

Global Weekly Flash

Madrid, 27 September 2013
Economic Analysis

Financial Scenarios

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Risk of political shutdown in the US weights on markets

- **Renewed political gridlock in the US**

- Ongoing political brinkmanship has once again left Congress shuffling to reach a last-minute agreement to avoid a government shutdown. The Senate is expected to pass a budget bill on Friday (making sure not to defund Obamacare), but it is not clear whether the House will agree to the same terms. If no agreement is reached by Tuesday, the federal government will shut down - but only partially. "Essential programs" such as air traffic control, Medicare, food inspections, and the U.S. Postal Service, would continue to operate under this scenario. At the same time, Congress has the separate but related debt ceiling issue to address as well. House Republicans are trying to use the increase in the debt ceiling as a negotiating tool for budget priorities, while the Senate refuses to cooperate with such a request. The Treasury has set an official deadline of October 17th for when they will no longer be able to pay off bills without an increase in the debt ceiling. A failure to increase comes with the threat of another credit ratings downgrade. However, we expect that Congress will eventually come to a last-minute agreement on both issues as they have done in the past.
- The economic uncertainty triggered by the Congressional brinkmanship was central to the September 18 FOMC decision against tapering as Dudley (FRB New York) called for "less drama, more certainty" from Congress. While several FOMC members this week felt need to explain their vote and stand regarding the decision to keep the pace of monthly purchases unchanged at \$85 billion, for some as Governor Stein the decision could have gone either way. The Committee members stressed the importance of clear communication but noted the challenges. Despite all, the asset purchases program remains data driven and many voting members come to the Board of Governors table without a pre-set decision. Governor Stein called for clear data dependent rule to map a transparent path for scaling down monthly purchases. At the same time dovish voting presidents Dudley and Evans (FRB Chicago) await for further sustainable improvements in the labor market. George (FRB Kansas), the hawkish vote on the FOMC, expressed her disapproval of delayed tapering action. Overall, the outlined path for scaling down the pace of monthly asset purchases remains unchanged with the announcement of the first reduction in purchases in 4Q13 and ending the purchases by mid-2014.

- **ECB meeting next week: we expect monetary policy to remain unchanged**
 - ECB wording is likely to remain dovish, despite recent PMI figures signaling that recovery is on track. At the last ECB meeting, despite an upward macro revision, Mr Draghi remained cautious on the outlook, emphasizing that "the shoots are still very green." The ECB also included an explicit (and non-traditional) reference to money-market conditions, stating that it would remain "particularly attentive to the implications" that developments on these markets may have on its monetary policy stance. On Monday, at a hearing in the EU Parliament, Mr. Draghi signaled that the ECB is ready to use all instruments at their disposal, including new LTROs "to maintain the short-term money markets on the level that is warranted by our assessment of inflation in the medium term." Additionally, ECB council member Ewald Nowotny said that the use of LTROs is under discussion within the governing council. However, ECB Vice President Vitor Constancio and Benoît Coeuré slightly dampened expectations of a new LTRO in their recent speeches: "We are not committed to a new round of LTRO," Constancio said, while Coeuré said that "the bank hadn't discussed "any specific instruments such as an LTRO." Against this background, the Fed's postponement of QE3 tapering eases pressure on the ECB (no need for policy action to keep short term rates at low levels). There might be news on the future publication of ECB minutes, as suggested by Mr Draghi last August (back then, he said that the board would be presenting a proposal in the fall).

- **The process of building-up a new German government may delay European Banking Union process**
 - Merkel's CDU/CSU win German elections (41.5% of the vote). However, the lack of an absolute majority forces Merkel to build a coalition with the Social Democrats or the Greens. Both political parties will hold meetings this weekend, but a final decision may take several days. According to the German constitution, the new Parliament should be elected within 30 days of the election (by October 22). Whichever coalition emerges will maintain current policy in banking-union negotiations, yet it will probably support a larger growth stimulus for Europe. Any delay in a government build-up would potentially weigh on December's EU council decisions, where the Single Resolution Mechanisms was expected to be approved.
 - In Italy, political turmoil hampers the reform process. Next week the Italian Senate will vote whether Silvio Berlusconi will be rejected from the parliament. PdL members (Mr. Berlusconi's party) have announced that they would leave the government if Mr. Berlusconi was rejected. If PdL leaves government, it does not necessarily imply elections in the short term. Grillo or some PdL members could support it. A the short-term agenda would be needed to approved the 2014 Budget.

