

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit
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Next week

The Fed will release the Beige book and several Fed's member will deliver speeches. Economic data releases will include January's U.M. consumer confidence, Empire manufacturing and Philadelphia Fed indices. Furthermore, December's CPI, industrial production and housing data will be also published in the US. European economic data will include final December's CPI and November's industrial production and the trade balance. Besides, the ECB will publish its monthly report. Spain will sale bonds.

Calendar: Indicators

Eurozone: Industrial production (November, January 14th)

| | | |
|--------------------|---------------------|---------------------|
| Forecast: 1.4% m/m | Consensus: 1.3% m/m | Previous: -0.4% m/m |
|--------------------|---------------------|---------------------|

Industrial production should have increased substantially in November, offsetting the significant fall observed in October, even more than what we anticipated previously, as signaled by national figures already released: both German and French industrial output increased sharply in November (2.4% m/m and 1.3% m/m, respectively, excluding construction). Overall, these figures and other hard data recently released partly dispel the doubts about the recovery coming from poor data in October and are more in line with positive signs stemming from soft data. These readings imply that the eurozone industrial output in October-November could have remained at the 3Q13 average level, though soft data up to December suggest that industrial activity could gain momentum by year end and in coming months, as manufacturing PMIs remain in expansionary territory (improving significantly in December) and confidence from the EC survey improved significantly, supported by foreign orders but also by better expectations in domestic demand. Overall, hard data may already be reflecting positive signs from soft data by year-end, and meanwhile our MICA-BBVA model continues to project a quarterly GDP growth of about 0.3% q/q in 4Q13 for the eurozone as a whole.

Eurozone: Trade balance, s.a. (November, January 15th)

| | | |
|-------------------|-----------------|-------------------|
| Forecast: €14.9bn | Consensus: n.a. | Previous: €14.5bn |
|-------------------|-----------------|-------------------|

We expect the trade balance (seasonally adjusted) to have broadened in November, as exports are projected to increase again at a faster pace than imports. These figures imply that the exports level in November is set to be around 1.4% higher than the 3Q13 average, while imports should have declined slightly over the previous quarter (-0.4%), after the strong fall observed in October. Overall, these projections suggest that net exports could support growth again in 4Q13, after dragging activity in the previous quarter (-0.3pp in national accounts terms), in line with our scenario. Nonetheless, in a more medium-term perspective we continue to expect some moderation in export growth (in line with soft data) and, along with somewhat more dynamic domestic demand that should be reflected in higher imports, this could result in lower net exports contribution to growth in coming quarters, after the significant support in past years (around 0.3-0.4pp per quarter).

US: Retail Sales, Ex Autos (December, Tuesday 14th)

| | | |
|----------------------|-----------------------|----------------------|
| Forecast: 0.2%, 0.4% | Consensus: 0.1%, 0.4% | Previous: 0.7%, 0.4% |
|----------------------|-----------------------|----------------------|

The retail sales figures were stronger than expected in November, an encouraging sign that the U.S. economy is gaining momentum as consumer spending is on the rise. After decelerating throughout 3Q13, retail sales rallied once again and posted healthy growth in both October and November. Consumer spending has been upbeat recently in the wake of several encouraging economic reports. The December retail sales report will be crucial in gauging consumer spending and reflect consumer confidence in the recovery. Furthermore, many retailers depend on the holiday season for a bulk of their revenue, so healthy spending for the month could foreshadow an optimistic beginning to the new year. While we do not expect the pace for December to match the pace of the recent months, we still expect a positive retail sales number that will be dragged down slightly by a slowdown in auto sales to finish out the quarter.

US: Consumer Price Index, Core (December, Thursday 16th)

| | | |
|----------------------|-----------------------|----------------------|
| Forecast: 0.2%, 0.1% | Consensus: 0.3%, 0.1% | Previous: 0.0%, 0.2% |
|----------------------|-----------------------|----------------------|

The consumer price index posted a flat reading for November due to a combination of lower energy prices and increases in transportation and shelter. For December, we expect to see a minor pickup in inflation as both crude oil and natural gas prices jumped back up for the month. As consumer confidence and spending have picked up in recent months, low inflation has been lifting consumers' purchasing power and therefore boosting personal consumption in the latter half of 2013. Furthermore, headline prices have remained below the Fed's inflation target of 2.0%, so it will be interesting to see how the gradual tapering to begin in January will affect inflation as we transition into 2014. Overall, we expect to see a modest increase in inflation to close out 2013, partially driven by a bump in overall core prices accompanied by a small jump in auto and energy prices.

Brazil: Monetary policy decision: SELIC rate (January 15th)**Forecast: 10.25%****Consensus: 10.25%****Previous: 10.0%**

In line with the recent official comments regarding the lagged impact of interest rate adjustments on inflation, and taking into account that the SELIC is now 275bp higher than in April, when the present tightening cycle started, we expect the central bank to deliver a final –and smaller– interest rate adjustment and increase the SELIC by 25bp to 10.25%. However, the resilience of inflation expectations, which anticipate inflation around 6.0% this year, and the maintenance in the last Inflation Report of the warning that the monetary authority should remain “especially vigilant” to prevent inflationary from trending higher, imply that a tighter-than-expected monetary policy should not be ruled out.

India: December WPI Inflation (January 14th)**Forecast: 6.7% y/y****Consensus: 7.0% y/y****Previous: 7.5% y/y**

High inflation and currency weakness have been key policy challenges for India, contributing to the central bank's decision to raise interest rates twice last year, despite weakening domestic demand. The closely watched WPI inflation hit its highest level in a year last November, due in large part to temporary weather related vegetables price increases. Given recent evidence of easing primary food prices, currency stability, and policy efforts to address supply issues, we expect WPI inflation to have moderated in December 2013. A softer inflation outturn could keep RBI on hold at its next policy meeting on January 28th, its second successive pause in rates, even as it leaves room for future rate hikes in the wake of elevated inflation expectations, ongoing currency pressures and imminent hikes in energy prices.

