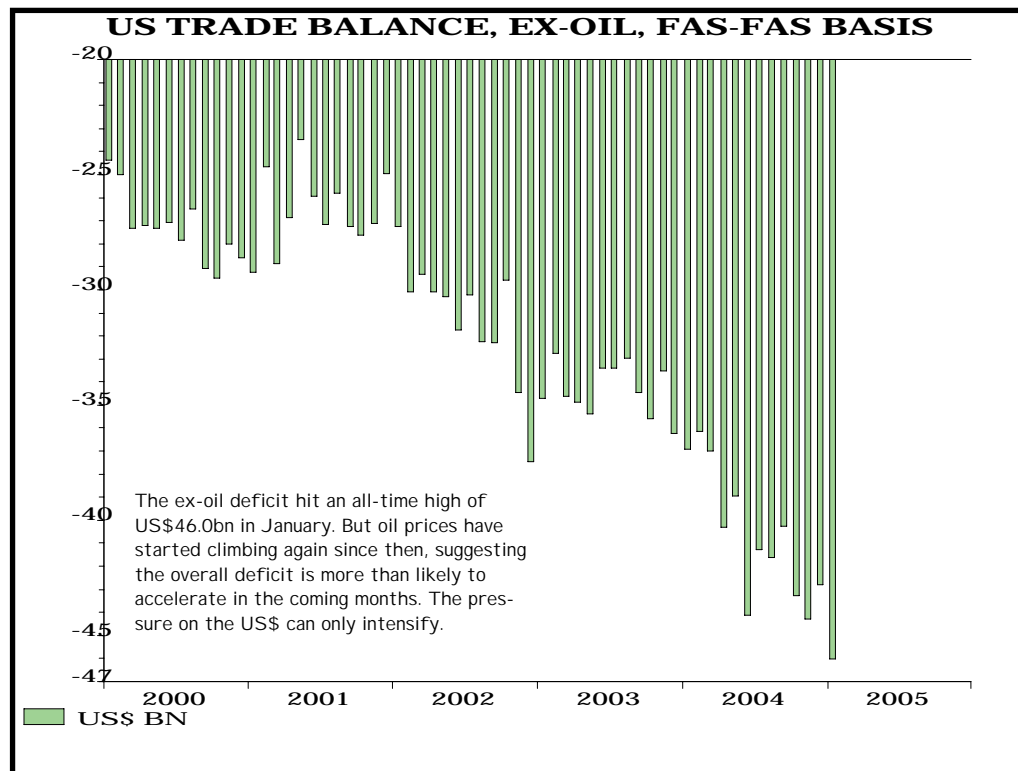


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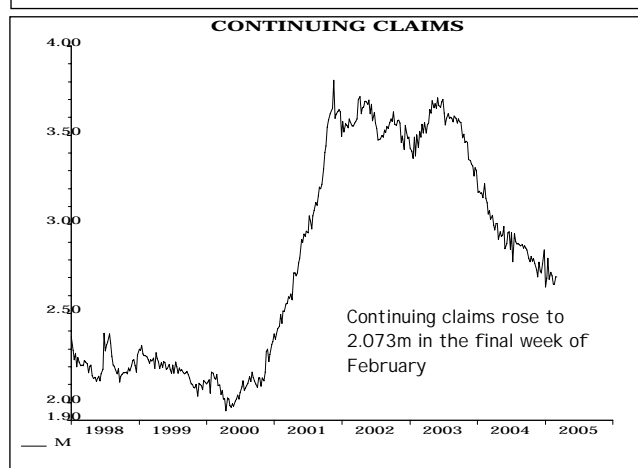
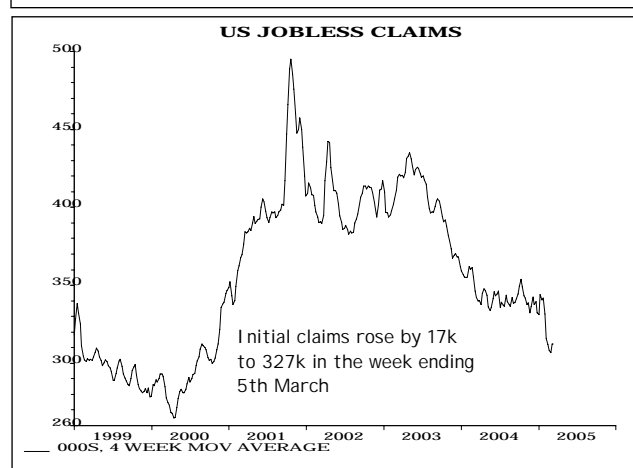
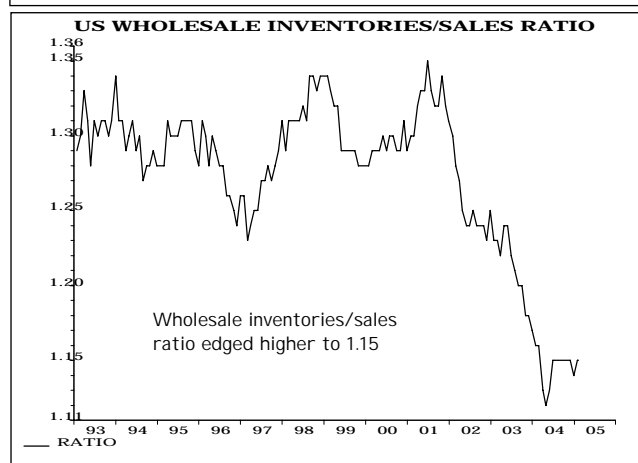
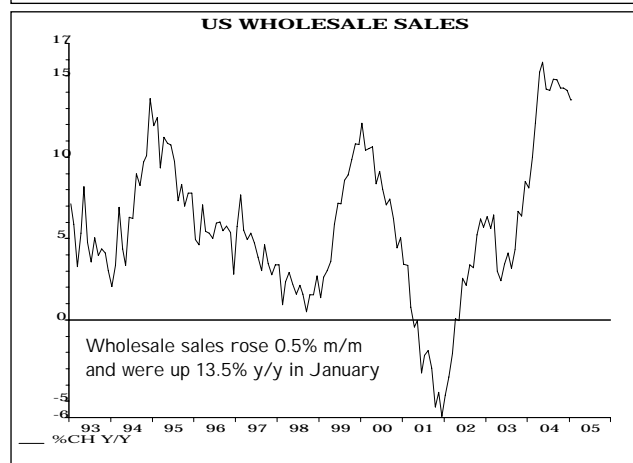
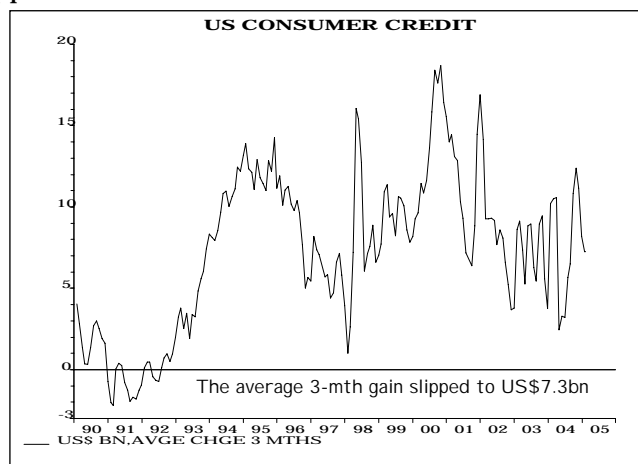
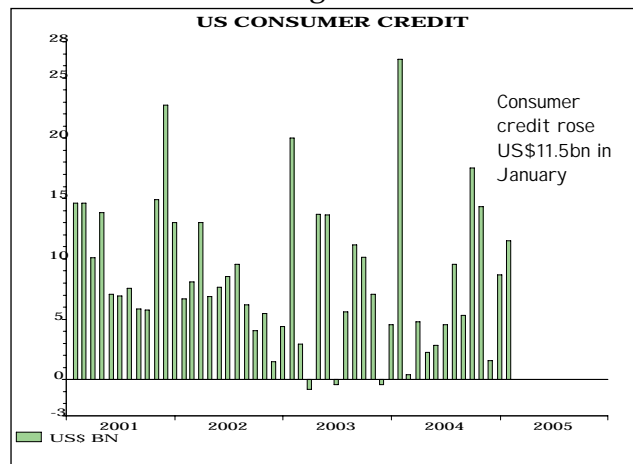
WEEKLY CHARTBOOK

CHART OF THE WEEK



WEEKLY CHARTBOOK**US - 1**

A mixed bag of numbers this week, with a surprise jump in jobless claims taking some of the shine off recent labour market data. The 4-week moving average rose to 312,000 in the first week of March, but in mitigation, this is still consistent with payroll gains in the region of 250-300,000 per month. Continuing claims, however, have been slow to fall, suggesting their remains considerable slack in the labour market, despite the recent improvement. Meanwhile, the rise in wholesale sales was the lowest since June last year, and the inventories to sales ratio ticked up. Elsewhere, the growth in consumer credit accelerated again in January after the recent lull, although the 3-month trend slipped back.

