

Global | Inflation and Bottlenecks Chartbook

November 2023

Summary

- In the US, November headline inflation resumed its slow path slightly (to 3.1% y/y, previous month 3.2% y/y), driven by lower energy prices. Core inflation was steady at 4.0 y/y. Rent prices persist as the component with the highest contribution to core prices, still representing over a half of overall inflation. The latest available PCE inflation data (Nov 23) moderated to 2.6%, and the core PCE to 3.2%
- Eurozone inflation declined significantly again in November (2.3% y/y, previous month 2.9%). Core inflation also declined sharply (3.6% y/y from 4.2%). Besides the decline in energy and the downward surprise in industrial goods, services inflation also fell (-0.9% m/m; to 4% y/y from 4.6% y/y). China's inflation environment remained deflationary
- The inflation synchronicity indicators show a 50% of items in the CPI basket with no price increases or a decline in both the US and the Eurozone. The groups of goods that contributed most to the moderation in November in both the US and Europe are housing and transportation services where year-on-year inflation has returned to pre-pandemic variations.
- Consumer inflation expectations, both medium and long-term, inched up in the US (Nov-23 data) while market inflation expectation moderated in December, slightly below 3%. In the Eurozone consumers, one-year-ahead consumer expectations rose to 4% (Oct-23 data), while long-term expectations inched up to 2.5%. Analysts' expectations were steady and close to the ECB's 2% medium term target, whereas market-based long-term inflation expectations have moderated to around 2% in December (average to Dec 20th).
- Our supply bottlenecks indicators suggest slack in the manufacturing sector in both US and eurozone. Container freight from Shanghai to Rotterdam increased by 15%, due to the attacks in the Red Sea, where 30% of the World's containers pass through. Despite the increase, container freights are currently around its long-term average.

Summary indicators

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23		
Inflation	7.1	6.5	6.4	6.0	5.0	4.9	4.0	3.0	3.2	3.7	3.7	3.2	3.1	US	IPC Headline (%YoY)
	6.0	5.7	5.6	5.5	5.6	5.5	5.3	4.8	4.7	4.3	4.1	4.0	4.0		IPC Core (%YoY)
	2.8	2.5	2.3	2.8	2.6	2.4	2.3	2.4	2.5	2.4	2.5	2.4	2.2		Inf exp (2Y inf. Swap)
	2.6	2.6	2.5	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.7	2.8	2.6		Inf exp (5Y5Y inf. Swap)
	10.1	9.2	8.6	8.5	6.9	7.0	6.1	5.5	5.3	5.2	4.3	2.9	2.4	EZ	IPC Headline (%YoY)
	5.0	5.2	5.3	5.6	5.7	5.6	5.3	5.5	5.5	5.3	4.5	4.2	3.6		IPC Core (%YoY)
	3.5	3.4	2.3	2.8	3.0	2.8	2.5	2.5	2.7	2.7	2.6	2.5	2.0		Inf exp (2Y inf. Swap)
	2.4	2.4	2.3	2.5	2.3	2.5	2.5	2.5	2.6	2.5	2.5	2.5	2.4		Inf exp (5Y5Y inf. Swap)
Bottlenecks	46.8	45.1	42.5	47.0	44.3	45.7	42.6	45.6	47.3	46.8	49.2	45.5	48.3	US manuf.	ISM New Orders
	40.0	41.4	43.4	45.1	43.9	43.1	37.5	38.7	42.8	44.1	42.4	42.2	39.3		Backlog of Orders
	50.9	48.6	48.0	47.3	47.8	48.9	51.1	46.7	48.3	50.0	52.5	50.4	48.5	Production Index	
	47.2	45.1	45.6	45.2	44.8	44.6	43.5	45.7	46.1	48.6	46.4	47.7	46.2	Suppliers' delivery times	
	48.7	48.2	47.4	46.9	48.9	51.3	51.4	46.2	48.7	48.7	47.1	48.6	50.8	Customer Inventories	
	-11.2	-12.1	-8.8	-9.3	-9.9	-14.2	-21.9	-26.1	-30	-39.6	-38.9	-37.8	-40	EZ manuf.	Order books
	-3.9	0.6	-0.2	3.9	2.2	3.0	-6.6	-3.8	-4.5	-9.9	-7.5	-9.3	-8.3		Production trend
	23.5	21.9	21.7	19.3	16.5	12.9	10.9	10.1	9.8	9.1	9.9	9.4	9.0	EZ const.	Equip shortage
	42.7	44.1	46.4	44.5	44.8	42.2	43.5	44.1	43.8	44.2	43.8	46.2	46.7	Taiwan	Suppliers' delivery times
	560	558	557	553	546	549	543	549	559	554	552	552	552	Input costs	CRB Spot Comdty. Price
1405	1372	1229	1100	1059	1108	1217	1238	1227	1112	1053	953	953	Container freight		

Note: US and Taiwan (SA, 50+=Increasing); EZ Percent Balance (SA, %).

Source: BBVA Research and Haver Analytics

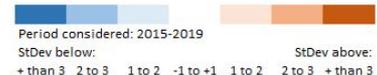
Headline inflation continued its downward trend, except in Argentina and Türkiye due to pass-through. Core rates declined or held Oct's lower levels

Headline Inflation Y/Y%, NSA

	2022												2023												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N		
US	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5	6.4	6.0	5.0	4.9	4.0	3.0	3.2	3.7	3.7	3.2	3.1	US	
China	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5	2.8	2.1	1.6	1.8	2.1	1.0	0.7	0.1	0.2	0.0	-0.3	0.1	0.0	-0.2	-0.5	China	
Eurozone	5.1	5.9	7.4	7.4	8.1	8.6	8.9	9.1	9.9	10.6	10.1	9.2	8.6	8.5	6.9	7.0	6.1	5.5	5.3	5.2	4.3	2.9	2.4	Eurozone	
Germany	4.2	4.3	5.9	6.3	7.0	6.7	6.7	7.0	8.6	8.8	8.8	8.1	8.7	8.7	7.4	7.2	6.1	6.4	6.2	6.1	4.5	3.8	3.2	Germany	
France	2.9	3.6	4.5	4.8	5.2	5.8	6.1	5.9	5.6	6.2	6.2	5.9	6.0	6.3	5.7	5.9	5.1	4.5	4.3	4.9	4.9	4.0	3.5	France	
Spain	6.1	7.6	9.8	8.3	8.7	10.2	10.8	10.5	8.9	7.3	6.8	5.7	5.9	6.0	3.3	4.1	3.2	1.9	2.3	2.6	3.5	3.5	3.2	Spain	
UK	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9	10.1	11.1	10.7	10.5	10.1	10.4	10.1	8.7	8.7	7.9	6.8	6.7	6.7	4.6	3.9	UK	
Türkiye	48.7	54.4	61.1	70.0	73.5	78.6	79.6	80.2	83.5	85.5	84.4	64.3	57.7	55.2	50.5	43.7	39.6	38.2	47.8	58.9	61.5	61.4	62.0	Türkiye	
Argentina	50.7	52.3	55.1	58.0	60.7	64.0	71.0	78.5	83.0	88.0	92.4	94.8	98.8	102.5	104.3	108.8	114.2	115.6	113.4	124.4	138.3	142.7	160.9	Argentina	
Colombia	6.9	8.0	8.5	9.2	9.1	9.7	10.2	10.8	11.4	12.2	12.5	13.1	13.3	13.3	13.3	12.8	12.4	12.1	11.8	11.4	11.0	10.5	10.1	Colombia	
Mexico	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7	8.7	8.4	7.8	7.8	7.9	7.6	6.8	6.3	5.8	5.1	4.8	4.6	4.5	4.3	4.3	Mexico	
Peru	5.7	6.1	6.8	8.0	8.1	8.8	8.7	8.4	8.5	8.3	8.4	8.5	8.7	8.6	8.4	8.0	7.9	6.5	5.9	5.6	5.0	4.3	3.6	Peru	
Brazil	10.4	10.5	11.3	12.1	11.7	11.9	10.1	8.7	7.2	6.5	5.9	5.8	5.8	5.6	4.7	4.2	3.9	3.2	4.0	4.6	5.2	4.8	4.7	Brazil	
Chile	7.7	7.8	9.4	10.5	11.5	12.5	13.1	14.1	13.7	12.8	13.3	12.8	12.3	11.9	11.1	9.9	8.7	7.6	6.5	5.3	5.1	5.0	4.8	Chile	

