

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

The ECB will hold its monetary policy meeting on Thursday. Additionally, the Eurogroup and the ECOFIN will hold meetings on Tuesday. In the US, FOMC Chair Janet Yellen, will deliver a speech in Devon. In the US, releases will include March's ISM manufacturing, factory orders, ADP employment report and change in nonfarm payrolls. In China, the March's manufacturing, non-manufacturing and composite PMIs will be published.

Calendar: Indicators

Eurozone: Flash HICP Inflation (March, March 31st)

Forecast: 0.6% YoY

Consensus: 0.6% YoY

Previous: 0.7% YoY

Based in our baseline, we expect that the euro area "flash" HICP is likely to reach a minimum in March. Mainly due to the base effects in Germany and Italy, which post a slightly downward risk to our forecast as it is entirely possible to see a 0.5% Flash HICP reading on Monday. Looking forward, our baseline scenario envisaged low and stable rates of inflation as the recovery in domestic demand takes hold. However, the inflation remains historically low which advises more decisive policies by the ECB.

Eurozone: Retail sales (February, April 3th)

Forecast: -0.7% MoM

Consensus: -0.6% MoM

Previous: +1.6% MoM

We expect retail sales to have fallen in February after having rebounded in January (-0.7% MoM after +1.6% MoM). The survey conducted by Markit, retail PMIs, suggests that Italy and France recorded faster contractions in sales, while growth in Germany eased from January's recent peak. Eventhough the 1Q14 sales average should have maintained above the levels observed in 4Q13 which is consistent with our scenario of private consumption recovery but at low levels.

US: International Trade Balance (February, March 3rd)

Forecast: \$-38.5bn

Consensus: \$-38.8bn

Previous: \$-39.1bn

After remaining relatively unchanged in January, we project the international trade balance to narrow slightly in February. Over the long-run, we continue to believe that petroleum exports are going to be the major driver in narrowing the trade gap. Unfortunately, natural gas export terminals still need approval, so it would likely be at least five years before natural gas makes a significant impact. However, the developing situation in Russia may push the issue to the forefront if it continues to become a growing threat. Europe gets nearly a third of its fuel from Russia and may look to the U.S. as a source of secure energy years down the road. In the short-run, crude oil and petroleum product exports were up 2.4% between the last week in January and last week in February, so we believe this positive boost in exports will lessen the deficit. Additionally, service exports reached an all-time high in January, and we project this trend will continue to provide an upward bias on the trade balance over the coming months.

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

Forecast: 220K, 6.7%

Consensus: 190K, 6.6%

Previous: 175K, 6.7%

Now that seasonal factors appear to be behind us and political uncertainty is far in the rear-view mirror, we expect that nonfarm payroll growth in March will be the largest since November of last year. The construction and manufacturing sectors have shown signs of picking up, and thus we look for these components to provide the largest boost to nonfarm payrolls. The unemployment rate continues to be tricky, often moving in the opposite direction of nonfarm payroll additions due to fluctuations in the participation rate as workers leave and re-enter the labor market. Last week, the Fed put to rest debate over the 6.5% unemployment rate threshold and downplayed the importance of a specific indicator as a predictor for forward guidance. Although it is often the case that job growth above 200K per month is sufficient to push down the unemployment rate, we do not believe it will be large enough in March.

China: NBS manufacturing PMI (March, April 1st)

Forecast: 50.4

Consensus: 50.1

Previous: 50.2

Economic activities are likely to stabilize slightly after being sluggish in the lunar New year holiday season from end January to early February. The government's policies, meanwhile, also become more growth-supportive since the past weeks, evidenced by lower inter-bank rates, weaker currency, and an acceleration in public investment. Therefore, the NBS PMI, surveying a large number of bigger firms, may rebound slightly in March, despite the flash HSBC PMI has pointed to weaker activities for smaller and export-oriented firms. In the following days, we will also watch closely other economic indicators for March, including trade, IP, retail sales, and investment, to better gauge current status of the economy.

