

# Global Weekly Flash

Madrid, 28 June 2013  
Economic Analysis

Financial Scenarios

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## Central banks act to ease market tensions

### • Fed officials try to calm down financial market

- Early in the week, financial markets continued pricing-in the start of the Fed's scaling-back of asset purchases and an early start of the Fed's tightening cycle. The 10Y US yield surged to a two-year high (2.6%), spurring losses across assets and geographies. Against this background, several Fed officials have tried to calm down investors. Fed's Dudley has reiterated that the Fed's actions will be clearly data-dependent. He has also highlighted that the withdrawal will be a flexible process "if labour markets... the economy's growth momentum were to be less favourable than the FOMC's outlook... I would expect that asset purchases would continue at a higher pace for longer." Additionally, Mr. Dudley remarked that the Fed has not signaled bringing forward any interest rate hike cycle, on the contrary "rise in short-term interest rate is very likely to be a long way off." Other Fed members, such as James Powell, Narayana Kocherlakota and Richard Fisher, have suggested that financial markets have overreacted. Governor J. Stein say that "We have attempted in recent weeks to provide more clarity about the nature of our policy reaction function, but I view the fundamentals of our underlying policy stance as broadly unchanged.". "The threshold nature of this forward guidance embodies further flexibility to react to incoming data," Stein said. "If, for example, inflation readings continue to be on the soft side, we will have greater scope for keeping the funds rate at its effective lower bound even beyond the point when unemployment drops below 6.5%."

### • Some signs of markets stabilizing at the end of the week.

- Bond, currency and equity markets have rallied at the end of the week. Safe-haven yields have fallen between 8-10bps, spurring fresh gains across assets in the last part of the week. Emerging bond and currency markets have outperformed, reverting part of last month's losses. Equity indexes have also closed the week in positive territory, while the implied volatility in S&P500 fell strongly to 17.5 from 20.1. However, comments from Fed officials have had a small effect on markets' expectation about the first Fed hike, which continues to be priced-in for 1Q15. Investors have responded to these comments nonetheless: after Ben Bernanke's press conference, investors reduced the intensity of the FED hikes in 2015 (from 100bps to 75pb).

### • China's interbank cash squeeze, likely to ease

- After allowing an interbank liquidity squeeze to intensify (as of June 6th), the People's Bank of China (PBoC) signalled readiness to provide liquidity and stabilize the market. The announcement on Tuesday was welcomed news to China's equity markets, which had fallen by almost 20% since end-May on worries of slowing growth and, more recently, the impact of the intensifying cash squeeze on economic activity and bank profits. While still elevated, interbank interest rates have eased in the past four days and the equity market has stabilized. The cash squeeze appears to have been induced by the PBoC, as a signal to banks to curtail shadow banking and other risky lending practices. Given the risks and drawbacks of this strategy, we expect the PBoC to stabilize interbank interest rates soon, albeit at a somewhat higher level than in the past.