Core Inflation Y/Y%, NSA

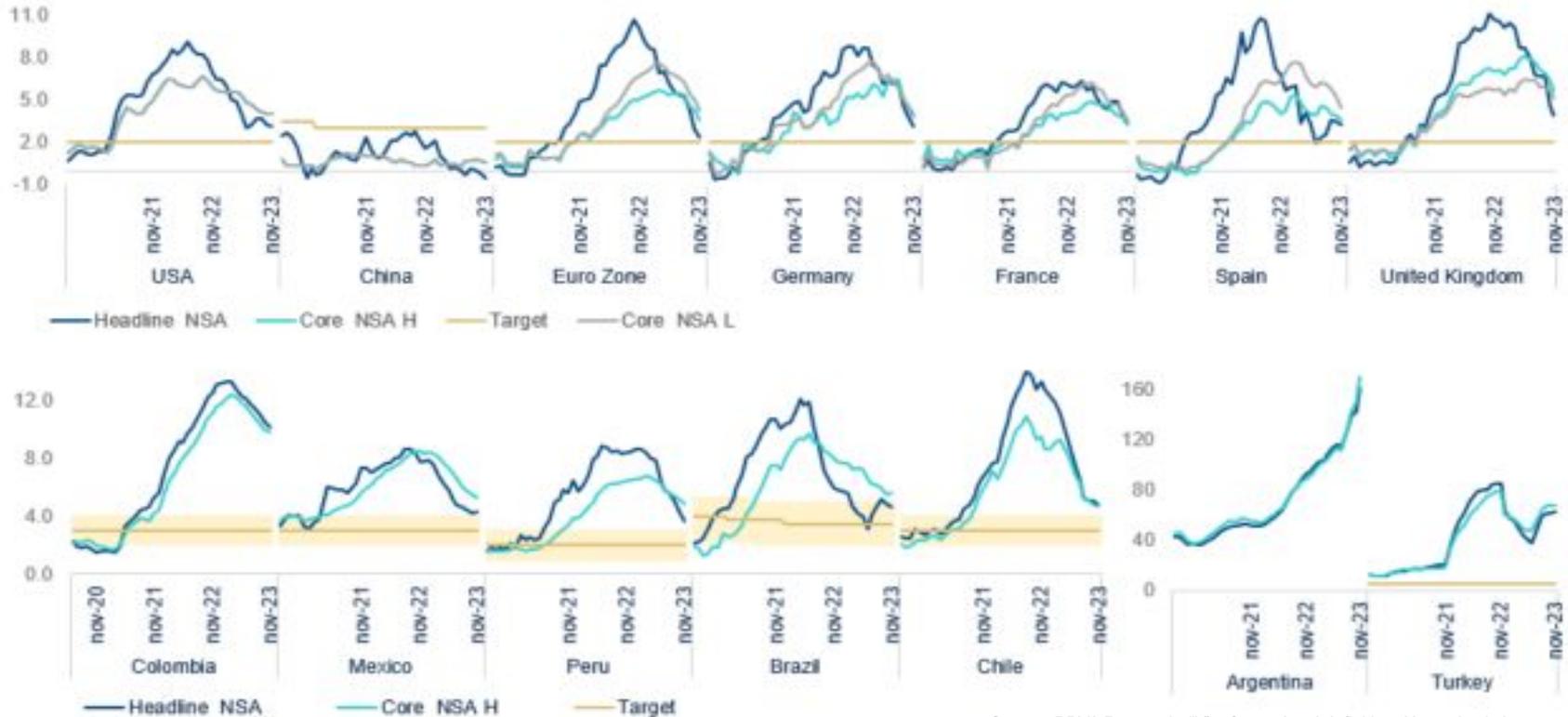
	2022												2023												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N		
US	6.0	6.4	6.5	6.2	6.0	5.9	5.9	6.3	6.6	6.3	6.0	5.7	5.6	5.5	5.6	5.5	5.3	4.8	4.7	4.3	4.1	4.0	4.0	US	
China	1.0	1.0	0.9	0.7	0.6	0.8	0.6	0.6	0.4	0.4	0.4	0.5	0.8	0.4	0.5	0.5	0.5	0.3	0.7	0.7	0.8	0.7	0.6	China	
Eurozone	2.3	2.7	3.0	3.5	3.8	3.7	4.0	4.3	4.8	5.0	5.0	5.2	5.3	5.6	5.7	5.6	5.3	5.5	5.5	5.3	4.5	4.2	3.6	Eurozone	
Germany	3.0	3.1	3.3	3.8	4.1	3.2	3.4	3.6	4.7	5.2	5.1	5.5	5.1	5.5	6.1	5.9	5.3	6.3	6.3	6.4	5.1	4.5	Germany		
France	1.6	2.4	2.5	3.0	3.2	3.1	3.8	4.0	3.6	4.0	4.0	4.1	4.2	4.5	4.7	4.9	4.6	4.7	4.5	4.3	3.9	3.8	France		
Spain	2.2	2.6	3.0	3.4	3.4	3.9	4.6	4.8	4.8	4.4	4.0	4.3	5.3	5.3	4.8	4.3	4.0	3.9	4.5	4.5	4.1	3.9	Spain		
UK	4.3	5.1	5.7	6.1	6.1	6.1	6.6	6.7	7.1	7.2	7.0	7.1	6.7	7.2	7.2	7.9	8.1	7.9	7.7	7.1	6.9	6.4	UK		
Türkiye	43.3	47.4	51.8	58.3	63.1	66.4	71.0	74.9	76.5	78.6	78.4	60.1	58.4	56.6	53.4	48.7	47.8	47.0	54.5	63.4	67.6	67.8	Türkiye		
Argentina	54.0	54.5	57.3	60.5	63.2	65.5	72.2	78.4	82.3	86.4	89.1	90.6	94.4	100.4	102.0	105.7	110.3	113.1	111.5	125.3	142.2	149.7	Argentina		
Colombia	5.6	6.4	6.9	7.7	8.0	8.4	8.8	9.4	10.0	10.8	11.1	11.6	11.8	12.2	12.4	12.2	11.9	11.6	11.3	10.8	10.3	9.9	9.8	Colombia	
Mexico	6.2	6.6	6.8	7.2	7.3	7.5	7.7	8.1	8.3	8.4	8.5	8.3	8.5	8.3	8.1	7.7	7.4	6.9	6.6	6.1	5.8	5.5	5.3	Mexico	
Peru	3.9	4.2	4.6	5.0	5.5	5.8	6.2	6.3	6.3	6.4	6.5	6.5	6.6	6.6	6.8	6.7	6.5	6.2	5.8	5.6	5.4	5.2	4.8	Peru	
Brazil	8.0	8.6	9.2	9.4	9.3	9.7	9.1	9.1	8.6	8.3	8.0	7.8	7.7	7.6	7.2	7.3	7.2	6.6	6.2	6.1	6.0	5.6	5.7	Brazil	
Chile	7.1	6.6	7.4	8.3	9.0	9.9	10.3	10.9	10.3	9.3	9.5	8.6	8.6	9.1	9.4	8.7	7.9	6.9	6.2	5.2	5.2	4.8	4.7	Chile	