- **Stocks fell on political uncertainty in the US and Italy**
 - **Equity indices in Europe and the US dropped this week**, led by the US S&P500 (-1%) and the Italian MIB (-1.8%). In the US, no political accord threatens to have the government run out of cash before October 17. In Italy, members of the PdL (Berlusconi's political party) have threatened to resign en-masse if their leader is ousted from the Senate (the verdict is to be released on October 15). Stocks in EM also fell: in Asia led by Thailand (-4.6%), Indonesia (-3.5%) and India (-2.65%), while Brazil (-2.38%) led the fall in Latam.
 - **Debt markets improved in the US and most of Europe**. German and French 10Y yields dropped by 14bps and 8.7bps, respectively. Borrowing costs also eased in Portugal and Greece. Nonetheless benchmark yields increased in both Italy (+15.9bps on political concerns) and Spain (+8.5bps, a correction of positive earlier results). In the US, the 10Y yield fell in the week (-9.7bps to 2.6%). EM bond markets closed the week with mixed results: yields fell in India, Thailand, Mexico and Brazil, while rising in Indonesia and Turkey.

- **Most currencies depreciated against the USD.** The largest depreciations were in emerging countries: the Turkish lira (-2.95%), the Mexican peso (-2.18%) and the Indian rupee (-2.15%).
- **Commodity prices continued to drop.** Oil prices (WTx -3.5%) dropped as geopolitical tensions eased (growing probability of a diplomatic solution in Syria). The price of gold also fell (-2.07%), correcting last-week's gains.
- **China's PMI data signaled economic improvement. In the euro area, PMI data also signaled economic recovery**
 - **China September flash HSBC PMI beat expectations.** The HSBC flash manufacturing PMI for September has risen more than expected (51.2, consensus 50.9). It is the second month in a row that this index is in the +50-expansion zone (the official PMI has been above 50 for 11 months). The outturn added to signs of a pickup in the manufacturing sector, and made it quite likely that Q3 GDP will exceed our previous expectation of 7.5% y/y. The official manufacturing PMI will be released on October 1st, and is expected to continue to rise; the final HSBC reading is due on September 30. Current economic trends are broadly in line with our projection of a moderate recovery in H2, with some upside bias to our full-year GDP projections (7.6%).
 - **Eurozone recovery remains on track, according to PMI figures.** A strong service confidence index has led September's improved outlook, and higher average PMI levels further suggest a steady recovery, similar to that of 2Q13. Improved confidence in the service sectors and resilient manufacturing sectors were common strengths in most countries. As a result, the flash composite PMI has again increased in September, slightly above expectations (52.1, BBVA Research 51.7; Consensus: 51.8). Moreover, Eurozone September economic sentiment rose for the fifth straight month. Meanwhile, August's M3 grew in line with expectations, however loans to the private sector continued to drop driven by falls in loans to the corporate sector. In Germany, IFO report has disappointed, meanwhile Germany's GfK confidence indicator improves slightly for October. In France, business confidence has unexpectedly fallen this month, however, September's consumer confidence has increased in line with expectations. Additionally, the Bank of Spain estimates that the Spanish economy stabilized or even grew in 3Q13. According to its monthly bulletin, the economy should soon recover from recession. In Italy, July retail sales contracted more than expected.
 - **Activity indicators in the US continue to drag along.** Annualized 2Q GDP was unexpectedly low (2.5% BBVA and consensus 2.6%). In addition, manufacturing activity for September released by the Fed of Kansas has been significantly lower than expected. Moreover, consumer confidence has been lacking. Looking at its components, the "present situation" index has improved yet the "expectation" index has fallen sharply, probably on concerns about the Fed's tapering and Congress's ongoing disagreements about the debt ceiling. Meanwhile, August's durable goods orders topped market expectations and initial weekly jobless claims have fallen to their lowest level since September 2007. Moreover, housing data have come positive this week. House prices continued rising in July, with the S&P-Case-Shiller-20-cities composite index increasing significantly (12.4% YoY). New home sales also climbed in August, and more recently, MBA mortgage applications surged last week.
 - Regarding LatAm, **in Mexico**, the Economic Activity Index (IGAE) pointed to an economic recovery. The IGAE rose a stronger than expected 0.5% MoM sa in July, driven by a better performance of the services sector. In our view, this positive report suggests that the deceleration in economic activity has probably bottomed-out and confirms that the economy is off to a good start in 3Q13. Moreover, retail sales were stronger than expected in July, expanding 0.6% MoM sa. Meanwhile, exports and imports surprised to the downside suggesting that the economic recovery is still weak. **In Brazil**, the yearly current account deficit reached 3.6% of GDP in August, in comparison to 2.1% in the same month last year. The deficit in August was actually the highest since the beginning of 2002. The increasing current account deficit creates additional weakening pressure on

