

Cross-Country Emerging Markets Analysis

# EAGLEs Quarterly Report

Hong Kong, First Quarter 2011

## Economic Analysis

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- During the second half of 2010 most of the **EAGLEs moderated their growth pace**, with the exception of China. External demand played a less relevant role in the recovery process while **domestic demand slightly picked up** as shown by dynamic retail sales and imports.
- **Rising inflation has become a source of concern in emerging markets.** CPI rose in the past months due to increasing food and commodity prices. Most Central Banks have tightened the monetary policy stance to address the risk of overheating and anchor inflation expectations.
- The **currency appreciation process has continued** in almost all countries in recent months, although there are clear differences among them depending on the degree of intervention in currency markets and the effectiveness of macro-prudential policies.
- Stock markets have turned red in recent weeks reflecting the outflow of portfolio investments from emerging markets. **The recent increase in sovereign yields may reflect a slight change in international investors' risk valuations.** On the other hand, Middle East's political turmoil has not yet had a major effect on other EAGLEs countries' risk premiums.

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Activity →

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External Sector →

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Inflation →

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Money and Finance →

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Financial Markets →

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Statistical Annex →

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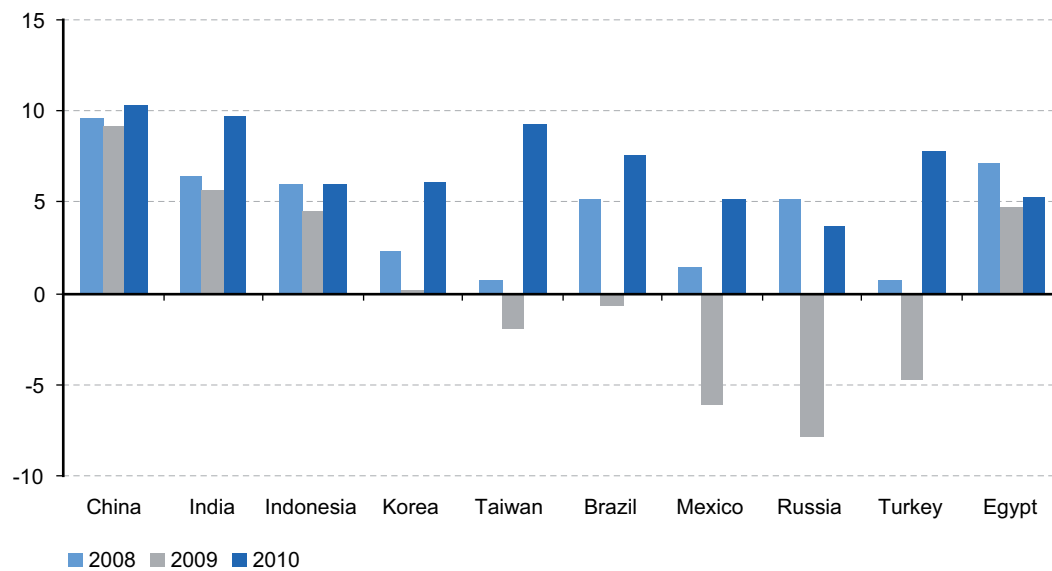
Closing date for charts: March 7<sup>th</sup>, 2011

# 1. Activity: Moderating since the second half of 2010 with domestic demand playing a more important role

## 1.1. Cross-Country GDP

- Most economies have moderated their growth pace in the second part of 2010.
- The slowdown had been anticipated given the withdrawal of monetary and fiscal stimulus.
- Chinese figures surprised on the upside in Q4.

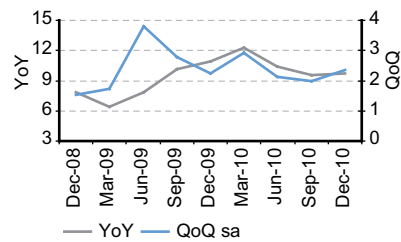
Real GDP (Annual % Change)



Source: IMF

# 1.1. GDP

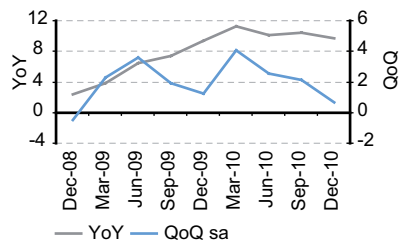
## China



Source: Haver

China's GDP growth accelerated in the fourth quarter of 2010, defying a series of policy tightening steps

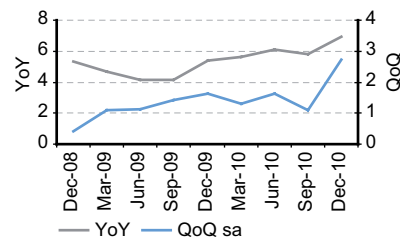
## India



Source: Haver

Growth pace was moderated in the Q4 2010, further raising concerns that the economy will slow down in the 2011, after several interest rate hikes in the past year to contain inflation

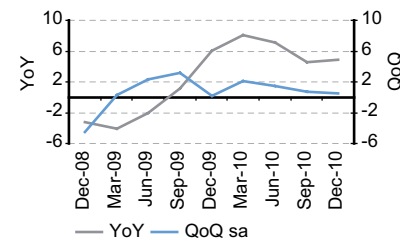
## Indonesia



Source: Haver

Strong expansion during last quarter left total growth rate in 2010 above 6%

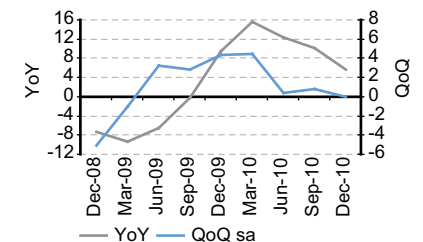
## Korea



Source: Haver

Korea's GDP growth remains strong in the fourth quarter of 2010, although sequential momentum is moderating as manufacturing and construction outturn slowed down

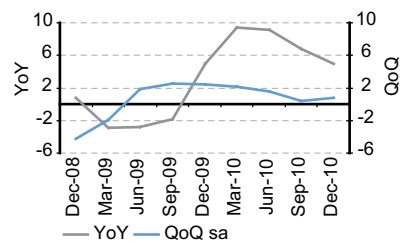
## Taiwan



Source: Haver

Taiwan's GDP growth remains strong accounting for 11% for entire 2010

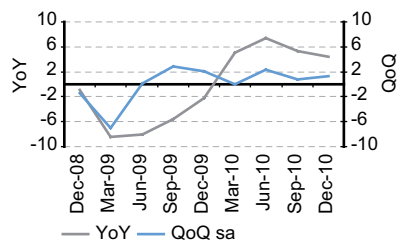
## Brazil



Source: Haver

Impressive performance in 2010; moderation ahead

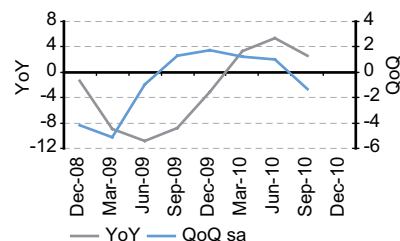
## Mexico



Source: Haver

Economic activity keeps recovering, even above market expectations, driven by a more dynamic external demand followed by a slight improvement on domestic demand

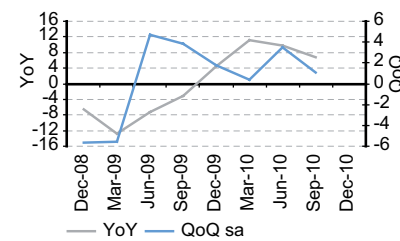
## Russia



Source: Haver

Strong expansion in 4Q10 leaves annual growth at 4%

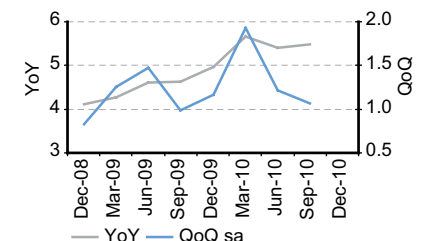
## Turkey



Source: Haver

Stellar growth performance leaves Turkey boded to register the highest GDP growth in Emerging Europe for 2010

## Egypt

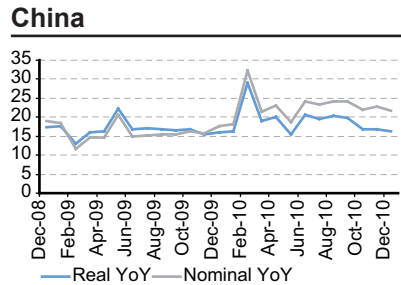


Source: Haver

Domestic factors support a robust growth performance throughout 2010

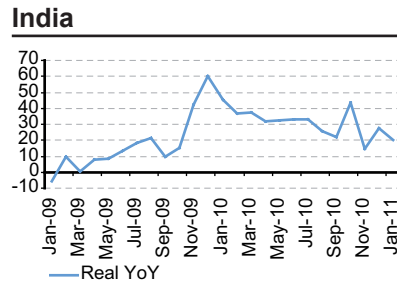
## 1.2. Retail Sales

- Retail sales have been growing rapidly among the EAGLEs, and are well above pre-crisis levels except for Mexico. Growth continues to gain momentum at a relatively high levels, except for Russia and Mexico, whose growth pace moderation anticipates a lower domestic demand in 2010Q4.



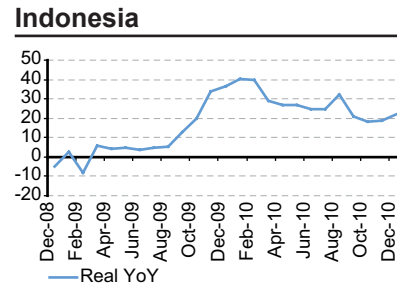
Source: Haver

Robust domestic demand trends are an integral part of the strong performance in growth



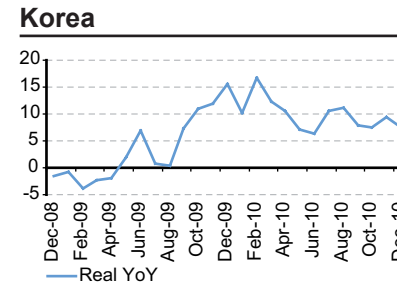
Source: CEIC

Recovering domestic demand pace continues to be slow



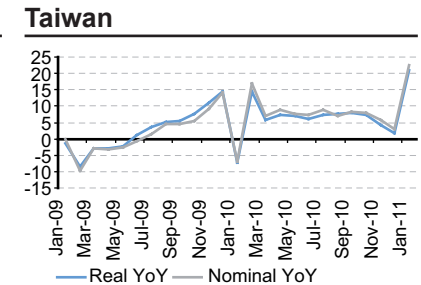
Source: Haver

Stabilization in line with trends in domestic consumption



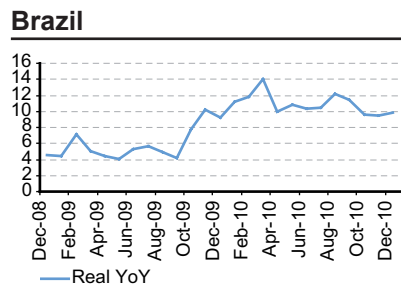
Source: Datastream

Recovering domestic demand continues to drive up retail sales, which helps to make up the sluggish demand from major developed countries



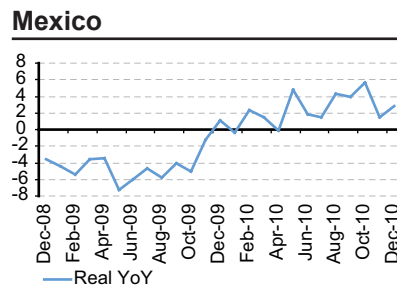
Source: Haver

Taiwan's RS hit a record and are up 22% YoY signaling a strong performance of domestic demand. In the following months growth figures should moderate



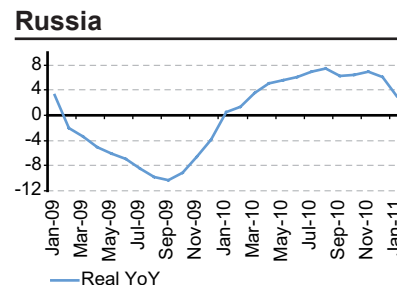
Source: Datastream

Domestic demand is booming supported by labour and credit markets



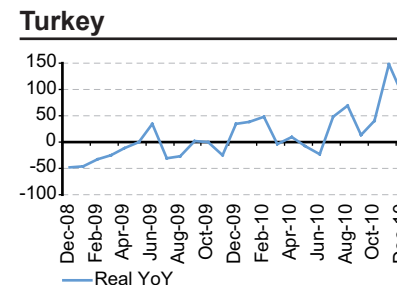
Source: Haver

Recovering domestic demand pace continues to be slow



Source: Haver

Stabilization in line with trends in domestic consumption



Source: Haver

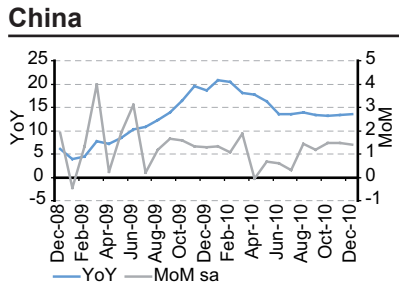
Robust domestic demand trends are an integral part of the strong performance in growth

**Egypt**  
Not available



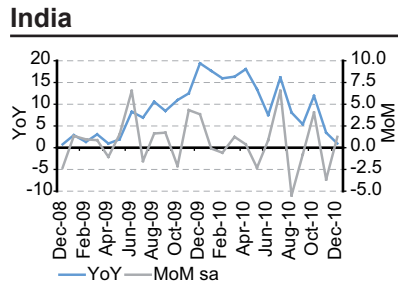
### 1.3. Industrial Production

- Industrial production YoY growth in most EAGLEs recorded relatively steady momentum or moderated in the end of 2010, which could be due to base effect compared to one year ago when industrial activities rebounded after financial crisis. Especially for India, the industrial output further fell to a 20 month low, along with continuously interest rate hikes in the country and other Asian economies.



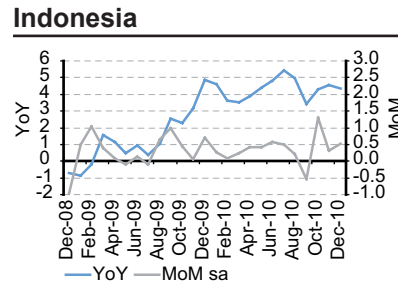
Source: Haver

IP m/m figures show the economy keeps an important pace of growth which should start smoothing in coming months

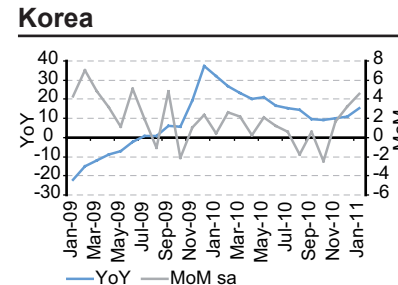


Source: Haver

Poor performance from manufacturing sector dragged down India's industrial output. IP is volatile, but the growth trending is downwards

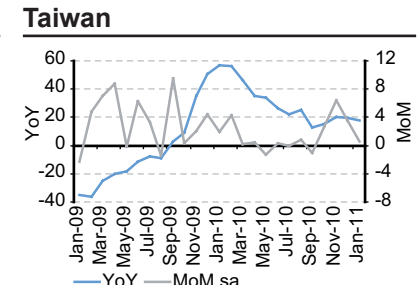


Source: Haver



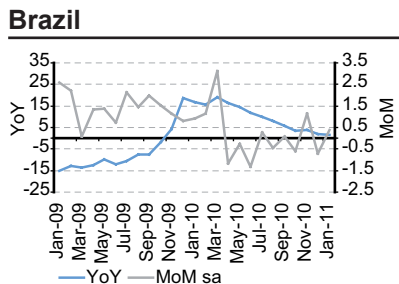
Source: Haver

As economic conditions in Korean key markets improve, demand for its products has been driving the growth of industrial production



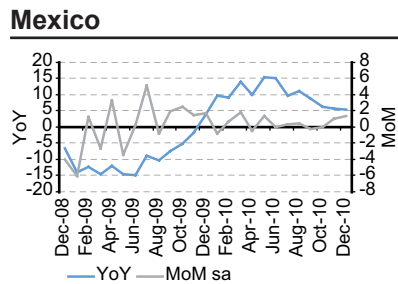
Source: Haver

Surprising on the upside given a better performance of external demand. It is expected to be buoyant during 2011



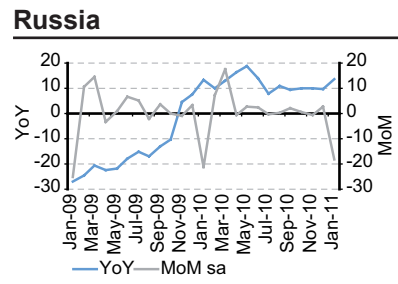
Source: Haver

Strong crisis recovery but suffering the effects of the FX appreciation

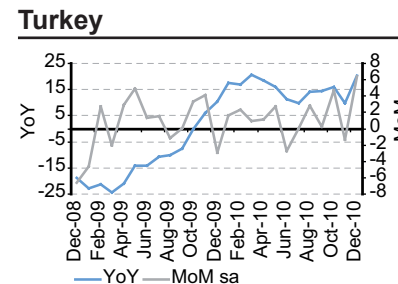


Source: Haver

Keeps improving driven mainly by external demand

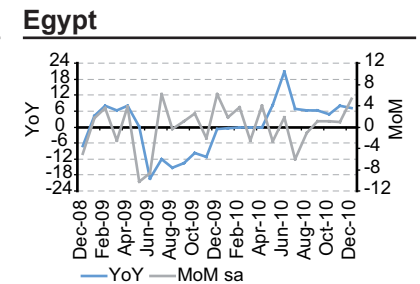


Source: Bloomberg



Source: Haver

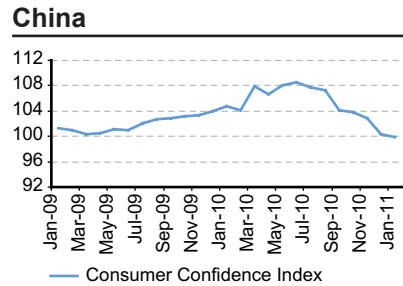
IP registers a record m/m increase since the start of the series in 2005



Source: Haver

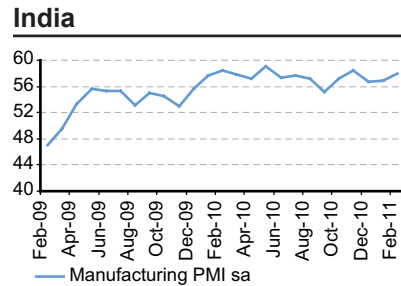
## 1.4. Business and Consumer Surveys

- Consumer confidence is robust in most countries. However in Russia and China has softened on weaker economic activity and rising food prices respectively.