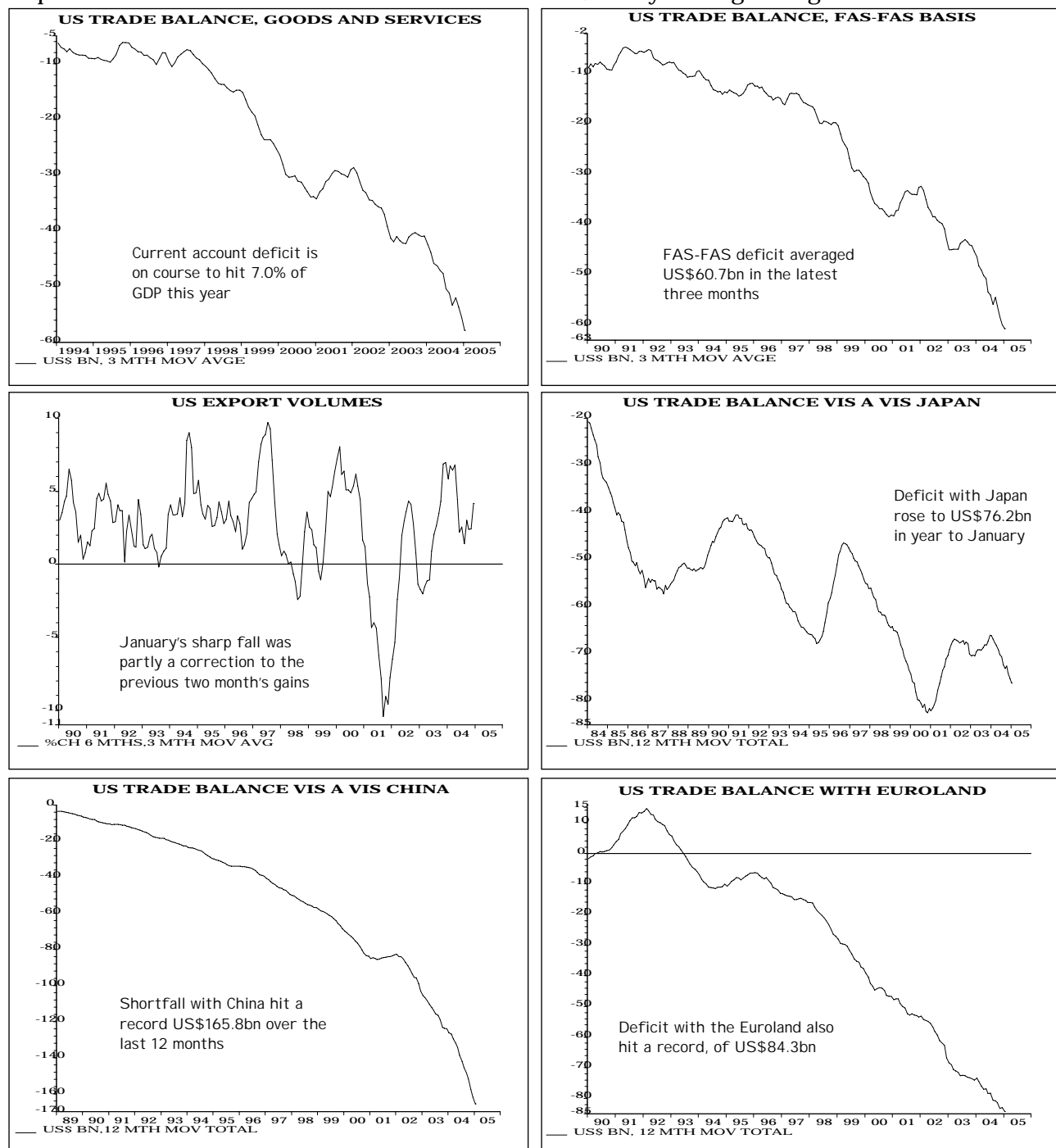


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WEEKLY CHARTBOOK**US - 2**

A drop in oil imports could not prevent the US trade deficit from surging ahead in January, hitting US\$58.3bn on a goods and deficit measure, and US\$61.2bn on a FAS-FAS basis. Smoothing the data over 3 months shows the deficit hit a new high on both estimates. It is hard to see many redeeming features in the numbers. The underlying trend in export volumes is improving, despite January's fall of 7.4% m/m. But the modest uptick is being overwhelmed by rising imports, which leapt 19.8% y/y in US\$ terms. Furthermore, the US trade position has continued to deteriorate against all three of the major trading blocs - China, Euroland and Japan. The case for a substantial sell-off in the US\$ this year is growing.

