

Global Weekly Flash

Madrid, 5 April 2013
Economic Analysis

Financial Scenarios

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Central Banks, activism at different paces

- The Bank of Japan exceeded expectations by announcing a shift in its monetary policy paradigm and a huge expansion of its balance sheet**
 - In a sharp departure with the caution of his predecessor, the BoJ announced plans to double the monetary base over the next two years by doubling its monthly asset purchases, which will now include longer maturity bonds and an increase in the purchase of risky assets. The new policy aims to achieve the 2% inflation target over the coming two years, and passes the ball back to the government to implement fiscal stimulus and structural reforms. Financial markets have cheered the BOJ's move, while some observers have voiced scepticism, ranging from whether the inflation target can be achieved, to worries over the risks of destabilizing currency and bond markets and the implications of an eventual unwinding of the massive monetary stimulus. We are inclined to give the BOJ the benefit of the doubt, and we will also watch for the impact on regional economies given the new tail winds generated by the BOJ policy to cross-border capital flows.
- The ECB and the BoE remained on hold, as expected**
 - The ECB left interest rates unchanged at 0.75%, as widely expected, while it seems more worried about the economic outlook. In particular, Mr. Draghi emphasized that the weakness is spreading to countries where fragmentation is not an issue (meaning mostly France). In this sense, Mr. Draghi signalled that other measures would be implemented if situation worsens, the "ECB is ready to act." At yesterday's meeting the ECB opened further the door to a rate cut. Yet, it seems that such a move would require a further worsening in the outlook, which is not our projection (we expect 1Q13 GDP growth to improve with respect 4Q12 figures). Thus, we still feel comfortable with our forecast for rates to remain steady, through incoming data for 2Q13 remain key. Regarding Cyprus, the ECB president took the opportunity to highlight that "Cyprus is no template neither a turning point in the euro policy." For the ECB the entry into force of the Single Supervisor Mechanism is absolutely essential for reducing fragmentation. The Bank of England kept their stimulus program on hold, the target for asset purchases at pound 375bn.
- The IMF will finally joint Cyprus's bail out after reaching a preliminary agreement with Cyprus authorities on an economic programme**
 - The Cyprus economic programme is expected to be review by the Eurogroup at the end of the month. The IMF contribution would be through 3-year EUR 1bn, as part of the financing package of EUR10bn. The Cyprus's programme includes measures to restore the health of the financial system (through addressing upfront the two largest banks, including bail in depositors over EUR 100.000 bn), and end up with fiscal imbalance. This measures aim at bringing the primary balance to 4 percent of GDP surplus by 2018 (two years later than initially forecasted). On the other hand, this week the Central Bank of Cyprus released the resolution measures for the Bank of Cyprus. According to the resolution procedure 37,5% deposits over EUR 100.000 (net from loans and credit facilities) will be automatically converted into Class A' shares of the Bank of Cyprus, 10% will be unfrozen, 22,5% will be temporarily 'frozen', and possibly part or the whole of it will be converted into Class A' shares of the Bank of Cyprus; the remaining 30% is temporarily 'frozen' for liquidity purposes, but this deposit will deliver an interest of 10pb above current levels. Besides, the Laiki Bank was liquidated and its secure deposits were transferred to the Bank of Cyprus. Additionally capital control remains in place in Cyprus.