- **At next week's ECB meeting, the board will likely adopt a slightly more dovish stance, emphasizing that the exit remains distant (and avoid any strong market reactions such as the one after Ben Bernanke's comments)**
  - Along this line, ECB President Mario Draghi has also taken the opportunity this week to reiterate that current accommodative monetary policy is assured for the foreseeable future. Similarly, Benoit Coeuré, a member of the executive board of the ECB, has said that "there should be no doubt that an exit from easy policy is a distant prospect." July's ECB meeting is unlikely to bring any news on the ways to boost lending to SMEs. After the last ECB meeting, while we were not expecting any announcement, Mr. Draghi's remarks contributed to dampening expectations on this topic as he highlighted that any action was "not for the short-term". As for its interest-rate policy, the ECB is expected to remain on hold with a bias to the downside (i.e., a further worsening of the economic outlook could trigger an additional rate cut). While the improvement in PMIs across Europe and some positive news coming from hard data reduce somewhat the likelihood of further rate cuts, volatility in financial markets and the increasing signs of an economic slowdown in major emerging markets should contribute to maintain the downside risks surrounding the economic outlook for the euro area.
- **The fallout from the Fed's plan to taper bond purchases continued to affect policy making in Latam**
  - Banxico minutes were less dovish than expected (and thus reducing the probability of another rate cut this year) and the Peruvian government announcing measures to ease investment and help sustain business confidence, while in Brazil the Central Bank eliminated reserve requirements on short dollar positions held by local banks, amid concerns about the sudden depreciation of the Brazilian real (BRL) and inflation.
- **European Council summit confirmed on June 28 measures of progress towards banking union and deployed measures to foster youth employment and funding to SME's**
  - On banking union, progress was limited to a compromise to reach agreement on the single resolution mechanism by the end of the year. Measures to foster employment could alleviate unemployment somewhat but not to a large extent. Measures to expand credit to SME's through the EIB are positive but will not be immediate and do not clarify an eventual role of the ECB in the scheme. Also, the **ECOFIN agrees on the Bank Recovery and Resolution Directive (BRRD)**. The ECOFIN has reached an agreement on its overall approach for the BRRD, paving the way to start negotiations with the European Parliament (EP). The vote in the Plenary of the EP is expected by October. The goal of the Directive is to achieve a common framework of rules and powers that help EU countries to intervene and manage failing credit and investment firms. National resolution authorities are given flexible powers to resolve distressed institutions through a quick procedure which minimizes financial and economic disruption.
- **US data suggests that the US recovery is underway despite softer 1Q13 final GDP reading. Meanwhile, confidence in the eurozone rises**
  - In the US, 1Q13 GDP has been revised downwards from 2.4% to 1.8% percent annual rate. Meanwhile, consumer confidence has reached its highest level in five years. The Dallas and Richmond Fed Manufacturing Survey for June both have surprised to the upside. On the real side, durable goods orders also increased in May above expectations. We consider that growth of nondefense capital goods may hint at better 2Q13. Moreover, personal income rose at a faster pace and consumer spending rebounded in May. While other parts of the economy may be sputtering, the housing

market continues to show the strength and resilience of consumers. Sales of new homes surged more than expected in May, while April was revised upward and pending home sale also rose above expectations. In addition, the S&P Case Shiller index also rose more than expected in April.

- The inflation outlook has not changed from that in April: core inflation has risen only 0.1%, after staying flat the previous month. The YoY figure remains stable at 1.1%, further signaling that the Fed's policies are not translating into accelerated inflation for the time being. That being the case, we expect this month's inflationary reading to continue favoring the Fed's current policy action.
- In the eurozone, confidence indices have improved above expectations. The headline Economic Sentiment Indicator, which aggregates surveys of businesses and consumers across the currency area, has risen to 91.3 (its highest level since May 2012). On the other hand, M3 money supply grew at a slower pace in May (2.9%) while loans to the private sector fell further. In Germany, IFO business confidence in June has corroborated the recent optimism, as it increased in line with expectations. In addition, May's GfK Consumer Confidence Survey index also exceeded expectations. In the labor market, unemployment has remained unchanged at 6.8%, yet the number of unemployed people has decreased slightly.
- In Japan, May's indicators point to an ongoing recovery under Abenomics. Activity indicators improved in May, signaling that the BoJ's aggressive monetary easing and fiscal stimulus under Abenomics may be bearing fruit: industrial production improved more than expected (2.0% MoM sa), yet household spending fell (-1.6% YoY) and private investment remained sluggish. On balance, we believe the economy's growth momentum will extend to Q2 after a better-than-expected 4.1% GDP growth outturn (saar) in Q1. Inflation (-0.3% y/y) remains negative, but inflationary expectations have been picking up and we expect deflation to end by Dec. 2013. That said, it will be a challenge to reach the BoJ's 2% inflation target within the next two years.