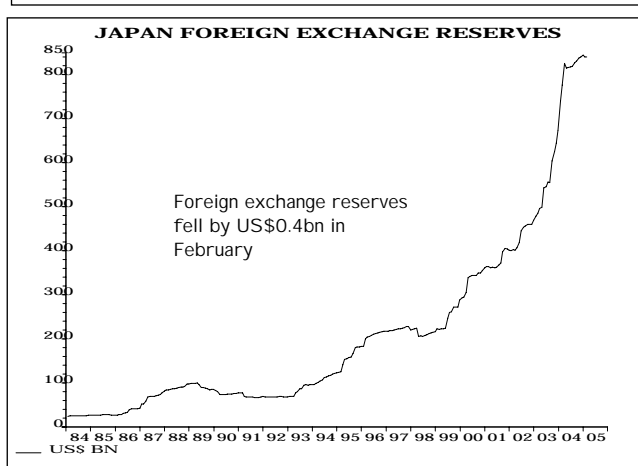
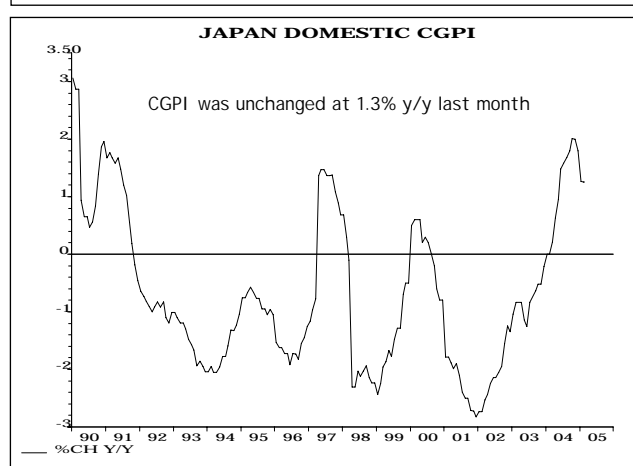
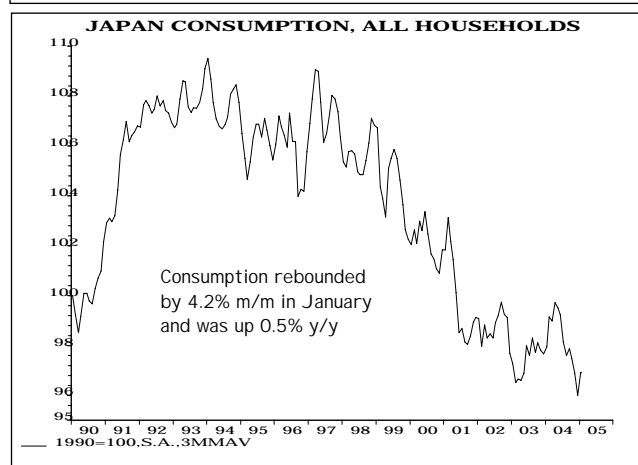
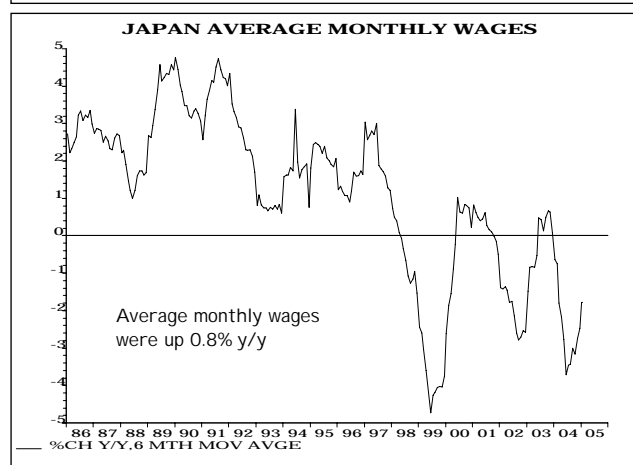
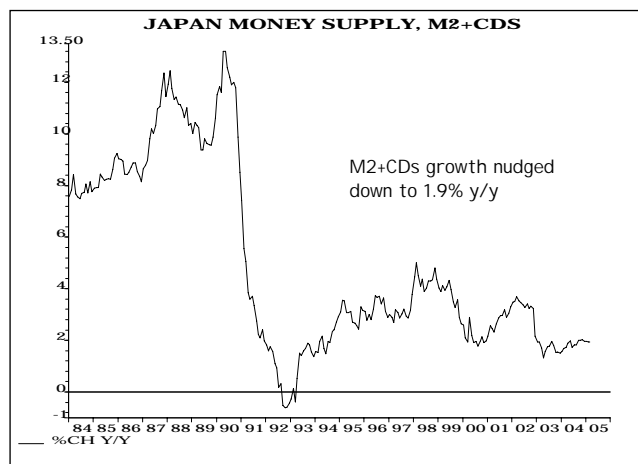
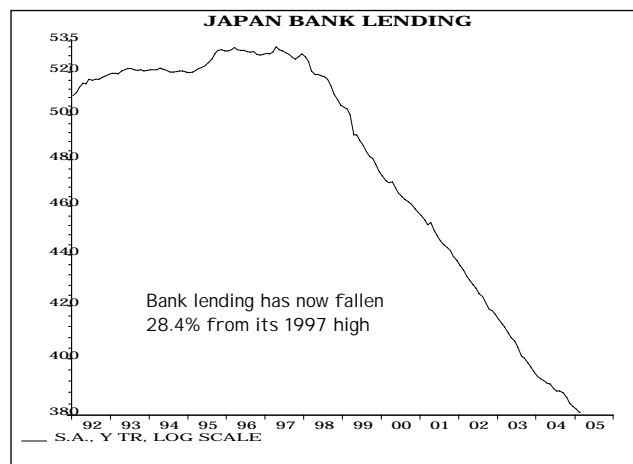


