

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

The ECB will hold its monetary policy meeting next Thursday. European economic data will include December's CPI, PMI services, and final consumer confidence. In US will publish December's nonfarm payrolls, the ISM non-manufacturing and November's trade data. The Fed will release the minutes from December 17-18 FOMC meeting. In China December's HSBC Services PMI, trade balance, CPI and new yuan loans will be published. Besides, Spain will hold its first 2014 bond issuance.

Calendar: Indicators

Eurozone: HICP inflation flash (December, January 7th)

Forecast: 1.0% y/y

Consensus: 0.9% y/y

Previous: 0.9% y/y

Inflation may have increased again to about 1% y/y in December, partly reflecting a lower base effect of energy prices, while core inflation is likely to remain unchanged. But the seasonality change in package holidays and hotels in Germany is difficult to pick and increases uncertainty around inflation performance next month, especially in services. The downward surprises of previous months – in September and, especially, in October – tilt to the downside our official forecast for average inflation next year (1.4%) to rates closer but slightly above 1%, but we continue to think that a strong disinflationary process is unlikely throughout next year.

Eurozone: Unemployment rate (November, January 8th)

Forecast: 12.1%

Consensus: 12.1%

Previous: 12.1%

The unemployment rate is expected to have remained unchanged at 12.1% in November, having remained broadly stable throughout the past half year after rising by around 0.3pp per quarter since mid-2011. Though we think that a mild recovery is on track, the unemployment rate is unlikely to decline in the short run, given the lag between activity and employment as well as the economic slack. Overall, we maintain our assessment that a slow improvement in the labour market is not expected before the second half of 2014.

US: International Trade Balance (November, Tuesday 7th)

Forecast: -\$39.0B

Consensus: -\$40.0B

Previous: -\$40.6B

The trade balance is expected to improve only slightly in November as global activity picks up for the holiday season. Export growth finally started to recover in October after three months of a downward trend, suggesting an improvement in external demand. Import growth, on the other hand, has been positive since July as domestic consumers began to loosen their purse strings for the end-of-year shopping sprees. For November, various economic indicators suggest a pickup in new export orders and steady imports, so we expect that external demand may outweigh the internal side for the month. While we should see a slight narrowing of the trade balance in November, we don't expect the change to have a major impact on our overall growth forecast for the quarter.

US: Nonfarm Payrolls and Unemployment Rate (December, Friday 10th)

Forecast: 195K, 7.1%

Consensus: 193K, 7.0%

Previous: 203K, 7.0%

Nonfarm payroll growth is expected to hold steady in December, closing out 2013 on a positive note. The employment situation strengthened throughout the latter part of 3Q13 and into 4Q13 as many vital sectors rebounded from a weak first half of the year. In particular, job growth in manufacturing and construction accelerated throughout the past few months. For December, we expect that these sectors will continue to gain momentum as new home demand boosts construction and new orders and production of manufactured goods hold strong. Although jobless claims data for December do not point to much improvement in hiring for the month, we expect that much of the increase was due to holiday disruptions and therefore take the data with a grain of salt. As the employment outlook continues to improve and we approach the start of a new year, we expect that many unemployed individuals will rejoin the job hunt, putting slight upward pressure on the unemployment rate for the time being.

China: Exports for December (January 8-14th)

Forecast: 6.8% y/y

Consensus: 5.5% y/y

Previous: 12.7% y/y

Improving exports have contributed to the steady growth momentum in recent quarters. We expect exports to have held up in December on robust demand from the US and Europe. Nevertheless, on a yearly basis, export growth is set to decline from November's reading due to a high base a year ago (induced by "over-invoicing" of exports to disguise capital inflows). Full-year export growth for 2013 is likely to reach around 8%, the lower end of our original 8-10% projection. Looking ahead, external demand is likely to be sustained in 2014 on an improving global outlook, although fragilities remain as indicated by a disappointing NBS PMI export orders sub-index for December (49.8 vs 50.6 in November). In the coming days, we will also watch closely a set of other activity indicators for December (including inflation, industrial production, investment, retail sales, and credit aggregates, due January 9-17), as well as the Q4 GDP outturn (projection: 7.6-7.7% y/y vs 7.8% y/y in Q3).

Last Week

Week December, 30 - January, 3

Indicator	Period	Cons. E	Prior	Observed *
United States				
Pending Home Sale MoM	Nov	1.0%	-0.6%	0.2% ▼
S&P/CS Composite-20 YoY	Oct	13.5%	13.3%	13.6% ▲
Consumer Confidence	Dec	76	70.4	78.1 ▲
Initial Jobless Claims ('000)	28-Dec	344	338	339 ▼
Continuing Claims	21-Dec	2900	2923	2833 ▼
ISM Manufacturing	Dec	56.8	57.3	57 ▲
Construction Spending MoM	Nov	0.6%	0.8%	1.0% ▲
Eurozone				
PMI Manufacturing	Dec F	52.7	52.7	52.7 ▲
M3 Money Supply YoY	Nov	1.5%	1.4%	1.50% —
Germany				
PMI Manufacturing	Dec F	54.2	54.2	54.3 ▲
France				
PMI Manufacturing	Dec F	47.1	47.1	47 ▼
Italy				
Business Confidence	Dec	99	98.1	98.2 ▼
PMI Manufacturing	Dec	51.7	51.4	53.3 ▲
CPI EU Harmonized YoY	Dec P	0.6%	0.7%	0.6% —
China				
Manufacturing PMI	Dec	51.2	51.4	51 —
HSBC/Markit PMI Manufacturing	Dec	50.5	50.8	50.5 —
Non-Manufacturing PMI	Dec	—	56	54.6
Brazil				
PMI Manufacturing	2 Jan	—	49.7	50.5
Chile				
Manufacturing Index YoY	30 Dec	-1.50%	-3.20%	-1.1% ▲
Unemployment Rate	30 Dec	5.80%	5.80%	5.7% ▼
Mexico				
Remittances Total	Nov	1748.5	1853.1	1693.8 ▼

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

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