Source: BBVA Research, Haver Analytics. We report here harmonised core inflation excluding food and energy. These measures may differ from local measures of core inflation where EA and Spain: excludes unprocessed food and energy, France excludes government tariffs and volatile prices, Germany excludes energy prices.

Headline inflation is close to CBs' targets in EZ, Mexico, Peru, Brazil. Colombia inflation remains high. Deflation pressure in China.

INFLATION, Y/Y%



Source: BBVA Research, "L" refers to local definition. Haver Analytics.

Sequentially, headline rates were low in November except in Colombia and Chile; negative core and headline monthly rates in Europe and China.

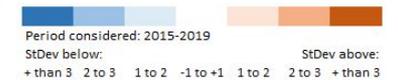
Headline Inflation M/M%, SA

	2022												2023											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O		N
US	0.6	0.7	1.0	0.4	0.9	1.2	0.0	0.2	0.4	0.5	0.2	0.1	0.5	0.4	0.1	0.4	0.1	0.2	0.2	0.6	0.4	0.0	0.1	US
China	0.0	0.2	0.4	0.6	0.1	0.4	0.2	-0.2	0.0	0.1	0.0	0.0	-0.1	0.1	-0.5	0.1	0.1	0.1	-0.1	0.2	-0.1	0.0	-0.3	China
Eurozone	1.0	0.7	1.4	0.3	0.8	0.7	0.7	0.7	1.0	1.1	0.3	0.1	0.4	0.7	-0.1	0.5	0.0	0.2	0.5	0.6	0.1	-0.3	-0.2	Eurozone
Germany	0.7	0.7	1.7	0.5	0.9	0.0	0.5	0.5	1.7	0.8	0.4	-0.5	1.2	0.5	0.6	0.2	-0.1	0.3	0.2	0.5	0.3	0.0	-0.1	Germany
France	0.5	0.7	0.9	0.5	0.5	0.7	0.4	0.3	-0.1	0.9	0.3	0.1	0.8	1.0	0.3	0.6	-0.2	0.0	0.0	0.8	0.3	-0.1	-	France
Spain	0.6	0.9	2.3	-0.7	0.5	1.4	0.7	0.4	-0.5	-0.3	0.1	0.1	0.7	1.1	-0.3	0.1	-0.3	0.1	1.1	0.7	0.4	-0.3	-0.1	Spain
UK	0.6	0.7	1.0	2.0	0.5	0.8	0.9	0.5	0.5	1.6	0.4	0.5	0.1	1.1	0.7	0.7	0.5	0.1	-0.2	0.4	0.5	-0.4	-	UK
Turkey	10.2	4.5	5.5	5.9	4.1	4.7	3.4	2.9	4.2	3.1	2.4	0.1	5.7	2.8	2.4	1.1	0.8	3.9	10.7	10.8	5.9	3.0	2.8	Turkey
Argentina	4.2	5.1	5.7	6.0	5.6	5.5	7.4	7.2	5.6	6.0	5.4	5.0	6.4	7.1	6.6	8.3	8.4	6.1	6.3	12.6	12.2	7.9	-	Argentina
Colombia	1.4	1.2	0.8	1.0	1.0	0.8	1.0	1.1	1.0	1.1	1.0	1.0	1.5	1.2	0.8	0.5	0.5	0.6	0.7	0.8	0.6	0.6	0.7	Colombia
Mexico	0.3	0.9	0.8	0.8	0.6	0.7	0.6	0.8	0.6	0.5	0.4	0.5	0.4	0.6	0.1	0.3	0.2	0.0	0.4	0.7	0.5	0.3	0.4	Mexico
Peru	0.2	0.4	1.0	1.1	0.5	1.2	0.7	0.6	0.6	0.5	0.6	0.7	0.4	0.4	0.8	0.7	0.4	-0.1	0.1	0.3	0.1	-0.2	-0.1	Peru
Brazil	0.5	1.0	1.5	1.0	0.5	0.7	-0.6	-0.3	-0.2	0.6	0.4	0.5	0.4	0.8	0.6	0.6	0.3	0.0	0.2	0.3	0.3	0.2	0.2	Brazil
Chile	1.0	0.5	1.7	1.4	1.3	1.2	1.3	1.2	0.7	0.2	1.3	0.4	0.6	0.2	0.9	0.3	0.2	0.1	0.2	0.1	0.5	0.1	1.1	Chile