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WEEKLY CHARTBOOK**Japan - 1**

Bank lending continued to slide last month. Total loans outstanding fell 0.2% m/m in February and were down 3.0% y/y. The annual rate has now been in negative territory for 86 consecutive months. Unsurprisingly, money supply growth remains dormant, with the year-on-year rate easing to its lowest level since August. Elsewhere, the household survey for overall consumption showed spending bounced during January. However, the improvement fell short of the turnaround highlighted in last week's worker household numbers. The wage data, meanwhile, was more positive in January. Average monthly wages recorded their first year-on-year gain since December 2003.

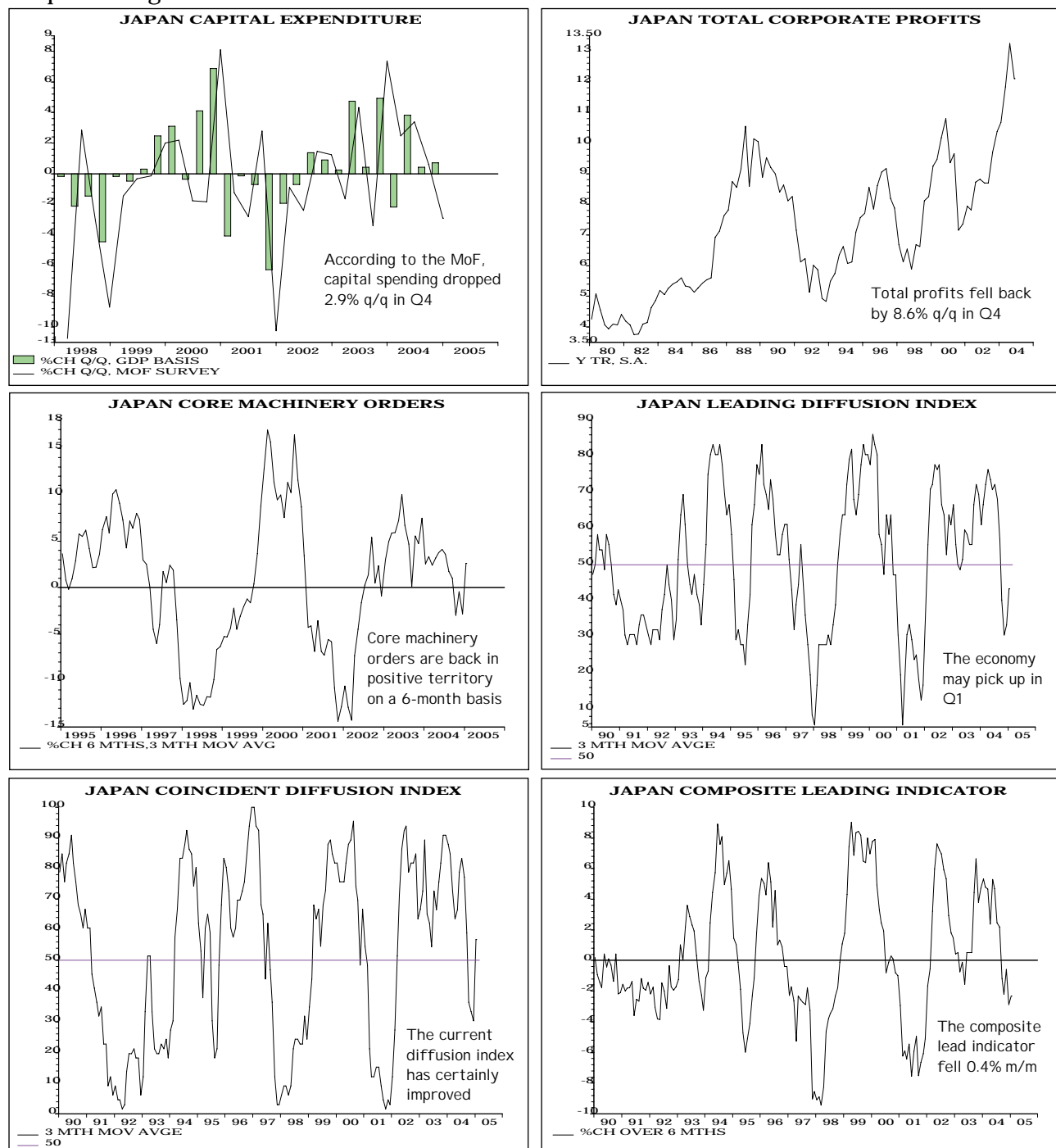


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WEEKLY CHARTBOOK**Japan - 2**

The Ministry of Finance survey cast some doubt on the continued strength of the corporate sector. Total profits fell for the first time since Q1 2003 and capital spending dropped after four consecutive increases. By contrast, leading indicators were more upbeat. The leading diffusion index rose to 55.0 in January and broke through the 50.0 boom/bust threshold for the first time since last summer. Furthermore, the coincident diffusion index rose sharply to 88.9. However, the report was not unequivocally strong - the composite leading indicator fell for the second straight month. Finally, core machinery orders fell 2.2% m/m in January, led by a 31.0% m/m drop in foreign orders.