- **This week financial markets reacted sharply after strong easing measure in Japan, dovish comment from ECB and weaker data in the US**
 - The Japanese Yen plummeted by 2% against the dollar in the week, accumulating 11% fall year-to-date. The announcement of easing measures also prompted a fresh rise in Japanese equity market. Meanwhile, the Eurozone core countries long-term yields dived, and their yield curve flattened, after the ECB president signaled that economic weakness were spreading to core countries. In the week, 10Y yields shank by 28pbs in France, 16bp in Netherland, 15bp in Finland and 8pb in Germany to a 1.20%. Peripheral yields also fell sharply in both short-term and long-term references, even the Spanish government debt attracted investors demand. The Spanish Tesoro sold EUR4.3bn in a successful 3Y, 5Y and 8Y bond auctions, topping its initial issuance target (EUR 3-4bn). Total demand was at normal levels, while bid-to-cover ratios improved in long-term bond references, and average yields were below those in the secondary market before the auction. On the other hand, the impact on European equity market was more limited. Additionally, European banks CDS reversed recent upward trend but remain well above pre-Cyprus levels. In the US yield curve also flattened sharply as several economic and labor report disappointed ahead of today's payrolls publication. The 10Y yield slid by 16pbs to 1.69, a 4-month low. Industrial metal and oil commodities prices also fell, reflecting the deterioration of the global economic environment.
- **The US economy delivered weak figures in manufacturing, services and labor market**
 - The ISM manufacturing and non-manufacturing unexpectedly expanded less than forecasted, we do not expect the ISM manufacturing index to continue its decline much further as the underlying growth in the sector remains relatively strong despite some headwinds from spending cuts. Regarding the labor market, payrolls were short of expectation in March, while the ADP employment report also showed a lower-than expected increase in private employment, and jobless claims rose more than projected last week.
- **This week's Euro area macro indicators do not change the gloomy picture**
 - As expected the eurozone jobless rate hit a record 12% in February. Meanwhile, the euro area Manufacturing PMI declined to 46.8 last month from 47.9 in February, slightly above initial estimate of 46.6 on March 21, and final euro area March PMI composite, remained at 46.5, in line with the initial estimate. Note that for Germany, Service PMI decreased to 50.9, from 5.6 previously forecasted.
- **In Asia, China PMI readings pointed to improving, albeit modest, while Japanese business confident showed a slightly increased**
 - China's official NBS PMI in March rose slightly to 50.9, the outturn was the 6th consecutive month above the critical 50-expansion level and, encouragingly, all sub-components rose except for the input price and raw material inventory indicators. In addition, the private sector HSBC/Markit PMI, covering smaller and exported oriented manufacturers, also rose, In Japan, Tankan index improved to -8 in March from -12, below expectations.

- **In Latam, industrial production in Brazil surprised to the downside in February**

- Anyway, it is still consistent with our forecast GDP growth of 1.0% QoQ in 1Q13e. Meanwhile, the Brazilian government continues to stimulate the economy (and thus moderate inflation) by reducing taxes on loans and postponing planned tax hikes on autos, a pattern that we expect to continue going forward. Regarding central banks, in Brazil, the inflation report revealed that the BCB now sees higher inflation ahead, which in our view does not imply that the SELIC will be adjusted up, while in Peru the central bank raised reserve requirements once again in order to soften the impact of capital inflows on both credit growth and local currency appreciation. Minutes from the March meeting of the Chilean central bank revealed a still-neutral stance which supports our view of stable rates in the medium term.

Next week: the U.S Federal reserve will unveil the minutes from March 19-20 meeting. On the macroeconomic, retail sales for March and U.M Consumer confidence will be also released. Europe next Friday will take place an informal eurogroup meeting. Regarding economic indicators, the industrial production and inflation figures will be known. Italy will issue Treasury bills and bonds.

Weekly Indicators

Week April, 1 - April, 5

| CC | Indicator | Period | Cons. E | Prior | Obs. * |
|---------------|-----------------------------------|--------|---------|--------|----------|
| United States | Factory orders | Feb | 2.50% | -2.00% | ↑ 3.00% |
| | ISM Manufacturing | Mar | 54 | 54 | ↓ 51 |
| | Change in Payrolls (th) | Mar | 203.00 | 246.00 | ↓ 88.00 |
| | Unemployment rate | Mar | 7.7% | 7.7% | ↑ 7.60% |
| | ISM Non manufacturing | Mar | 56 | 56 | ↓ 54 |
| | ADP Employment (th) | Mar | 198 | 198 | ↑ 158.00 |
| | Trade balance (US \$ bn) | Feb | -44.60 | -44.40 | ↑ -43.0 |
| Euro zone | PMI Manufacturing | Mar F | 48.2 | 46.6 | ↓ 46.8 |
| | Unemployment Rate | Feb | 12% | 12% | → 12.0% |
| | CPI Estimate (YoY) | Mar | 1.6% | 1.8% | ↑ 1.7% |
| | PMI Services | Mar F | 48.20 | 46.50 | ↓ 46.40 |
| | PMI Composite | Mar F | 48.20 | 46.50 | ↓ 46.50 |
| | PPI (MoM) | Feb | 0.2% | 0.4% | → 0.2% |
| | Retail Sales (MoM) | Feb | -0.4% | 1.2% | ↑ -0.3% |
| Germany | Factory Orders MoM (sa) | Feb | 1.1% | -2.5% | ↑ 2.3% |
| | Consumer Price Index (MoM) | Mar P | 0.4% | 0.6% | ↑ 0.5% |
| | CPI - EU Harmonised (MoM) | Mar P | 0.3% | 0.8% | ↑ 0.4% |
| | PMI Services | Mar F | 55.00 | 51.60 | ↓ 50.90 |
| Spain | Unemployment net (MoM th) | Mar | 30.00 | 59 | ↑ -5.00 |
| China | PMI Non manufacturing | Mar | | 51.20 | |
| | PMI Manufacturing | Mar | 51.20 | 50.10 | ↓ 50.90 |
| Japan | Tankan manufacturing index | 1Q13 | -7.00 | -12.00 | ↓ -8.00 |
| | Tankan Non manufacturing index | 1Q13 | 8.00 | 4.00 | ↓ 6.00 |
| Mexico | Consumer confidence | Mar | 97.70 | 95.50 | ↓ 95.40 |
| Brazil | Trade Balance (US \$ million) | Mar | 100 | -1,276 | ↑ 164 |
| | Industrial production (MoM sa) | Feb | -2.00% | 2.5% | ↓ -2.5% |
| Chile | Economic activity index (YoY nsa) | Feb | 4.8% | 6.7% | ↓ 3.8% |