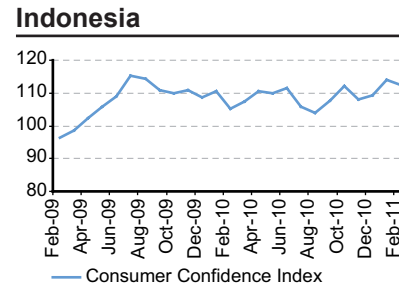
Source: CEIC

Increasing food prices have had a negative impact on consumer confidence

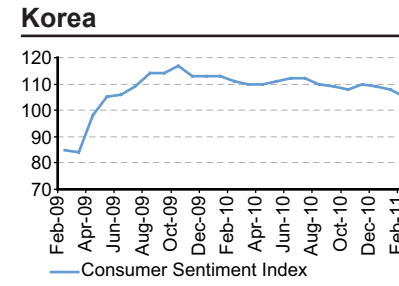


Source: HSBC

Managers in India remain optimistic reporting business conditions keep improving

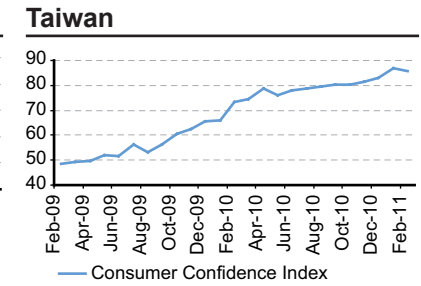


Source: CEIC



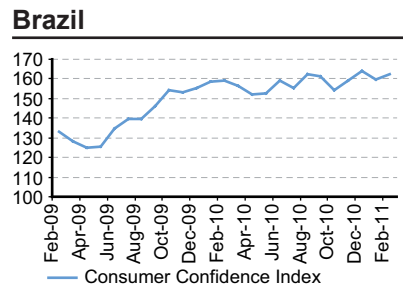
Source: CEIC

Consumer confidence slightly edged down on soaring food and crude oil prices, while still within the expansion region



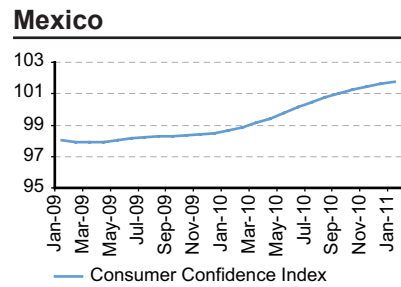
Source: CEIC

Stronger performance of exports have had a positive impact on economic activity



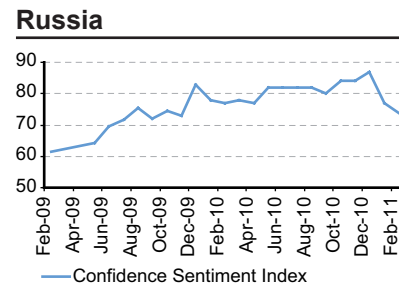
Source: Haver

Stable at high levels

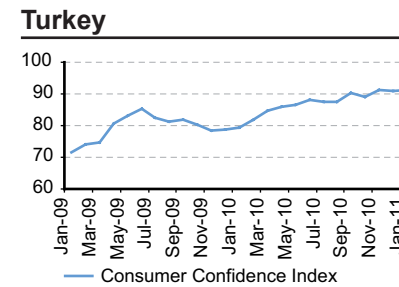


Source: Haver

Consumer confidence keeps improving and signals a better performance of personal consumption expenditure in next quarters



Source: Bloomberg



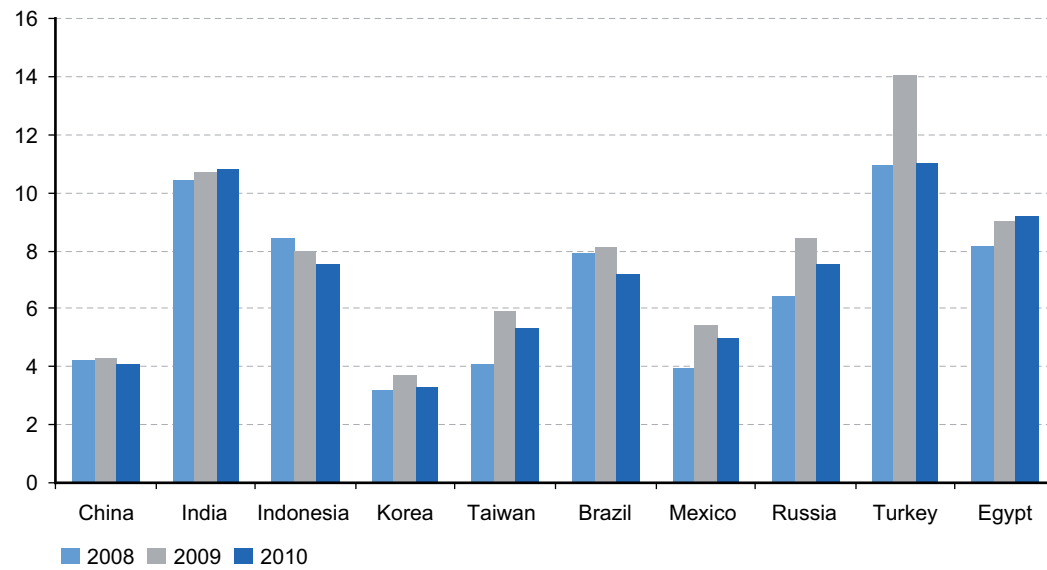
Source: Haver

**Egypt**  
Not available

## 1.5. Cross-Country Unemployment

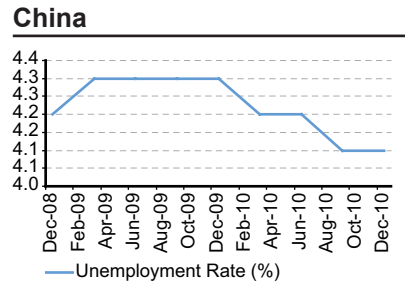
- Unemployment rates keep falling reflecting the economic recovery.
- Nevertheless in most of the countries the rate is still higher than during the pre-crisis period.

Unemployment Rate (%)



Source: IMF

# 1.5. Unemployment

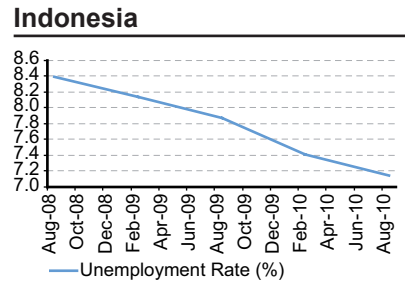


Source: Bloomberg

Unemployment rate should keep decreasing as the economy continues growing along 2011

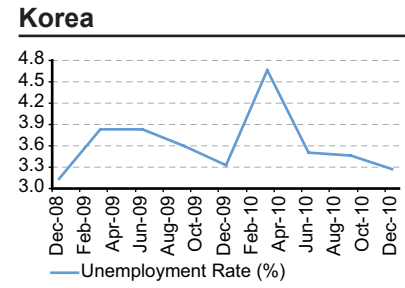
### India

Not available



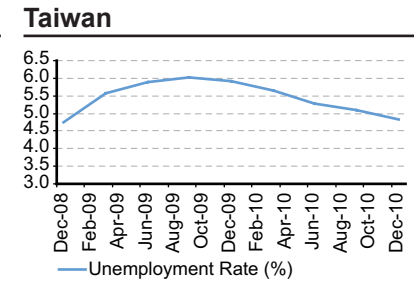
Source: CEIC

Steady decrease of unemployment during past two years as a consequence of dynamic growth rates



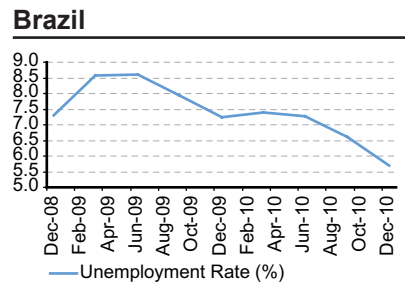
Source: Bloomberg

The declining trend of unemployment rate should continue as economic activities keep active in 2011



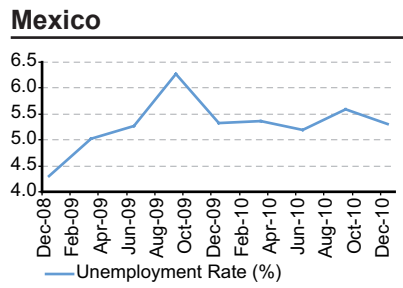
Source: Bloomberg

Taiwan's economic activity explains the improvement in the labor market during the second half of 2010. Further improvements are expected for 2011



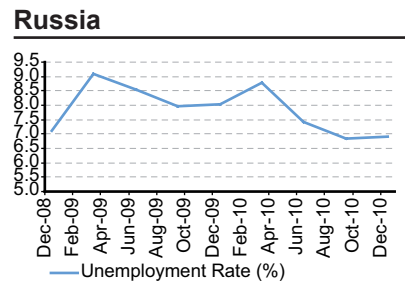
Source: Bloomberg

Historical low levels



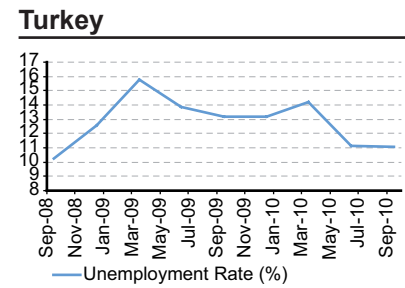
Source: Bloomberg

Labor market keeps improving as economic activity is recovering. There have been important gains in the demand for formal employment



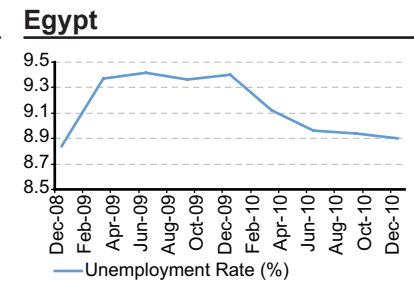
Source: Bloomberg

Labor market trends are no longer a factor for spurring consumption



Source: Bloomberg

Unemployment rate moderates its fall, but it still supports the strong growth expected for 2010



Source: Bloomberg

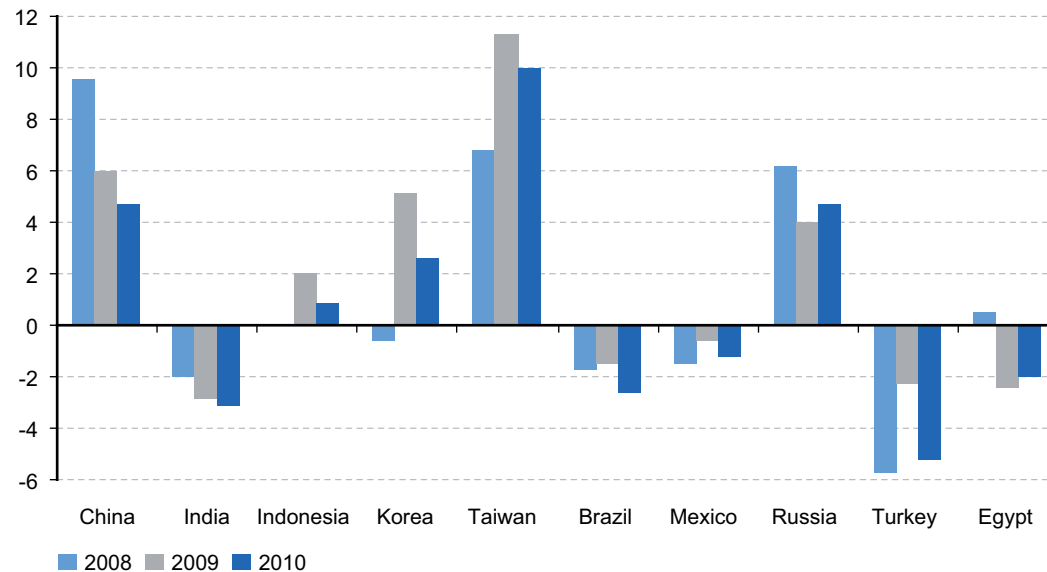
Closer to the pre-crisis rates, but losing momentum

## 2. External Sector: Dynamic domestic demand and currency appreciation are deteriorating external balances

### 2.1. Cross-Country Current Account Balance

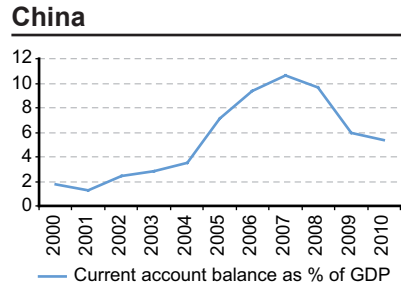
- Improvement on the current account balance in some of the EAGLEs countries is due to higher terms of trade and not because a slowdown on consumption.
- In Brazil and Turkey, the current account deficit is becoming a vulnerability to an external shock.

Current Account Balance (% of GDP)



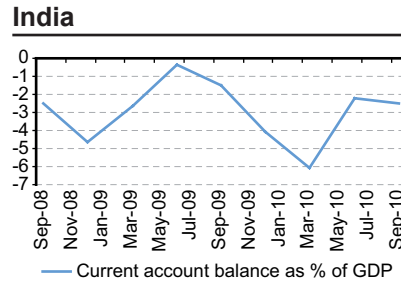
Source: IMF

## 2.1. Current Account Balance



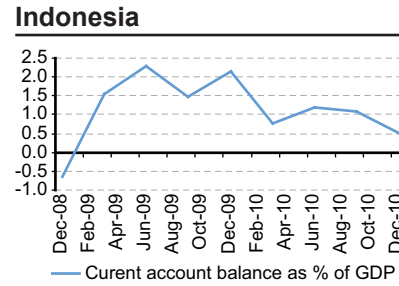
Source: CEIC and Haver

Trade dynamics explain the lower surplus



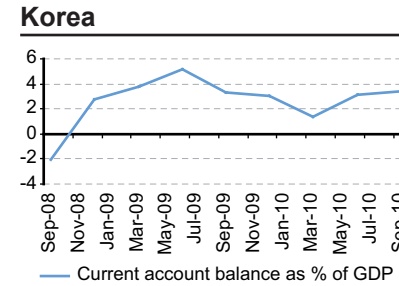
Source: Haver

The current account deficit persists, and the ongoing surge in oil prices could put further pressure on the country's current account deficit



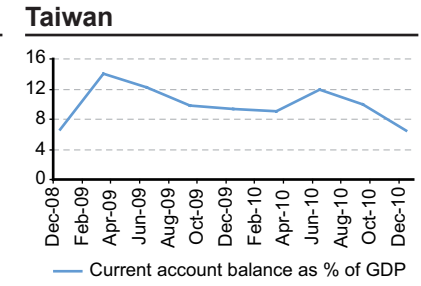
Source: Haver

Stronger expansion of domestic demand is reducing the external surplus



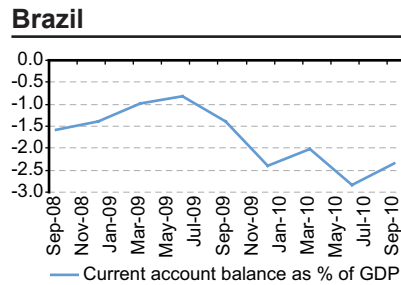
Source: Haver

The surplus keeps upward trend in 2010 given robust exports in industrial products, while the figure is estimated to moderate in the early of 2011 as higher oil and commodity prices would boost import bills



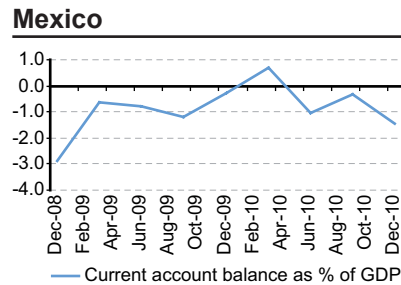
Source: Haver

CA surplus strongly driven by the Mainland demand for electronic products in Q4



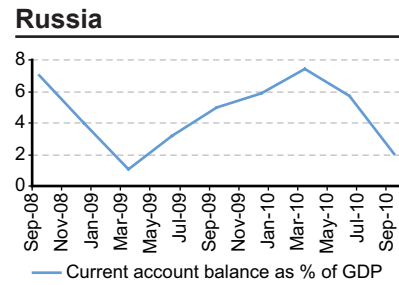
Source: Haver

Recent deterioration suggests caution ahead. One of the country's weakest points



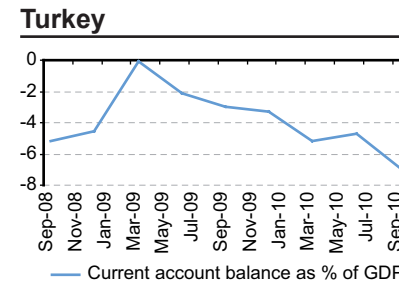
Source: Haver

The external balance on 2010 was -0.5% of GDP, quite similar to the previous year. This is positive given the recovery on economic activity



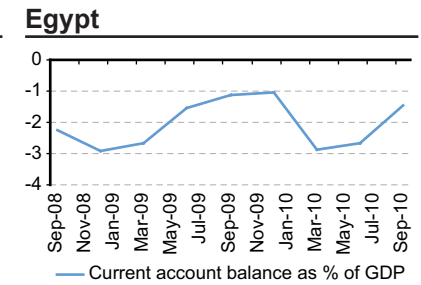
Source: Haver

Capital exports largely behind the reduction in the current account balance



Source: Haver

Trade dynamics maintain the current account deficit as the fundamental problem of the economy



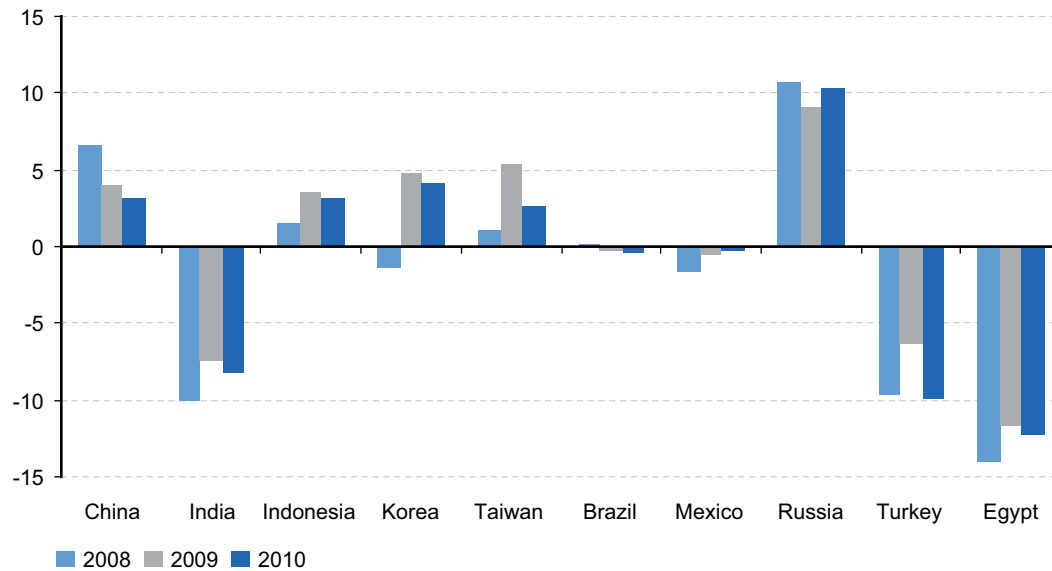
Source: Haver

The political crisis will likely erode recent reductions in the deficit

## 2.2. Trade Balance

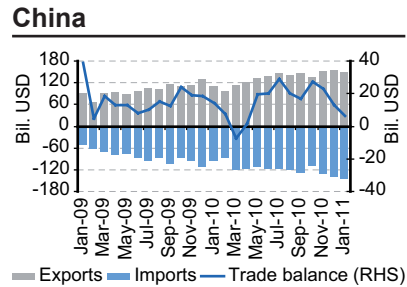
- Trade balance results are heterogeneous among EAGLEs.
- Deterioration in Brazil, Turkey and China is explained by a stronger growth of domestic demand.
- Stronger performance of other EAGLEs is related to the recovery of consumption expenditure in the US and Euro Zone.