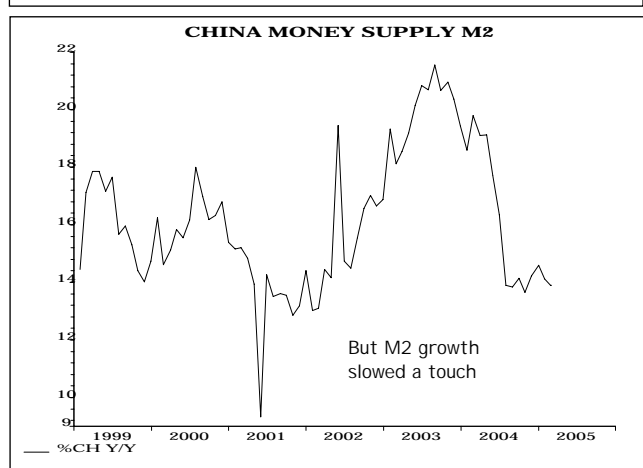
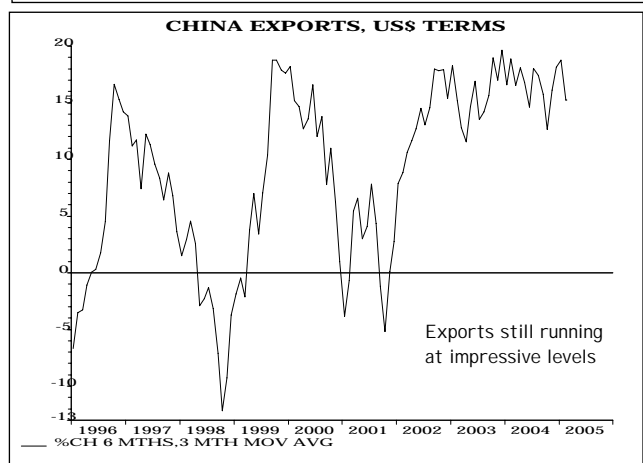
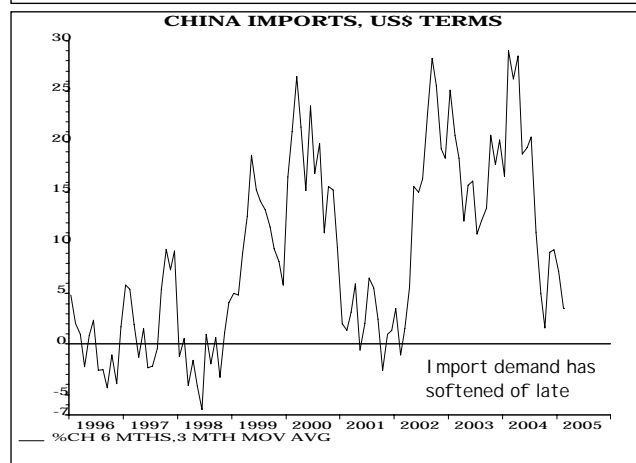
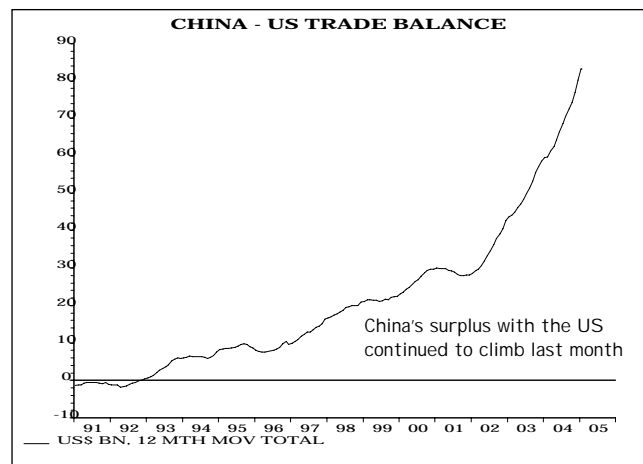
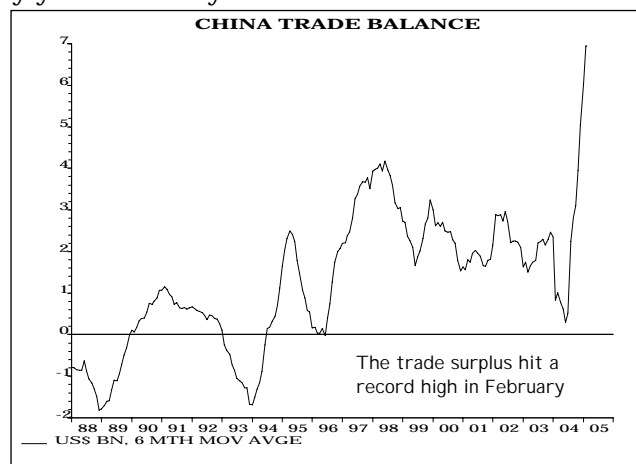