the exchange rate. The figures released this week show that the current account deficit this year can be higher than we are currently forecasting (3.4%). The inflation continued to decline and is now below 6% YoY.

Next week: US data will include ISM and the payrolls figures. In Europe, the focus will be on the final PMIs, HICP inflation and mainly on the ECB's monetary policy meeting on Wednesday. The BoJ will hold its meeting on Friday, and China will release the NBS manufacturing PMI for September. Berlusconi is due to declare on Friday, before the Senate releases its verdict on October 15.

Weekly Indicators

Week September, 18 - September, 22

| CC | Indicator | Period | Cons. E | Prior | Obs. * |
|---------------|---------------------------------------|--------|---------|---------|----------|
| United States | Chicago Fed National Activity Index | Aug | -0.05 | -0.15 | ↑ 0.14 |
| | S&P Case-Shiller Home Price Index YoY | Jul | 12.40% | 12.07% | → 12.40% |
| | Consumer Confidence | Sep | 80.00 | 81.50 | ↓ 79.70 |
| | Durable Goods Orders MoM | Aug | -0.20% | -7.30% | ↓ 0.10% |
| | New Home Sales ('000) | Aug | 420 | 394 | ↑ 421 |
| | New Home Sales MoM | Aug | 6.60% | -13.40% | ↓ 7.90% |
| | GDP QoQ Annualized | 2QF | 2.60% | 2.50% | ↓ 2.50% |
| | Personal Consumption | 2QF | 1.80% | 1.80% | → 1.80% |
| | GDP Price Index | 2QF | 0.80% | 0.80% | ↓ 0.60% |
| | Initial Jobless Claims | 21-Sep | 325 | 309 | ↓ 305 |
| | Countinuing Claims | 14-Sep | 2820 | 2787 | ↑ 2823 |
| | Personal Income MoM | Aug | 0.40% | 0.10% | → 0.40% |
| | Personal Spending MoM | Aug | 0.30% | 0.10% | → 0.30% |
| | U. of Michigan Consumer Sentimen | Sep | 78.0 | 76.8 | ↓ 77.5 |
| Euro zone | PMI Manufacturing | Sep A | 51.7 | 51.4 | ↓ 51.1 |
| | PMI Services | Sep A | 51 | 50.7 | ↑ 52.1 |
| | PMI Composite | Sep A | 51.8 | 51.5 | ↑ 52.1 |
| | Consumer Confidence | Sep F | | -14.9 | -14.9 |
| | M3 Money Supply YoY | Aug | 2.30% | 2.20% | → 2.30% |
| France | PMI Manufacturing | Sep P | 50.1 | 49.7 | ↓ 49.5 |
| | PMI Services | Sep P | 49.6 | 48.9 | ↓ 50.7 |
| | Business Confidence | Sep | 99 | 98 | ↓ 97 |
| | GDP QoQ | 2Q F | 0.5% | 0.5% | → 0.5% |
| | GDP YoY | 2Q F | 0.3% | 0.3% | ↑ 0.4% |
| Germany | PMI Manufacturing | Sep A | 52.2 | 51.8 | ↓ 51.3 |
| | PMI Services | Sep A | 53 | 52.8 | ↑ 54.4 |
| | Ifo - Business Climate | Sep | 108 | 107.5 | ↓ 107.7 |
| | Ifo - Current Assessment | Sep | 112.5 | 112 | ↓ 111.4 |
| | Ifo - Expectations | Sep | 104 | 103.3 | ↑ 104.2 |
| | GfK Consumer Confidence | Oct | 7.0 | 6.9 | ↓ 7.1 |
| | CPI MoM | Sep P | 0.0% | 0.0% | → 0.0% |
| | CPI YoY | Sep P | 1.5% | 1.5% | ↓ 1.4% |
| Italy | Retail Sales MoM | Jul | -0.10% | -0.20% | ↓ -0.30% |
| | Economic Sentiment | Sep | | 82.2 | 83.3 |
| UK | GDP QoQ | 2Q F | 0.70% | 0.70% | → 0.70% |
| | GDP YoY | 2Q F | 1.50% | 1.50% | ↓ 1.30% |
| | GfK Consumer Confidence | Sep | -11 | -13 | ↓ -10 |
| | Nationwide House PX MoM | Sep | 0.50% | 0.60% | ↑ 0.90% |
| China | HSBC/Markit Flash Manufacturing PMI | Aug | 50.9 | 50.1 | → 51.2 |
| Japan | National CPI Ex. Fresh Food YoY | Sept | 0.70% | 0.70% | ↑ 0.80% |
| Mexico | Economic Activity IGAE YoY | Jul | 1.30% | -0.39% | ↑ 1.70% |
| | Trade Balance (Million) | Aug P | -1500 | -1436.7 | ↓ -234.2 |
| Brazil | Current Account Balance (Million USD) | Aug | -5081 | -9018 | ↓ -5505 |
| | Unemployment Rate | Aug | 5.60% | 5.60% | ↓ 5.30% |

