

# Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit  
Madrid, 7 March 2014

## Next week

On March 10 the Eurogroup will discuss the final rules for the direct recapitalization of banks by the ESM. In the evening the Ministers will also seek to reach agreement on the contents of the Intergovernmental Agreement for the Single Resolution Fund. The day after (11 March) the ECOFIN is expected to revise the Presidency's mandate to finalize negotiations with the Parliament on the Single Resolution Mechanism Regulation. Economic releases in the eurozone will include January's Industrial production. Additionally, the ECB will publish its monthly report. In the US, the Fed will release the preliminary figures of U. Michigan confidence for March and February's retail sales. China will publish February's CPI, money supply, industrial production, and new yuan loans.

## Calendar: Indicators

### Eurozone: Industrial production (January, March 12<sup>th</sup>)

Forecast: +0.5% MoM	Consensus: +0.5% MoM	Previous: -0.7% MoM
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Industrial production is expected to have rebounded in January (up to 0.5% MoM) after the decline of late 2013 (-0.7% MoM). This would put the index 0.6% higher than the average of industrial production in 4Q12, consistent with our baseline scenario of continuing but slow recovery in early 2014. It also goes in line with the manufacturing PMIs which showed in January the strongest rate of expansion since May 2011, underpinned by a solid expansion in production, new orders and new export orders.

### Germany: Exports (January, March 11<sup>th</sup>)

Forecast: +2.2% MoM	Consensus: 1% MoM	Previous: 1% MoM
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We expect German exports to have risen in January (+2.2% MoM) after the December fall (-1% m/m) that followed a four-month increase. In the first quarter of 2014 we should continue to see resilient external demand but not as strong as in late 2013. Soft data related to new export orders suggest that a rebound could happen in January, which is consistent with our baseline scenario of economic growth supported not only by robust domestic demand but also by a strong foreign demand.

### US: JOLTS (January, March 11<sup>th</sup>)

Forecast: 4020K	Consensus: --	Previous: 3990K
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Job openings are expected to increase only slightly in January as the winter months experience subdued growth compared to earlier months. Recent JOLTS reports have shown a growing discrepancy between hiring and job availability, suggesting that the economy is facing structural unemployment concerns, as businesses are struggling to find qualified individuals to fill their positions. Despite the fact that companies are not always able to find well-matched employees, the fact that job openings continue to increase is still encouraging for the labor market, as this reflects that companies are at least confident enough to add employees onto their payroll. Still, hiring, is much improved from one year ago, and the labor market is expected to steadily improve in 2014. Employment reports over the last couple of months have been underwhelming, and thus we expect January's JOLTS data to show only a modest increase in both job openings and hiring.

### US: Retail Sales, Ex Auto (February, March 13<sup>th</sup>)

Forecast: -0.1%, 0.0%	Consensus: 0.2%, 0.2%	Previous: -0.4%, 0.0%
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Retail sales are not expected to show much improvement in February as persistently cold weather and other temporary factors discourage big spending among consumers. January's 0.4% MoM decline in retail sales was the largest since June 2012, and although the sharp decline sparked fear that consumer spending was slowing down, the cause of the decline was likely just a pull-back after a surge during the latter months of 2013. Although not as bright as the 4-5% YoY increases seen during the summer, rates still held above 2.5% for January despite the decline, and we see this as a cyclical bump in the road rather than a foreshadowing trend. Overall, weekly retail sales surveys indicate there was insignificant change from January's sales figures, leading us to believe the overall retail sales figure will follow suit. Auto sales have been trending downward over the last couple of months, as multiple companies have reported slowdowns and less-than-anticipated sales. Thus, we expect autos to drag down on the overall retail sales figure, with other underlying components driving the ex-auto figure.

**China: Industrial production (January/February, March 13<sup>th</sup>)****Forecast: 9.5% YoY****Consensus: 9.5% YoY****Previous: 9.7% YoY**

Industrial production, combined for January and February, will shed further light on the strength of growth momentum after a string of disappointing manufacturing PMIs. The data will be released in a combined two-month format in order to eliminate distortions from the shift in last month's Chinese New Year. Despite weak PMI indicators, trade and credit data have been robust, suggesting that growth momentum is continuing in Q1. However, we expect manufacturing activity to have decelerated slightly in the first two months of the year, to 9.5% y/y from 9.7% y/y in December. Going forward, we expect manufacturing to pick up gradually in the coming months, supported by improving external demand and growth-supportive policies announced at the ongoing National People's Congress (March 5-13). Over the coming week, we will also watch closely for other key indicators, including trade (March 8th) and credit data (March 10-15th) for February, along with investment and retail sales for January/February (March 13th).