Core Inflation M/M%, SA

US	0.6	0.5	0.3	0.5	0.6	0.6	0.3	0.6	0.6	0.3	0.3	0.4	0.4	0.5	0.4	0.4	0.4	0.2	0.2	0.3	0.3	0.2	0.3	US
China	-0.1	0.2	0.1	0.0	0.0	0.2	-0.1	0.0	-0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.3	0.0	0.0	0.0	-0.1	China
Eurozone*	0.5	0.2	0.2	0.4	0.5	0.2	0.5	0.5	0.7	0.5	0.5	0.3	0.6	0.5	0.3	0.4	0.2	0.4	0.5	0.3	0.0	0.1	-0.1	Eurozone*
Germany	0.5	0.2	0.3	0.3	0.6	-0.2	0.5	0.3	1.1	0.6	0.5	0.5	0.1	0.7	0.9	0.2	-0.1	1.0	0.5	0.5	-0.3	0.0	-	Germany
France	0.4	0.5	0.1	0.5	0.4	0.2	0.5	0.4	0.0	0.5	0.3	0.2	0.3	0.8	0.4	0.7	0.1	0.2	0.4	0.1	-0.3	0.4	-	France
Spain	0.4	0.3	0.4	0.3	0.3	0.5	0.5	0.4	0.3	0.2	0.2	0.4	1.3	0.5	-0.1	-0.2	0.1	0.3	1.0	0.3	-0.1	0.1	-	Spain
UK	0.5	0.6	0.7	0.6	0.4	0.5	0.5	0.5	0.6	0.5	0.4	0.5	0.0	1.0	0.6	1.1	0.8	0.3	0.5	-0.1	0.4	0.1	-	UK
Turkey	6.7	3.9	4.3	3.9	3.7	3.1	4.2	4.1	3.3	2.7	1.7	1.0	7.4	2.2	2.2	2.6	4.1	4.2	10.4	10.0	5.8	3.2	1.9	Turkey
Argentina	4.1	4.8	5.7	6.1	5.7	5.6	6.7	6.6	5.3	5.8	5.1	4.8	6.2	8.1	6.5	7.7	8.3	7.1	5.8	13.6	13.3	9.1	-	Argentina
Colombia	1.1	1.0	0.8	0.9	0.9	0.8	0.9	1.0	0.9	1.0	0.8	0.8	1.3	1.3	1.0	0.8	0.6	0.6	0.6	0.6	0.5	0.6	0.7	Colombia
Mexico	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.8	0.7	0.7	0.6	0.5	0.7	0.6	0.5	0.4	0.3	0.2	0.4	0.2	0.4	0.4	0.5	Mexico
Peru	0.3	0.5	0.5	0.5	0.6	0.6	0.7	0.5	0.5	0.5	0.5	0.7	0.4	0.5	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.2	0.2	Peru
Brazil	0.7	0.9	0.9	0.7	0.6	0.9	0.3	0.6	0.5	0.5	0.4	0.5	0.6	0.8	0.5	0.8	0.5	0.3	0.0	0.5	0.3	0.1	0.5	Brazil
Chile	1.0	-0.1	1.0	1.1	0.9	1.0	0.9	0.9	0.3	0.1	0.9	0.1	1.0	0.4	1.2	0.5	0.2	0.2	0.2	-0.1	0.3	-0.2	0.8	Chile

* The Eurozone core inflation data shown in the table are seasonally adjusted using Haver Analytics.



Source: BBVA Research, Haver Analytics. We report here harmonised core inflation excluding food and energy. These measures may differ from local measures of core inflation for the EA and Spain: excludes unprocessed food and energy, France excludes government tariffs and volatile prices, Germany excludes energy prices.

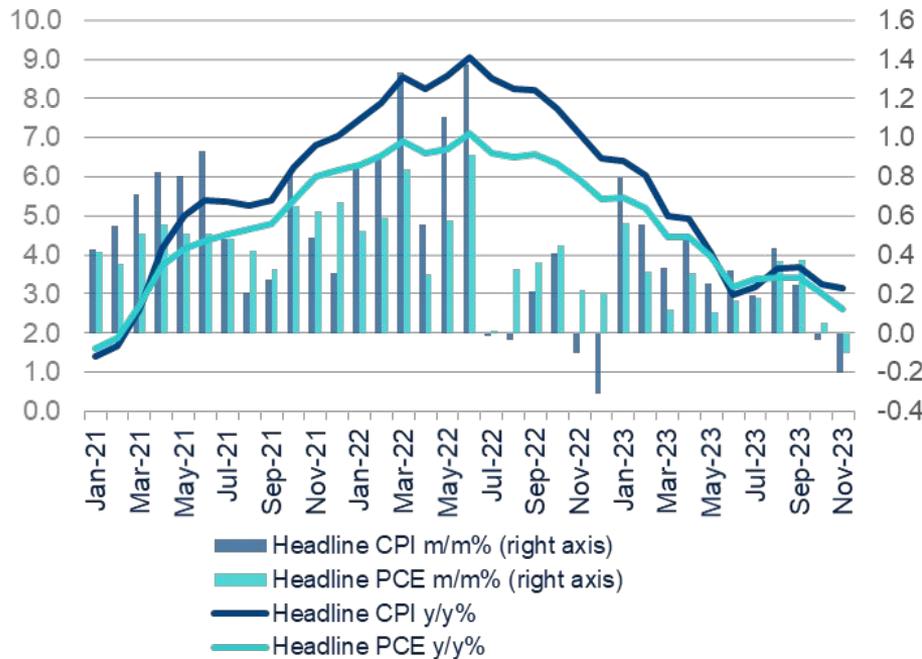
In the US, core inflation remains relatively high, while in EZ both headline and core inflation are moderating. In Latam, excluding Per, inflation rose slightly

INFLATION, M/M% (SA)

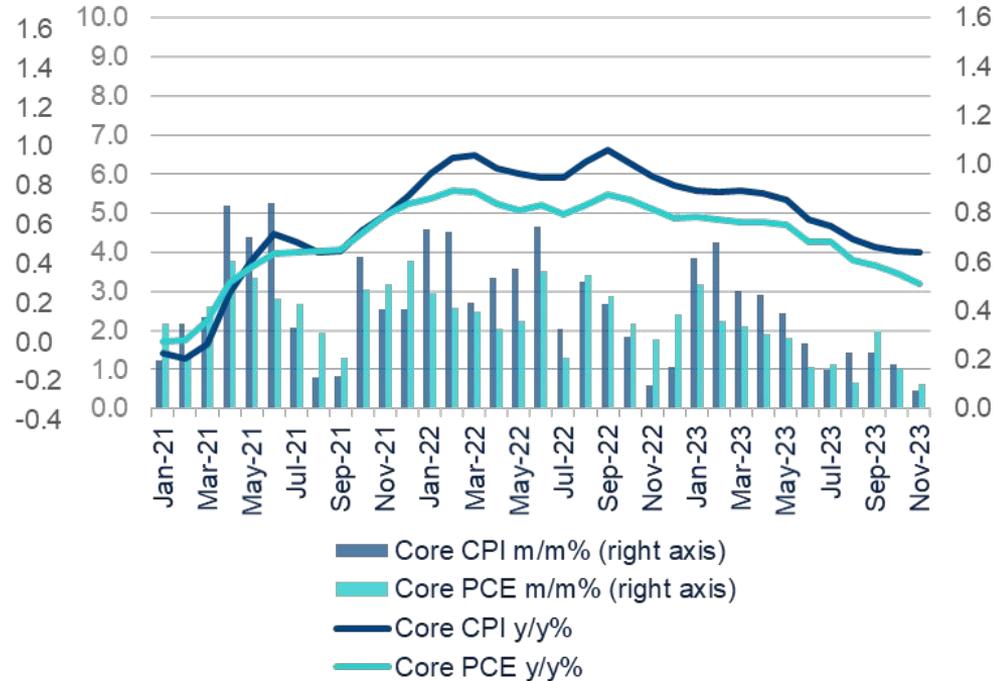


CPI and PCE in the US: Annual PCE moderated to 2.6% in November 2023 from 3.3% avg in the previous 4 months, while core PCE moderates to 3.2% from 3.3% avg in the previous 4 months

