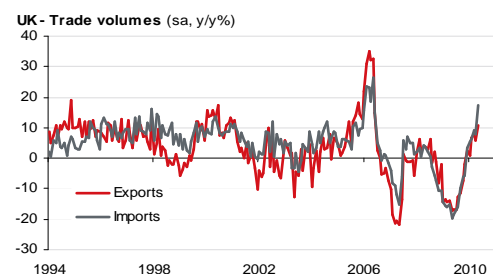


| UK - Labour market (14 July)           | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|--|--------|--------|--------|------------|
| Change in claimant count (000s)        | -32    | -31.1  | -20.8  | -20.0      |
| Claimant count rate (%)                | 4.7    | 4.6    | 4.5    | 4.5        |
| ILO unemployment rate (3m, %)          | 7.9    | 7.8    | -      | 7.9        |
| Average earnings inc bonus (3m, % yoy) | 4.1    | 2.7    | -      | 3.0        |
| Average earnings exc bonus (3m, % yoy) | 1.9    | 1.8    | -      | 1.9        |

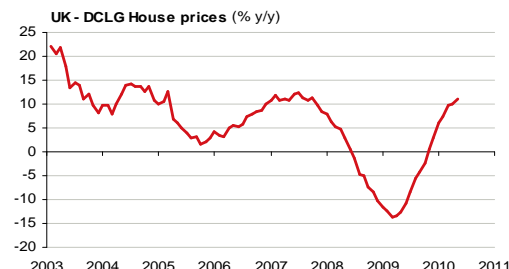
| UK - BRC Retail Sales (13 July)   | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|-----------------------------------|--------|--------|--------|------------|
| Like-for-like retail sales (y/y%) | -2.3   | 0.8    | 1.2    | -          |
| All store retail sales (y/y%)     | -0.2   | 3.0    | 3.4    | -          |



| UK - National Accounts (12 July)                       | Dec-09 | Mar-10 (P) | Mar-10 (F) | Mkt f'cast |
|--|--------|------------|------------|------------|
| Real GDP (sa, q/q%)                                    | 0.4    | 0.3        | 0.3        | 0.3        |
| Real GDP (sa, y/y%)                                    | -2.9   | -0.2       | -0.2       | -0.2       |
| Household consumption (sa, q/q%)                       | 0.6    | 0.0        | -0.1       | -          |
| Non-profit consumption (sa, q/q%)                      | -0.4   | -2.5       | -0.2       | -          |
| Government consumption (sa, q/q%)                      | 0.1    | 0.5        | 1.5        | -          |
| Gross fixed capital formation (sa, q/q%)               | -1.7   | 1.5        | 4.5        | -          |
| Change in inventories (sa, %pt contribution to growth) | 0.5    | 0.4        | 0.3        | -          |
| Net exports (sa, %pt contribution to growth)           | -0.2   | -0.4       | -0.9       | -          |
| Exports (sa, q/q%)                                     | 4.0    | 0.0        | -1.7       | -          |
| Imports (sa, q/q%)                                     | 4.4    | 1.4        | 1.6        | -          |



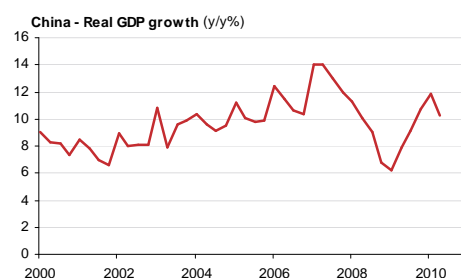
| UK - Trade balance (9 July)                  | Mar-10 | Apr-10 | May-10 | Mkt f'cast |
|--|--------|--------|--------|------------|
| Visible trade balance (sa, values)           | -7.4   | -7.4   | -8.1   | -7.0       |
| Trade balance (sa, values)                   | -3.5   | -3.5   | -3.8   | -3.0       |
| Export volumes (sa, m/m%)                    | -0.7   | 0.4    | 0.0    | -          |
| Export volumes (sa, y/y%)                    | 7.9    | 5.9    | 11.0   | -          |
| Export volumes ex oil & erractics (sa, m/m%) | -1.1   | 2.7    | 0.7    | -          |
| Export volumes ex oil & erractics (sa, y/y%) | 9.8    | 9.4    | 16.7   | -          |
| Import volumes (sa, m/m%)                    | 2.1    | -0.3   | 2.7    | -          |
| Import volumes (sa, y/y%)                    | 9.0    | 8.0    | 17.3   | -          |
| Import volumes ex oil & erractics (sa, m/m%) | 3.8    | -1.8   | 4.2    | -          |
| Import volumes ex oil & erractics (sa, y/y%) | 15.1   | 9.1    | 20.2   | -          |
| Export prices (sa, m/m%)                     | 2.5    | -0.1   | 0.4    | -          |
| Export prices (sa, y/y%)                     | 5.3    | 7.6    | 7.5    | -          |
| Import prices (sa, m/m%)                     | 2.9    | 0.2    | 0.6    | -          |
| Import prices (sa, y/y%)                     | 4.3    | 5.9    | 7.2    | -          |