Trade Balance (% of GDP)



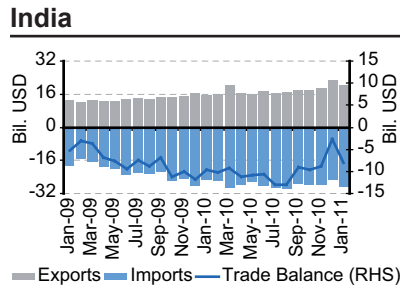
Source: IMF, Haver and Wind

## 2.2. Trade Balance

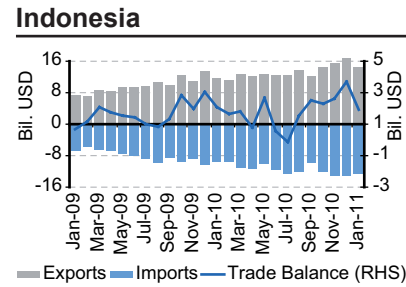


Source: Haver

Surplus figures are closing as imports continue improving given a stronger domestic demand and oil prices climb

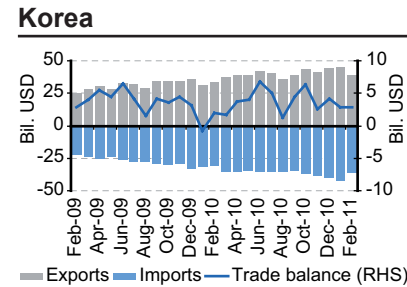


Source: Haver



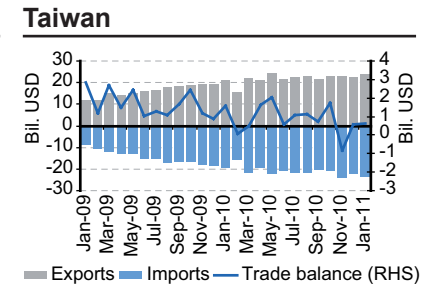
Source: Haver

In spite of higher terms of trade, trade balance surplus shrank during the first months of the year; this trade may continue as domestic demand keeps expanding



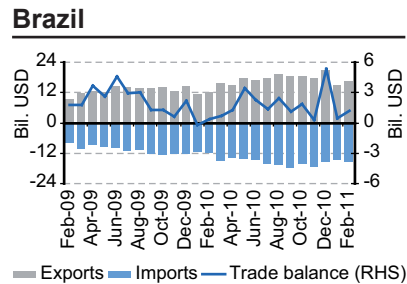
Source: Haver

Trade surplus has been moderating after recording a high point in 2010H1 given recovering domestic demand and growing oil prices



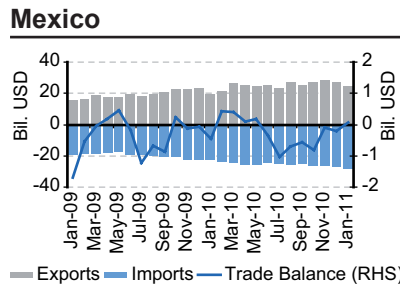
Source: Haver

Better exports performance has offset the negative impact of higher prices of commodities



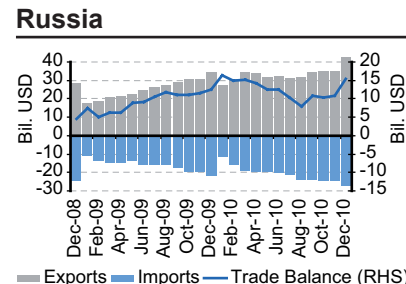
Source: Haver

Exceptionally high terms of trade are preventing trade balance from dropping more sharply



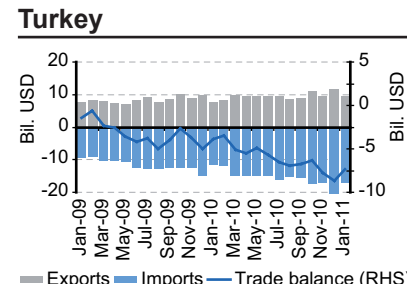
Source: Haver

Balance improved during 2010 given the pick up in external demand from the US whilst domestic demand keeps staggered



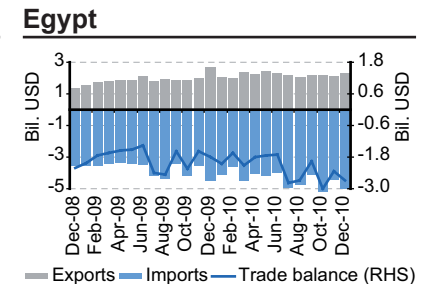
Source: Haver

Oil price trends boost the trade balance



Source: Haver

December registers a record monthly deficit, coherent with strong domestic demand

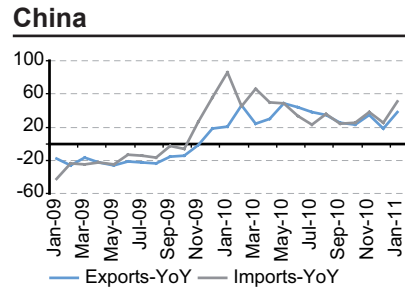


Source: Haver



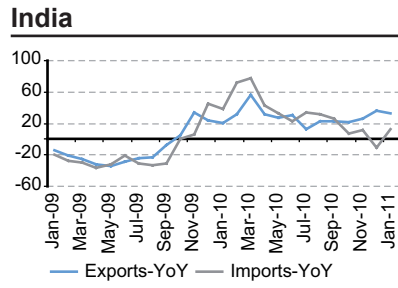
## 2.3. External trade

- External trade keeps growing at high rates, nevertheless it has lost momentum when comparing to the first half of 2010. This lower dynamism is also reflected on economic activity figures.
- In most countries imports are growing at a faster pace than exports; in recent months domestic demand has played a more important role in the growing process.



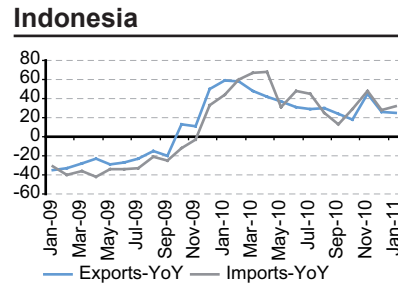
Source: Haver

Trade figures fail to reflect the pickup on economic activity that took place in Q42011

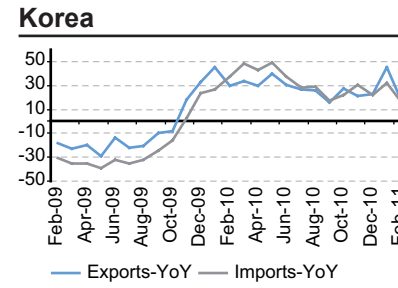


Source: Haver

The trade unbalance keeps worsening in spite of a lower economic performance

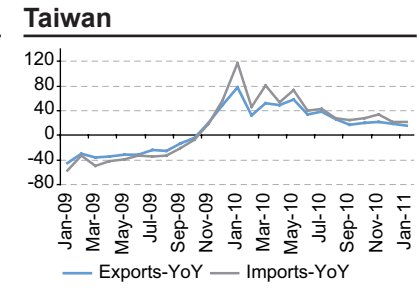


Source: Haver



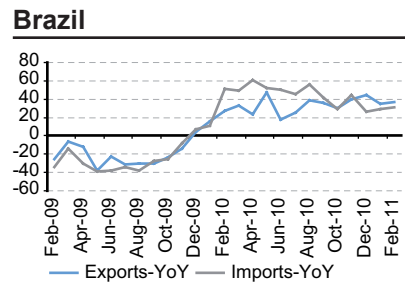
Source: Haver

As reflected by the industrial production, the gradual recovery in Korean key markets have helped the acceleration of the export sector



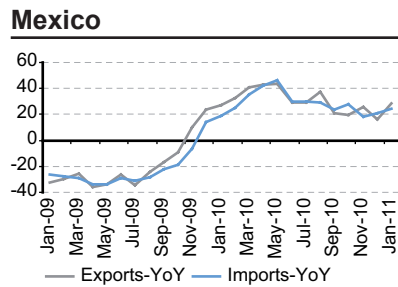
Source: Haver

Exports have benefited from China's economy pickup

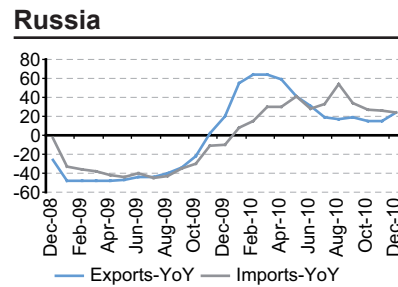


Source: Haver

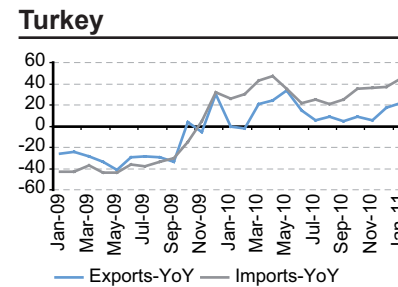
Imports are being driven by a strong domestic demand and favourable exchange rate



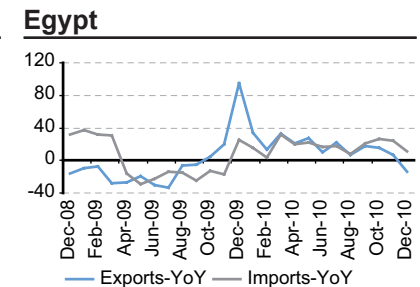
Source: Haver



Source: Haver



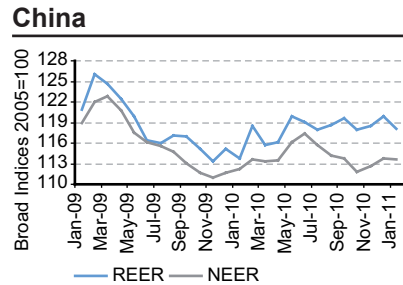
Source: Haver



Source: Haver

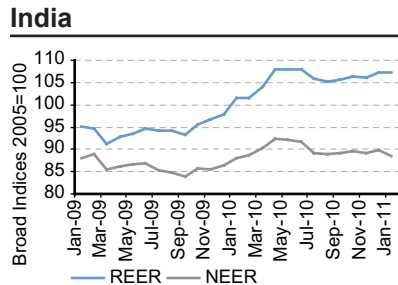
## 2.4. Effective Exchange Rates

- The appreciation process continued in all countries in recent months.
- Within countries there are clear differences which may reflect the degree on intervention in the FX markets and the effectiveness of macro prudential policies.



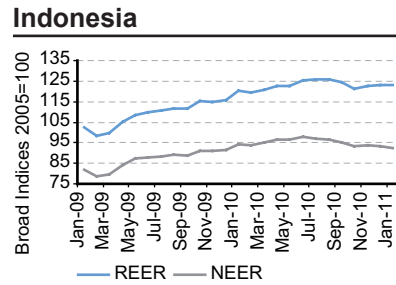
Source: BIS

Renminbi keeps dealing with high inflows resisting appreciation pressures

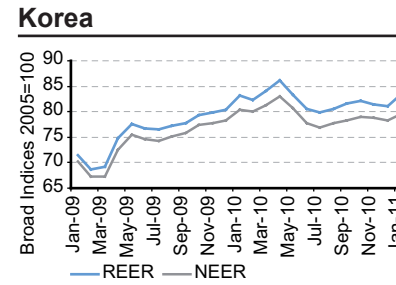


Source: BIS

India has been able to use monetary policy to curb appreciation pressures in recent months

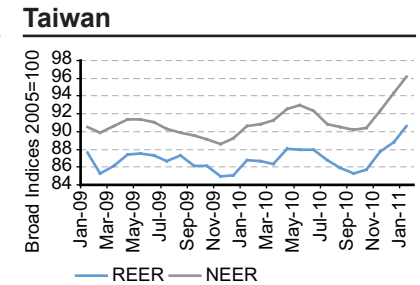


Source: BIS



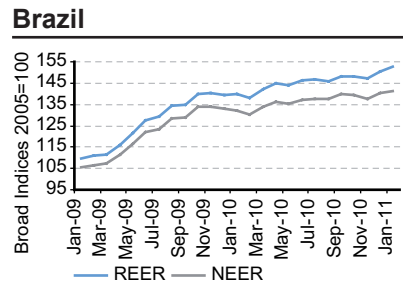
Source: BIS

Central Bank interventions to support exports have moderated appreciation of Korean Won

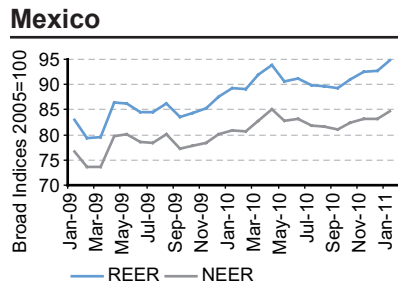


Source: BIS

Dollar appreciation link to a strong growth of Exports in recent months

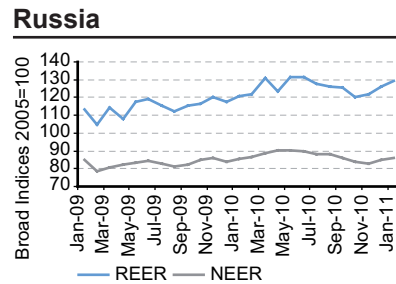


Source: BIS

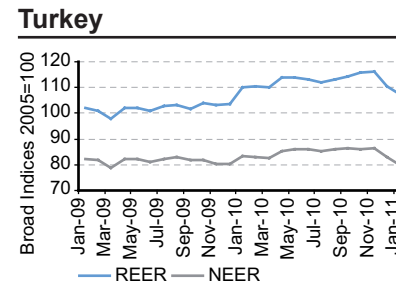


Source: BIS

Mexican peso continues to be one of the less appreciated currencies in LATAM giving an extra impulse for a healthy external balance



Source: BIS



Source: BIS

### Egypt

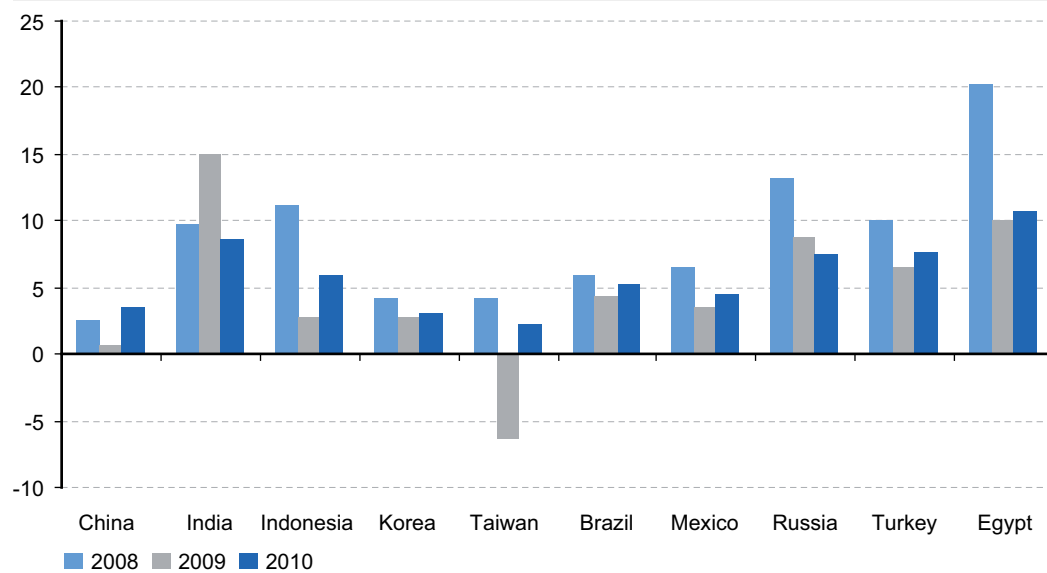
Not available

## 3. Inflation: Pressures are arising from increasing food and commodity prices while some economies are facing the risk of overheating

### 3.1. Cross-Country Consumer Prices

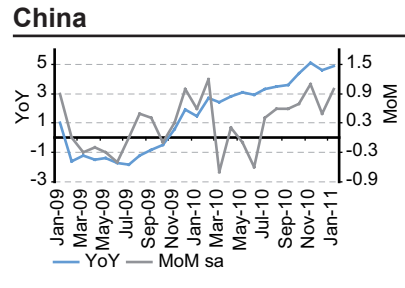
- Inflation rise is becoming a source of concern across the regions due to rising food and commodity prices.
- Overheating has become a risk, as higher levels of economic activity are reached. This is another source of concern for monetary authorities.