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

Calendar: Indicators

Eurozone: Industrial production (February, April 12th)

| | | |
|-----------------------------|-----------------------------|-----------------------------|
| Forecast: +0.1 % m/m | Consensus: +0.2% m/m | Previous: -0.4 % m/m |
|-----------------------------|-----------------------------|-----------------------------|

We expect industrial output to improve only slightly, remaining almost unchanged from January; while declining further compared with February 2012. These figures suggest that industrial production in the first quarter up to February 2013 would have remained broadly stable over the 4Q12 average level. As hard data usually follow soft indicators and confidence surveys point to a slight intensification in the Eurozone recession, it could be advanced a similar downbeat outlook for the industrial sector in coming months.

Germany: Exports (February, April 9th)

| | | |
|----------------------------|-----------------------------|----------------------------|
| Forecast: -0.4% m/m | Consensus: -0.3% m/m | Previous: +1.4% m/m |
|----------------------------|-----------------------------|----------------------------|

We expect German exports have stepped back after the January rebound that followed a two-months drop. Imports may have declined further, thus the trade balance would improve up to around 15.4billion. The outstanding increase in exports in January and the expected decline in February send mixed signals on the outcome of exports in the first quarter, though overall confidence data point to a weaker performance of the external sector, as foreign demand seems to be weakening.

US: Retail Sales, Ex Autos & Gas (March, April 12th)

| | | |
|---------------------------------|----------------------------------|---------------------------------|
| Forecast: 0.5%, 0.1% m/m | Consensus: 0.0%, 0.3% m/m | Previous: 1.1%, 0.4% m/m |
|---------------------------------|----------------------------------|---------------------------------|

Retail sales for March are expected to grow for the fifth consecutive month as gas prices remain elevated and the consumer continues to spend despite the lagged effect of the payroll tax increase. At the headline level, energy prices are clearly leading nominal gains in retail sales, with spending at the pump most likely up even given March's adverse weather conditions. Auto sales for March were relatively unchanged compared to February, which could dampen the headline figure. The ISCS Goldman Sachs U.S. retail sales index shows growth over February's figures as does the Johnson Redbook Same Store sales survey. The fact that spring weather has not yet appeared throughout most of the U.S. could put downward pressure on core retail sales given that the change in seasons is usually a strong catalyst for shopping in both apparel and home décor purchases.

US: Consumer Sentiment-Preliminary (April 12th)

| | | |
|-----------------------|------------------------|-----------------------|
| Forecast: 79.0 | Consensus: 78.3 | Previous: 78.6 |
|-----------------------|------------------------|-----------------------|

The preliminary read for consumer sentiment is expected to be higher in April as European fears retreat and little noise from Washington at the end of March means consumers can focus elsewhere. The impacts on consumer expectations due to the fiscal cliff and payroll tax increase have withered but stubbornly high gas prices are still putting unwanted pressure on the average consumer. However, as evidenced by the reasonable rise in retail sales for February, spending does not seem to be muted and the pervasive buzz of economic recovery still seems to be fervent. Both construction and manufacturing are gaining momentum as global demand rises and the housing market continues to add confidence in regards to the consumer wealth. The labor market also seems to be gaining traction as recent declines in the unemployment rate have been substantiated by a lack of movement in the participation rate, providing some reassurance that job availability and security are improving.