US INFLATION HEADLINE CPI AND PCE, Y/Y% AND M/M%



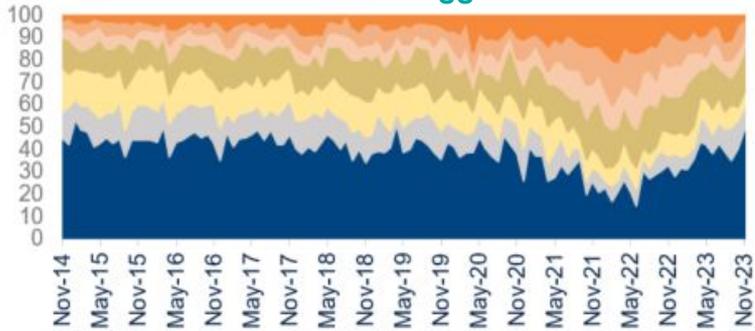
US INFLATION CORE AND PCE, Y/Y% AND M/M%



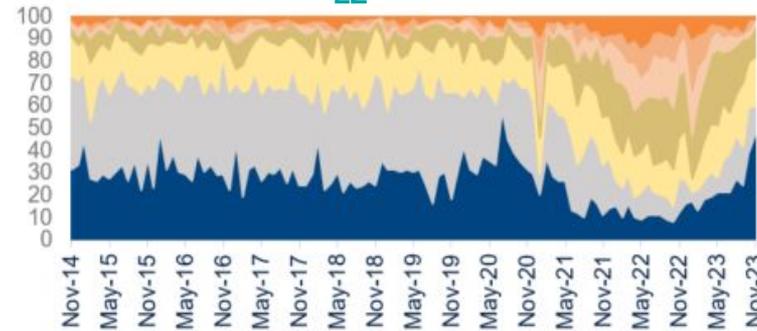
Synchronicity: Items with no increase or a decline inflation rose significantly; especially in Europe, where they represent more than 40% of the CPI basket

PERCENTAGE OF ITEMS WITHIN DIFFERENT INFLATIONARY BRACKETS

US



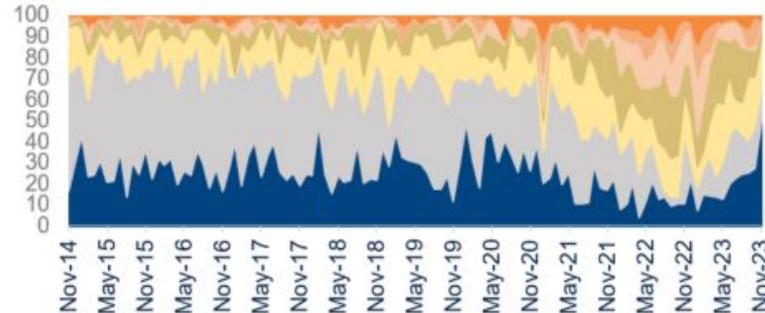
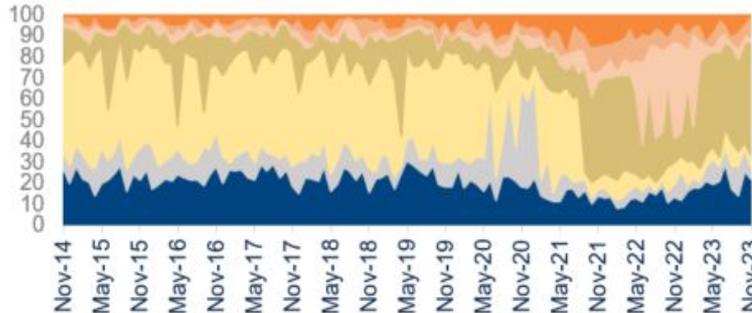
EZ



See Annex for details

% of two-digit items with an annualized monthly inflation:

WEIGHTED* PERCENTAGE OF ITEMS WITHIN DIFFERENT INFLATIONARY BRACKETS



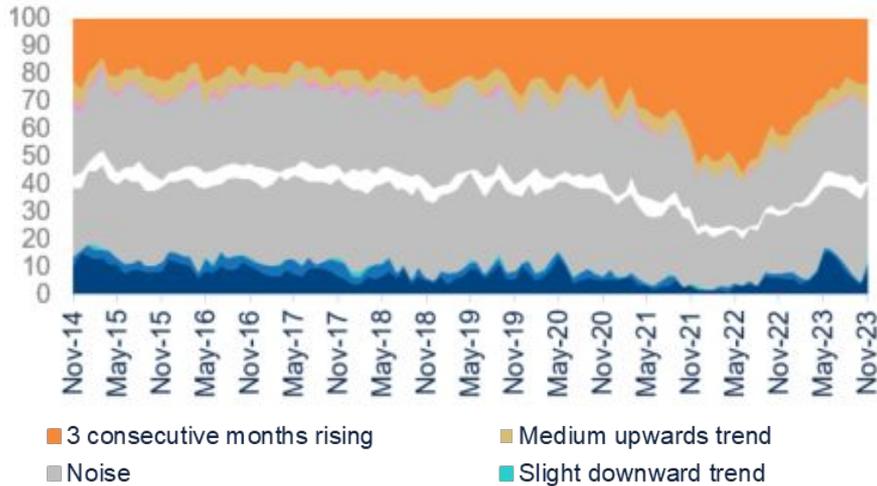
- (20 and more)
- (12 to 20)
- (8 to 12)
- (4 to 8)
- (2 to 4)
- (0 to 2)
- (Less than 0)

*weighted by each item's level of expenditure within the CPI basket.

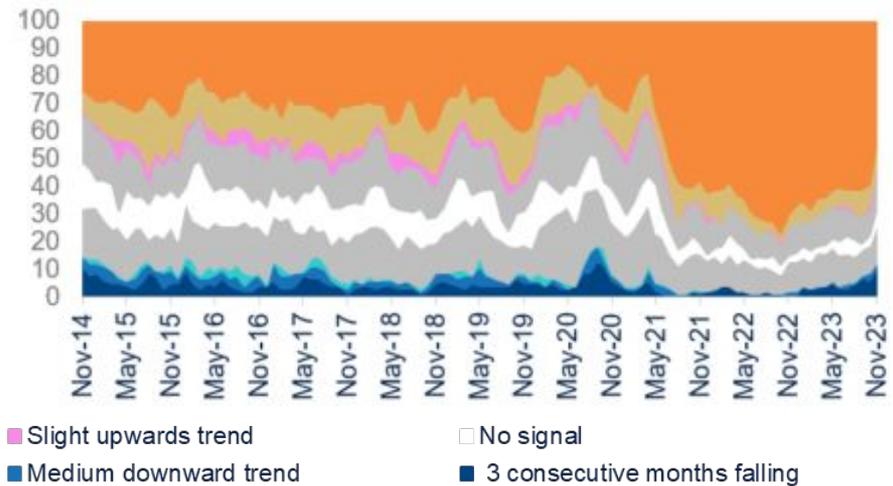
Source: BBVA Research based on Haver Analytics

The number of items with frequent price revisions has moderated in the US and the EZ but is still above pre-pandemic levels

PERCENTAGE OF ITEMS WITH FREQUENT ADJUSTMENTS US



EZ



Medium downward trend refers to 3 price reductions and no increases in the last three months.