**Inflation (End of Period, Annual % Change)**

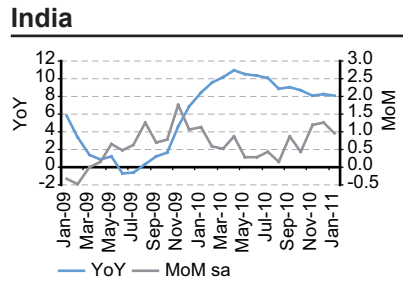


Source: IMF

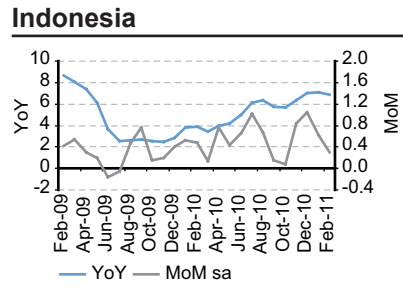
### 3.1. Consumer Prices



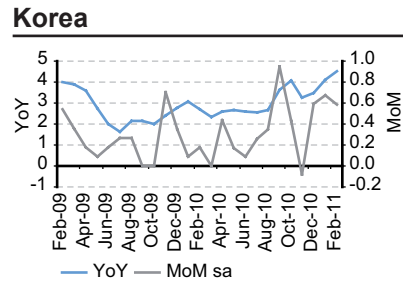
Source: CEIC  
Pressures keep arising mainly explained by an increasing food inflation



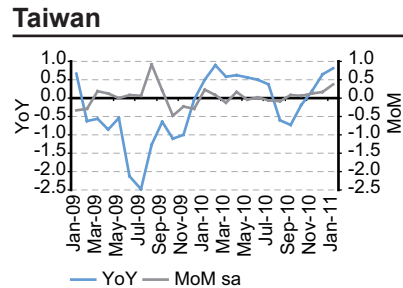
Source: Haver  
Wholesale price inflation eased, still above the comfort level. Food inflation is a main driver



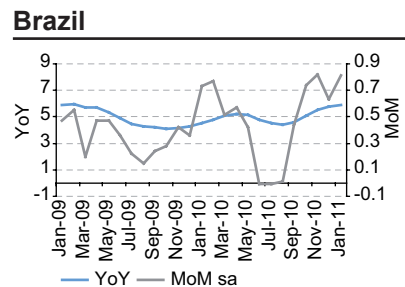
Source: Haver  
Inflation pressure has been stepping up due to the surge of food and commodity price, as well as demand pressures, increasing interest rate hike pressures



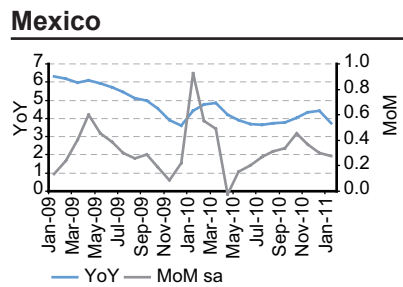
Source: Haver  
Lower than expected increase in January resulting from slower growth in food prices



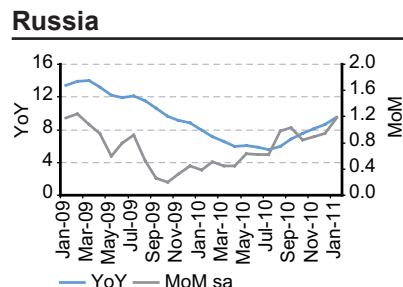
Source: Haver  
Lower than expected increase in January resulting from slower growth in food prices



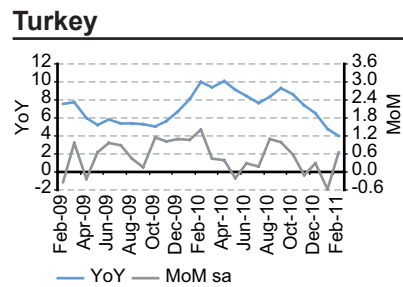
Source: Haver  
Trending up due to commodity prices and strong domestic demand



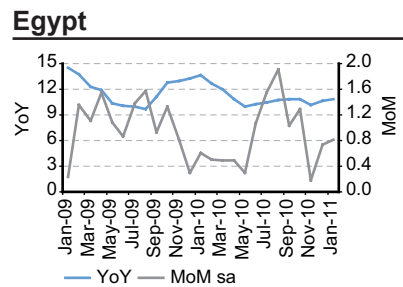
Source: Haver  
Inflation has lowered given higher based effects last year (VAT tax) and is expected to keep declining in next months



Source: Haver  
Inflation keeps on increasing, but there are grounds for some alleviation going forward



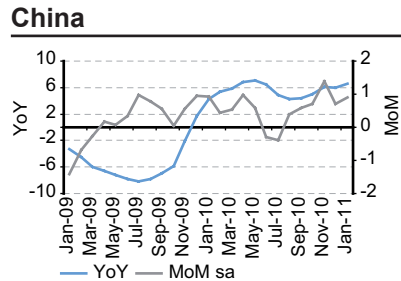
Source: Haver  
Against the trend in other EMs, inflation has been continuously falling on the back of moderating food inflation



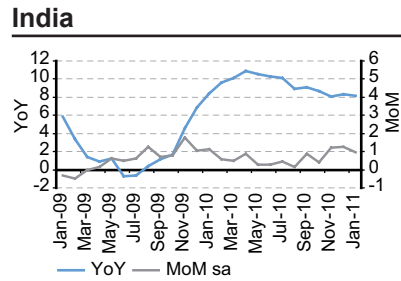
Source: Haver  
Against the trend in other EMs, inflation has been continuously falling on the back of moderating food inflation

### 3.2. Producer Price Index

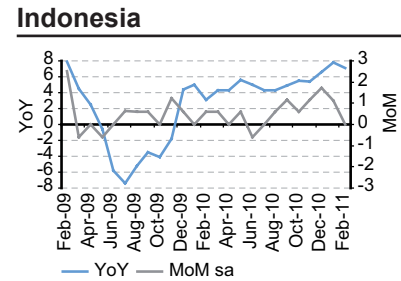
- Producer prices have increased in most of the countries reflecting the higher prices of commodities.
- This is a source of concern regarding inflationary pressures in coming months.



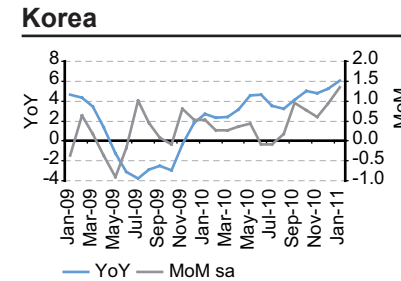
Source: CEIC  
The evolution of PPIs suggests there are also push-up cost pressures which will increase core inflation



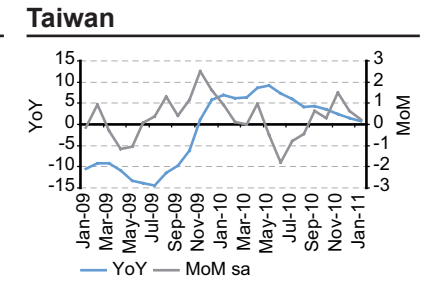
Source: Haver



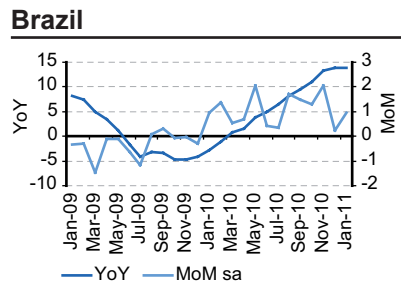
Source: Haver  
Recent increases surpass consensus expectations and anticipates higher costs which may become a new source of inflationary pressures in next months



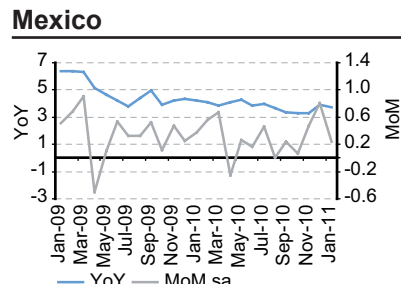
Source: Haver  
The rising upstream costs have reflected supply-side pressures, and its pass-through effect toward demand side may render higher inflation pressures in consumer prices



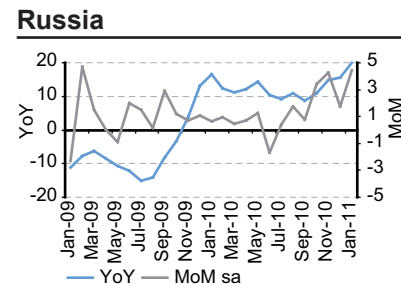
Source: CEIC  
Its downward trending is explained by slower growth rate of imports prices and appreciation of NT\$. There are no inflationary cost pressures in the medium term



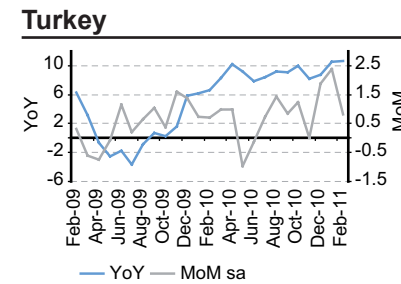
Source: Haver  
Booming domestic markets are more than offsetting the impact from an appreciated exchange rate



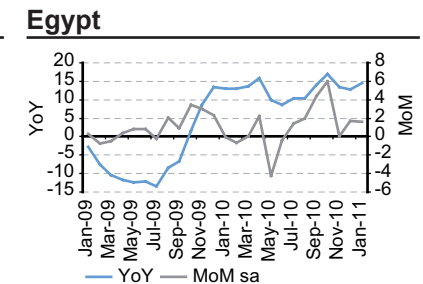
Source: Bloomberg  
Confirming the lack of evidence of cost push up inflationary pressures



Source: Haver  
Recent increases surpass consensus expectations



Source: Haver  
The evolution of PPIs suggests that the pickup in inflation might be "around the corner" (after 2010Q2)



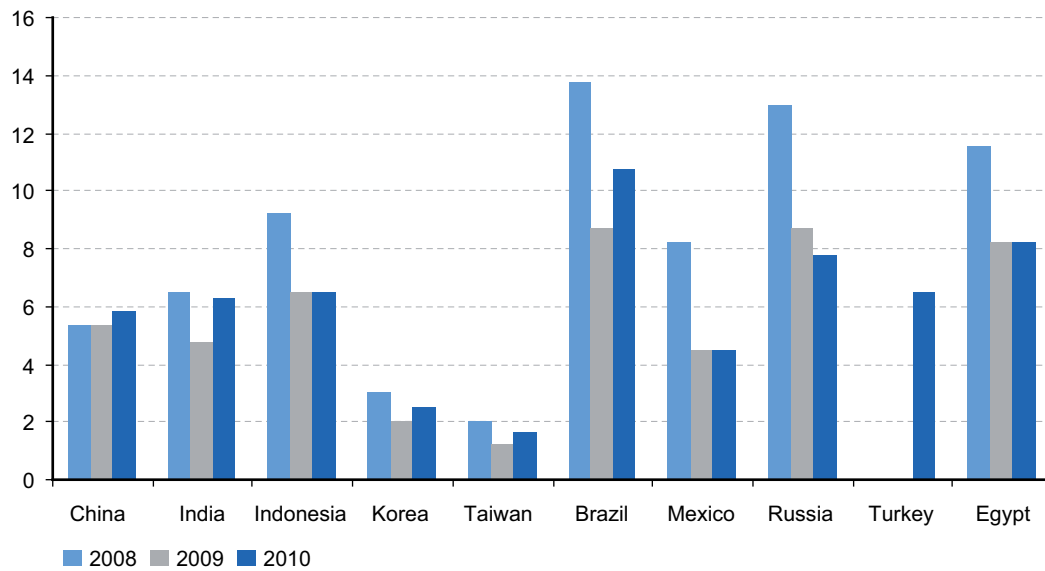
Source: Haver  
Highly vulnerable to the current political context

## 4. Money and Finance: Monetary policy is tightening to address risks of overheating and anchor inflation expectations

### 4.1. Cross-Country Policy Interest Rates

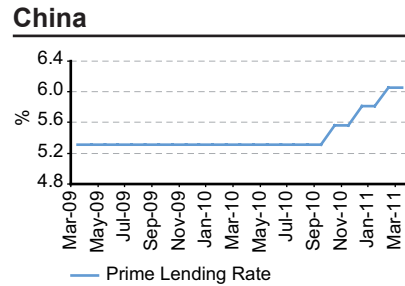
- With the exception of Turkey, Central Banks on EAGLEs economies have already started, or are up to begin, a monetary policy tightening in order to contain inflationary pressures.

Central Bank Reference Rates (End of Period, % Per Annum)



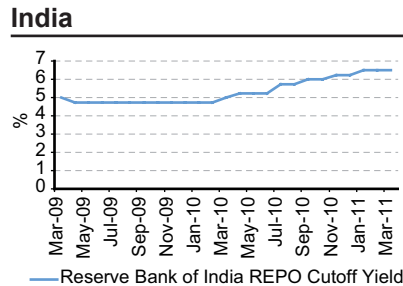
Source: Haver

# 4.1. Monetary Policy Interest Rates



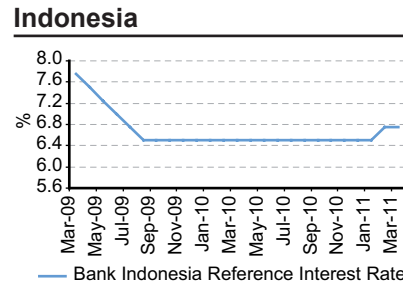
Source: Bloomberg

Increases in rates and RRR continue and further steps are anticipated for the coming months



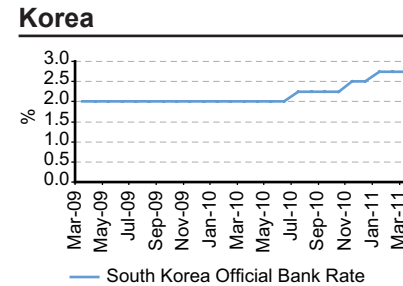
Source: Bloomberg

Monetary policy has been tightening since 2010, to contain inflation



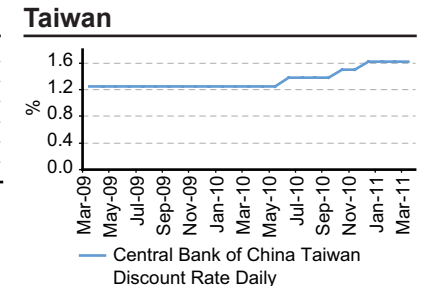
Source: Bloomberg

In 2011Q1, Central Bank increased its reference rate. In the next month, further moves are expected to tighten monetary policy stance



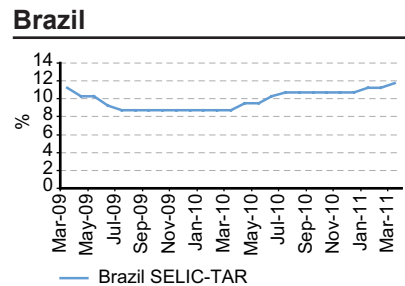
Source: Bloomberg

Interest rate hike can be expected in the coming months to alleviate the rising inflationary pressure



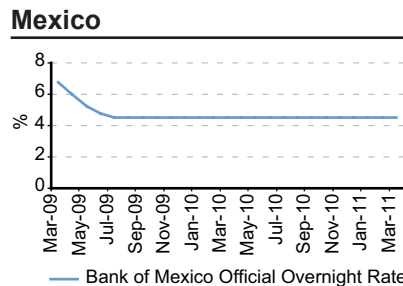
Source: Bloomberg

Preemptive steady interest rate hikes of 12.5bp are expected this year to curb inflation expectations



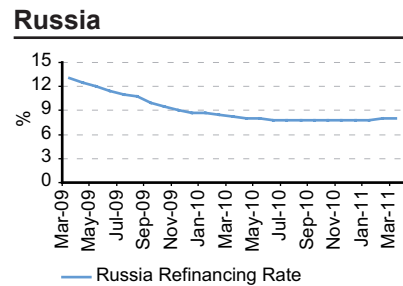
Source: Bloomberg

Two hikes of 50bps announced in the first months of the year. Expect (at least) one more



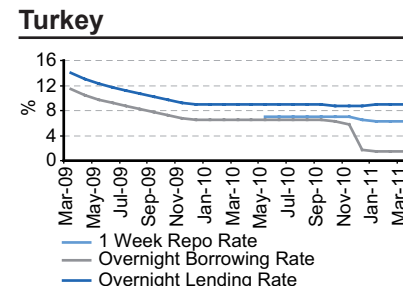
Source: Bloomberg

Although the tone on Banxico's minutes is changing towards higher risks on inflation, there is no evidence of demand inflationary pressures and monetary policy can hold its current stance in the following quarters



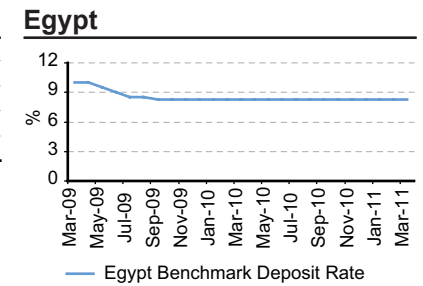
Source: Bloomberg

CBR opts for maintaining rates, while increasing reserve requirements



Source: Bloomberg and Haver

Still early for judging on its effectiveness

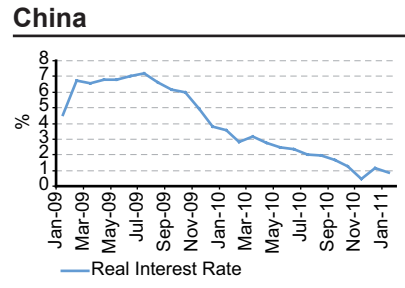


Source: Bloomberg

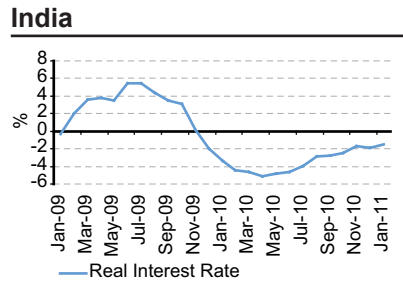
Moderately tightening in 1H2011, as inflation picks up

## 4.2. Real Interest Rates

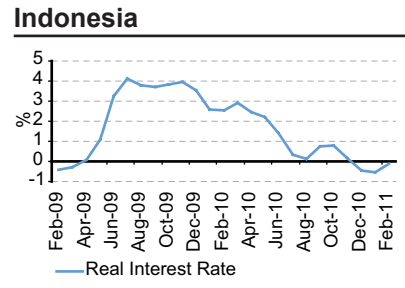
- In spite of recent interest hikes, monetary policy stance is still loosen.
- Fears to intensify appreciation pressures seem to be the main driver. As inflation increases and risk of overheating arise, the dilemma for monetary authorities will become stronger.



