

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

The ECB will publish its monthly report, that will include the 2Q14 ECB Survey of Professional Forecasters (SPF), which will include inflation expectations. Economic data will include the preliminary 1Q14 GDP figures, April's final CPI index and March's trade balance and industrial productions. In the US, several Fed members, including Fed Chair Janet Yellen, will deliver speeches. Economic releases will include May's Empire manufacturing and U.Mich. Confidence Index, and April's CPI, producer prices, retail sales, industrial production, housing starts and building permits. Furthermore, March net long-term TIC flows will be published. In China, April's retail sales, industrial production and foreign direct investment will be released. The Japanese 1Q14 GDP growth will be a focus for investors' attention.

Calendar: Indicators

Eurozone: GDP flash estimate (1Q14, 15 May)

Forecast: 0.4% QoQ

Consensus: 0.4% QoQ

Previous: 0.2% QoQ

After the third consecutive quarter posting positive growth (0.2% QoQ in 4Q13), our short-term MICA-BBVA model estimates GDP growth of 0.4/0.5% QoQ in the first quarter of 2014 (0.2pp higher than our forecast of three months ago). The data available for 2Q14, mainly soft data, show mixed signals. The PMIs improved again and are pointing to further growth, while confidence indicators from the European Commission as well as some national indicators (such as Ifo in Germany, that reflects the uncertainty of the geopolitical situation in Ukraine) suggest that growth may moderate slightly, more in line with our baseline scenario (+0.2% QoQ).

US: Retail Sales, Ex Autos (April, 13 May)

Forecast: 0.5%, 0.3%

Consensus: 0.4%, 0.5%

Previous: 1.1%, 0.7%

Retail sales should see a third consecutive month of gains in April, once again fueled by the motor vehicle & parts component. U.S. auto sales have been on a rampage since February, as total vehicle sales for April rose to 16.1 million on a SAAR basis, up from 15.1 million in April 2013. Additionally, the Senior Loan Officer Survey showed that banks are relaxing their standards on credit cards and auto loans. As consumers continue to become more confident in the health of the economy, they are more comfortable with opening their wallets and taking on more debt. As such, we should feel a tailwind from recovering components like furniture and home furnishing sales, particularly as the housing market regains momentum in the coming quarters. Additionally, weekly retail sales surveys note a jump in sales toward the end of the month that will help offset prior weakness. Moving into April and the rest of 2Q14, we look for retail sales to continue trending upward.

US: Consumer Price Index, Core (April, 15 May)

Forecast: 0.2%, 0.2%

Consensus: 0.3%, 0.1%

Previous: 0.2%, 0.2%

Consumer price inflation is expected to remain suppressed in April for both the headline and core figures as temporary factors continue to have some influence. Brent crude oil prices increased only slightly in April but not enough to recover from March's decline, so the pressures here should be minimal. However, natural gas prices dropped for the second consecutive month and will likely have a bigger influence on the energy price component of headline CPI. Food prices have been on the rise recently, with 0.4% MoM growth in both February and March due to droughts in California, and thus we expect that the component will put upward pressure on the headline figure again in April. Excluding food and energy, we do not expect prices to rise significantly for the month. Medical care services and shelter, which both have been relatively strong contributors to core CPI, are not expected to significantly offset downward bias from other components.

Japan: Q1 GDP growth (15 May)

Forecast: 0.8% QoQ sa

Consensus: 1.0% QoQ sa

Previous: 0.2% QOQ sa

After sluggish growth in H2 2013, Japan's economy is expected to pick up in Q1, thanks to the frontload private consumption before the sales tax hike (to 8% from 5%) in April. After that, nevertheless, the economy is likely to contract in Q2 on the drag of the tax hike. Removing the distortion impact on growth by the tax hike, current recovery still remains soft as the aggressive monetary and fiscal stimulus ebbs and as the weak yen has not boosted exports; furthermore, the delay in the structural reforms, which is key to sustain medium-term growth, has weighed on the market's sentiment and investment. Therefore, we expect the authorities to ease further, including raising the scale of QQE and lowering corporate income tax, which will help the economy to pick up gradually in H2.

Last Week

Week 5 May - 9 May

Indicator	Period	Cons. E	Prior	Observed *	
United States					
ISM Non-Manufacturing NSA	Apr	54.00	53.10	55.20	▲
US Trade Balance of Payments SA USD Bn	Mar	-40.15	-42.30	-40.20	▼
Fed Consumer Credit Total net change USD Bn	Mar	16.10	16.49	17.53	▲
Initial Jobless Claims ('000)	May 3	325.00	344.00	319.00	▼
Job Openings ('000)	Mar	-	4173.00	4014.00	
Merchant wholesalers inventories MoM	Mar	0.50%	0.50%	1.10%	▲
Eurozone					
Composite PMI	Apr F	54.00	54.00	54.00	—
Services PMI	Apr F	53.10	53.10	53.10	—
Retail Sales MoM	Mar	-0.20%	0.10%	0.30%	▲
Manufacturing Production MoM	Mar	0.10%	0.30%	-0.70%	▼
Germany					
Composite PMI	Apr F	56.30	56.30	56.10	▼
Services PMI	Apr F	55.00	55.00	54.70	▼
Factory Orders MoM	Mar	0.30%	0.90%	-2.80%	▼
Industrial Production SA MoM	Mar	0.20%	0.60%	-0.50%	▼
France					
Composite PMI	Apr F	50.50	50.50	50.60	▲
Services PMI	Apr F	50.30	50.30	50.40	▲
Industrial Production MoM	Mar	0.30%	0.10%	-0.70%	▼
Italy					
Composite PMI	Apr	-	51.10	52.60	
Services PMI	Apr	50.50	49.50	51.10	▲
Japan					
PMI Services	Apr	-	52.30	46.40	
PMI Composite	Apr	-	52.80	46.30	
China					
HSBC PMI Manufacturing	Apr	48.40	48.30	48.10	▼
HSBC PMI Services	Apr	-	51.90	51.40	
HSBC PMI Composite	Apr	-	49.30	49.50	
Trade Balance EUR Bn	Apr	16.70	7.70	18.46	▼
Exports YoY	Apr	-3.00%	0.90%	-6.60%	▼
Imports YoY	Apr	-2.10%	0.80%	-11.30%	▼
CPI YoY	Apr	2.10%	2.40%	1.80%	▼
Chile					
Economic Activity MoM	Mar	0.20%	0.20%	-0.17%	▼
CPI MoM	Apr	0.20%	0.80%	0.60%	▲
Colombia					
CPI MoM	Apr	0.32%	0.39%	0.46%	▲
CPI Core MoM	Apr	-	0.31%	0.36%	
Brazil					
FIPE CPI - Monthly	Apr	0.53%	0.74%	0.53%	—
HSBC Brazil Composite PMI	Apr	-	51.00	49.90	
HSBC Brazil Services PMI	Apr	-	51.00	50.40	
Industrial Production MoM	Mar	-1.95%	0.40%	-0.50%	▼
IBGE Inflation IPCA MoM	Apr	0.80%	0.92%	-	
Mexico					
Consumer Confidence Index	Apr	90.00	88.80	90.30	▲
CPI MoM	Apr	-0.13%	0.00	-0.19%	▼

Forecast/ * Magenta- Below nsensus forecast. Green-Above consensus forecast. Yellow- In line consensus forecast.
 Source: Bloomberg and BBVA Research

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