**Next week:** ECB and BoE monetary policy meetings next Thursday, both are expected to remain on hold. In the US, expected releases will include June's ISM manufacturing, nonfarm payrolls and unemployment rate. In the eurozone, releases will include June's PMIs, and Italy's, Ireland's and the eurozone's unemployment rates.

## Weekly Indicators

Week June, 24 - June, 28

CC	Indicator	Period	Cons. E	Prior		Obs. *
United States	Durable goods orders (MoM)	Jun	3.0%	3.3%	↑	3.6%
	Jobless claims(th)	22-Jun	354	354	↓	346
	Dallas Fed manufacturing Survey	May	-1.50	-10.50	↑	6.50
	S&P Case Shiller HPI (MoM)	Apr	1.2%	1.1%	↑	1.72%
	GDP	1Q13F	2.4%	2.4%	↓	1.8%
	Pending Home Sales	May	1.0%	0.3%	↑	6.7%
	Personal Spending	May	0.3%	-0.2%	→	0.3%
	Personal Income	May	0.2%	0.0%	↑	0.5%
	Chicago PMI	Jun	55.00	58.70	↓	51.60
	Consumer Confidence	Jun F	83.00	84.50	↑	84.10
Eurozone	M3 s.a. (YoY)	May	2.8%	3.2%	↓	2.9%
	Business Climate Indicator	Jun	-0.65	-0.75	↓	-0.68
	Indust. Confidence	Jun	-12.3	-13.0	↓	-11.2
	Consumer Confidence	Jun F	-18.80	-18.80	→	-18.8
	Services Confidence	Jun	-8.50	-9.30	↑	-9.5
Germany	IFO - Current Assessment	Jun	109.60	110.00	↓	109.40
	IFO - Expectations	Jun	102.10	101.60	↑	102.50
	GfK Consumer Confidence Survey	Jul	6.50	6.50	↑	6.80
	Unemployment Rate (s.a)	Jun	6.9%	6.9%	↓	6.8%
	Retail Sales (MoM)	May	0.4%	-0.4%	↑	0.8%
	CPI - EU Harmonised (MoM)	Jun P	0.1%	0.3%	→	0.1%
China	Industrial Progits YTD YoY	May	--	11.4%		12.3%
Japan	Jobless Rate	May	4.0%	4.1%	↑	4.1%
	Industrial Production (MoM)	May P	0.2%	0.1%	↑	2.0%
	Manufacturing PMI	Jun		51.10		52.30
Mexico	Unemployment Rate	May	4.9%	5.04%	→	4.9%
Brazil	FGV Consumer Confidence	Jun	--	113.4		112.9
	FGV Inflation IGP-M (MoM)	Jun	0.74%	0.00%	→	0.75%
Chile	Retail Sales (YoY)	May	10.3%	11.20%	↑	13.2%
	Unemployment Rate	May	6.5%	6.40%	↓	6.4%

\* 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 (June, July 1<sup>st</sup>)

<b>Forecast: 1.6% y/y</b>	<b>Consensus: 1.6% y/y</b>	<b>Previous: 1.4% y/y</b>
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We expect inflation to increase further in June by 0.2pp to 1.6% y/y, driven by rising inflation of energy products, after being negative in the previous two months. This was due not only to increasing oil prices, but due to a positive base effect resulting from the moderation in the growth of energy prices a year ago. We expect inflation to remain broadly stable in the rest of the components, resulting in unchanged core inflation at 1.3% y/y. Looking forward, inflation is set to slow again, especially after July, to hover around 1.3% y/y throughout the year, while core inflation could remain relatively stable around 1.3% y/y during the rest of the year. All in all, the inflation pace remains well below the ECB's implicit target.