Slight downward trend refers to 2 price reduction and no increases in the last three months:

Noise: refers to both price increases AND reductions in the last three months.

No signal: refers to no significant change in prices in the last three months

Slight upward trend refers to 2 price increase and no reduction in the last three months:

Medium upwards trend refers to 3 price increases and no reductions in the last three months.

% of items* with prices signaling; * items within the CPI basket (2 digits) and where.

Source: BBVA Research, Haver Analytics.

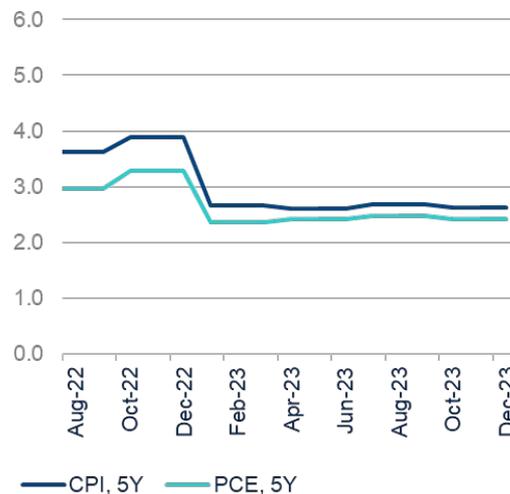
In all of the above, price changes of less than 0.05% annualized inflation are considered insignificant.

In the US, consumer inflation expectations inched up, especially in the short-term. Markets and analysts' edged down but remain above Fed's target

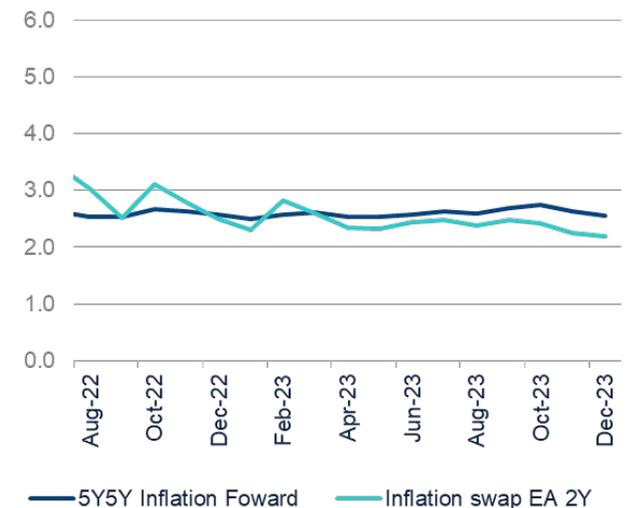
EXPECTATIONS: CONSUMERS SURVEY (NEXT YEAR, NEXT 5 YEARS)



EXPECTATIONS: PROFESSIONAL FORECASTERS (LONG-TERM*, %)



EXPECTATIONS: MARKET (5Y5Y FORWARD, 5Y SWAP)



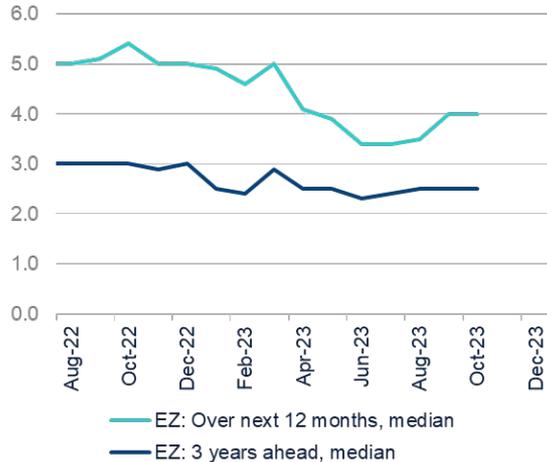
Source: BBVA Research, Haver Analytics.

*/ This refers to an average of 5 and 10-year ahead expected rate of inflation

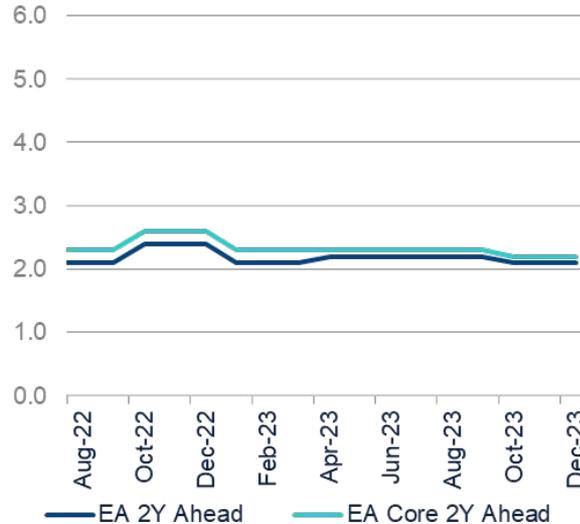
Source: Federal Reserve Bank of Philadelphia.

EZ consumer inflation expectations were steady above target, while analysts' and market's inched down approaching to ECB's 2%.

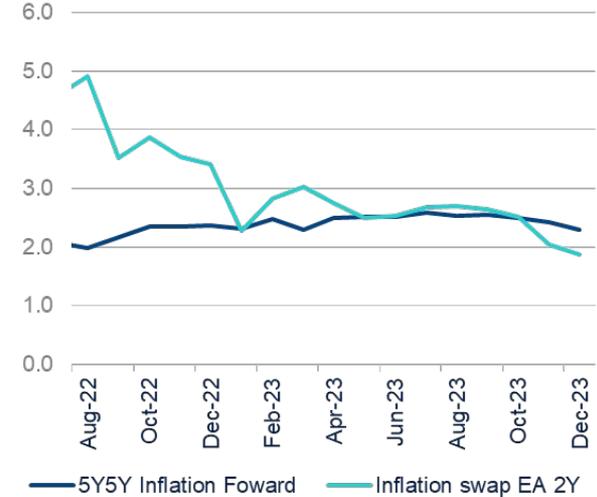
**EXPECTATIONS:
CONSUMERS SURVEY**
(NEXT YEAR, 3Y AHEAD)



**EXPECTATIONS:
PROFESSIONAL FORECASTERS**
(LONG-TERM*, %)



**EXPECTATIONS
MARKET**
(5Y5Y FORWARD, 5Y SWAP)



Source: BBVA Research, ECB, consumer survey

*/ Long-Term CPI Inflation refers to 2027 expected headline inflation

Source: ECB

Our supply bottlenecks indicator continued signalling absence of disruptions in the supply chain. The level reflects slack in manufacturing

