

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

The Council is expected to give the final approval to the SRM agreement reached on Thursday. Economic releases in the US will include the February's new home sales, durable goods orders and personal income and March's Markit PMI figures, but also will be released the third reading of the 4Q13 GDP. In the Eurozone, will be published March's PMI figures and Germany's IFO. China will publish the HSBC PMI manufacturing.

Calendar: Indicators

Eurozone: Flash PMI Composite (March, March 24th)

Forecast: 53.3

Consensus: 53.3

Previous: 53.3

We expect the Flash PMI composite to remain broadly stable in March, after the gains observed in previous months, staying above the threshold of 50 points. In addition, this performance is expected to be widespread across sectors, with both manufacturing and services index at expansionary territory. The former should remain supported by the foreign demand (despite the strength of the euro), but also by the new dynamism of domestic demand that is reflected in recent improvements of services index. This survey and the activity data available indicate that growth in the Eurozone as a whole, including the periphery, remains stable or may have even strengthened slightly at the beginning of the year (growth of +0.4% QoQ in 1T14).

Eurozone: Monetary aggregate M3 (February, March 27th)

Forecast: 1.3% YoY

Consensus: 1.3% YoY

Previous: 1.2% YoY

We expect M3 growth to have increased in February, after the significant downward trend observed in 2013. This change in trend is mainly due to the fade out of the base effect stemming from the strong increase in M3 throughout 2012. By its counterparts, we expect loans to households to have moderated the fall observed since December of 2013, mainly reflecting the reactivation of household spending. In the same line, those to firms are likely to have moderated again the negative figures observed since mid-2013, also suggesting that investment should continue to recover in this quarter.

US: GDP, Final (4Q13, March 27th)

Forecast: 2.3%

Consensus: 2.7%

Previous: 2.4%

The final real GDP estimate for 4Q13 is expected to shift downward only slightly to 2.3%, closing out 2013 at 1.9% annual growth. The preliminary estimate revised GDP significantly from 3.2% to 2.4%, but this was driven primarily by a drop in personal consumption expenditures, revised downward from 3.3% to 2.6% for the quarter. Consumer spending was revised for December from 0.4% to 0.1% MoM, which is the primary reason we expect a downward GDP revision for the final estimate. However, construction spending shot up from 0.1% to 1.5% MoM for December and therefore should provide a strong upward bias to the final GDP estimate and largely cancel out the drop in consumer spending. Finally, business inventories and personal income remained unrevised for December, so neither one of these variables will bias GDP one way or another. Given that most data should already be accounted for, we don't expect to see much change for the final 4Q13 GDP report.

US: Personal Income and Outlays (February, March 28th)

Forecast: 0.2%, 0.2%

Consensus: 0.3%, n.a.

Previous: 0.3%, 0.4%

After gains in January for personal income and outlays, we expect to see continued upward movement in both components for February, though at a slightly slower pace. Overall, personal income and spending data have remained strong over the past year, and both components have provided reassurance in the economic recovery. After a quick drop in the stock market in January amid concerns overseas, the stock market rebounded strong in February, and as consumers feel wealthier, they typically become more inclined to spend. Furthermore, consumer confidence indicators suggest gradual yet increasing sentiments regarding the strength of the economy, particularly for expectations six months ahead. Given that we do not expect a significant surprise from the income or spending figures, the key factor to keep an eye on in this report is the PCE price index, particularly as it relates to the Fed's monetary policy strategy for tapering and forward guidance.

Japan: CPI (February; March 28th)**Forecast: 1.5% YoY****Consensus: 1.5% YoY****Previous: 1.5% YoY**

Japan's inflation has been trended up steadily through the past year, thanks to the aggressive monetary and fiscal easing. Core inflation has been driven up by stronger domestic demand, while the weaker yen also boosts cost of imports. As such, we expect the trend to continue in February. Looking ahead, however, the trend may be interrupted in April when the sales tax rate hike (to 8% from current 5%) poses a downside risk to economic recovery as well as the inflation outlook. We expect inflation to reach 2.2% for 2014, implying about 1.5% inflation after excluding the impact of the tax hike. In view that inflation in 2014 might miss the 2% target set by the Bank of Japan and as the planned tax hike could drag further down the slowing economy, we expect the Bank of Japan to expand its asset purchasing program (currently 60-70 trillion yen per year) as early as in Q2.

Mexico: Global Economic Activity Index (IGAE) (January; March 25th) and unemployment rate (March 24th)**Forecast: 1.0% YoY / 4.90% YoY****Consensus: 1.29% YoY / 4.90% YoY****Previous: 1.1% YoY / 5.05% YoY**

Next week the Global Economic Activity Index (IGAE) for January 2014 will be released. We estimate a 0.24% MoM sa expansion, equivalent to 1.0% YoY sa. The unemployment rate (UR) will also be reported next week. We expect the UR to edge down to 4.90% in February from 5.05% in January 2014. All in all, both indicators are likely to confirm the slow pace of recovery at the start of 2014.

Last Week

Week March, 10 - March, 14

Indicator	Period	Cons. E	Prior	Observed *	
United States					
Empire State Manufacturing	Mar	6.50	4.48	5.61	▼
Industrial Production MoM	Feb	0.20%	-0.30%	0.60%	▲
Capacity Utilization	Feb	78.60%	78.50%	48.80%	▼
CPI (MoM)	Feb	0.10%	0.10%	0.10%	—
CPI, Core (MoM)	Feb	0.10%	0.10%	0.10%	—
Housing Starts ('000)	Feb	915.00	880.00	907.00	—
Building Permits ('000)	Feb	963.00	937.00	1018.00	▲
Initial Jobless Claims ('000)	15 Mar	325.00	315.00	320.00	▼
Existing Home Sales (MoM)	Feb	-0.40%	-5.10%	-0.40%	—
Leading Indicators (MoM)	Feb	0.20%	0.30%	0.50%	▲
Eurozone					
CPI MoM	Feb	0.40%	-1.10%	0.30%	▼
CPI YoY	Feb F	0.80%	0.80%	0.70%	▼
Trade Balance SA (EUR Bn)	Jan	13.90	13.70	61.50	▲
Construction Output MoM	Jan	—	0.90%	1.50%	—
Labour Costs YoY	4Q	—	1.00%	1.40%	—
Consumer Confidence	Mar A	-12.30	-12.7	-9.3	▲
Germany					
ZEW Survey Current Situation	Mar	52.00	50.00	51.30	▼
ZEW Survey Expectations	Mar	52.00	55.70	46.60	▼
PPI MoM	Feb	0.10%	-0.10%	0.00%	▼
Italy					
Current Account Balance (EUR Mn)	Jan	—	1848	-1255	—
Industrial Sales MoM	Jan	—	-0.30%	1.20%	—
Industrial Orders MoM	Jan	—	-4.90%	4.80%	—
Japan					
All Industry Activity Index MoM	Jan	1.10%	-0.30%	1.00%	▼
Trade Balance SA (JPY Bn)	Feb	907.00	1763.00	1818.80	▲
Exports YoY	Feb	12.50%	9.80%	9.50%	▼
Imports YoY	Feb	7.20%	25.00%	9.00%	▲
Colombia					
Retail Sales YoY	Jan	6.05%	4.50%	6.50%	▲
Industrial Production YoY	Jan	1.00%	1.60%	0.07%	▼
GDP YoY	4Q	4.60%	5.10%	4.90%	▲
Brazil					
FGV Inflation IGP-10 MoM	Mar	1.25%	0.30%	1.29%	—
GDP YoY	4Q	2.90%	4.74%	2.70%	▼

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

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