China: exports (March, April 10th)

| | | |
|----------------------------|-----------------------------|----------------------------|
| Forecast: 14.0% y/y | Consensus: 10.0% y/y | Previous: 21.8% y/y |
|----------------------------|-----------------------------|----------------------------|

We expect export growth to decline from last month's unexpectedly high outturn, but to stay strong at about 14% y/y. Export growth for the first two months of the year averaged 23.5% y/y, contributing to an improving trend since last September as demand picked up from the US, other Asian economies (especially ASEAN) and, to a lesser extent, the EU. The strong figures have led many analysts to question the reliability of the data due to a combination of Lunar New Year distortions, volatility in the monthly data, and the presence of over-invoicing (to circumvent capital inflow restrictions). Nevertheless, an overall improvement in export trends appears robust, as seen in recent PMI outturns, including for March which showed an increase in the new export order component (50.9, up from 47.3 in February). A strong export outturn for March would boost confidence in Q1 GDP growth (to be released on April 15), which has been undermined by weaker-than-expected domestic demand indicators for January/February. In that regard, March inflation (April 9) and credit data due out during the week will also be closely watched.

Markets Data

| | | | Close | Weekly change | Monthly change | Annual change |
|------------------------------------|----------------|-------------------------|---------|---------------|----------------|---------------|
| Interest rates (changes in bps) | US | 3-month Libor rate | 0.28 | 0 | 0 | -19 |
| | | 2-yr yield | 0.22 | -2 | -2 | -9 |
| | | 10-yr yield | 1.69 | -16 | -25 | -37 |
| | EMU | 3-month Euribor rate | 0.21 | 0 | 1 | -56 |
| | | 2-yr yield | 0.01 | 4 | -3 | -13 |
| | | 10-yr yield | 1.21 | -8 | -25 | -52 |
| Exchange rates (changes in %) | Europe | Dollar-Euro | 1.303 | 1.6 | 0.5 | -0.5 |
| | | Pound-Euro | 0.85 | 0.7 | -1.6 | 3.0 |
| | | Swiss Franc-Euro | 1.21 | -0.2 | -1.2 | 1.2 |
| | | Argentina (peso-dollar) | 5.14 | 0.3 | 1.5 | 17.1 |
| | America | Brazil (real-dollar) | 1.99 | -1.5 | 1.1 | 9.3 |
| | | Colombia (peso-dollar) | 1826 | 0.1 | 1.0 | 3.0 |
| | | Chile (peso-dollar) | 469 | -0.7 | -0.9 | -3.1 |
| | | Mexico (peso-dollar) | 12.23 | -0.8 | -4.3 | -5.8 |
| | | Peru (Nuevo sol-dollar) | 2.58 | -0.2 | -0.9 | -2.8 |
| | Asia | Japan (Yen-Dollar) | 97.13 | 3.1 | 3.3 | 19.0 |
| | | Korea (KRW-Dollar) | 1131.69 | 1.8 | 4.5 | 0.0 |
| | | Australia (AUD-Dollar) | 1.038 | -0.4 | 1.4 | 0.7 |
| Comm. (chg %) | | Brent oil (\$/b) | 104.9 | -4.7 | -5.6 | -15.0 |
| | | Gold (\$/ounce) | 1568.0 | -1.9 | -1.0 | -4.2 |
| | | Base metals | 536.9 | -0.4 | 0.5 | -0.1 |
| Stock markets (changes in %) | Euro | Ibex 35 | 7798 | -1.5 | -6.7 | 1.8 |
| | | EuroStoxx 50 | 2585 | -1.5 | -3.5 | 8.1 |
| | America | USA (S&P 500) | 1545 | -1.5 | 0.3 | 10.5 |
| | | Argentina (Merval) | 3306 | -2.2 | 2.2 | 29.3 |
| | | Brazil (Bovespa) | 54462 | -3.4 | -6.0 | -14.5 |
| | | Colombia (IGBC) | 13678 | -3.2 | -5.9 | -8.5 |
| | | Chile (IGPA) | 21082 | -2.8 | -4.6 | -4.7 |
| | | Mexico (CPI) | 43031 | -2.4 | -2.6 | 9.2 |
| | | Peru (General Lima) | 19604 | -1.3 | -4.7 | -17.0 |
| | | Venezuela (IBC) | 633888 | 2.3 | 2.5 | 216.4 |
| | Asia | Nikkei225 | 12834 | 3.5 | 7.6 | 32.5 |
| | | HSI | 21727 | -2.6 | -4.6 | 5.5 |
| Credit (changes in bps) | Ind. | Itraxx Main | 121 | -5 | 9 | -12 |
| | | Itraxx Xover | 480 | -6 | 51 | -156 |
| | Sovereign risk | CDS Germany | 37 | 0 | -2 | -37 |
| | | CDS Portugal | 396 | -7 | 13 | -708 |
| | | CDS Spain | 285 | -17 | 20 | -178 |
| | | CDS USA | 38 | 0 | -3 | --- |
| | | CDS Emerging | 259 | -7 | 19 | 3 |
| | | CDS Argentina | 3067 | -687 | 366 | 2174 |
| | | CDS Brazil | 134 | -4 | 8 | 6 |
| | | CDS Colombia | 99 | 0 | 3 | -17 |
| | | CDS Chile | 65 | -1 | -2 | -32 |
| | | CDS Mexico | 96 | -1 | -2 | -26 |
| | | CDS Peru | 99 | 1 | 4 | -29 |