### Eurozone: Unemployment rates (May, July 1<sup>st</sup>)

<b>Forecast: 12.2%</b>	<b>Consensus: 12.3%</b>	<b>Previous: 12.2%</b>
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The unemployment rate would have remained stable in May, stabilizing at 12.2% after the slight increase registered in April (0.1pp to 12.2%). However, there are upside risks in our forecast, mainly due to the lagged effect over labour market performance of GDP fall in the first quarter. Nevertheless, the last figures of the Economic Sentiment Indicator (ESI) are in line with our forecast of economic growth for 2Q13 to gain some momentum in the second half of the year, so we expect that this mild recovery in coming months is likely to improve the actual labour market.

### US: ISM Manufacturing Survey (June, July 1<sup>st</sup>)

<b>Forecast: 49.9</b>	<b>Consensus: 50.2</b>	<b>Previous: 49.0</b>
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Mixed reports from the manufacturing sector are making June an interesting focal point in terms of gauging whether or not the sector is really in decline or just experiencing a temporary slowdown. Falling below 50 to signal a contraction in May, the ISM index purportedly showed that activity in the sector was following pundit's expectations and slowing in 2Q13. However, given recent data on growth in durable goods orders, it is difficult to specify whether May's decline in the ISM was only temporary or whether the durable goods report was the outlier. Nevertheless, we turn to the Federal Reserve surveys which tend to foreshadow the direction of the nation's manufacturing index as a whole. The Empire State survey has new orders and shipments declining heavily in June while the popular Philadelphia survey shows the same indicators moving in the positive direction with similar pace. While both jumped significantly into positive territory at the headline level, the ISM-adjusted figures remain slightly below 50 which indicate that they are still contracting. Overall, we expect the national ISM to shift toward expansion but not quite enough to suggest a strong pickup in activity.

### US: Nonfarm Payrolls & Unemployment Rate (June, July 5<sup>th</sup>)

<b>Forecast: 165K, 7.7%</b>	<b>Consensus: 167K, 7.5%</b>	<b>Previous: 175K, 7.6%</b>
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After a stronger showing in May from nonfarm payrolls, data is not conveying as much optimism for June. Initial jobless claims, although volatile, have been lower compared to May but not by much while continued claims have remained on the decline, possibly signaling that longer term unemployed people are finding work. However, given the recent rise in labor force participation, there may be some trepidation given the subsequent increase in the unemployment rate. This is no reason for alarm however; many people have been waiting for the best time to reenter the workforce and their reentry may signal some optimism in the labor market and for those who were discouraged after the worst of the recession hit. The hope is that the rise in the labor force will eventually be met with an increase in nonfarm payrolls but that remains to be seen as the second quarter is not expected to bring about explosive growth in employment. Without much growth in construction or durable goods employment over the month and little else to feed payrolls, we expect June's report to be similar to the trend set in May.

### China: NBS PMI for June (July 1<sup>st</sup>)

<b>Forecast: 50.2</b>	<b>Consensus: 50.1</b>	<b>Previous: 50.8</b>
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Data outturns in China have increasingly showed a slowdown, mostly recently from weaker-than-expected May industrial production (9.2% y/y) and exports (1.0% y/y). Moreover, the latest HSBC flash PMI on June 20 came in at a disappointing 48.3 (from 49.2 in May). As such, China's official NBS manufacturing PMI will be closely watched. We expected PMI to decline after an unexpected rise in May, as activity slows due to weak investment, sluggish exports, and recent government measures to address domestic financial fragilities. Nevertheless, we expect the NBS PMI to remain above the expansion threshold in view of continued public infrastructure spending and stable consumer spending.