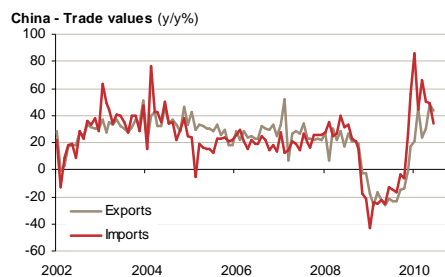
| UK - DCLG House prices (13 July) | Mar-10 | Apr-10 | May-10 | Mkt f'cast |
|----------------------------------|--------|--------|--------|------------|
| DCLG house prices (index)        | 172.8  | 174.4  | 176.0  | -          |
| DCLG house prices (nsa, m/m%)    | 0.8    | 0.9    | 0.9    | -          |
| DCLG house prices (nsa, 3m/3m%)  | 2.9    | 1.4    | 1.7    | -          |
| DCLG house prices (nsa, y/y%)    | 9.7    | 10.1   | 11.0   | -          |

| UK - RICS House Prices (13 July)       | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|--|--------|--------|--------|------------|
| RICS house price balance (net balance) | 18.4   | 21.5   | 9.5    | -          |

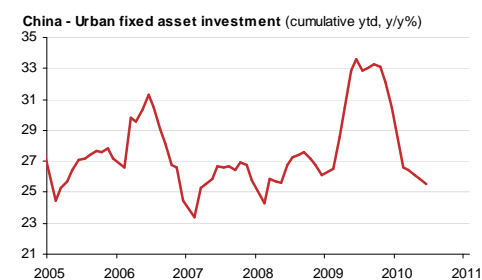
## China



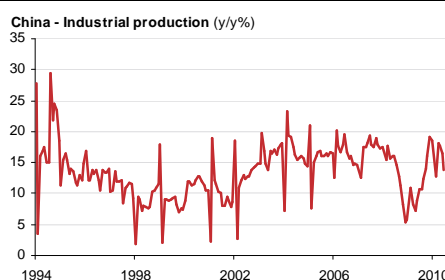
| China - Real GDP (15 July) | Dec-09 | Mar-10 | Jun-10 | Mkt f'cast |
|----------------------------|--------|--------|--------|------------|
| Real GDP growth (y/y%)     | 10.7   | 11.9   | 10.3   | 10.5       |



| China - International trade (9 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|--------------------------------------|--------|--------|--------|------------|
| Export values (y/y%)                 | 30.4   | 48.5   | 43.9   | 38.0       |
| Import values (y/y%)                 | 50.1   | 48.3   | 34.1   | 35.0       |



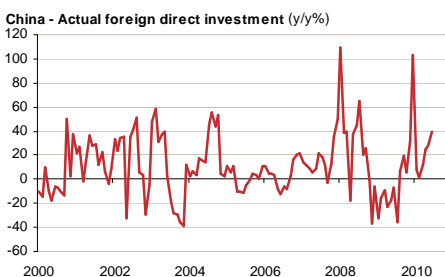
| China - Urban fixed asset investment (15 July)      | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|---|--------|--------|--------|------------|
| Urban fixed asset investment (cumulative ytd, y/y%) | 26.1   | 25.9   | 25.5   | 25.2       |



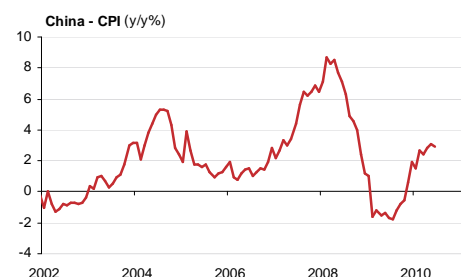
| China - Industrial production (15 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|---|--------|--------|--------|------------|
| Industrial production (nsa, y/y%)       | 17.8   | 16.5   | 13.7   | 15.1       |