Source: Bloomberg and Datastream

Weekly Publications

| Country | Date | Description |
|---------|------------|---|
| Global | 04/03/2013 | ➤ Presentación del Libro del Banco Mundial "Matching Contributions for Pensions: A Review of International Experience" Los Sistemas Contributivos y "Matching Contributions": Una Revisión de Experiencias Internacionales. |
| | 04/05/2013 | ➤ ECB Watch: ECB stands ready to act within its mandate At today's meeting, the ECB left interest rates unchanged at 0.75%, as widely expected, and also signaled that other measures would be implemented if the situation worsens. |
| EMU | | |
| Spain | 04/02/2013 | ➤ Flash España: Afiliación a la Seguridad Social y desempleo registrado en marzo Por tercer mes consecutivo, se observa un deterioro del empleo menor del que apuntaban las previsiones, acompañado por una ligera reducción del desempleo registrado. |
| | 04/02/2013 | ➤ Flash España: Cuentas no financieras de los sectores institucionales 4T12 Por primera vez en quince años, las necesidades de financiación de la economía española con el resto del mundo se habrían situado prácticamente en equilibrio. |
| | 04/02/2013 | ➤ Situació i perspectives de l'economia mundial i de Catalunya Economia mundial: millora la percepció de l'escenari. Catalunya: corregint desequilibris, diagnòstic i solucions. |
| | 04/01/2013 | ➤ Financial Systems Flash: Deposits and promissory notes held by households and businesses were up €2 billion in February Deposits held by households and businesses resident in Spain were up €7bn in February, while promissory notes were down €5bn. (Spanish version) |
| | 04/01/2013 | ➤ Flash España: Matriculaciones de turismos de marzo: crecimiento favorecido por la demanda de particulares a pesar de la Semana Santa Cuando se corrigen los datos brutos de la estacionalidad propia del mes, las estimaciones de BBVA Research indican que el número de turismos matriculados en marzo creció el 0,8% m/m. |
| | 04/02/2013 | ➤ Flash España: Afiliación a la Seguridad Social y desempleo registrado en marzo Por tercer mes consecutivo, se observa un deterioro del empleo menor del que apuntaban las previsiones, acompañado por una ligera reducción del desempleo registrado. |
| | 04/02/2013 | ➤ U.S. Monthly Outlook Slides April 2013 |
| US | 04/01/2013 | ➤ U.S. Economic Watch. Monthly US Outlook: April Better-than-Expected Data, but is it Sustainable? (Spanish version) |
| | 04/01/2013 | ➤ U.S. Economic Watch. State Activity Indexes, January 2013 In January, state activity increased in 34 states, decreased in one state -Alaska- and remained constant in remaining 15 states. (Spanish version) |
| | 04/01/2013 | ➤ U.S. Flash. Manufacturing Activity Slows Despite Employment and Export Growth The ISM Manufacturing Index fell to 51.3, an unexpected decline from February. |
| | 04/01/2013 | ➤ U.S. Weekly Flash. Final GDP revision for 4Q12 suggests only marginally better growth In line with our estimate for 4Q12 real GDP growth, the BEA's final estimate showed an upward revision to 0.4% on a QoQ seasonally-adjusted annualized basis (SAAR). (Spanish version) |
| | 04/02/2013 | ➤ U.S. Monthly Outlook Slides April 2013 |
| | 04/02/2013 | ➤ U.S. Monthly Outlook Slides April 2013 |