Last Week

Week March, 24 - March, 28

Indicator	Period	Cons. E	Prior	Observed *	
United States					
Chicago Fed National Activity Index	Feb	0.08	-0.39	0.14	▲
S&P Case Shiller HPI YoY	Jan	13.40%	13.42%	13.24%	▼
New Home Sales ('000)	Feb	445.00	468.00	440.00	—
New Home Sales MoM	Feb	-4.90%	9.60%	-3.30%	▲
Consumer Confidence	Mar	78.50	78.10	82.30	▼
Durable Goods Orders MoM	Feb	0.80%	-1.00%	-2.20%	▼
Durable Goods Orders Ex Transportation MoM	Feb	0.30%	1.10%	1.10%	▲
Real GDP QoQ Annualized	4Q F	2.70%	2.40%	2.60%	▲
Personal Consumption	4Q F	2.70%	2.60%	3.30%	▲
GDP Price Index	4Q F	1.60%	1.60%	1.60%	—
Core PCE QoQ	4Q F	1.30%	1.30%	1.30%	—
Initial Jobless Claims ('000)	22-Mar	322.0	320.0	311.0	▼
Pending Home Sales MoM	Feb	0.10%	0.10%	-0.80%	▼
Personal Income MoM	Feb	0.30%	0.30%	0.30%	—
Personal Spending MoM	Feb	0.30%	0.40%	0.30%	—
U. of Michigan Consumer Sentiment	Mar	80.50	79.90	80.00	▼
Eurozone					
Composite PMI	Mar P	53.20	53.30	53.20	—
Manufacturing PMI	Mar P	53.00	53.20	53.00	—
Services PMI	Mar P	52.60	52.60	52.40	▼
M3 Money Supply YoY	Feb	1.30%	1.20%	1.30%	—
Economic Confidence	Mar	101.40	101.20	102.40	▲
Consumer Confidence	Mar F	—	-9.30	-9.30	—
Germany					
Manufacturing PMI	Mar P	54.50	54.80	53.80	▼
Services PMI	Mar P	55.50	55.90	54.00	▼
Composite PMI	Mar P	—	56.40	55.00	—
IFO Business Climate	Mar	110.90	111.30	110.70	▼
IFO Current Assessment	Mar	114.50	114.40	115.20	▲
IFO Expectations	Mar	107.70	108.30	106.40	▼
GfK Consumer Confidence	Apr	8.50	8.50	8.50	—
CPI MoM	Mar P	0.40%	0.50%	0.30%	▼
CPI YoY	Mar P	1.10%	1.20%	1.00%	—
CPI EU Harmonized MoM	Mar P	0.40%	0.50%	0.30%	▼
CPI EU Harmonized YoY	Mar P	0.90%	1.00%	0.90%	—
France					
Manufacturing PMI	Mar P	49.70	49.70	51.90	▲
Services PMI	Mar P	47.50	47.20	51.40	▲
Composite PMI	Mar P	—	47.90	51.60	—
Manufacturing Confidence	Mar	100.00	100.00	100.00	—
Business Confidence	Mar	95.00	94.00	95.00	—
Consumer Spending MoM	Feb	0.80%	-2.10%	0.10%	▼
Italy					
Retail Sales MoM	Jan	0.10%	-0.30%	0.00%	▼
Consumer Confidence Index	Mar	98.40	97.50	101.70	▲
Business Confidence	Mar	99.50	99.10	99.20	▼
Economic Sentiment	Mar	—	87.90	89.50	—
Japan					
Jobless Rate	Feb	3.70%	3.70%	3.60%	▼
Natl. CPI Ex. Fresh Food	Feb	1.30	1.30	1.30	—
China					
HSBC/Markit China PMI Manufacturing	Mar	48.70	48.50	48.10	▼
Mexico					
Unemployment Rate NSA	Feb	4.90%	5.05%	4.65%	▼
Economic Activity IGAE YoY sa	Jan	—	0.50%	0.90%	—
Colombia					
Industrial Confidence	Feb	—	6.70	5.80	—
Retail Confidence	Feb	—	24.00	21.90	—
Brazil					
FGV Consumer Confidence	Mar	—	107.10	107.20	—
Unemployment Rate	Feb	5.10%	4.80%	5.10%	—

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

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