## Markets Data

			Close	Weekly change	Monthly change	Annual change
Interest rates (changes in bps)	US	3-month Libor rate	0.27	0	0	-19
		2-yr yield	0.36	-1	6	5
		10-yr yield	2.49	-4	38	85
	EMU	3-month Euribor rate	0.22	0	2	-44
		2-yr yield	0.19	-8	11	6
		10-yr yield	1.73	0	20	15
Exchange rates (changes in %)	Europe	Dollar-Euro	1.301	-0.9	0.5	2.7
		Pound-Euro	0.86	0.6	0.1	6.2
		Swiss Franc-Euro	1.23	0.3	-1.2	2.4
	America	Argentina (peso-dollar)	5.39	0.8	2.1	19.0
		Brazil (real-dollar)	2.23	-0.6	5.6	10.9
		Colombia (peso-dollar)	1923	-0.8	1.6	7.8
		Chile (peso-dollar)	508	-0.6	3.7	1.5
		Mexico (peso-dollar)	12.99	-2.4	2.6	-2.8
		Peru (Nuevo sol-dollar)	2.78	0.1	3.3	4.4
		Asia	Japan (Yen-Dollar)	99.28	1.4	-1.9
	Korea (KRW-Dollar)		1142.06	-1.0	0.8	-0.3
	Australia (AUD-Dollar)		0.913	-1.0	-5.2	-10.8
	Comm. (chg %)	Brent oil (\$/b)	102.6	1.7	0.2	4.9
		Gold (\$/ounce)	1225.7	-5.5	-12.0	-23.3
Base metals		518.4	0.0	-0.7	3.2	
Stock markets (changes in %)	Euro	Ibex 35	7763	0.8	-8.0	9.3
		EuroStoxx 50	2603	2.1	-6.6	14.9
	America	USA (S&P 500)	1614	1.4	-2.1	18.5
		Argentina (Merval)	2966	-3.4	-14.6	26.4
		Brazil (Bovespa)	47343	0.6	-13.3	-12.9
		Colombia (IGBC)	12608	-1.3	-6.6	-6.0
		Chile (IGPA)	19750	3.1	-3.3	-6.3
		Mexico (CPI)	40470	6.4	-0.4	0.7
		Peru (General Lima)	15406	-1.4	-4.4	-23.8
	Venezuela (IBC)	1150135	18.3	42.1	356.7	
	Asia	Nikkei225	13677	3.4	-4.5	51.9
HSI		20803	2.7	-7.8	7.0	
Credit (changes in bps)	Ind.	Itraxx Main	117	-7	18	-49
		Itraxx Xover	473	-28	63	-189
	Sovereign risk	CDS Germany	32	0	5	-70
		CDS Portugal	401	-9	87	-404
		CDS Spain	278	-6	44	-253
		CDS USA	27	-2	-2	---
		CDS Emerging	317	-60	50	32
		CDS Argentina	2915	-1186	-266	1662
		CDS Brazil	183	-28	41	25
		CDS Colombia	140	-29	39	-3
		CDS Chile	97	-17	19	-19
		CDS Mexico	129	-32	32	-11
CDS Peru	143	-31	38	-20		