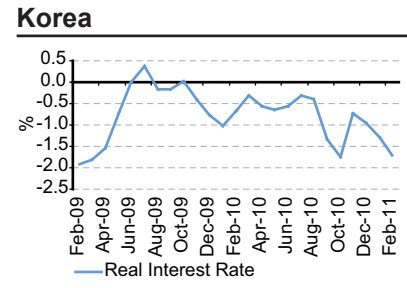
Source: Bloomberg and Haver



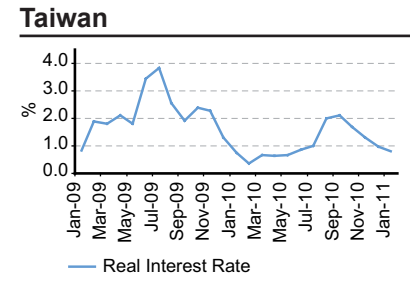
Source: Bloomberg and Haver



Source: Bloomberg and Haver



Source: Bloomberg and Haver

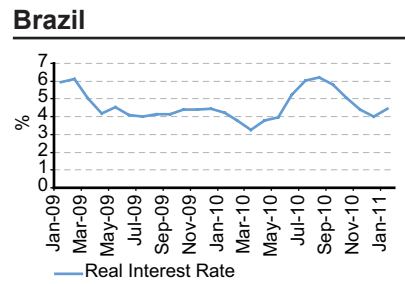


Source: Bloomberg and Haver

Recent increase in inflation rates have moved real interests rates into negative territory during last months

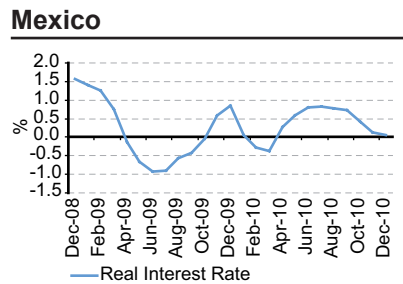
The figures reveal that inflation drags rates into negative territory, and no signs of rebounding to be positive can be seen at current stage given the continuing rise of inflation

Decreasing real interest rates clearly shows the loosen monetary policy stance



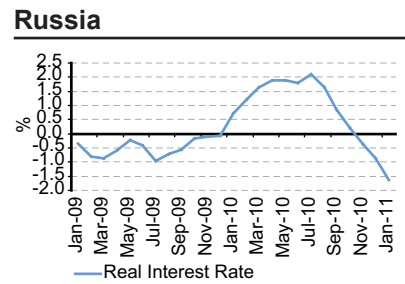
Source: Bloomberg and Haver

Moving up in the short-term, but structural downward trend to resume in the medium-term



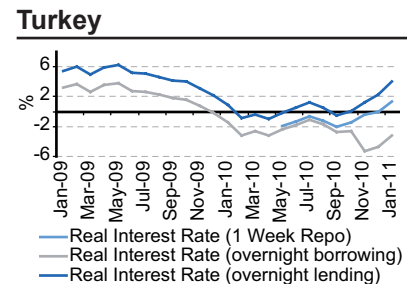
Source: Bloomberg and Haver

Very close to zero confirming the current loosen monetary policy stance

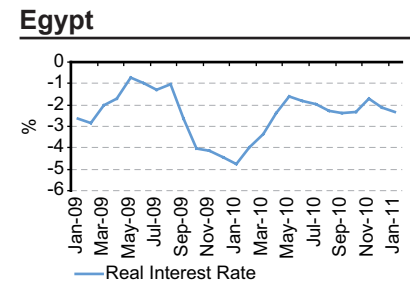


Source: Bloomberg and Haver

Inflation sinks rates into negative territory



Source: Bloomberg and Haver



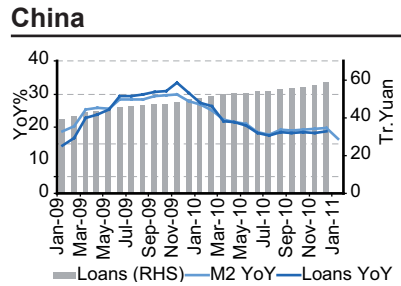
Source: Bloomberg and Haver

Expected policy tightening not enough to turn real rates positive



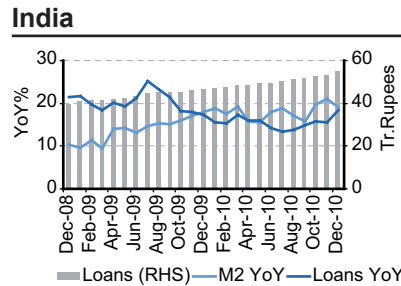
### 4.3. M2 and Lending

- The financial systems remain liquid as reflected in the positive growth rates of the money supply (M2).
- Total loans have grown steadily among the members.



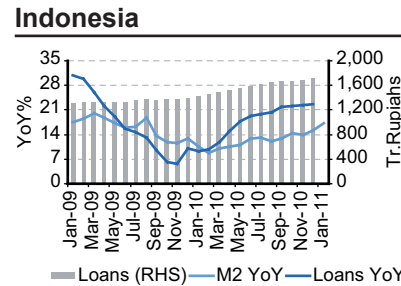
Source: Haver

Tighter monetary policy seems to be curbing credit growth. Further moderation may come in next months

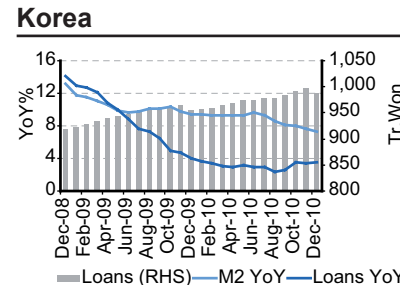


Source: Haver

Both money supply and loans grew quicker in past months, bolstering the robust growth in India

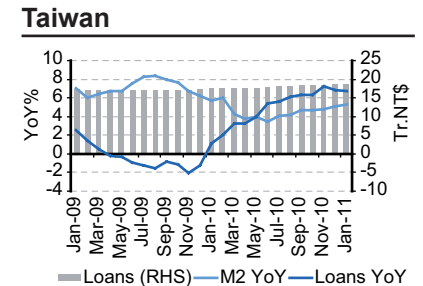


Source: Haver

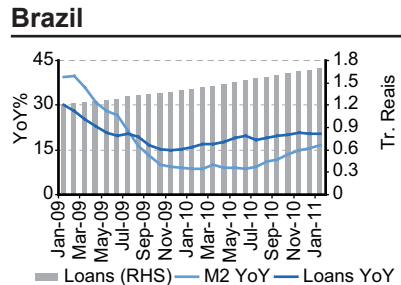


Source: Haver

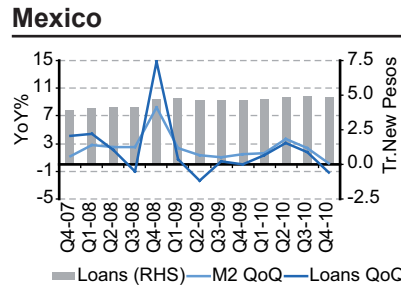
Credit growth in Korea remains modest due to the high indebtedness of Korean households



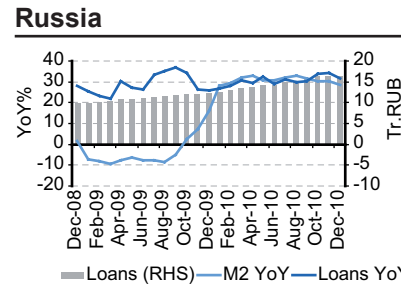
Source: Haver



Source: Haver

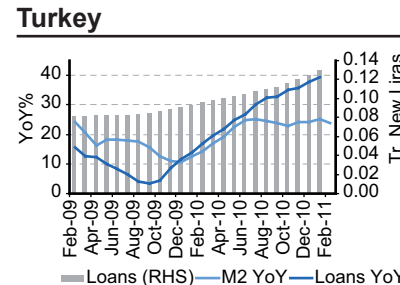


Source: Haver



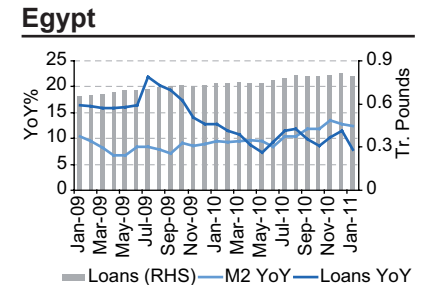
Source: Haver

Improvement in credit conditions and asset quality slowly stabilizes



Source: Haver

Strong growth does not reflect the new monetary measures yet



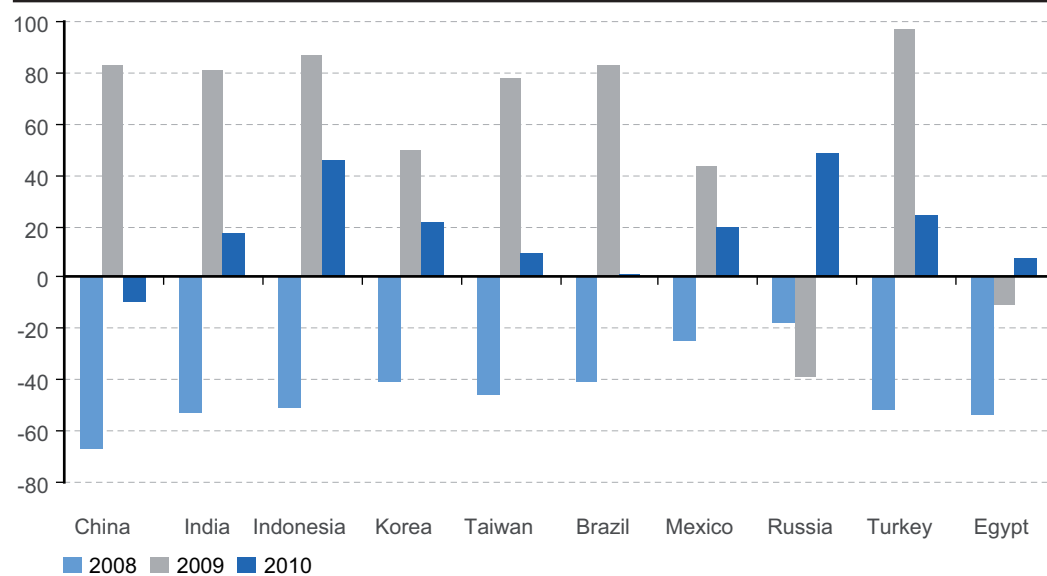
Source: Haver

# 5. Financial Markets: Arising global uncertainties have had limited effect on stock and FX markets

## 5.1. Cross-Country Stock Markets

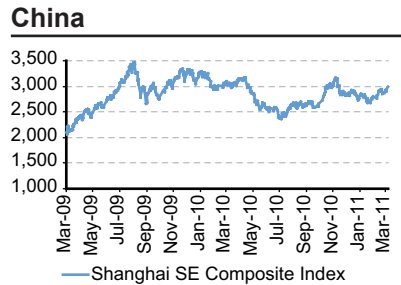
- Stock markets have depreciated in recent weeks reflecting the outflow of portfolio investments on Emerging Markets.
- MENA's political turmoil had a moderate impact on EAGLEs markets.

Stock Market Returns (End of Period, %)



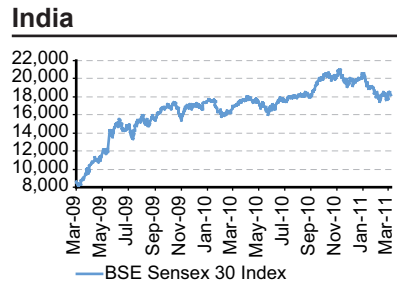
Source: BBVA Research and Haver

## 5.1. Stock Markets



Source: Bloomberg

The crisis in MENA and expectations over the new monetary policy tightening interrupts the upward trend in stocks



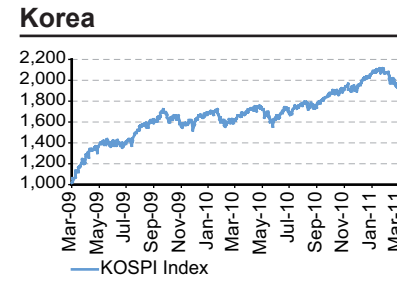
Source: Bloomberg

The recent drop in the stock index could imply an outflow of portfolio investments in the country. It could be a problem given that India relies on the portfolio investment to finance current account deficit



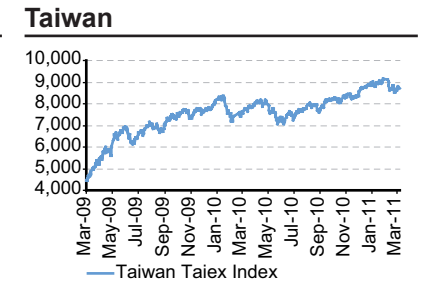
Source: Bloomberg

Stock market seems not been affected by political turmoil in Middle East



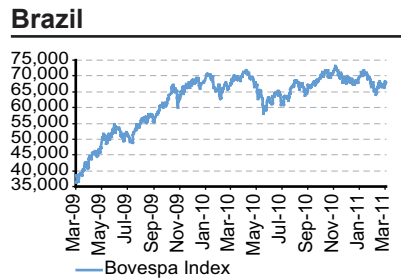
Source: Bloomberg

Stock index is on a growing trend given strong economic rebound and abundant capital inflow from developed countries to emerging markets

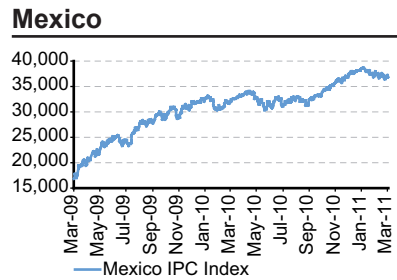


Source: Bloomberg

Taiwan Taiex Index remain upward movement despite current events in MENA

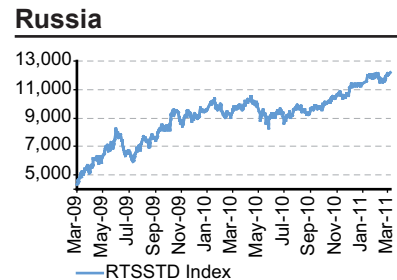


Source: Bloomberg



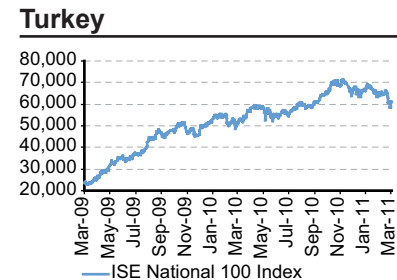
Source: Bloomberg

Recent events have caused a slightly reallocation of portfolios which have had a slightly negative impact on the equity market



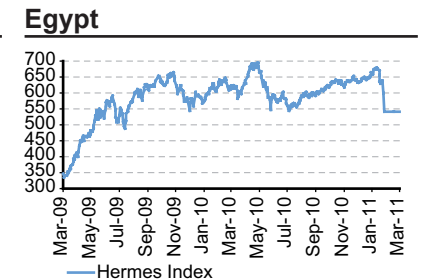
Source: Bloomberg

Geopolitical risks heighten Russia's attractiveness as a key energy provider



Source: Bloomberg

The crisis in MENA and uncertainty over the new monetary policy interrupts the upward trend in stocks



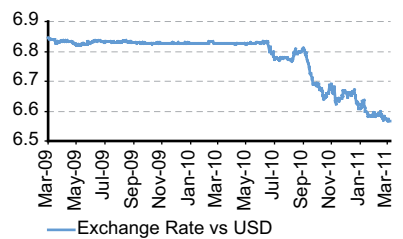
Source: Bloomberg

Egypt is at the core of political instability in the region

## 5.2. Exchange Rate Markets

- Currency appreciation continued in the last weeks, except in Turkey and Egypt.
- Turkish Central Bank's policy combines a cut on interest rates and an increase in the reserve requirement ratio which seems to be working to curb appreciation.
- In Egypt, results were expected given the political uncertainty.

