

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

Madrid, 23 May 2014

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 deliver 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 nsensus forecast. Green-Above consensus forecast. Yellow- In line consensus forecast.
Source: Bloomberg and BBVA Research

DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.

This report has been produced by the Financial Scenarios Unit

Cristina Varela Donoso
cvarela@bbva.com
+34 91 537 78 25

Jaime Costero
jaime.costero@bbva.com
+34 91 537 76 80

Indicators collaboration:

Europe
Diego José Torres
diego.torres.torres@bbva.com
+34 91 37 40012

US
Kim Fraser
kim.fraser@bbvacompass.com
+1 713 831 7345

Asia
Sumedh Deorukhkar
sumedh.deorukhkar@grupobbva.com
+91 22 22821941

Contact details

BBVA Research
Paseo Castellana, 81 - 7th floor
28046 Madrid (Spain)
Tel.: +34 91 374 60 00 and +34 91 537 70 00
Fax: +34 91 374 30 25
bbvaresearch@bbva.com
www.bbvaresearch.com