

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

In Europe, the EU leaders will hold a summit to discuss high-level appointments. Economic releases will include April's M3 and May's economic confidence. In the US, several members of the FED will delivery speeches (Lockhart, Pinalto, George, Lacker, Williams and Plosser). Economic data in the US will include the second estimate for 1Q2014, April's durable orders, pending home sales, personal income and spending, May's Chicago PMI and U.M consumer confidence.

Calendar: Indicators

Eurozone: Monetary aggregate M3 (April, 28 May)

Forecast: 1.2% YoY

Consensus: 1.1% YoY

Previous: 1.1% YoY

The euro area's broad money M3 moderated its growth to 1.2% YoY in the 1Q14, continuing the significant downward trend observed in 2013; this was partly due to a slowdown in the fall of loans to households and firms. In April, we expect a slight acceleration of around 1.2% YoY compared to the March figure, but still remaining at very low historical levels. Among its counterparts, we should see a moderation in the fall of loans to households (from -0.3% YoY registered in 1Q14 and -0.4% YoY observed in 4Q13), mainly reflecting the slight reactivation of household spending. Along the same lines, those to firms are likely to have moderated from the very negative figures observed up to now (-3.6% YoY in 1Q14 and -4.2% YoY observed in 4Q13), also suggesting that investment should continue to recover during this quarter.

Eurozone: Economic Sentiment (ESI) (May, 28 May)

Forecast: 101.7

Consensus: 102.2

Previous: 102

After eleven months of increases in confidence, the April Economic Sentiment was slightly down but still above its long-term average, which is related to a moderate GDP growth. In May, we do not expect a substantial change in economic conditions, in line with what PMI's have already suggested. In fact, we should see more signs of a general recovery in the region, although it may suffer from the worsening external environment and a strong euro. All in all, the confidence data should remain at current levels, pointing to a slight acceleration in the pace of growth for 2Q14, in line with our MICA-BBVA model is projecting (0.3% QoQ).

US: GDP, Preliminary (1Q14, 29 May)

Forecast: 0.7%

Consensus: -0.5%

Previous: 0.1%

Despite some calls for a downward revision to 1Q14 GDP growth, we expect to see a slight upward shift for the second estimate. Most data released since the initial GDP figure hint at better-than-expected activity for the quarter, though still relatively weak due to the impact from severe winter weather across the nation. Important indicators for 1Q14 were revised up, including industrial production in March as well as business inventories and personal consumption in February. Personal consumption expenditures were also stronger than expected in March, rising at the fastest monthly pace of the recovery thus far. Residential investment did not fare so well, with construction spending revised lower for February but fortunately offsetting these losses in March. Although trade data was not so encouraging for March, exports did rebound enough to more than offset February's decline, so we don't expect this to put much downward pressure on the GDP revision. Thus, we expect to see a modest improvement to GDP growth for the first quarter but still holding near the lowest QoQ SAAR rate in more than a year.

US: Personal Income and Outlays (April, 30 May)

Forecast: 0.2%, 0.1%

Consensus: 0.3%, 0.2%

Previous: 0.5%, 0.9%

Personal income and outlays are expected to increase again in April as the winter weather effects subside moving into the second quarter. Both indicators were surprisingly healthy in 1Q14 despite the fact that growth for the quarter was extremely slow. For April, various indicators point to another month of relatively healthy activity for the consumer, though likely at a slower pace compared to March. With the employment situation improving gradually, we could start to see some upward pressures on wage growth, though still very minimal for the time being. Similarly, consumers are continuing to take advantage of the low inflationary environment when it comes to spending. Therefore, we expect consumer activity to remain supportive of the economic recovery as overall growth accelerates throughout the rest of the year.

India: GDP growth (1Q14, 30 May)

Forecast: 4.8% YoY

Consensus: 4.9% YoY

Previous: 4.7% YoY

The past month was eventful for India with its chief opposition political party, the BJP, led by Mr. Narendra Modi, winning the national elections with a strong mandate. Perceived to be reformist and pro-business, the new government faces a challenging task of taming elevated inflation, pruning a high fiscal deficit, and reviving India's sluggish sub-5% GDP growth. In this context, India's Q1 GDP outturn would serve as an important input for the new government in formulating its policy agenda as also for the Reserve Bank of India in its rate decision meeting on June 3rd, where we expect RBI to stay on hold. We expect Q1 GDP outturn to reflect a steadying economy as higher agriculture and financial sector growth offsets lackluster industrial activity and a cutback in public expenditure.

Last Week

Week 19 May - 23 May

Indicator	Period	Cons. E	Prior	Observed *	
United States					
Initial Jobless Claims	May 17	310.00	297.00	326.00	▲
Leading Index MoM	Apr	0.40%	0.80%	0.40%	—
Existing Home Sales	Apr	4.68	4.59	4.65	▼
Existing Home Sales MoM	Apr	2.00%	-0.20%	1.30%	▼
New Home Sales	Apr	420.00	384.00	433.00	▲
New Home Sales MoM	Apr	9.40%	-14.50%	6.40%	▼
Eurozone					
Construction Output MoM	Mar	--	0.40%	-0.60%	
Consumer Confidence	May P	-8.30	-8.60	-7.10	▲
Composite PMI	May P	53.90	54.00	53.90	—
Manufacturing PMI	May P	53.20	53.40	52.50	▼
Services PMI	May P	53.00	53.10	53.50	▲
Germany					
Composite PMI	May P	56.00	56.10	56.10	▲
Manufacturing PMI	May P	54.00	54.10	52.90	▼
Services PMI	May P	54.50	54.70	56.40	▲
GDP WDA YoY	1QF	2.30%	2.30%	2.30%	—
GDP SA QoQ	1QF	0.80%	0.80%	0.80%	—
IFO Business Climate	May	110.90	111.20	110.40	▼
IFO Current Assessment	May	115.40	115.30	114.80	▼
IFO Expectations	May	106.50	107.30	106.20	▼
France					
Composite PMI	May P	50.50	50.60	49.30	▼
Manufacturing PMI	May P	51.00	51.20	49.30	▼
Services PMI	May P	50.40	50.40	49.20	▼
Manufacturing Confidence	May P	100.00	100.00	99.00	▼
Business Confidence	May P	94.00	94.00	94.00	—
Italy					
Retail Sales MoM	Mar	--	0.00%	-0.20%	
Industrial Orders MoM	Mar	0.30%	-3.20%	1.30%	▲
Japan					
Machine Orders MoM	Mar	4.80	-4.60	19.10	▲
All Industry Index MoM	Mar	1.60%	-1.10%	1.50%	▼
Markit/JMMA Japan Manufacturing PMI	May	--	49.40	49.90	
China					
HSBC PMI Manufacturing	May	48.30	48.10	49.70	▼
Chile					
GDP QoQ	1Q	0.60%	-0.10%	0.70%	▲
Current Account Balance USD Mn	1Q	-150.00	-2430.00	-795.00	
Brazil					
IBGE Inflation IPCA-15 MoM	May	0.55%	0.78%	0.58%	—
Unemployment Rate	Apr	5.15%	5.00%	4.90%	▼
Mexico					
Unemployment Rate NSA	Apr	4.82%	4.80%	4.84%	—
Bi-Weekly CPI	May	-0.38%	-0.05%	-0.37%	—
Economic Activity IGAE YoY	Mar	3.45%	1.74%	3.03%	▼
GDP SA QoQ	1Q	0.60%	0.2%	0.30%	▼
Current Account Balance USD Mn	1Q	-5990.00	-4660.00	-45.33	▲

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

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