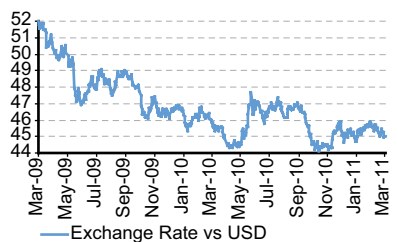
### China



Source: Bloomberg

Pressures towards appreciation of the RMB continue. This may help curbing inflationary pressures and smoothing the growth rate of GDP

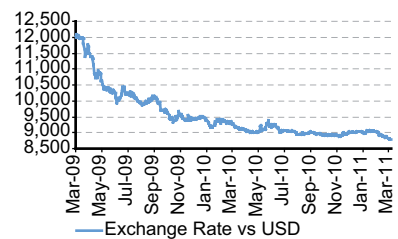
### India



Source: Bloomberg

Rupees remain relative stable in the past months, after rapid appreciation since 2009

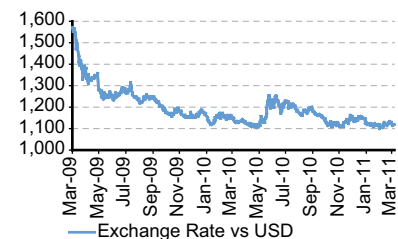
### Indonesia



Source: Bloomberg

Higher commodity prices and the expected good growing performance keep pushing the exchange rate towards appreciation

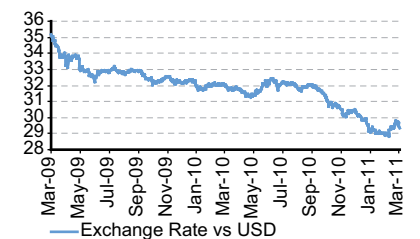
### Korea



Source: Bloomberg

The Korean won is estimated to maintain the moderate pace of appreciation, with a result of partially offsetting growing international commodity price

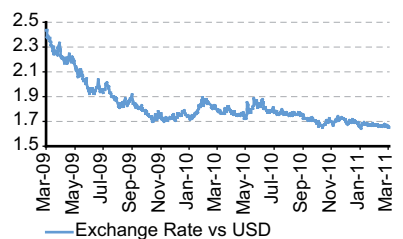
### Taiwan



Source: Bloomberg

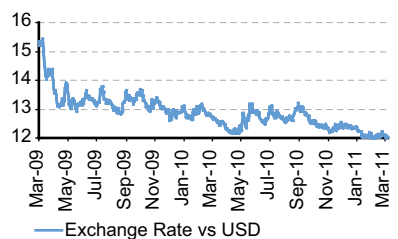
Pressures towards appreciation will continue given the higher growth of exports and FDI inflows

### Brazil



Source: Bloomberg

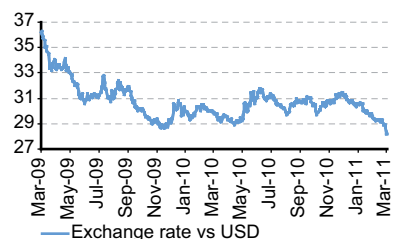
### Mexico



Source: Bloomberg

Appreciation pressures are receding as global geopolitical risks increases and other Latin-American Central Banks are expected to continue increasing their reference interest rates

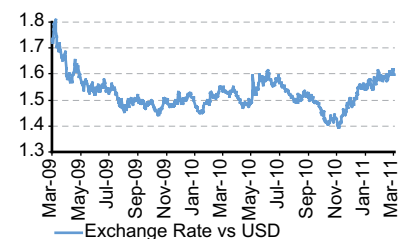
### Russia



Source: Bloomberg

With the purpose of greater FX flexibility, the CBR widened the ruble corridor

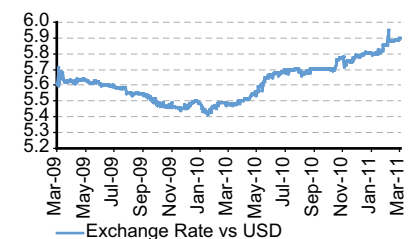
### Turkey



Source: Bloomberg

The appreciation of the Lira helps alleviate current account concerns

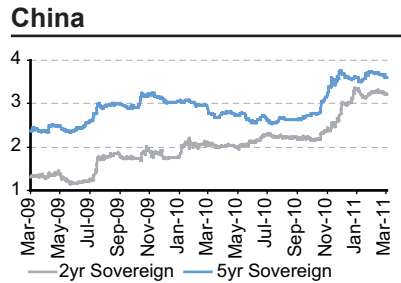
### Egypt



Source: Bloomberg

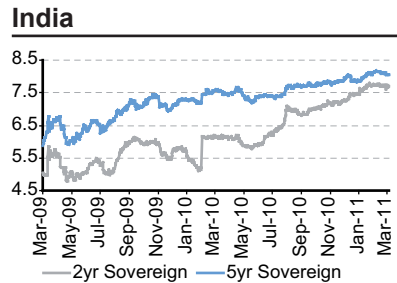
### 5.3. Sovereign Bond Yields

- The recent increase on sovereign yields reflect a slighter change on risk valuation by international investors and their expectation of further interest rate increases given inflationary pressures.

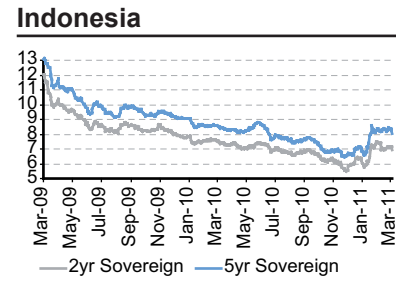


Source: Bloomberg

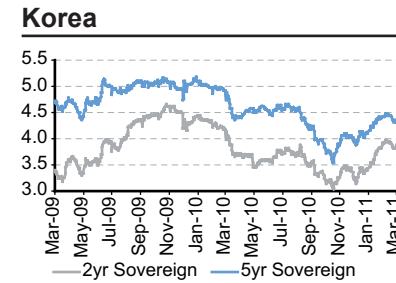
Increase in global risk aversion push yields up mildly



Source: Bloomberg

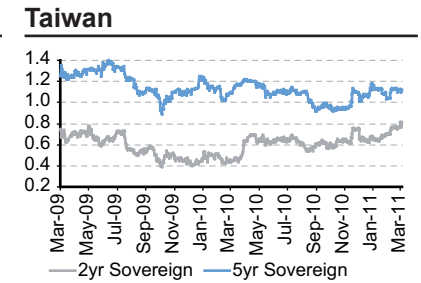


Source: Bloomberg



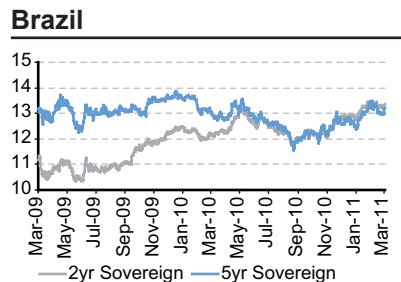
Source: Bloomberg

Korea's sovereign risk remains at a comfortable level, but concerns on domestic overheating economy and global risk should be arisen



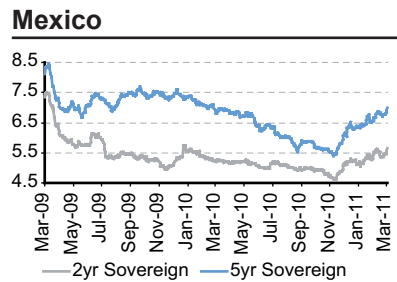
Source: Bloomberg

Taiwan's sovereign risk has increased slightly in spite higher world uncertainty showing no evidence of contagion from MENA political turmoil



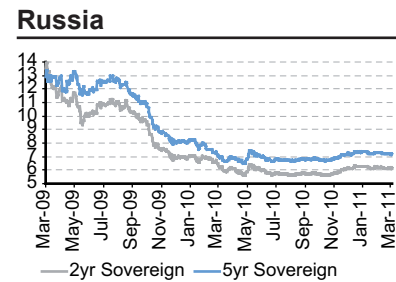
Source: Bloomberg

The tightening of the monetary cycle has been moving sovereign bond indexes up

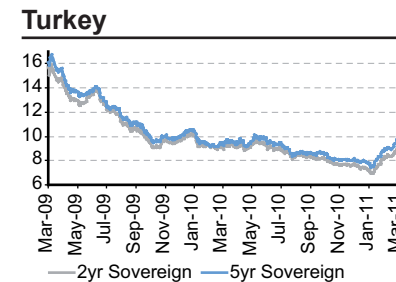


Source: Bloomberg

Mexican sovereign risk remains at a comfortable level in spite of concerns on global risk

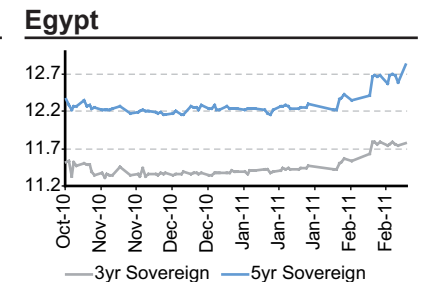


Source: Bloomberg



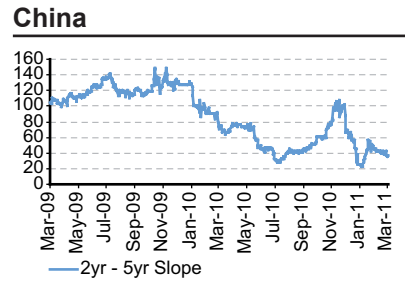
Source: Bloomberg

The same events push yields up mildly, despite lower official rates



Source: Bloomberg

## 5.4. Yield Curve



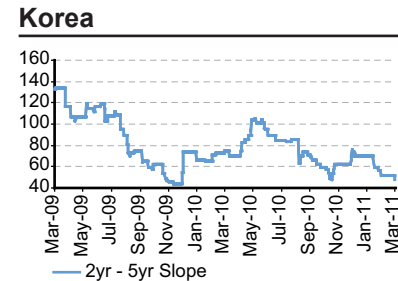
Source: Bloomberg



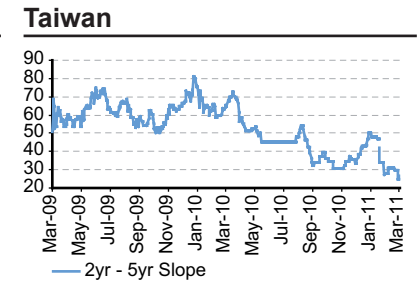
Source: Bloomberg



Source: Bloomberg



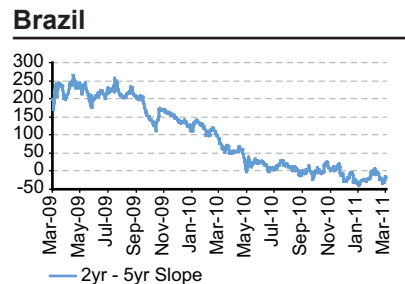
Source: Bloomberg



Source: Bloomberg

The sustained decline of slope reveals that the yield spread between 2-year and 5-year bond has been lower

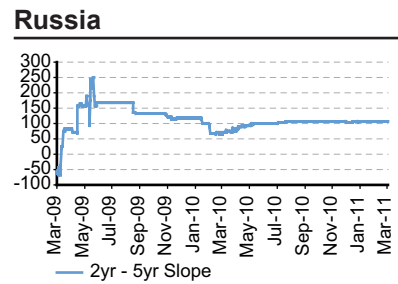
The flattening in the curve should be temporary; nevertheless 2 year interest rates are already pricing expected hikes in the Central Bank interest rates



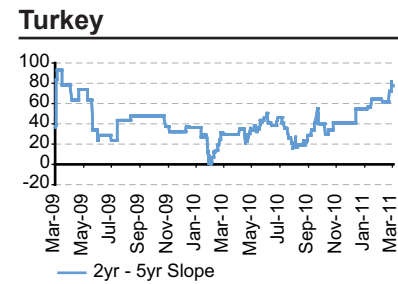
Source: Bloomberg



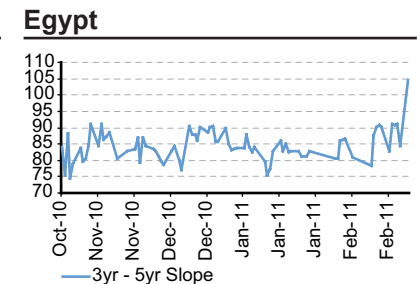
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

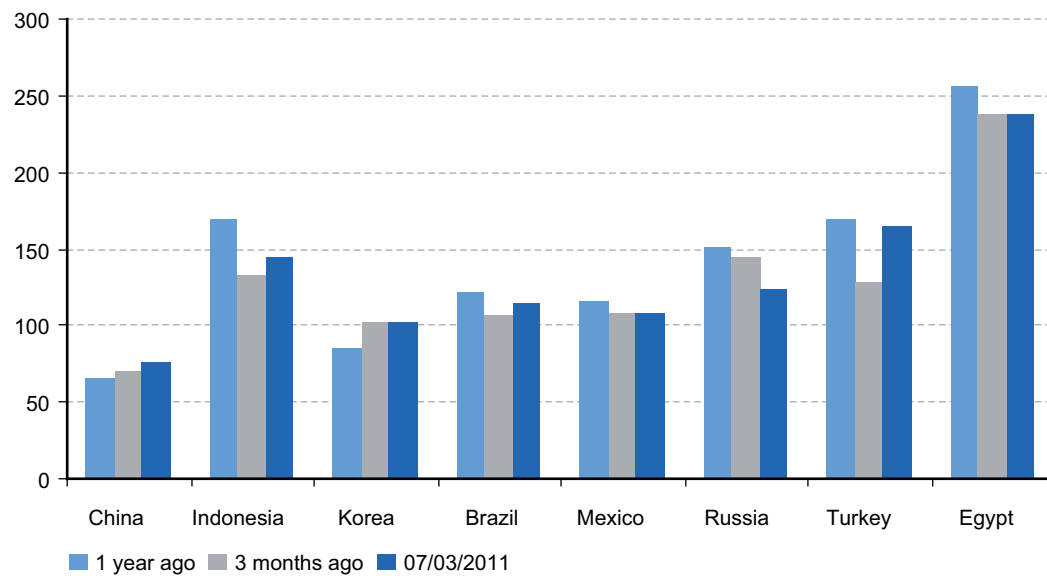


Source: Bloomberg

## 5.5. Cross-Country Risk Premiums

- MENA's political turmoil didn't have a major effect on other EAGLEs countries risk premium.

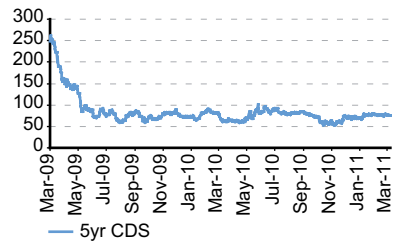
5Y CDS (basis points)



\* data for India and Taiwan not available  
Source: Bloomberg

## 5.5. Risk Premiums

### China



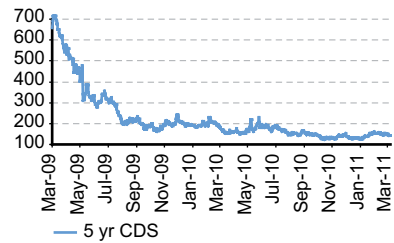
Source: Bloomberg

Marginal contagion from MENA events

### India

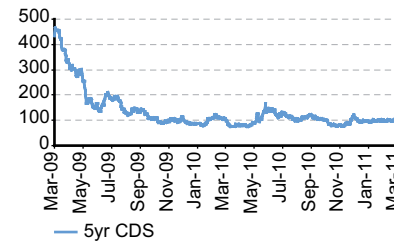
Not available

### Indonesia



Source: Bloomberg

### Korea



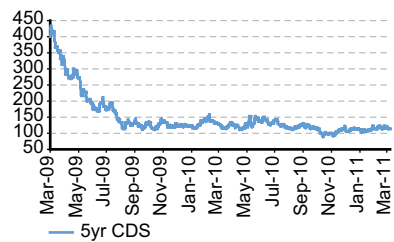
Source: Bloomberg

Risk premium keep stable in 2010, which suggests that positive sentiment exists in the Korean market

### Taiwan

Not available

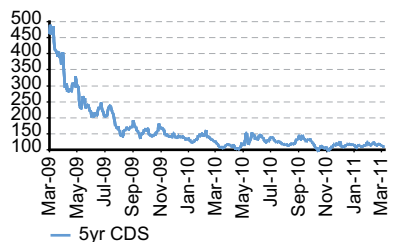
### Brazil



Source: Bloomberg

Recent upward movement driven by international outlook

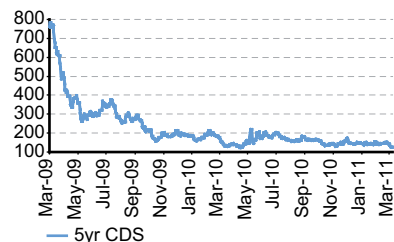
### Mexico



Source: Bloomberg

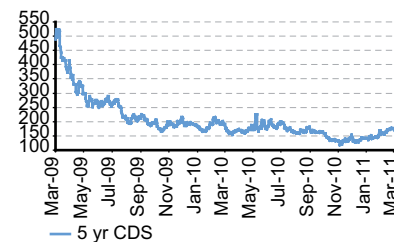
Risk premium has kept stable which reflects the confidence of international investors on the Mexican market

### Russia



Source: Bloomberg

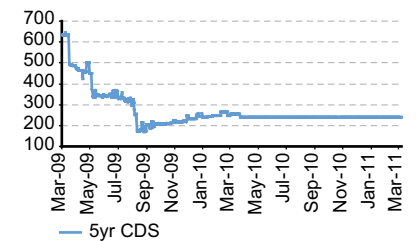
### Turkey



Source: Bloomberg

Marginal contagion from regional events

### Egypt

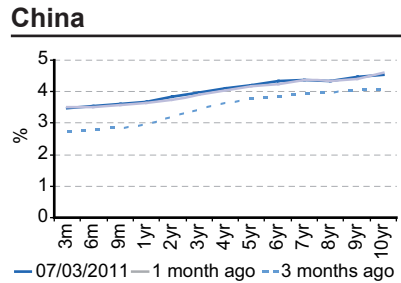


Source: Bloomberg

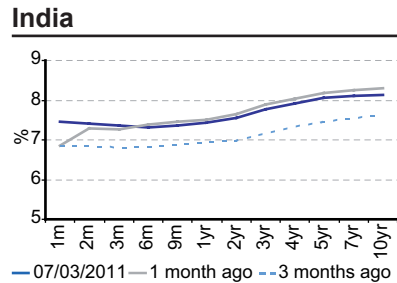


## 5.6. Swap Curve

- Swap curves shifted up in all countries indicating market concern of inflationary pressure in near future.
- Yield curves are mainly all above the ones before one month ago and three months ago reflecting their better economic performance.