**Mexico: Industrial Production (January, March 13<sup>th</sup>)****Forecast: 0.1% YoY****Consensus: n.a.****Previous:-0.3 YoY**

We expect industrial production to have expanded slightly in January, 0.3% MoM sa (0.1% YoY sa), dragged down by the poor performance of US industrial production in the same month (-0.3% MoM sa). If our forecast is confirmed it will signal a very slow start to the year after closing last year on a very weak note, having decreased 0.5% MoM sa.

## Last Week

Week March, 3 - March, 7

Indicator	Period	Cons. E	Prior	Observed *	
<b>United States</b>					
Personal Income MoM	Jan	0.20%	0.00%	0.30%	▲
Personal Spending MoM	Jan	0.10%	0.40%	0.40%	▲
PCE Deflator Core MoM	Jan	0.10%	0.10%	0.10%	—
ISM Manufacturing Index	Feb	52.00	51.30	53.20	▲
Construction Spending MoM	Jan	-0.50%	0.10%	0.10%	▲
ADP Employment Change	Feb	160.00	175.00	139.00	▼
ISM Non-Manufacturing Index	Feb	53.50	54.00	51.60	▼
Nonfarm Productivity	4Q	2.50%	3.20%	1.80%	▼
Unit Labor Costs	4Q	-0.90%	-1.60%	-0.10%	▲
Initial Jobless Claims	1 Mar	338.00	348.00	323.00	▲
Factory Orders MoM	Jan	-0.50%	-1.50%	-0.70%	▼
International Trade Balance (USD Bn)	Jan	-38.60	-38.70	-39.00	▼
Nonfarm Payrolls ('000)	Feb	150	113	175	▲
Private Payrolls ('000)	Feb	155	142	162	▲
Manufacturing Payrolls ('000)	Feb	5.00	21.00	6.00	▲
Unemployment Rate	Feb	6.60%	6.60%	6.70%	▲
<b>Eurozone</b>					
PMI Manufacturing	Feb F	53.00	53.00	53.20	▲
PPI MoM	Jan	-0.10%	0.20%	-0.30%	▼
PMI Services	Feb F	51.70	51.70	52.60	▲
PMI Composite	Feb F	52.70	52.70	53.30	▲
Retail Sales MoM	Jan	0.80%	-1.60%	1.60%	▲
GDP SA QoQ	4Q P	0.30%	0.30%	0.30%	—
GDP SA YoY	4Q P	0.50%	0.50%	0.50%	—
<b>Germany</b>					
PMI Manufacturing	Feb F	54.70	54.70	54.80	▲
PMI Services	Feb F	55.40	55.40	55.90	▲
Factory Orders MoM	Jan	0.90%	-0.50%	1.20%	▲
Industrial Production SA MoM	Jan	0.80%	-0.60%	0.80%	—
<b>France</b>					
PMI Manufacturing	Feb F	48.50	48.50	49.70	▲
PMI Services	Feb F	46.90	46.90	47.20	▲
ILO Unemployment Rate	4Q	10.90%	10.90%	10.20%	▼
<b>Italy</b>					
PMI Manufacturing	Feb	52.90	53.10	52.30	▼
GDP Annual YoY	2013	-1.90%	-2.40%	-1.90%	—
PMI Services	Feb	49.90	49.40	52.90	▲
PPI MoM	Jan	—	-0.10%	-0.2	—
<b>Japan</b>					
Capital Spending YoY	4Q	4.90%	1.50%	4.00%	▼
<b>China</b>					
Non Manufacturing PMI	Feb	—	53.40	55.00	—
HSBC/Markit Manuf PMI	Feb	48.50	48.90	48.50	—
HSBC/Markit Services PMI	Feb	—	50.70	51.00	—
<b>Mexico</b>					
Unemployment Rate SA	Jan	4.80%	4.76%	4.81%	—
Bi-Weekly CPI YoY	Feb	—	4.34%	4.21%	—
Retail Sales YoY	Dec	0.40%	1.90%	2.20%	▲
Current Account Balance (USD Mn)	4Q	-4667	-5457	-4660	—
<b>Peru</b>					
GDP YoY	4Q	5.20%	4.40%	5.20%	—
<b>Colombia</b>					
Industrial Confidence	Jan	—	-1.3	6.7	—
Retail Confidence	Jan	—	22	24	—
<b>Brazil</b>					
Selic Rate	Feb	10.75%	10.50%	10.75%	—
GDP QoQ	4Q	0.28%	-0.50%	0.68%	▲

Forecast/ \* Magenta- Below nsensus forecast. Green-Above consensus forecast. Yellow- In line consensus forecast.

Source: Bloomberg and BBVA Research

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