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

Calendar: Indicators

Eurozone: HICP inflation (September, September 30th)

| | | |
|---------------------------|----------------------------|---------------------------|
| Forecast: 1.3% y/y | Consensus: 1.2% y/y | Previous: 1.3% y/y |
|---------------------------|----------------------------|---------------------------|

Comment: We expect headline inflation to have remained stable in September at 1.3% y/y, although taking into account the recent fuel prices performance a slight decline to 1.2% y/y cannot be ruled out. The uncertainty about the evolution of inflation this month has increased considerably due to the depletion of the impact of tax hikes a year ago (Spain). Our forecasts suggest that lower inflation in more volatile components (energy and food) is expected to be partly offset by slightly higher inflation in services and non-energy industrial goods. Looking forward, the headline inflation profile could be somewhat more uneven by year-end, increasing slightly to around 1.5% y/y in December (1.5% for 2013 as a whole), partly reflecting a lower base effect of energy prices. This performance is expected to remain throughout 2014, but hovering around the projected annual inflation rate for next year (1.4%). In contrast, core inflation is expected to decline slightly again in the last quarter of 2013 (1.2% y/y), but remaining broadly stable around 1.2% y/y over next year.

Eurozone: Unemployment rates (August, October 1st)

| | | |
|------------------------|-------------------------|------------------------|
| Forecast: 12.1% | Consensus: 12.1% | Previous: 12.1% |
|------------------------|-------------------------|------------------------|

Comment: The unemployment rate is expected to have remained unchanged at 12.1% in August for the six month in a row, showing further evidence of stabilization in the labour market. These figures mean that the unemployment rate might have increased by around 0.1pp over 1Q13, after rising by around 0.3pp per quarter since mid-2011. Though we think that a mild economic recovery is on track, a slight increase of the unemployment rate in coming months cannot be ruled out. Overall, we maintain our assessment that a slowly improvement in the labour market is not expected before the second half of next year, given the lag between activity and employment, combined with the reversion of labour hoarding that has taken place during the crisis.

US: ISM Manufacturing Index (September, October 1st)

| | | |
|-----------------------|------------------------|-----------------------|
| Forecast: 55.9 | Consensus: 55.5 | Previous: 55.7 |
|-----------------------|------------------------|-----------------------|

The ISM Index has signaled significant acceleration in manufacturing activity for the third quarter thus far, and we expect this momentum to continue through September. Most of the strength in recent months has stemmed from a rise in new orders and production, both of which jumped to nearly two-year highs. The employment component remains above the 50-mark to suggest that manufacturers are still willing to hire additional workers, yet levels are well below the recovery peak seen in early 2011. Still, we expect that the latest increase in demand will fuel future production, keeping the overall index on the path toward recovery highs.