Last Week

Week January, 6 - January, 10

| Indicator | Period | Cons. E | Prior | Observed * | |
|--------------------------------------|--------|---------|--------|------------|---|
| United States | | | | | |
| Factory Orders MoM | Nov | 1.70% | -0.90% | 1.80% | ▲ |
| ISM Non-Manufacturing Index | Dec | 54.50 | 53.90 | 53 | ▼ |
| International Trade Balance (USD Bn) | Nov | -40 | -40.60 | -34.30 | ▲ |
| ADP Employment Report | Dec | 200 | 215 | 238 | ▲ |
| FOMC Meeting Minutes | Dec | - | - | - | |
| Consumer Credit (USD Bn) | Nov | 13.75 | 18.19 | 12.31 | ▼ |
| Initial Jobless Claims | 4-Jan | 335 | 339 | 330 | ▼ |
| Continuing Claims ('000) | 28-Dec | 2870 | 2833 | 2865 | ▼ |
| Nonfarm Payrolls ('000) | Dec | 193 | 203 | 74 | ▼ |
| Private Payrolls | Dec | 195 | 196 | 87 | ▼ |
| Manufacturing Payrolls ('000) | Dec | 15 | 27 | 9 | ▼ |
| Unemployment Rate | Dec | 7.00% | 7.00% | 6.70% | ▼ |
| Average Hourly Earnings MoM | Dec | 0.20% | 0.20% | 0.10 | ▼ |
| Eurozone | | | | | |
| PMI Composite | Dec F | 52.10 | 52.10 | 52.10 | — |
| PMI Services | Dec F | 51 | 51 | 51 | — |
| CPI YoY | Dec A | 0.80% | 0.90% | 0.80% | — |
| CPI Core YoY | Dec A | 0.80% | 0.90% | 0.70% | ▼ |
| Retail Sales MoM | Nov | 0.10% | -0.20% | 1.40% | ▲ |
| Unemployment Rate | Nov | 12.10% | 12.10% | 12.10% | — |
| Economic Confidence | Dec | 99.10 | 98.50 | 100 | ▲ |
| Germany | | | | | |
| PMI Services | Dec F | 54 | 54 | 53.50 | ▼ |
| CPI MoM | Dec P | 0.40% | 0.20% | 0.40% | — |
| CPI YoY | Dec P | 1.40% | 1.30% | 1.40% | — |
| CPI EU Harmonized MoM | Dec P | 0.70% | 0.20% | 0.50% | ▼ |
| CPI EU Harmonized YoY | Dec P | 1.40% | 1.60% | 1.20% | ▼ |
| Unemployment Rate | Dec | 6.90% | 6.90% | 6.90% | — |
| Retail Sales MoM | Nov | | -0.80% | 1.50% | |
| Trade Balance (B) | Nov | 18.90 | 17.90 | 18.10 | ▼ |
| Exports SA MoM | Nov | 0.80% | 0.20% | 0.30% | ▼ |
| Industrial Production SA MoM | Nov | 1.50% | -1.20% | 1.90% | ▲ |
| France | | | | | |
| PMI Services | Dec F | 47.40 | 47.40 | 47.80 | ▲ |
| Consumer Confidence | Dec | 84 | 84 | 85 | ▲ |
| Italy | | | | | |
| PMI Services | Dec | 48.50 | 47.20 | 47.90 | ▼ |
| Unemployment Rate | Nov P | 12.60% | 12.50% | 12.70% | ▲ |
| China | | | | | |
| CPI YoY | Dec | 2.70% | 3.00% | 2.50% | ▼ |
| HSBC/Markit PMI Services | Dec | - | 52.50 | 50.90 | |
| Exports SA MoM | Dec | 5.00% | 12.70% | 4.30% | ▼ |
| Brazil | | | | | |
| PMI Services | Dec | - | 52.30 | 51.70 | |
| FIPE CPI - Monthly | Dec | 0.60% | 0.46% | 0.65% | ▲ |
| Industrial Production MoM | Nov | -1.00% | 0.60% | -0.22% | ▲ |
| Chile | | | | | |
| Economic Activity MoM sa | Nov | 0.60% | -0.10% | 0.50% | ▼ |
| CPI MoM | Dec | 0.50% | 0.40% | 0.60% | ▲ |
| Mexico | | | | | |
| Economic Activity IGAE YoY | Oct | 1.40% | 0.79% | 1.33% | ▼ |

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

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This report has been produced by the Financial Scenarios Unit

Cristina Varela Donoso
cvarela@bbva.com
+34 91 537 78 25

Jaime Costero
jaime.costero@bbva.com
+34 91 537 76 80

Indicators collaboration:

Europe
Agustín García
agustin.garcia@bbva.com
+34 91 374 79 38

US
Michael Soni
Michael.Soni@bbvacompass.com

Asia
Sumedh Deorukhkar
deorukhkar@grupobbva.com
+91 22 22821941

Latam
Enestor Dos Santos Edele
enestor.dossantos@bbva.com
+34 639 827 211

Contact details

BBVA Research
Paseo Castellana, 81 – 7th floor
28046 Madrid (España)
Tel.: +34 91 374 60 00 and +34 91 537 70 00
Fax: +34 91 374 30 25
bbvaresearch@bbva.com
www.bbvaresearch.com