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WEEKLY CHARTBOOK**China**

China's trade balance continued to widen in February. The seasonally adjusted surplus rose from US\$8.9bn in January to US\$9.5bn last month. This was led by a 1.6% m/m increase in exports, which more than offset a 0.8% m/m climb in imports. The rising trade imbalance, notably with the US and Europe, will heighten calls for a renminbi revaluation. The Chinese case for maintaining the currency peg was not helped by a pick up in consumer prices. CPI inflation rose from 1.9% to 3.9% last month, but the increase was partly due to seasonal distortions from the Chinese new year. M2 growth, meanwhile, eased from 14.1% y/y to 13.9% y/y in February.

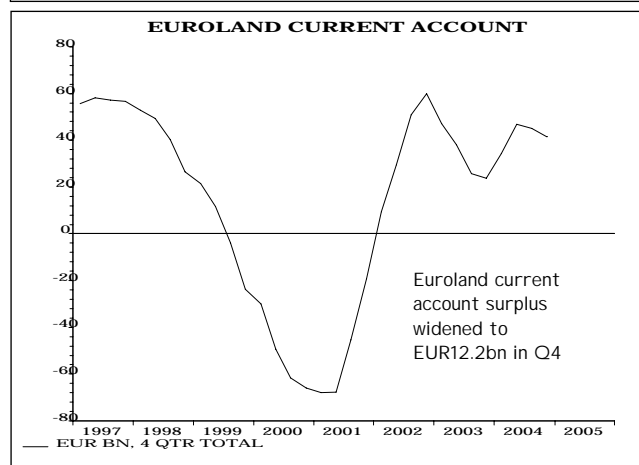
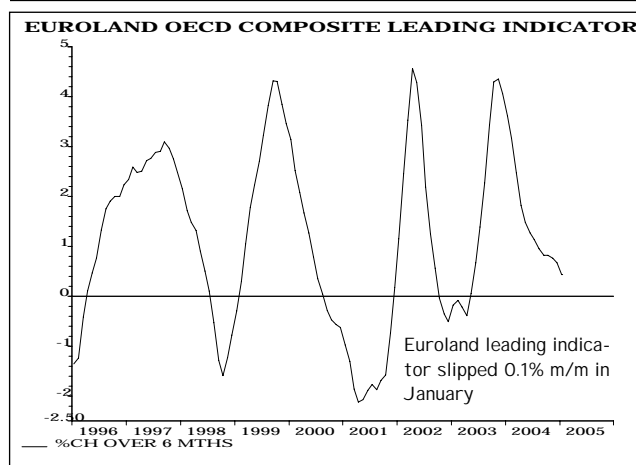


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WEEKLY CHARTBOOK**Euroland**

Strong industrial data from Germany in January bolstered hopes that GDP would rebound in Q1 from its decline in the previous quarter. Industrial production surged 3.1% m/m and the gains were widespread. Capital goods led the rise with a 4.9% m/m bounce, although this merely reversed the slide of the past two months. Consumer goods output was also up sharply, by 3.3% m/m. While these numbers are volatile and need to be treated with some caution, the 6-month change of headline output has picked up to 2.1%. In France, meanwhile, industrial output rose a modest 0.2% m/m, though manufacturing production climbed a more impressive 0.5% m/m.

