

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

Madrid, 20 December 2013

Next week

There will be few economic releases. In the US, markets will focus on November's Chicago PMI, durable goods orders and new home sales. China is expected to release November's industrial profits and the leading economic indicator.

Calendar: Indicators

US: Personal Income and Outlays (November, Monday 8:30 ET)

Forecast: 0.6%, 0.6%

Consensus: 0.5%, 0.5%

Previous: -0.1%, 0.3%

Personal income growth has been growing at a steady pace for the majority of 2013, although consumption has not followed the trend. This appears to be partially attributed to personal savings remaining higher than average and consumer spending habits holding conservative. Additionally, the prospect of income growth remains low as the labor market continues to grow sluggishly post-recovery. After several consecutive months of strong growth, October saw a slight decline in personal income for the first time since January. On a positive note, recent reports show the employment situation beginning to pick up after stagnating in the middle of the year. The wave of positive economic news could increase consumer confidence and encourage consumers to spend more freely. Furthermore, the continued rise in equities and real estate, particularly the stock market reaching record highs in November, point to a larger-than-expected boost in personal income for December to finish out the year. Personal spending should follow suit as the holidays bring about more eager consumers.

US: Consumer Sentiment (December, Monday 9:55 ET)

Forecast: 83.0

Consensus: 82.7

Previous: 82.5

Over the past two months, consumer sentiment has picked up after free-falling between August and October, propelled by encouraging economic data, lower gasoline prices, and a positive stock market. The initial reading for consumer sentiment in December was very encouraging, as the index reached the highest level since July. Furthermore, the unexpected announcement of a budget deal is an encouraging sign that Congress is finally working together in negotiations. The fourth quarter of 2013 has shown promising signs of optimism after a drastically different tone during the first nine months of the year; we expect to see a stronger consumer sentiment report for the rest of December due to a combination of reduced political uncertainty, tempered inflation expectations, and suppressed gasoline prices to provide consumers with extra purchasing power.

Japan: Inflation (November; December 27th)

Forecast: 1.3% y/y

Consensus: 1.5% y/y

Previous: 1.1% y/y

Defeating deflation is one of Abenomics most visible goals. We expect inflation to rise further in November, after posting its highest print in five years the previous month. Inflation turned positive in June (in year-over-year terms) and has trended up ever since, on the Bank of Japan's aggressive monetary easing. While core inflation has also ticked up, the largest factor for the rise in overall inflation has been food and energy cost which have risen rapidly due to the yen's depreciation. Headline inflation rates are expected to rise sharply in 2014 from the one-off effect of a scheduled 3-percentage point hike in the consumption tax. Excluding this effect, we expect the rise to be more modest, to around 1.5-2.0% in 2015/16, a little short of the BoJ's official 2.0% objective.

Last Week

Week December, 16 - December, 20

Indicator	Period	Cons. E	Prior	Observed *	
United States					
Empire State Manuf. Survey	Dec	5.00	-2.21	0.98	▼
Nonfarm Productivity	3Q F	2.80%	1.90%	3.00%	▲
Unit Labor Costs	3Q F	-1.40%	-0.60%	-1.40%	—
Industrial Production MoM	Nov	0.60%	-0.10%	1.10%	▲
Capacity Utilization	Nov	78.40%	78.10%	79.00%	▲
Consumer Price Index MoM	Nov	0.10%	-0.10%	0.00%	▼
Consumer Price Index, Core MoM	Nov	0.10%	0.10%	0.20%	▲
Housing Starts ('000)	Nov	950	889	1091	▲
Housing Starts MoM	Nov	—	1.8%	22.7%	
Building Permits ('000)	Nov	990	1039	1007	▲
Building Permits MoM	Nov	-4.7%	6.2%	-3.1%	▲
Initial Jobless Claims ('000)	14-Dec	330	368	379	▲
Continuing Claims ('000)	7-Dec	2770	2791	2884	▲
Philadelphia Fed Survey	Dec	10.0	6.5	7.0	▼
Existing Home Sales	Nov	5.0	5.1	4.9	▼
Existing Home Sales MoM	Nov	-2.00%	-3.21%	-4.30%	▼
Leading Indicators MoM	Nov	0.70%	0.20%	0.80%	▲
GDP QoQ Annualized	3Q F	3.60%	3.60%	4.1%	▲
Personal Consumption	3Q F	1.40%	1.40%	2.0%	▲
GDP Price Index	3Q F	2.00%	2.00%	2.0%	—
Core PCE QoQ	3Q F	1.50%	1.50%	1.4%	▼
Eurozone					
PMI Manufacturing	Dec A	51.9	51.6	52.7	▲
PMI Services	Dec A	51.5	51.2	51	▼
PMI Composite	Dec A	51.9	51.7	52.1	▲
CPI MoM	Nov	-0.10%	-0.10%	-0.1%	—
CPI YoY	Nov F	0.90%	0.90%	0.9%	—
France					
PMI Manufacturing	Dec P	49	48.4	47.1	▼
PMI Services	Dec P	48.7	48	47.4	▼
Business Confidence	Dec	96	95	94	▼
Germany					
PMI Manufacturing	Dec A	53	52.7	54.2	▲
PMI Services	Dec A	55.3	55.7	54	▼
ZEW Survey Current Situation	Dec	29.9	28.7	32.4	▲
ZEW Survey Expectations	Dec	55	54.6	62	▲
IFO Business Climate	Dec	109.5	109.3	109.5	▲
IFO Current Assessment	Dec	112.5	112.2	111.6	▼
IFO Expectations	Dec	106.5	106.3	107.4	▲
Italy					
Industrial Orders MoM	Oct		1.6%		
Japan					
All Industry Activity Index	Oct	-0.3%	0.4%	-0.2%	▲
China					
HSBC/Markit Flash Manuf. PMI	Dec	50.9	50.8	50.5	▼
Foreign Direct Investment	Nov	1.1%	1.2%	2.4%	▲
Chile					
Economic Activity YoY	Oct	5.2%	4.40%	5.4%	▲
Colombia					
GDP QoQ	3Q	0.4%	2.20%	1.1%	▲
GDP YoY	3Q	4.3%	4.20%	5.1%	▲
Mexico					
Unemployment Rate	Nov	5.0%	5.01%	—	
Brazil					
Unemployment Rate	Nov	4.90%	5.20%	4.60%	▼
IBGE Inflation IPCA-15 MoM	Dec	0.65%	0.57%	0.75%	▲

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

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