Source: Bloomberg and Datastream

## Weekly Publications

Country	Date	Description
EMU	06/25/2013	<p><b>&gt; Europe Flash: Eurogroup reaches first agreement on direct bank recapitalisation</b> Last week the Eurogroup reached a first agreement on details of the direct recapitalisation by the European Stability mechanism (ESM) of ailing banks in stressed countries</p>
Spain	06/28/2013	<p><b>&gt; Flash España: Visados de construcción de vivienda de obra nueva abril 2013: dato peor al esperado</b> En abril se aprobaron 2.618 visados para la construcción de vivienda de obra nueva, lo que equivale a una reducción del 8,9% respecto a marzo</p>
	06/27/2013	<p><b>&gt; Flash España: Avance del IPC de junio</b> La inflación se aceleró en junio debido al crecimiento del precio de los productos energéticos</p>
	06/27/2013	<p><b>&gt; Confianza industrial y del consumidor en junio</b> La evolución de las expectativas de los agentes durante el conjunto del segundo trimestre debe ser valorada positivamente</p>
	06/27/2013	<p><b>&gt; Financial Systems Flash: Household and business deposits rose by €8bn in May</b> Deposits held by households and businesses, the most stable and relevant component, increased by €8bn in May</p>
	06/27/2013	<p><b>&gt; Flash España: Ventas reales del comercio al por menor de mayo: mejores de lo previsto por segundo mes consecutivo</b> Una vez corregidas las variaciones estacionales propias del mes, las ventas reales del comercio minorista aumentaron en mayo más de lo esperado</p>
	06/27/2013	<p><b>&gt; Flash Sistemas Financieros: Los depósitos de hogares y empresas aumentan en 8bn? en mayo</b> Los depósitos totales (de todos los agentes y geografías) bajan 41bn€ en el mes.</p>
	06/26/2013	<p><b>&gt; Flash España: Hipotecas sobre vivienda abril 2013: debilidad ante una nueva contracción tras corregir la estacionalidad</b> En abril se firmaron 17.508 hipotecas sobre vivienda. Tras corregir la serie de las variaciones estacionales propias del mes (cvec), la concesión de hipotecas se contrajo el 9,5% respecto a marzo</p>
	06/26/2013	<p><b>&gt; Spain Consumption Outlook. First Half 2013</b> The lasting effect of the VAT hike and the weakness of its determinants will continue to weigh on private consumption in 2013</p>
	US	06/27/2013
06/25/2013		<p><b>&gt; U.S. Flash. Durable Goods Growth Suggests Better Than Expected 2Q13</b> New orders for durable goods rose 3.6% on large order for Boeing aircrafts. Excluding transportation, new orders rose only a modest 0.7%</p>
06/25/2013		<p><b>&gt; U.S. Housing Flash. New Home Sales Surge In May On Strong Regional Shifts</b> Sales of new homes in May surged higher than expected as April was revised upward. The supply of new homes remains low at 4.1 months</p>
06/24/2013		<p><b>&gt; Flash Semanal EEUU. Inflación general sube moderadamente en mayo por ganancias de precios de servicios públicos</b> El índice de precios al consumidor de mayo coincidió con las expectativas del mercado debido a que los precios de la energía repuntaron ligeramente, de modo que se evitó otro mes de caída de precios</p>
06/24/2013		<p><b>&gt; U.S. Weekly Flash. Headline Inflation Rises Moderately in May Due to Gains in Utility Prices</b> The headline consumer price index for May was on par with market expectations as energy prices rebounded slightly to prevent another month of falling prices</p>



## Latam

- 06/28/2013 > [Latam Daily Flash: Longer monetary tightening cycle in Brazil; Congress approves measures to accelerate investment in Peru](#)
- 06/27/2013 > [Latam Daily Flash: Mixed signals from confidence data in Colombia: exports show signs of rebounding in Mexico](#)  
In Colombia, confidence data reinforced prospects of a recovery in consumption, but suggested that the recovery in the industrial sector will be gradual.
- 06/26/2013 > [Latam Daily Flash: Economic activity surprised downwards in Mexico; BCB took another step to ease capital controls](#)
- 06/25/2013 > [Latam Daily Flash: Inflation came out below expectations in Mexico](#)
- 06/24/2013 > [Latam Daily Flash: Banxico policy minutes less dovish than expected; Peruvian government prepares measures to boost investment](#)

## Brazil

- 06/27/2013 > [Brazil Flash: Central Bank expects higher inflation and lower growth; and we expect a higher SELIC](#)  
The Central Bank of Brazil (BCB) adjusted its inflation forecasts up and its growth forecasts down
- 06/27/2013 > [Flash Brasil: El Banco Central espera mayor inflación y menor crecimiento; y nosotros esperamos un SELIC más alto](#)  
El Banco Central de Brasil (BCB) ajustó sus estimaciones de inflación al alza, mientras que ajustó sus previsiones de crecimiento a la baja