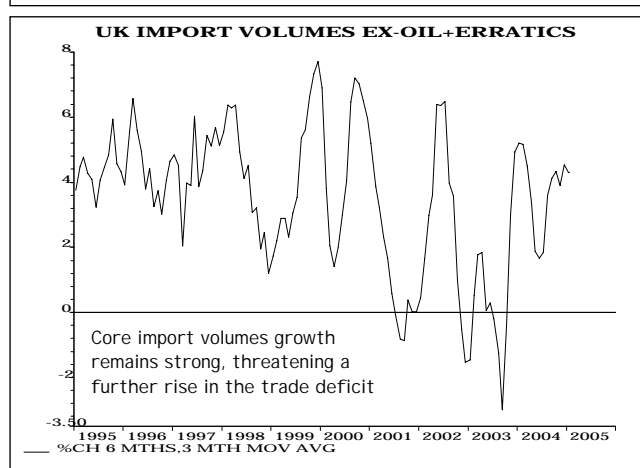
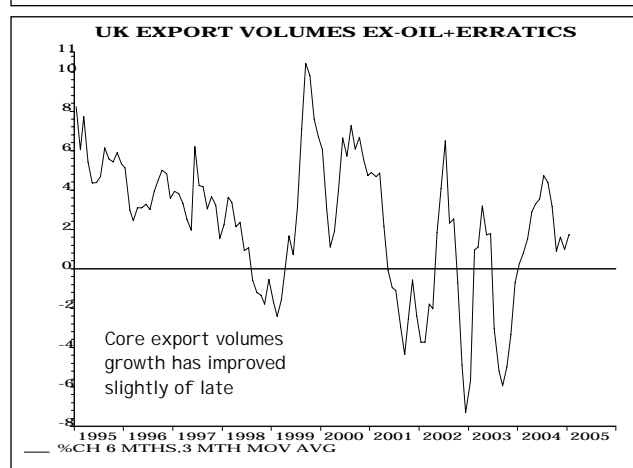
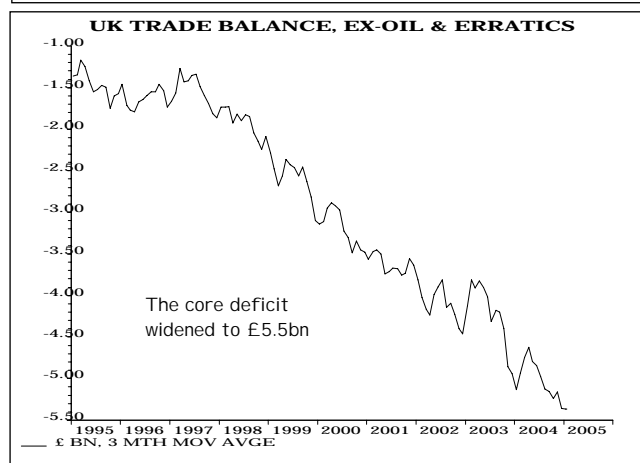
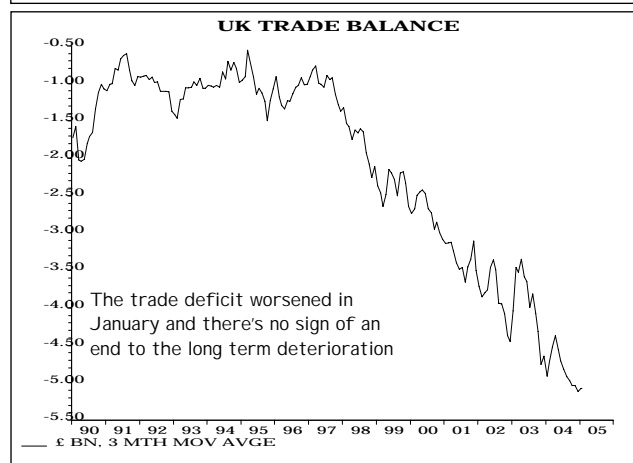
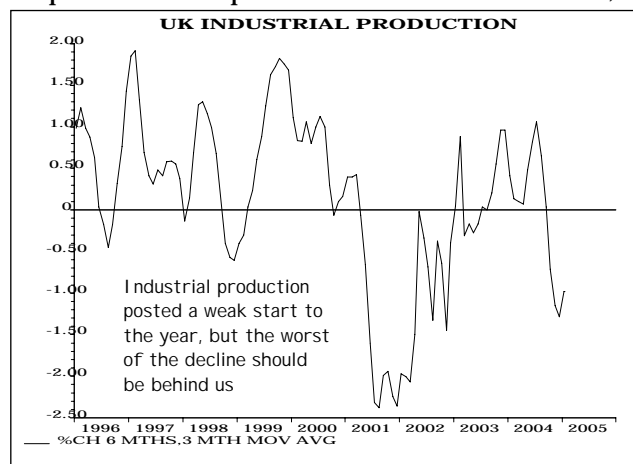


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WEEKLY CHARTBOOK**UK**

The industrial output numbers painted a mixed picture. Production slipped 0.2% m/m in January, dragged lower by declines in utilities and mining. However, manufacturing output rose 0.2% m/m and has now reversed much of the weakness in H2 2004. The 6-month change has picked up from a low in November of -0.9% to +0.5%. Recent survey data also points to a turnaround in manufacturing, but the pace of recovery remains a concern. The CBI industrial trends survey was a little more upbeat last month, but the PMI was unchanged. The trade deficit, meanwhile, widened in January from £4.94bn to £5.17bn and unwound much of the improvement reported in December. Indeed, the core deficit hit a new high in January.



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