US: Nonfarm Payrolls and Unemployment Rate (September, October 4th)

| | | |
|-----------------------------|------------------------------|-----------------------------|
| Forecast: 180K, 7.3% | Consensus: 175K, 7.3% | Previous: 169K, 7.3% |
|-----------------------------|------------------------------|-----------------------------|

Employment growth has been nothing to write home about, yet the unemployment rate continues to trend downward. The declining labor force has put significant pressure on the unemployment rate throughout the past year, and we expect that this influence will continue for some time. At the same time, we don't expect nonfarm payroll growth to accelerate much, holding at or below the 200K mark per month as businesses remain hesitant to go full steam ahead with expanding their workforce. Throughout the past few months, jobless claims data have suggested a noticeable decline in layoffs, and the story for September appears to be slightly improved from August. Other indicators, such as the ISM indices for both manufacturing and services as well as regional Federal Reserve Surveys, all reflect increasing momentum in the labor market throughout 3Q13, albeit at a very gradual pace.

China: NBS manufacturing PMI for September (September, October 1st)

| | | |
|-----------------------|------------------------|-----------------------|
| Forecast: 51.7 | Consensus: 51.5 | Previous: 51.0 |
|-----------------------|------------------------|-----------------------|

Growth momentum has been picking up since July on growth-supportive policies and improving external demand. As such, we expect the official PMI for September to show a further improvement, especially after the flash HSBC manufacturing PMI for September (released September 23) jumped to a six-month high of 51.2 from 50.1 in August. The outturn was due to higher production and new orders, consistent with recent rising trends of industrial production and export growth. Given recent better-than-expected activity indicators, Q3 GDP growth (to be released October 18) is likely to exceed our previous 7.5% y/y projection, which would bring full-year growth to around 7.7% in 2013.