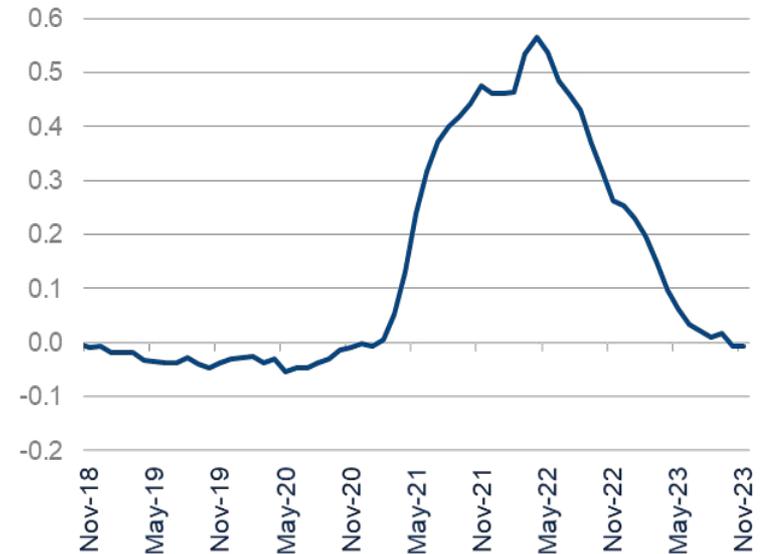
US SUPPLY BOTTLENECKS INDICATOR

(INDEX; LAST AVAILABLE DATA: NOVEMBER 2023)



EZ: SUPPLY BOTTLENECKS INDICATOR

(INDEX; LAST AVAILABLE DATA: NOVEMBER 2023)



Principal Component Analysis (PCA) has been the methodology followed in the construction of the supply bottlenecks indicator for United States and the Euro Area, whereby the first principal component has been considered as the corresponding supply bottlenecks indicator.

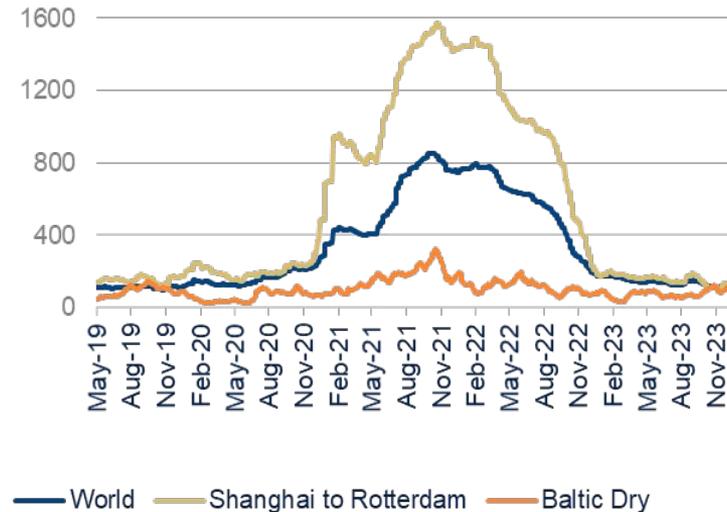
Variables included in the indicator: EA19: factors limiting production - Equipment (Percent Balance SA); EA19: Material shortage construction (Percent Balance SA);IFO: Germany: Material shortage in construction (Percent Balance SA);Ea 19: Retail Inventories (Percent Balance SA);Harper Shipping Index;Vessel Size in TEU - Rates in US\$.

Source: BBVA Research, Haver Analytics.

Container freights are at the long-term average. The Baltic Dry increased, driven by tight capacity. Freight capacity at the Red Sea is below expectations

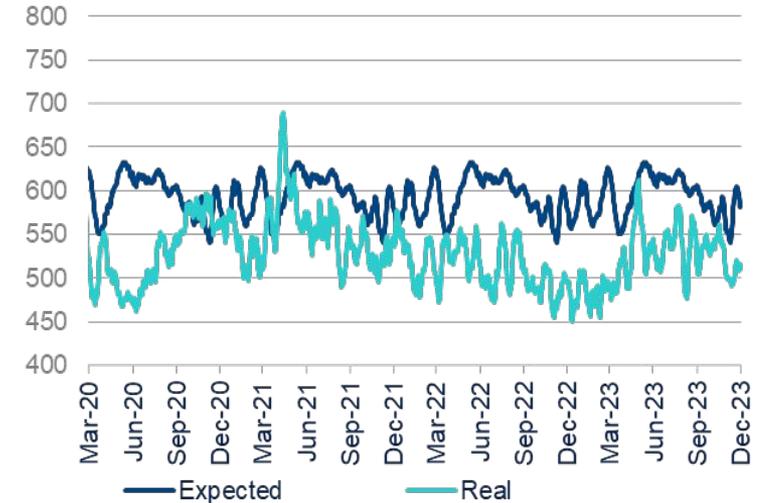
WORLD CONTAINER FREIGHT

(INDEX BASED JANUARY 2012; LAST AVAILABLE DATA: 12TH DECEMBER 2023)



FREIGHT CAPACITY AT RED SEA

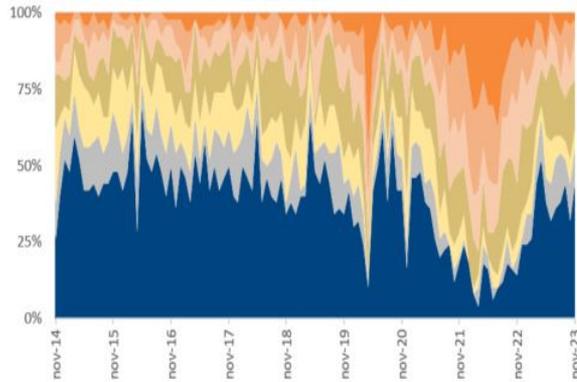
(THOUSAND TEU; LAST AVAILABLE DATA: 12TH DECEMBER 2023)



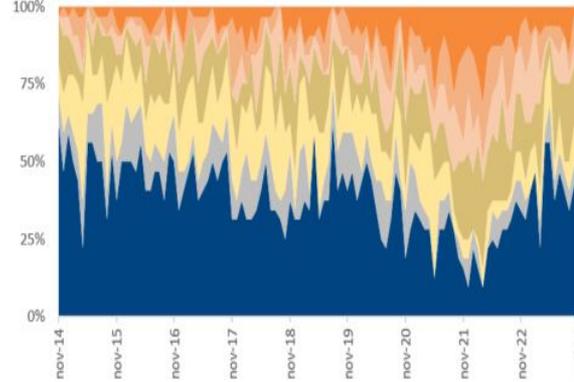
Annex

US: Some of the spending groups whose inflation has moderated more strongly are household services, transportation and communications, with an estimated weight of close to 70% of spending