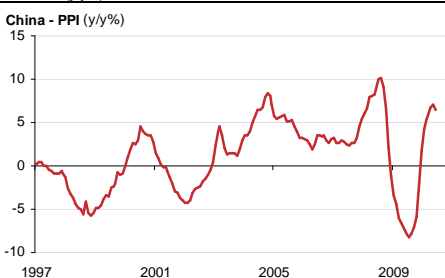
| China - Retail sales (15 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|--------------------------------|--------|--------|--------|------------|
| Retail sales (y/y%)            | 18.5   | 18.7   | 18.3   | 18.8       |



| China - Actual FDI (15 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|------------------------------|--------|--------|--------|------------|
| Actual FDI (y/y%)            | 24.7   | 27.5   | 39.6   | 15.8       |

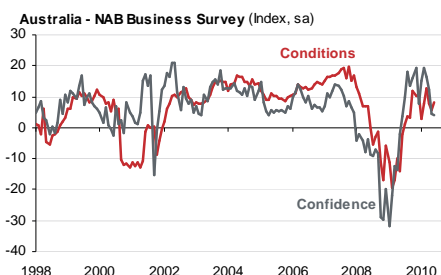
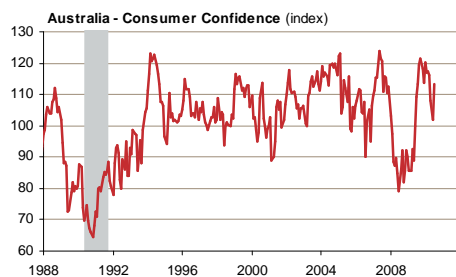


| China - Consumer Price (15 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|----------------------------------|--------|--------|--------|------------|
| CPI (y/y%)                       | 2.8    | 3.1    | 2.9    | 3.3        |



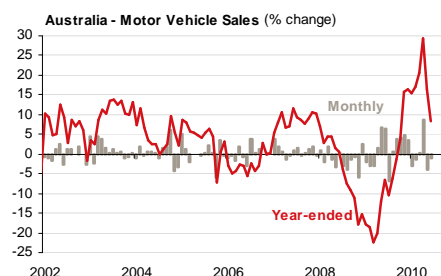
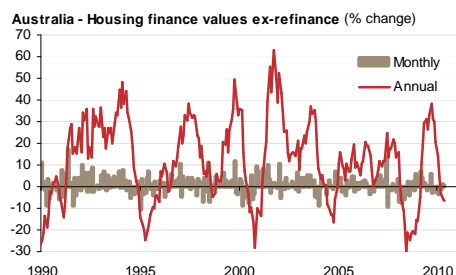
| China - Producer Price (15 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|----------------------------------|--------|--------|--------|------------|
| PPI (y/y%)                       | 6.8    | 7.1    | 6.4    | 6.8        |

## Australia



| Australia - Consumer confidence (14 July)     | May-10 | Jun-10 | Jul-10 | Mkt f'cast |
|---|--------|--------|--------|------------|
| Consumer sentiment index (sa, index)          | 108.0  | 101.9  | 113.1  | -          |
| Consumer sentiment index (sa, m/m%)           | -7.0   | -5.7   | 11.1   | -          |
| Consumer sentiment index (sa, y/y%)           | 21.6   | 1.8    | 3.4    | -          |
| Current conditions (sa, index)                | 110.7  | 101.0  | 112.2  | -          |
| Expectations (sa, index)                      | 106.1  | 102.4  | 113.7  | -          |
| Economic conditions                           |        |        |        |            |
| Next 12 months (sa, index)                    | 103.4  | 106.4  | 117.0  | -          |
| Next 5 years (sa, index)                      | 105.8  | 96.3   | 111.9  | -          |
| Unemployment expectations (sa, index)         | 111.7  | 120.3  | 112.0  | -          |
| Family finances                               |        |        |        |            |
| Last 12 months (sa, index)                    | 93.6   | 77.1   | 90.4   | -          |
| Next 12 months (sa, index)                    | 109.1  | 104.6  | 112.2  | -          |
| Time to buy a...                              |        |        |        |            |
| Major household items (sa, index)             | 127.8  | 125.0  | 134.1  | -          |
| Car (sa, index)                               | 125.7  | 127.7  | 128.5  | -          |
| Dwelling (sa, index)                          | 88.2   | 94.6   | 109.4  | -          |
| Consumer sentiment index                      |        |        |        |            |
| Home ownership, own fully (sa, index)         | 108.5  | 102.4  | 114.4  | -          |
| Home ownership, own with mortgage (sa, index) | 106.5  | 99.9   | 110.2  | -          |
| Home ownership, renting (sa, index)           | 109.0  | 103.7  | 114.7  | -          |