Markets Data

| | | | Close | Weekly change | Monthly change | Annual change |
|---|------------------------|-------------------------|--------------------|---------------|----------------|---------------|
| Interest rates (changes in bps) | US | 3-month Libor rate | 0.25 | 0 | -1 | -11 |
| | | 2-yr yield | 0.33 | 0 | -7 | 10 |
| | | 10-yr yield | 2.61 | -12 | -15 | 98 |
| | EMU | 3-month Euribor rate | 0.22 | 0 | 0 | 0 |
| | | 2-yr yield | 0.17 | -4 | -8 | 15 |
| | | 10-yr yield | 1.78 | -17 | -10 | 34 |
| Exchange rates (changes in %) | Europe | Dollar-Euro | 1.352 | 0.0 | 1.3 | 5.1 |
| | | Pound-Euro | 0.84 | -0.8 | -2.4 | 5.4 |
| | | Swiss Franc-Euro | 1.22 | -0.6 | -0.4 | 1.3 |
| | America | Argentina (peso-dollar) | 5.79 | 0.5 | 2.5 | 23.3 |
| | | Brazil (real-dollar) | 2.26 | 2.1 | -3.8 | 11.4 |
| | | Colombia (peso-dollar) | 1915 | 1.0 | -1.2 | 6.4 |
| | | Chile (peso-dollar) | 503 | 1.4 | -1.8 | 6.0 |
| | | Mexico (peso-dollar) | 13.15 | 2.3 | -1.3 | 2.3 |
| | | Peru (Nuevo sol-dollar) | 2.78 | 1.1 | -0.8 | 7.0 |
| | | Asia | Japan (Yen-Dollar) | 98.34 | -1.0 | 0.7 |
| | Korea (KRW-Dollar) | | 1073.65 | -0.2 | -3.7 | -3.4 |
| | Australia (AUD-Dollar) | | 0.931 | -0.9 | 4.2 | -10.3 |
| Comm. (chg %) | Brent oil (\$/b) | 108.3 | -0.9 | -7.2 | -3.7 | |
| | Gold (\$/ounce) | 1337.5 | 0.9 | -5.6 | -24.5 | |
| | Base metals | 519.6 | -0.4 | -1.0 | -2.1 | |
| Stock markets (changes in %) | Euro | Ibex 35 | 9228 | 0.6 | 9.9 | 19.7 |
| | | EuroStoxx 50 | 2919 | -0.3 | 6.4 | 18.9 |
| | America | USA (S&P 500) | 1692 | -1.0 | 3.5 | 17.5 |
| | | Argentina (Merval) | 4821 | 1.4 | 22.8 | 96.6 |
| | | Brazil (Bovespa) | 53885 | -0.4 | 8.1 | -8.9 |
| | | Colombia (IGBC) | 14120 | 0.0 | 2.7 | 0.5 |
| | | Chile (IGPA) | 19028 | 1.2 | 7.8 | -7.4 |
| | | Mexico (CPI) | 41197 | -0.1 | 5.0 | 0.8 |
| | | Peru (General Lima) | 15874 | -1.5 | -3.9 | -26.8 |
| | Venezuela (IBC) | 1794288 | 8.0 | 33.3 | 482.4 | |
| Asia | Nikkei225 | 14760 | 0.1 | 10.7 | 66.4 | |
| | HSI | 23207 | -1.3 | 7.8 | 11.4 | |
| Credit (changes in bps) | Ind. | Itraxx Main | 99 | 0 | -7 | -37 |
| | | Itraxx Xover | 394 | 0 | -40 | -174 |
| | Sovereign risk | CDS Germany | 24 | 0 | -4 | -30 |
| | | CDS Portugal | 504 | -19 | 15 | -11 |
| | | CDS Spain | 227 | -4 | -6 | -161 |
| | | CDS USA | 30 | 8 | 8 | -- |
| | | CDS Emerging | 283 | 21 | -61 | 60 |
| | | CDS Argentina | 2428 | 3 | -549 | 1469 |
| | | CDS Brazil | 167 | 10 | -37 | 56 |
| | | CDS Colombia | 126 | 13 | -10 | 24 |
| | | CDS Chile | 90 | 4 | -10 | 6 |
| | | CDS Mexico | 116 | 12 | -14 | 15 |
| CDS Peru | 141 | 12 | -11 | 34 | | |