## Peru

- 06/25/2013 > [Artículo de Prensa Perú - ¿No vale un cobre?](#)  
Más allá de correcciones cíclicas transitorias, aún vemos espacio para que el precio del cobre se mantenga en niveles que seguirán incentivando la inversión y producción del sector.
- 06/25/2013 > [Peru Economic Watch | International reserves in Peru: approaching the optimal level. Is it adequate to accumulate more reserves?](#)  
International reserves in Peru closed 2012 at 32% of GDP, the highest ratio in the region.
- 06/23/2013 > [Asegurar el largo plazo en el Perú](#)  
El Perú no será inmune a un entorno exterior menos favorable, pero su robusta demanda interna le debería dar para crecer en torno al 6% en los próximos años.
- 06/23/2013 > [Independientes sin pensión](#)  
Para no dejar a su suerte a los trabajadores cuando se jubilen, requerimos contar con su participación sin importar si el trabajador es dependiente o independiente

## Mexico

- 06/25/2013 > [Flash Bancario México. Publica la Secretaría de Hacienda y Crédito Público \(SHCP\) modificaciones a la Circular Única de Bancos \(CUB\) para establecer nuevas reglas para la calificación de la carter...](#)  
La cartera crediticia comercial se calificará y provisionará conforme a un modelo de pérdida esperada
- 06/25/2013 > [Mexico Banking Flash. The Ministry of Finance \(SHCP\) has published amendments to the Single Banking Circular \("Circular Única de Bancos", or CUB\) to establish new rules for rating the commercial...](#)  
The commercial credit portfolio will be rated and provisions shall be allocated in accordance with an expected loss model
- 06/24/2013 > [Flash Inflación México. Inflación 1QJun: La inflación sorprendió a la baja gracias a que la inflación no subyacente fue menor a lo esperado](#)  
General: Observada: -0.05% q/q vs. BBVA: 0.08% q/q Consenso: 0.08% q/q. Subyacente: Observada: 0.07% q/q vs. BBVA: 0.07% q/q Consenso: 0.08% q/q
- 06/24/2013 > [Mexico Inflation Flash. June's biweekly inflation: Inflation Surprised Downwards Thanks to Lower Than Expected Non Core Inflation](#)  
General: Actual: -0.05% f/f vs. BBVA: 0.08% f/f Consensus: 0.08% f/f. Core: Actual: 0.07% f/f, vs. BBVA: 0.07% f/f Consensus: 0.08% f/f



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## Asia

- 06/28/2013 ➤ **Asia Flash | 28 Jun 2013: Japan's May indicators improve; Korea's IP declines; India's current account deficit eases; Vietnam takes further steps to revive growth**  
Markets in Asia ended the week on a strong upturn due to signs that China's interbank cash squeeze is easing and on positive economic data in Japan.
- 06/28/2013 ➤ **China Banking Watch: Bank profits expected to stall (Chinese version)**
- 06/28/2013 ➤ **China Flash: Who's most susceptible to the interbank cash squeeze?**  
Who's most susceptible to the interbank cash squeeze?
- 06/26/2013 ➤ **China Flash: Risky interbank cash squeeze likely to ease**  
After allowing an interbank cash squeeze to intensify since June 6, the People's Bank of China (PBoC) late yesterday signalled a readiness to provide liquidity and stabilize the market.
- 06/24/2013 ➤ **Asia Flash | 24 Jun 2013: big sell-off in China stock market; PBoC's statement on cash squeeze; China and UK sign swap line; Indonesia increases fuel price; India addresses coal shortage**  
China's stock markets declined sharply today on renewed concern about the ongoing squeeze in the interbank market and its impact on smaller banks. Other Asian markets fell in tandem.
- 06/24/2013 ➤ **China Banking Watch: After better-than-expected results in 2012, we expect profit growth to slow sharply in 2013, and even to turn negative in 2014-15.**

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Publications on June 21, 2013 to 13:03, Madrid time

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