| Australia - NAB Business confidence (13 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|---|--------|--------|--------|------------|
| Business conditions (sa, net balance)         | 7.7    | 5.8    | 8.0    | -          |
| Business confidence (sa, net balance)         | 12.5   | 4.6    | 3.9    | -          |
| Trading conditions (sa, net balance)          | 7.2    | 8.0    | 12.2   | -          |
| Profitability (sa, net balance)               | 7.1    | 1.4    | 4.7    | -          |
| Employment (sa, net balance)                  | 7.9    | 6.9    | 6.0    | -          |
| Forward orders (sa, net balance)              | 2.4    | -0.6   | 6.1    | -          |
| Stocks (sa, net balance)                      | 7.0    | -2.0   | -1.5   | -          |
| Labour costs (nsa, q/q%)                      | 1.3    | 1.0    | 0.8    | -          |
| Final prices paid (nsa, q/q%)                 | 0.1    | 0.4    | 0.4    | -          |
| Capacity Utilisation (sa, %)                  | 82.0   | 81.7   | 82.1   | -          |



| Australia - Housing finance (12 July)                  | Mar-10 | Apr-10 | May-10 | Mkt f'cast |
|--|--------|--------|--------|------------|
| Housing finance (number, sa, m/m%)                     | -2.8   | -1.5   | 1.9    | 1.5        |
| Housing finance (number, sa, y/y%)                     | -22.6  | -25.0  | -24.4  | -          |
| Housing finance ex refinancing (values, sa, m/m%)      | -1.0   | 1.5    | 0.6    | -          |
| Housing finance ex refinancing (values, sa, y/y%)      | -3.2   | -5.8   | -6.8   | -          |
| Housing construction (number, sa, m/m%)                | -7.9   | -4.5   | -2.2   | -          |
| Housing construction (number, sa, y/y%)                | 1.4    | -7.9   | -15.2  | -          |
| Owner occupied finance ex refinancing (values, sa, m)  | -3.6   | 1.9    | -0.7   | -          |
| Owner occupied finance ex refinancing (values, sa, y/) | -16.9  | -16.8  | -18.9  | -          |
| Investor financing (values, sa, m/m%)                  | 2.9    | 0.8    | 2.6    | -          |
| Investor financing (values, sa, y/y%)                  | 26.1   | 16.0   | 17.3   | -          |
| First home buyers (% of applicants)                    | 15.9   | 16.3   | 16.1   | -          |

| Australia - Motor vehicle sales (15 July) | Apr-10 | May-10 | Jun-10 | Mkt f'cast |
|---|--------|--------|--------|------------|
| Motor vehicle sales (sa, m/m%)            | 8.6    | -3.9   | -1.2   | -          |
| Motor vehicle sales (sa, y/y%)            | 29.2   | 16.5   | 8.2    | -          |
| Passenger vehicle sales (sa, m/m%)        | 8.8    | -4.7   | -2.6   | -          |
| Passenger vehicle sales (sa, y/y%)        | 28.2   | 17.4   | 11.5   | -          |
| Sports utility vehicles (sa, m/m%)        | 14.4   | -6.4   | 0.4    | -          |
| Sports utility vehicles (sa, y/y%)        | 47.8   | 26.8   | 22.0   | -          |
| Other vehicle sales (sa, m/m%)            | 1.7    | 1.6    | 0.9    | -          |
| Other vehicle sales (sa, y/y%)            | 14.6   | 4.9    | -10.4  | -          |

| Australian Economic Forecast<br>% annual average growth (unless otherwise stated) | 2009 - 2010 |                    |     | 2010 - 2011 |                    |     | 2011 - 2012 |                    |     |
|---|-------------|--------------------|-----|-------------|--------------------|-----|-------------|--------------------|-----|
|   | Budget      | Economic Statement | QIC | Budget      | Economic Statement | QIC | Budget      | Economic Statement | QIC |
| Real GDP  | 2.0         | 2½                 | 2.4 | 3½          | 3.0                | 3.9 | 4.0         | 3%                 | 3.7 |
| Consumer price inflation (year-ended growth, June quarter)                        | 3½          | 3½                 | 3.4 | 2½          | 2½                 | 2.9 | 2½          | 2½                 | 2.8 |
| Unemployment rate (% , June quarter)  | 5½          | 5½                 | 5.2 | 5.0         | 5.0                | 5.0 | 4¾          | 4¾                 | 4.7 |