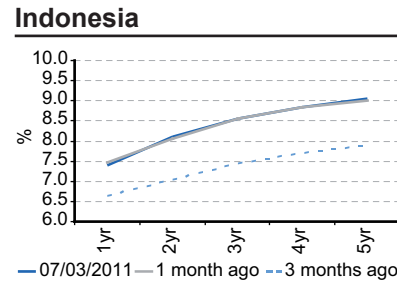


Source: Bloomberg

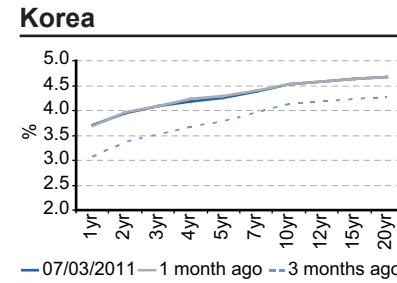


Source: Bloomberg

Swap curve picked up compared to 3 months ago, as risk aversion rose

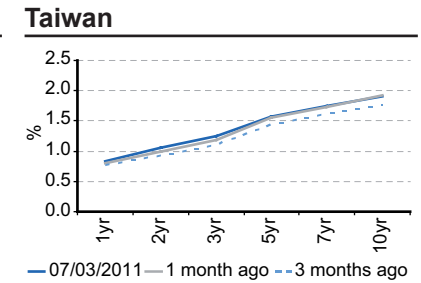


Source: Bloomberg

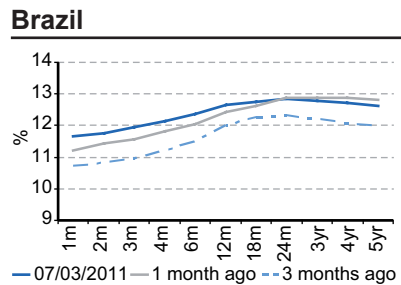


Source: Bloomberg

Compared to 3 months ago, current swap curve moves up, indicating that risk aversion sentiment rises and investors require higher yield

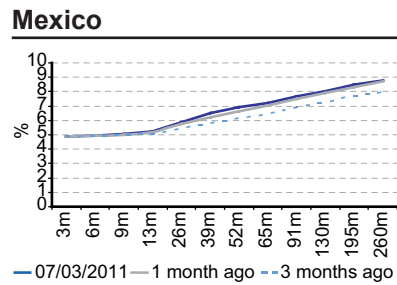


Source: Bloomberg

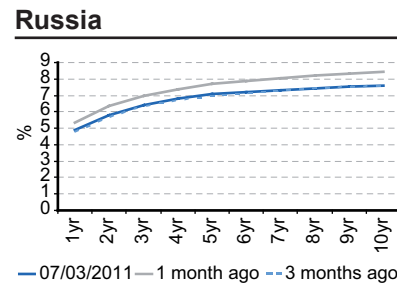


Source: Bloomberg

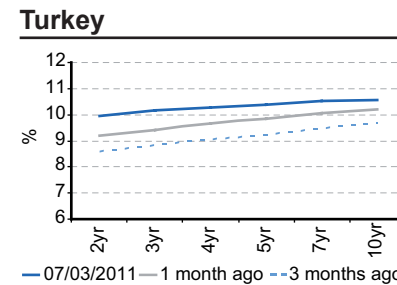
Watch the impact of an upgrade in sovereign debt rating by the middle of the year



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

**Egypt**  
Not available

# Statistical Annex

## Activity

Table 1

### Retail Sales (% YoY Real Growth)

Country	2009							2010											2011	
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Brazil	5.3	5.7	5.0	4.2	7.8	10.2	9.2	11.1	11.8	14.0	9.9	10.8	10.3	10.4	12.2	11.4	9.6	9.4	9.9	
China	16.9	17.2	16.8	16.4	16.9	15.4	15.9	16.3	29.2	19.1	20.2	15.5	20.6	19.5	20.3	19.8	16.9	16.8	16.2	
Egypt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	13.5	18.5	21.6	9.7	15.0	42.3	60.1	45.1	36.7	37.6	31.9	32.2	33.3	32.8	25.6	21.9	43.8	14.5	27.7	19.8
Indonesia	3.9	4.6	5.3	13.1	20.0	33.8	36.5	40.3	40.0	28.8	26.6	26.7	24.9	24.6	32.0	21.1	18.5	18.8	21.8	
Korea	6.9	0.7	0.3	7.3	10.9	11.8	15.5	10.2	16.7	12.3	10.7	7.2	6.4	10.7	11.2	7.8	7.6	9.4	7.6	
Mexico	-6.0	-4.6	-5.8	-4.1	-5.1	-1.3	1.0	-0.3	2.4	1.5	-0.2	4.7	1.8	1.5	4.3	3.9	5.6	1.5	2.9	
Russia	-6.9	-8.4	-9.9	-10.3	-9.0	-6.6	-3.8	0.5	1.4	3.5	5.0	5.6	6.2	7.0	7.4	6.4	6.4	6.9	6.1	3.0
Taiwan	1.1	3.7	5.3	5.4	7.5	11.2	14.4	-7.4	14.4	5.7	7.5	6.9	6.1	7.4	7.6	8.0	7.4	4.2	1.8	21.1
Turkey	34.1	-31.3	-26.5	2.1	0.2	-25.8	35.2	39.2	48.7	-4.5	9.1	-7.6	-22.8	47.5	69.7	12.7	40.0	148.7	91.0	

Source: Haver, CEIC and Datastream

Table 2

### Industrial Production (% YoY Growth)

Country	2009							2010											2011	
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Brazil	-12.3	-10.6	-7.6	-7.4	-1.8	4.1	18.8	16.9	15.7	19.2	16.2	14.3	12.0	9.9	7.9	5.9	3.7	3.7	2.1	1.6
China	10.3	10.8	12.3	13.8	16.4	19.5	18.7	20.8	20.5	18.1	17.8	16.3	13.5	13.6	13.9	13.3	13.2	13.4	13.5	
Egypt	-19.4	-12.2	-15.3	-13.5	-9.6	-11.1	-0.6	-0.4	-0.1	-0.1	-0.1	8.3	20.9	6.9	6.1	6.1	4.7	8.0	7.2	
India	8.3	7.0	10.7	8.5	11.0	12.4	19.4	17.7	15.9	16.3	18.0	13.5	7.4	16.2	8.1	5.4	12.0	3.4	0.9	
Indonesia	0.9	0.4	1.0	2.5	2.3	3.2	4.9	4.6	3.6	3.5	3.9	4.4	4.8	5.4	5.0	3.4	4.3	4.5	4.4	
Korea	-2.5	0.8	1.0	6.1	5.6	19.2	37.2	32.2	26.6	23.5	20.0	21.2	16.7	15.2	14.4	9.8	9.4	10.0	11.0	15.5
Mexico	-14.8	-9.0	-10.4	-7.6	-5.3	-1.9	3.9	9.7	9.1	14.1	9.9	15.3	15.1	9.8	11.2	8.8	6.2	5.7	5.4	
Russia	-18.0	-15.1	-16.9	-13.1	-10.3	4.6	7.6	13.3	10.0	13.1	16.5	18.7	14.0	8.0	11.0	9.4	9.9	10.1	9.7	13.5
Taiwan	-11.4	-7.9	-9.0	2.8	9.2	35.4	50.7	57.2	56.6	46.5	35.2	33.7	26.2	22.2	24.9	12.9	15.5	20.5	19.5	17.9
Turkey	-14.2	-10.7	-10.2	-7.7	-0.2	6.1	10.3	17.5	17.0	20.5	18.5	16.0	11.3	9.7	14.1	14.3	15.9	9.8	20.4	

Source: Haver and Bloomberg

Table 3

**Consumer Confidence Index**

Country	2009							2010							2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Brazil	134.5	139.9	139.8	146.1	154.3	153.1	155.2	158.7	159.0	156.7	152.1	152.9	158.9	155.2	162.3	161.1	154.5	159.3	164.2	159.9	162.2
China	101.0	102.1	102.7	102.8	103.2	103.3	103.9	104.7	104.2	107.9	106.6	108.0	108.5	107.8	107.3	104.1	103.8	102.9	100.4	99.9	
Egypt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	55.3	55.3	53.2	55.0	54.5	53.0	55.6	57.6	58.5	57.8	57.2	59.0	57.3	57.6	57.2	55.1	57.2	58.4	56.7	56.8	57.9
Indonesia	109.1	115.4	114.3	110.8	110.0	111.0	108.7	110.5	105.3	107.4	110.7	109.9	111.4	105.7	104.0	107.6	112.0	108.1	109.3	113.9	112.3
Korea	106.0	109.0	114.0	114.0	117.0	113.0	113.0	113.0	111.0	110.0	110.0	111.0	112.0	112.0	110.0	109.0	108.0	110.0	109.0	108.0	105.0
Mexico	98.1	98.2	98.3	98.3	98.3	98.4	98.5	98.7	98.9	99.1	99.4	99.8	100.1	100.5	100.8	101.0	101.3	101.5	101.6	101.8	
Russia	69.5	71.6	75.5	72.1	74.5	73.0	83.0	78.0	77.0	78.0	77.0	82.0	82.0	82.0	82.0	80.0	84.0	84.0	87.0	77.0	74.0
Taiwan	51.4	56.2	53.0	56.5	60.6	62.5	65.4	66.0	73.2	74.3	78.7	76.0	77.8	78.6	79.7	80.1	80.2	81.7	83.2	86.8	85.9
Turkey	85.3	82.4	81.3	81.9	80.5	78.4	78.8	79.2	81.9	84.7	85.8	86.6	88.0	87.5	87.4	90.4	89.0	91.3	91.0	91.3	

Source: Haver, CEIC, Bloomberg and HSBC

Table 4

**GDP (% YoY Growth)**

Country	2009				2010			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Brazil	-2.9	-2.8	-1.8	5.0	9.4	9.1	6.8	5.0
China	6.4	7.9	10.2	10.9	12.2	10.4	9.6	9.7
Egypt	4.3	4.6	4.6	5.0	5.7	5.4	5.5	
India	3.9	6.5	7.4	9.3	11.3	10.1	10.4	9.7
Indonesia	4.7	4.1	4.1	5.4	5.6	6.1	5.8	6.9
Korea	-4.1	-2.1	1.1	6.1	8.1	7.1	4.5	4.9
Mexico	-8.5	-8.1	-5.6	-2.2	5.0	7.4	5.3	4.4
Russia	-9.0	-10.8	-8.8	-3.1	3.4	5.4	2.6	
Taiwan	-9.4	-6.5	-0.3	9.6	15.6	12.4	10.2	5.6
Turkey	-12.8	-7.2	-3.1	4.5	11.2	9.8	6.9	

Source: Haver

## External Sector

Table 5

## Exports (% YoY Growth)

Country	2009							2010							2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Brazil	-22.2	-30.8	-29.9	-30.7	-23.9	-14.2	4.7	15.6	27.2	33.2	23.0	47.7	18.2	25.0	39.0	35.9	30.5	39.8	44.6	34.6	37.2
China	-21.2	-22.9	-23.4	-15.2	-13.9	-1.2	17.7	21.1	45.7	24.3	30.5	48.5	43.9	38.1	34.4	25.1	22.9	35.0	17.9	37.6	
Egypt	-29.7	-33.2	-6.1	-4.8	4.6	20.3	94.7	34.0	13.5	32.8	20.9	27.7	10.5	22.3	6.3	17.8	15.5	6.8	-14.0		
India	-29.1	-24.6	-23.5	-7.4	4.8	33.8	23.4	20.9	31.6	56.2	32.3	27.6	30.4	13.2	22.5	23.2	21.3	26.5	36.4	32.4	
Indonesia	-26.8	-22.7	-15.4	-19.8	13.5	11.5	50.0	59.3	57.7	48.3	42.4	37.4	31.4	28.9	30.2	23.8	17.6	45.1	26.1	24.7	
Korea	-13.6	-22.1	-20.9	-9.4	-8.5	17.9	32.8	45.4	30.1	33.8	29.6	39.8	30.5	26.7	26.0	16.2	27.6	21.4	22.6	45.4	17.9
Mexico	-26.4	-34.6	-24.3	-16.5	-9.5	10.3	23.7	27.2	32.6	41.0	43.1	43.9	28.8	29.5	37.6	20.8	19.8	25.9	16.4	28.2	
Russia	-44.1	-44.3	-40.2	-34.3	-22.1	1.7	19.7	54.5	64.4	63.8	59.2	41.1	31.0	19.4	16.5	19.4	14.9	14.6	23.6		
Taiwan	-30.7	-24.1	-24.8	-12.7	-4.8	19.9	48.4	77.3	32.6	51.3	48.6	58.6	34.5	38.2	26.9	17.5	20.8	21.0	18.8	15.7	
Turkey	-29.2	-28.1	-29.0	-33.7	3.8	-5.2	30.2	-0.7	-2.0	21.2	24.3	33.3	14.5	5.7	8.7	5.0	8.6	5.4	17.8	22.1	

Source: Haver

Table 6

## Imports (% YoY Growth)

Country	2009							2010							2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Brazil	-37.8	-34.4	-38.2	-27.3	-25.7	-8.2	6.9	11.4	50.9	49.8	60.8	52.3	50.3	45.4	56.0	41.4	29.5	44.3	26.5	28.8	31.6
China	-12.9	-14.6	-16.8	-3.3	-6.3	26.9	55.9	85.7	44.7	66.0	49.7	48.3	34.0	22.7	35.2	24.0	25.4	37.9	25.6	51.2	
Egypt	-22.3	-14.2	-14.8	-24.4	-12.5	-17.1	25.0	15.7	3.5	31.3	19.6	21.8	16.3	18.2	7.9	20.7	25.9	24.5	11.3		
India	-20.5	-31.3	-33.1	-30.9	0.3	6.4	45.2	38.6	72.5	77.1	43.2	32.7	23.0	34.3	32.3	26.1	6.8	11.2	-11.0	13.1	
Indonesia	-34.5	-32.5	-21.2	-24.6	-12.1	-2.9	33.0	43.8	59.9	67.4	67.5	30.6	48.2	45.4	25.4	13.4	28.5	47.6	27.6	32.2	
Korea	-32.1	-35.6	-32.2	-24.7	-15.8	2.4	23.9	26.7	37.4	48.7	42.8	48.9	37.2	28.0	28.7	17.6	21.7	30.9	21.7	32.4	16.3
Mexico	-29.3	-31.3	-28.4	-22.3	-18.7	-6.2	14.2	19.1	25.2	35.2	42.1	46.3	29.6	29.8	29.2	23.4	27.9	18.2	20.9	24.3	
Russia	-39.7	-44.5	-42.5	-35.3	-29.6	-11.3	-9.8	8.0	15.4	29.7	30.1	40.5	27.6	32.8	53.7	33.9	27.0	26.3	24.3		
Taiwan	-33.6	-34.2	-32.3	-21.2	-6.6	18.3	56.2	116.5	46.6	80.9	53.2	72.6	39.7	42.9	28.1	25.1	27.9	33.9	21.5	21.9	
Turkey	-35.8	-37.5	-33.5	-30.2	-14.5	4.5	31.7	26.0	29.8	42.7	47.6	35.5	21.8	24.9	20.5	25.3	35.4	35.8	36.9	44.3	

Source: Haver

Table 7

**Current Account Balance (% of GDP)**

Country	2009				2010			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Brazil	-1.0	-0.8	-1.4	-2.4	-2.0	-2.8	-2.3	
China					4.5	5.4	7.2	5.3
Egypt	-2.7	-1.6	-1.1	-1.0	-2.9	-2.7	-1.5	
India	-2.6	-0.3	-1.5	-4.1	-6.0	-2.2	-2.5	
Indonesia	1.6	2.3	1.5	2.2	0.8	1.2	1.1	0.5
Korea	3.8	5.2	3.4	3.0	1.4	3.1	3.4	
Mexico	-0.6	-0.8	-1.2	-0.3	0.7	-1.0	-0.3	-1.4
Russia	1.0	3.2	5.0	5.8	7.4	5.7	2.0	
Taiwan	14.0	12.2	9.9	9.3	9.0	11.9	10.0	6.5
Turkey	0.0	-2.1	-3.0	-3.3	-5.2	-4.7	-6.9	

Source: Haver and CEIC

Table 8

**Nominal Effective Exchange Rate (2005=100)**

Country	2009							2010							2011					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Brazil	121.9	123.2	128.3	129.1	133.9	134.0	132.9	132.2	130.2	134.1	136.5	135.4	137.4	137.8	137.6	139.8	139.3	137.6	140.3	141.1
China	116.2	115.6	114.7	113.1	111.6	110.9	111.7	112.2	113.6	113.3	113.5	116.2	117.4	115.7	114.1	113.8	111.8	112.6	113.8	113.6
Egypt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	86.9	85.3	84.8	83.8	85.8	85.5	86.3	88.0	88.7	90.3	92.4	92.3	91.7	89.2	89.0	89.3	89.7	89.1	89.8	88.4
Indonesia	88.1	88.5	89.1	88.6	91.2	90.8	91.5	94.2	93.8	95.2	96.7	96.8	97.7	96.9	96.5	95.3	93.3	93.6	93.4	92.4
Korea	74.6	74.2	75.1	75.8	77.5	77.8	78.2	80.4	80.0	81.2	83.0	80.8	77.8	76.9	77.8	78.4	79.0	78.8	78.3	79.5
Mexico	78.7	78.4	80.1	77.3	77.9	78.4	80.1	80.8	80.6	82.9	85.1	82.8	83.2	81.8	81.7	81.1	82.4	83.3	83.2	84.6
Russia	84.5	82.7	81.3	82.5	85.0	85.9	83.9	85.4	86.7	88.6	90.2	90.3	89.6	88.4	88.1	85.9	83.6	82.7	85.0	86.0
Taiwan	91.1	90.3	89.9	89.5	89.2	88.6	89.2	90.7	90.8	91.3	92.6	92.9	92.3	90.9	90.5	90.2	90.5	92.3	94.4	96.2
Turkey	81.1	82.3	83.1	81.8	81.8	80.1	80.3	83.4	83.0	82.7	85.3	85.9	85.9	85.3	86.1	86.3	86.2	86.6	83.1	80.1