Source: Bloomberg and Datastream

Weekly Publications

| Country | Date | Description |
|---------|------------|--|
| Global | 09/25/2013 | ➤ ¿Surfeando la ola? Las causas de la crisis ni surgieron súbitamente hace cinco años ni se han corregido aún. |
| | 09/23/2013 | ➤ Cross-country data on the quantity of schooling: a selective survey and some quality measures We survey a number of papers that have focused on the construction of cross-country data sets on average years of schooling. |
| EMU | 09/23/2013 | ➤ Europe Flash: September PMI figures: EZ recovery remains on track Eurozone PMIs grow widely across countries, supported by strong growth of PMI services, which points to the dynamism of domestic demand and is consistent with the 0,2% q/q growth in 3Q13. (Spanish version) |
| Spain | 09/27/2013 | ➤ Flash España: Avance del IPC de septiembre La inflación general se desaceleró en septiembre debido, principalmente, al agotamiento del efecto base derivado del incremento del IVA en 2012. |
| | 09/27/2013 | ➤ Flash España: Confianza industrial y del consumidor en septiembre La evolución de las expectativas de los agentes durante el conjunto del tercer trimestre se valora positivamente. |
| | 09/27/2013 | ➤ Flash España: Ventas reales del comercio al por menor de agosto: mayores que lo previsto Las ventas reales del comercio minorista aumentaron en agosto más de lo esperado. |
| | 09/26/2013 | ➤ Financial Systems Flash: Household and business deposits rose by ?9 billion in August The increase observed in August (?+9bn) was greater than expected. (Spanish version) |
| | 09/26/2013 | ➤ Flash España: "Hipotecas sobre vivienda julio 2013: nueva contracción" El registro de hipotecas sobre vivienda sigue mostrando una peor evolución que las operaciones de compraventa de viviendas. |
| | 09/25/2013 | ➤ Flash España: El déficit del Estado se sitúa en el 4,6% del PIB El déficit del Estado acumulado hasta agosto de 2013 se ha situado en el 4,6% del PIB. |
| | 09/23/2013 | ➤ Flash España: Balanza comercial de julio 2013 El déficit de la balanza comercial acumulado a 12 meses de julio ascendió a 17 mil millones de euros, reduciéndose en 0,9 miles de millones respecto al acumulado del mes anterior. |
| | US | 09/23/2013 |
| Latam | 09/27/2013 | ➤ Latam Daily Flash: We expect stability in the monetary policy rate from today's meeting in Colombia. Foreign trade figures suggest the Mexican recovery is still weak Better than expected figures of labour market in Brazil, in line with slightly better consumption dynamics in 3Q13. |
| | 09/26/2013 | ➤ Latam Daily Flash: Traders in Chile expect a stable monetary stance from October's meeting. Today eyes will be on the unemployment rate in Brazil In Mexico, the Economic Activity Index pointed to an economic recovery. |
| | 09/25/2013 | ➤ Latam Daily Flash: In Mexico, inflation surprised slightly to the upside. Traders survey in Chile will provide view of monetary policy stance Today, the IGAE index in Mexico could suggest recovery at the start of the third quarter. |
| | 09/24/2013 | ➤ Latam Daily Flash: Peru's central bank lowers its GDP forecast and expects inflation to converge with the bank's target in 2014 |
| | 09/23/2013 | ➤ Latam Daily Flash: Inflation continues to trend down in Brazil, the door is open for an additional rate cut in Mexico |
| Chile | 09/24/2013 | ➤ IPC de septiembre y octubre se moderan, pero dejan la puerta abierta para noviembre y diciembre Proyectamos IPC de septiembre en 0,46%. IPC de octubre tendrá que absorber importante caída de gasolinas lo que podría llevarlo a terreno negativo. |
| Mexico | 09/26/2013 | ➤ Flash México. Efectos económicos de las recientes inundaciones Los desastres provocaron una lamentable pérdida de vidas y afectaciones cuantiosas en México. |

- 09/26/2013 > **Observatorio Económico México. El Peso Mexicano se coloca como la divisa con mayor volumen de operación entre las monedas de países emergentes**
De acuerdo con la encuesta más reciente del BIS el peso mexicano es la octava divisa con mayor volumen de operación a nivel global y la primera entre los emergentes.
- 09/24/2013 > **Industria automotriz: clave en el crecimiento económico de México**
BBVA Research estima para 2013 un crecimiento anual del PIB de 1.4%, inferior al pronosticó del 2t13 de 1.8%.
- 09/24/2013 > **Mexico Inflation Flash. September's biweekly inflation: core inflation surprised us on the upside**
Headline: Actual: 0.34% 2w/2w vs. BBVA: 0.29% 2w/2w Consensus: 0.27% f/f. Core: Actual: 0.30% 2w/2w, vs. BBVA: 0.16% 2w/2w Consensus: 0.20% f/f.
(Spanish version)

Asia

- 09/27/2013 > **Asia Flash | 27 Sep 2013: China government publishes details of the Shanghai Free Trade Zone; Japan August inflation reaches five-year high**
China's government today published partial details of the Free Trade Zone (FTZ), due to become operational on September 29. Japan August inflation reaches five-year high.
- 09/26/2013 > **China Flash: What to expect from the Shanghai Free Trade Zone**
The Shanghai Free Trade Zone, which received formal approval from the State Council in August, is scheduled to become operational this Sunday, September 29.
- 09/25/2013 > **Asia Flash | 25 Sep 2013: HKMA Financial Stability Report flags risks of rising interest rates; Taiwan's August export orders rise, albeit less than expected**
HKMA Financial Stability Report flags risks of rising interest rates; Taiwan's August export orders rise, albeit less than expected.
- 09/23/2013 > **Asia Flash | 23 Sep 2013: China September flash HSBC PMI beats expectations; RBI sends tough message on inflation with unexpected rate hike**
A number of Asian markets reopened today on a mixed footing after holidays last week (China, Korea, Taiwan, and Hong Kong were all closed on Friday; Japan was closed today).

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