Latam

- 04/05/2013 ➤ **Latam Daily Flash: Peru and Mexico: decline in consumer confidence and positive signs regarding investment growth**
- 04/04/2013 ➤ **Latam Daily Flash: New economic plan to be announced in Colombia, where external debt declined less than expected**
- 04/03/2013 ➤ **Latam Daily Flash: IP surprises negatively in Brazil; Chilean Central Bank revises upwards its GDP growth projections**
- 04/02/2013 ➤ **Latam Daily Flash: Chilean Central Bank maintains its neutral stance; Inflation surprises to the upside in Peru**
- 04/01/2013 ➤ **Latam Daily Flash: BCB raises inflation forecasts; Peru increases reserve requirements; Slight growth moderation in Chile**

Argentina

- 04/04/2013 ➤ **Short-Run Forecasting of Argentine GDP Growth**
In this paper, we propose a small-scale dynamic factor model for monitoring Argentine GDP in real time using economic data at mixed frequencies (monthly and quarterly).

Chile

- 04/02/2013 ➤ **Banco Central aumenta rango de crecimiento 2013 y fija sesgo al alza**
El BC corrigió al alza rango esperado de crecimiento en 0,25pp a 4,5-5,5% para 2013. Por su parte, espera una inflación de 2,8% a/a a diciembre, levemente por debajo de la proyección anterior.
- 04/01/2013 ➤ **Banco Central mantuvo postura neutral en reunión de marzo**
La minuta de la reunión de política monetaria de marzo mostró pocos cambios respecto del diagnóstico de la reunión previa y apoya postura neutral del Banco Central.

Colombia

- 04/03/2013 ➤ **Evento Cúcuta**
Colombia acelerará su crecimiento en los dos próximos años.

Peru

- 04/01/2013 ➤ **Inflación por encima de lo esperado en marzo**
Los precios al consumidor aumentaron 0,9% (m/m) en marzo, debido al alza estacional de los servicios de enseñanza, así como a factores de oferta que impulsaron el precio de los alimentos.
- 04/01/2013 ➤ **¿Qué lugar ocupan las infraestructuras en el portafolio de los fondos de pensiones?**
Mucho se ha hablado sobre la importancia que tiene para el país el invertir en proyectos de infraestructura para hacer sostenible nuestro crecimiento.

Mexico

- 04/04/2013 ➤ **Flash Bancario México. Crédito al sector privado: persiste crecimiento de dos dígitos**
En febrero de 2013 el crecimiento nominal anual del crédito total otorgado por la banca comercial al sector privado fue 12.6%.
- 04/04/2013 ➤ **Flash Inmobiliario México. La mano que mece la cuna en el mercado hipotecario**
Cuando se habla del sector hipotecario y de la vivienda en México se piensa sobre todo en la actividad realizada por los institutos de vivienda, Infonavit y Fovissste.
- 04/04/2013 ➤ **Mexico Economic Watch. Consumer inflation expectations: determinants and threshold levels**
Consumer inflation expectations are largely optimistic.
(Spanish version)
- 04/01/2013 ➤ **Mexico Migration Flash. Remittance to Mexico recorded eight consecutive-months with declines**
In February remittances declined 11.1% in dollar terms, recording eight consecutive months with falls.
(Spanish version)

Asia

- 04/02/2013 ➤ **Annual 2012 bank financial results show healthy profit, but with challenges ahead**
Profit growth remained strong on stable net interest margins. However, asset quality deteriorated. The outlook is for declining profits in the years ahead.
- 04/02/2013 ➤ **Asia Daily Flash**
Investors returning from the Easter holiday had a large set of data to digest, including a number of PMI releases that, for the most part, revealed encouraging, albeit mixed, output trends across Asia.

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