Source: BIS

Table 9

**Real Effective Exchange Rate (2005=100)**

Country	2009							2010							2011					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Brazil	127.6	129.4	134.2	134.9	140.0	140.5	139.6	139.8	137.9	142.3	145.0	144.0	146.2	146.6	145.7	148.1	148.1	147.3	150.5	152.6
China	116.4	116.0	117.1	116.9	115.2	113.4	115.1	113.7	118.5	115.7	116.1	120.0	119.0	117.9	118.7	119.7	118.0	118.5	120.0	118.1
Egypt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	94.6	94.1	94.2	93.2	95.7	96.8	97.9	101.4	101.6	104.0	108.0	107.8	108.0	105.9	105.2	105.6	106.5	106.1	107.2	107.2
Indonesia	109.7	110.7	111.5	111.8	115.2	114.7	115.9	120.3	119.6	121.0	122.6	122.6	125.4	126.1	125.9	124.4	121.5	122.4	123.1	122.9
Korea	76.7	76.6	77.2	77.8	79.3	79.8	80.4	83.2	82.3	84.0	86.1	83.4	80.5	79.9	80.5	81.6	82.1	81.4	81.1	83.4
Mexico	84.5	84.5	86.3	83.5	84.3	85.2	87.5	89.2	89.1	92.0	93.9	90.6	91.2	89.8	89.6	89.2	90.9	92.6	92.8	94.7
Russia	119.3	115.4	112.1	115.4	116.6	120.3	117.7	120.6	121.7	131.0	123.5	131.4	131.2	127.5	126.3	125.8	120.2	122.1	126.1	129.4
Taiwan	87.3	86.7	87.4	86.1	86.1	85.0	85.1	86.8	86.7	86.3	88.1	87.9	88.0	86.8	85.9	85.3	85.7	87.7	88.8	90.6
Turkey	100.8	102.9	103.1	101.7	104.0	103.1	103.5	109.9	110.3	109.9	113.9	113.8	113.3	112.1	113.1	114.4	115.9	116.2	110.6	107.4

Source: BIS

## Unemployment

Table 10

**Unemployment Rate (%)**

Country	2009				2010			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Brazil	8.6	8.6	7.9	7.2	7.4	7.3	6.6	5.7
China	4.3	4.3	4.3	4.3	4.2	4.2	4.1	4.1
Egypt	9.4	9.4	9.4	9.4	9.1	9.0	8.9	8.9
India*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Indonesia*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Korea	3.8	3.8	3.6	3.3	4.7	3.5	3.5	3.3
Mexico	5.0	5.3	6.3	5.3	5.4	5.2	5.6	5.3
Russia	9.1	8.5	8.0	8.0	8.8	7.4	6.8	6.9
Taiwan	5.6	5.9	6.0	5.9	5.6	5.3	5.1	4.8
Turkey	15.8	13.8	13.2	13.2	14.2	11.2	11.1	

\* Note: Quarterly data of India and Indonesia is not available

Source: Bloomberg and CEIC

# Inflation

Table 11  
Consumer Price Index (% YoY Growth)

Country	2009							2010							2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Brazil	4.48	4.58	4.65	4.97	5.50	6.01	6.36	6.15	6.25	6.38	6.36	5.90	5.89	5.97	5.74	5.69	5.36	4.87	4.48	4.30	
China	7.10	8.70	8.30	8.50	7.70	7.10	6.30	4.90	4.60	4.00	2.40	1.20	1.00	-1.60	-1.20	-1.50	-1.40	-1.70	-1.80	-1.20	
Egypt	10.09	9.94	9.65	11.17	12.79	12.93	13.27	13.69	12.72	12.03	10.87	10.00	10.23	10.41	10.77	10.87	10.83	10.14	10.61	10.85	
India	-0.71	-0.63	0.39	1.17	1.64	4.58	6.86	8.41	9.57	10.14	10.92	10.53	10.33	10.10	8.89	9.06	8.68	8.08	8.29	8.12	
Indonesia	3.63	2.54	2.59	2.67	2.55	2.45	2.84	3.82	3.88	3.47	3.94	4.18	5.03	6.15	6.37	5.72	5.65	6.33	7.00	7.08	6.89
Korea	1.99	1.62	2.17	2.17	1.98	2.43	2.79	3.06	2.69	2.32	2.58	2.67	2.58	2.57	2.65	3.62	4.06	3.25	3.50	4.10	4.53
Mexico	5.71	5.44	5.12	4.97	4.56	3.92	3.62	4.44	4.77	4.86	4.21	3.89	3.70	3.67	3.73	3.77	4.05	4.34	4.43	3.75	
Russia	11.97	12.09	11.54	10.63	9.67	9.10	8.83	7.97	7.19	6.51	5.98	6.01	5.84	5.52	6.01	6.83	7.53	8.15	8.68	9.54	
Taiwan	-2.12	-2.48	-1.27	-0.65	-1.11	-1.00	-0.05	0.51	0.90	0.59	0.61	0.57	0.51	0.38	-0.61	-0.72	-0.18	0.18	0.64	0.80	
Turkey	5.79	5.42	5.39	5.33	5.07	5.69	6.71	8.09	9.98	9.39	10.07	9.13	8.41	7.65	8.37	9.27	8.63	7.42	6.54	4.80	4.03

Source: Haver and CEIC

Table 12  
Producer Price Index (% YoY Growth)

Country	2009							2010							2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Brazil	-1.7	-4.1	-3.3	-3.4	-4.8	-4.6	-4.1	-2.8	-1.2	0.8	1.6	3.8	4.9	6.5	8.2	9.5	11.0	13.3	13.9	13.9	
China	-7.8	-8.2	-7.9	-7.0	-5.8	-2.1	1.7	4.3	5.4	5.9	6.8	7.1	6.4	4.8	4.3	4.3	5.0	6.1	5.9	6.6	
Egypt	-12.0	-13.4	-8.4	-6.7	1.6	8.7	13.4	13.0	13.1	13.6	15.8	9.9	8.6	10.4	10.3	14.1	16.9	13.5	12.8	14.6	
India	-0.7	-0.6	0.4	1.2	1.6	4.6	6.9	8.4	9.6	10.1	10.9	10.5	10.3	10.1	8.9	9.1	8.7	8.1	8.3	8.1	
Indonesia	-5.8	-7.4	-5.2	-3.5	-4.1	-1.8	4.4	5.0	3.1	4.3	4.3	5.6	5.0	4.3	4.3	4.9	5.5	5.4	6.6	7.8	7.1
Korea	-3.1	-3.7	-2.9	-2.5	-3.0	-0.4	1.8	2.7	2.3	2.4	3.2	4.6	4.7	3.5	3.2	4.1	5.0	4.8	5.2	6.1	
Mexico	4.2	3.8	4.4	4.9	3.9	4.2	4.3	4.2	4.1	3.8	4.1	4.3	3.9	4.0	3.7	3.4	3.3	3.3	3.9	3.8	
Russia	-12.1	-15.1	-14.1	-8.2	-3.3	3.8	13.2	16.6	12.4	11.3	12.0	14.4	10.3	9.2	10.9	8.6	11.0	14.9	15.6	20.0	
Taiwan	-13.8	-14.4	-11.5	-9.7	-6.2	1.1	5.8	7.0	6.1	6.4	8.7	9.3	7.2	6.0	4.2	4.4	3.5	2.5	1.5	0.8	
Turkey	-1.7	-3.7	-0.8	0.7	0.3	1.6	5.9	6.2	6.6	8.3	10.2	9.2	7.8	8.4	9.3	9.1	10.0	8.2	8.8	10.6	10.7

Source: Haver and CEIC

# Money and Finance

Table 13

## Policy Rates (% Per Annum)

Country	Description	2009							2010							2011							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Brazil	Brazil SELIC-TAR	9.25	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	9.50	9.50	10.25	10.75	10.75	10.75	10.75	10.75	10.75	11.25	11.25	11.75
China	Prime Lending Rate	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.56	5.56	5.81	5.81	6.06	6.06
Egypt	Egypt Benchmark Deposit Rate	9.00	8.50	8.50	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
India	Reserve Bank of India REPO Cutoff Yield	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	5.00	5.25	5.25	5.25	5.75	5.75	6.00	6.00	6.25	6.25	6.50	6.50	6.50
Indonesia	Bank Indonesia Reference Interest Rate	7.00	6.75	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.75	6.75
Korea	South Korea Official Bank Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.25	2.25	2.50	2.50	2.75	2.75	2.75
Mexico	Bank of Mexico Official Overnight Rate	4.75	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Russia	Russia Refinancing Rate	11.50	11.00	10.75	10.00	9.50	9.00	8.75	8.75	8.50	8.25	8.00	8.00	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	8.00	8.00
Taiwan	CB of China Taiwan Discount Rate Daily	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.38	1.38	1.38	1.38	1.50	1.50	1.63	1.63	1.63	1.63
Turkey	1-week repo rate												7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.50	6.25	6.25	6.25
Turkey	CBRT Interest Rates: Borrowing: Overnight	8.75	8.25	7.75	7.25	6.75	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.25	5.75	1.75	1.50	1.50	1.50	1.50
Turkey	CBRT Interest Rates: Lending: Overnight	11.25	10.75	10.25	9.75	9.25	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.75	8.75	8.75	9.00	9.00	9.00	9.00

Source: Blommborg and Haver



Table 14  
**Deposit Rates (% Per Annum)**

Country	Deposit Rates	2009							2010							2011						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Brazil	30-Day CD Rate	8.93	8.61	8.15	8.21	8.09	8.43	8.21	8.23	8.07	8.20	8.45	8.57	9.19	9.57	9.17	9.15	8.63	9.32	9.89		
China	3-Month CD Rate	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.79	1.91	1.98	2.25	2.50
Egypt	Deposits of less than 1 year	6.50	6.20	6.10	6.00	5.90	5.90	5.90	5.90	5.90	6.00	6.00	5.90	6.30	6.30	6.30	6.40	6.60	6.60			
India	India Bank Deposit 90-180 day	7.25	7.25	7.25	7.25	7.25	7.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Indonesia	3-Month time deposit	9.25	8.99	8.73	8.35	7.97	7.68	7.48	7.31	7.08	6.99	6.98	6.95	6.95	6.95	6.96	6.95	6.99	7.03	7.06		
Korea	91-Day CD Rate	2.41	2.41	2.48	2.64	2.79	2.79	2.82	2.88	2.88	2.83	2.51	2.45	2.45	2.58	2.63	2.66	2.66	2.73	2.80	2.93	3.13
Mexico	90-Day CD Rate	2.38	2.35	2.31	2.30	2.30	2.30	2.30	2.18	2.18	2.18	2.17	2.17	2.17	2.17	2.18	2.14	2.11	2.08	2.10	2.09	
Russia	1-Month Time Deposit	8.50	8.80	9.10	9.10	9.20	8.80	8.20	8.10	7.40	6.90	6.70	6.20	5.80	5.60	5.40	5.10	5.00	5.00	4.90		
Taiwan	3-Month NTD Deposit	0.41	0.41	0.41	0.41	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.66	0.66	0.66	0.66	0.74	0.74	0.74	0.79	0.79
Turkey	3-Month Time Deposit TL	17.98	17.35	17.10	16.89	16.16	16.11	16.22	15.87	15.92	15.93	15.82	15.91	15.95	15.72	15.78	15.78	13.82	13.83	12.90		

Source: Haver and DataStream

Table 15  
**M2 (% YoY Growth)**

Country	2009							2010							2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Brazil	26.7	21.3	16.2	13.2	10.1	9.3	9.0	8.7	8.5	10.0	9.1	9.1	8.8	9.4	11.0	11.9	13.5	14.8	15.4	16.5	
China	28.3	28.3	28.5	29.4	29.6	29.8	27.8	26.8	25.0	22.2	21.4	20.9	18.4	17.6	19.2	19.0	19.3	19.6	19.8	16.4	
Egypt	8.4	7.8	7.2	9.1	8.7	8.9	9.5	9.4	9.5	9.7	9.6	8.3	10.4	10.5	11.8	11.9	13.4	12.8	12.4		
India	13.1	14.7	15.3	15.1	16.0	17.0	18.1	18.8	17.5	19.4	15.8	15.5	18.0	18.9	17.1	15.8	19.7	21.0	19.1		
Indonesia	15.9	16.3	18.7	13.7	11.8	11.5	12.8	10.7	8.7	10.0	10.5	11.2	12.8	13.1	12.2	12.8	14.4	13.9	15.2	17.4	
Korea	9.6	9.7	10.1	10.2	10.4	9.8	9.4	9.4	9.3	9.3	9.3	9.3	9.7	9.3	8.6	8.1	8.0	7.7	7.3		
Mexico*	2.4			0.2			1.4			1.5			3.7			2.4			0.2		
Russia	-7.5	-7.6	-8.4	-4.9	2.5	7.4	16.3	27.9	29.4	32.1	33.1	30.6	30.7	32.2	32.9	31.5	30.3	30.3	28.4		
Taiwan	8.3	8.4	8.0	7.6	6.7	6.2	5.7	6.0	4.2	3.8	4.0	3.4	4.0	4.1	4.7	4.7	4.8	5.1	5.3	5.0	
Turkey	18.0	17.8	17.4	15.7	12.6	10.9	10.7	12.5	14.1	16.8	19.2	22.6	24.7	25.1	24.6	23.9	22.8	24.0	24.2	25.2	23.7

\* Note: Quarterly data  
Source: Haver

Table 16

**Loans (% YoY Growth)**

Country	2009							2010											2011	
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Brazil	19.6	20.4	19.5	16.8	15.2	14.8	15.3	15.8	16.9	16.9	17.6	18.9	19.8	18.5	19.2	19.6	20.2	20.9	20.6	20.3
China	29.3	29.3	30.0	30.6	30.9	33.4	30.4	27.4	26.2	21.9	21.4	20.4	18.2	17.5	18.4	18.1	18.6	18.1	18.8	
Egypt	22.0	20.3	19.3	17.4	14.1	12.7	12.7	11.5	10.8	8.7	7.3	9.3	11.6	11.8	9.8	8.6	10.3	11.4	7.8	
India	21.2	25.1	23.1	21.4	18.2	17.9	17.2	15.5	15.3	17.3	16.0	15.9	14.2	13.3	13.8	15.0	15.8	15.5	18.4	
Indonesia	15.8	14.6	13.1	9.6	6.3	5.7	10.0	9.2	9.9	11.9	15.0	17.9	19.4	19.7	20.4	21.9	22.0	22.3	22.7	
Korea	8.8	7.6	7.3	6.4	4.9	4.7	4.0	3.7	3.4	3.0	2.9	3.2	3.0	3.0	2.3	2.6	3.5	3.4	3.5	
Mexico*	1.8			-1.2			-0.1			1.4			3.0		1.8				-1.2	
Russia	26.4	33.3	35.3	37.1	34.5	26.3	25.7	26.6	28.1	30.6	29.2	32.4	29.1	31.0	30.1	30.1	33.8	34.4	31.6	
Taiwan	-1.3	-1.5	-0.9	-1.1	-2.0	-1.2	1.1	2.0	3.2	3.3	4.0	5.4	5.6	6.1	6.4	6.3	7.2	6.9	6.8	8.3
Turkey	8.1	6.3	3.8	3.3	4.4	8.7	11.7	14.1	17.0	19.6	21.8	24.7	27.0	30.0	32.3	32.8	35.2	35.7	37.9	39.4

\* Note: Quarterly data  
Source: Haver

Table 17

**Swap Spread**

Country	Description	3y-1y			10y-5y		
		07-Mar-11	1 month ago	3 months ago	07-Mar-11	1 month ago	3 months ago
Brazil	Swap rates pre * DI	11.3	44.8	19.2	n.a.	n.a.	n.a.
China	Onshore quarterly vs. 7-day repo	29.0	26.0	50.0	35.0	41.0	30.0
Egypt		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	MIBOR Onshore Swap Rates	34.0	38.8	22.0	7.0	11.5	16.0
Indonesia	Onshore Quarterly vs. 3mo SBI	115.0	107.5	80.0	n.a.	n.a.	n.a.
Korea	Onshore KRW/KRW Swap Rates	39.0	40.0	44.5	26.5	22.5	35.0
Mexico*	MXN SWAP (TIIE)	129.0	105.0	75.0	84.2	87.0	82.0
Russia	RUB SWAP VS MOSPRIME	148.0	159.0	156.0	54.0	72.0	65.0
Taiwan	Onshore TWD/TWD swap rate	40.3	39.0	33.8	33.3	36.5	32.5
Turkey	TRY SWAP (vs 3M)	n.a.	n.a.	n.a.	18.0	36.0	44.0

\* Mexico (38m-13m; 130m-65m)  
Source: Bloomberg

Table 18

**Stock Index Returns (%)**

Country	1 Month	YTD	1 Year
Brazil	4.20	-1.87	0.29
China	7.05	6.70	0.56
Egypt	0.00	-18.53	-12.34
India	1.19	-11.10	8.79
Indonesia	1.87	-3.82	41.32
Korea	-4.43	-3.45	21.48
Mexico	-2.27	-4.99	14.40
Russia	0.74	6.12	26.19
Taiwan	-4.72	-2.88	17.66
Turkey	-7.38	-8.77	16.87

Source: Bloomberg

Table 19

**FX Returns (%)**

Country	Rate	1 Month	YTD	1 Year
Brazil	1.65	1.15	-0.45	7.47
China	6.56	0.32	0.67	4.01
Egypt	5.90	-0.76	-1.70	-7.07
India	45.05	1.22	-0.75	1.25
Indonesia	8788.00	2.33	2.28	5.09
Korea	1119.30	-1.43	0.62	1.88
Mexico	12.01	-0.17	1.98	5.19
Russia	28.14	4.49	8.57	5.87
Taiwan	29.40	-1.37	-1.04	8.56
Turkey	1.60	-0.83	-2.60	-3.68

Source: Bloomberg

Table 20

**Fiscal Balance (% of GDP)**

Country	2009				2009	2010				2010
	Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec	
Brazil	-5.08	-1.15	-4.74	2.73	-3.24	-5.24	-1.40	-1.67	1.84	-1.70
China*					-2.98					-2.89
Egypt*					-6.97					-8.17
India	-8.72	-9.07	-5.17	-6.90	-9.63	-6.31	-2.43	-5.51	-1.99	-9.18
Indonesia*					-1.58					-1.45
Korea	-5.22	-5.87	0.82	2.83	0.04	-2.64	-1.51	6.22		1.40
Mexico	-1.67	-1.95	-0.94	-4.40	-4.88	0.08	-3.48	-2.17	-5.51	-3.64
Russia	-0.40	-7.50	-5.80	-8.90	-6.21	-2.50	-1.30	-2.60		-4.78
Taiwan	7.89	3.27	-0.47	-1.69	-5.79	10.72	-0.11	1.58	-1.62	-3.76
Turkey	-9.17	-1.78	-6.71	-4.52	-5.62	-4.69	-1.52	-1.97		-3.46

\* Note: Quarterly data for China, Egypt and Indonesia is not available  
Source: Haver

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