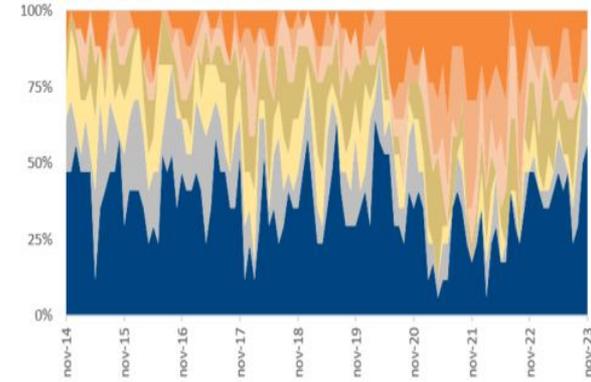
FOOD AND BEVERAGES



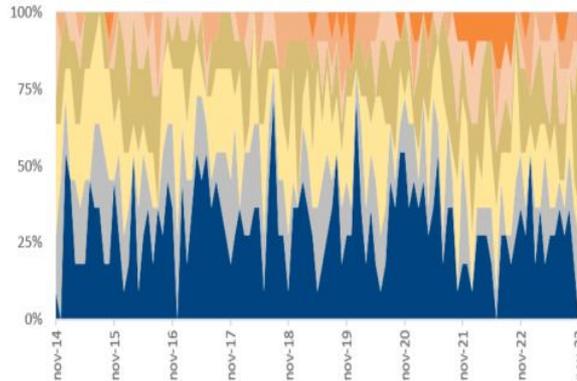
HOUSING



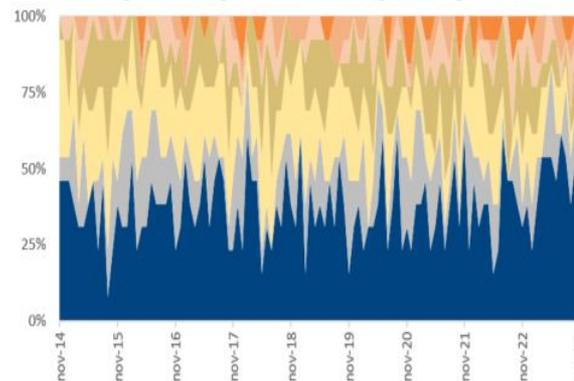
TRANSPORTATION



MEDICAL CARE



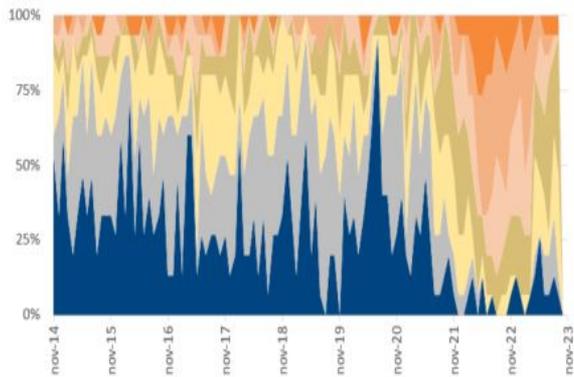
EDUCATION AND COMMUNICATION



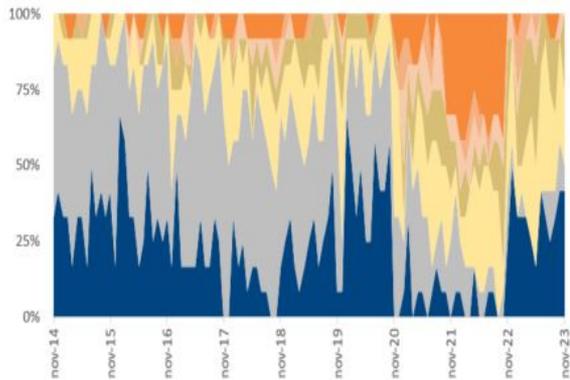
Expenditure group	Weight
(20 and more)	
Food & Beverages	14.3
Housing	44.8
Transportation	16.9
Medical care	7.8
Education and communication	5.6
(0 to 2)	
(Less than 0)	

EU: In Europe, the spending groups with the greatest moderation in inflation are housing, transportation and furniture services, which represent close to 62% of spending

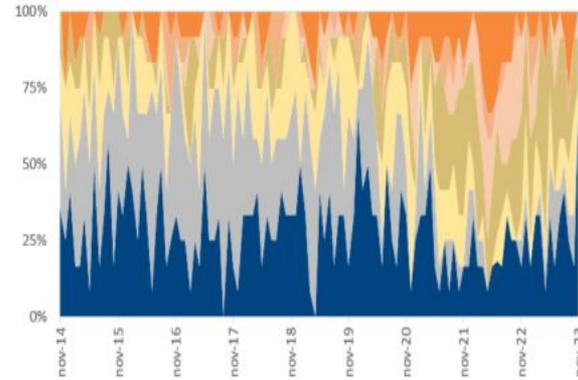
FOOD AND BEVERAGES



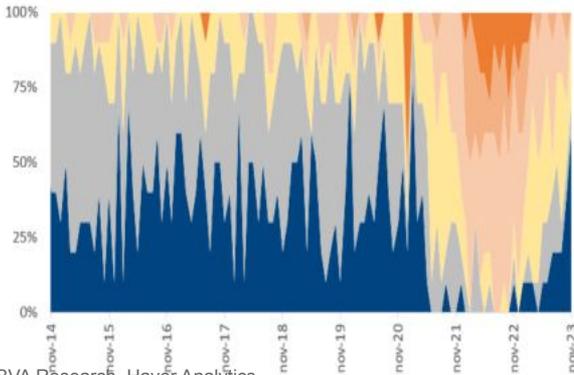
HOUSING



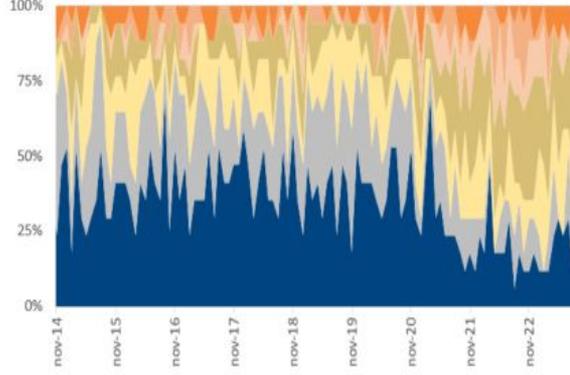
TRANSPORTATION



FURNISHING AND MAINTENANCE



RECREATION AND CULTURE



- (20 and more)
- (12 to 20)
- (8 to 12)
- (4 to 8)
- (2 to 4)
- (0 to 2)
- (Less than 0)

Expenditure group	Weight
Food & Beverages	16.1
Housing	15.2
Transportation	15.0
Furnishing & maintenance	6.8
Recreation & culture	8.9

Disclaimer

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA on its website www.bbva-research.com.