

Quarterly Report

EAGLEs

Hong Kong,
Third Quarter 2012
Economic Analysis

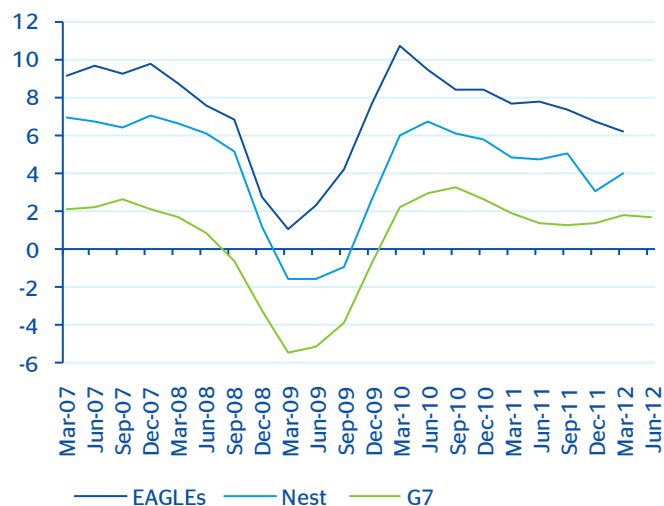
Activity	2 →
External sector	4 →
Consumer Prices	5 →
Monetary Policy	6 →
Domestic Credits	7 →
Financial Markets	8 →
Special Topic	11 →
Statistical Annex	12 →

- **Most of the EAGLEs have decelerated more than expected during the summer**, intensifying the slowdown which started in 2011 as the European crisis begins to take its toll on softer world trade and weaker agents' confidence. **External contagion adds to the lagged effects of policy tightening** last year on domestic demand. Emerging Asia has seen a broad slowdown and structural concerns have grown in Brazil, while Mexico outperformed in Q2. Turkey continues its soft landing and Russia is benefiting from high oil prices.
- **Inflationary pressures have recently eased in most of the EAGLEs** due to demand slowdown and lower commodity prices in the first half of the year. As a result this gives **central banks more scope for stimulus**, although only Brazil and Turkey have recently undergone a significant softening of monetary conditions.
- **Soft commodity prices have increased sharply in Q3 due to the effects of climate shocks** (view Special Topic). If persistent, new inflationary pressures may arise in the following months, limiting monetary room especially for import reliant economies.
- Despite uncertainty surrounding the Euro crisis, **global risk aversion has diminished since June**, while expectations on ECB and Fed action have recently increased. Under these conditions, **yield seeking** followed turbulence in Q2 and **has prompted the return of capital flows to emerging markets**. Sentiment shift has given **relief to depreciation pressures in India, Brazil and Russia**, while the Mexican Peso shows the best recent performance.
- **Healthier fundamentals keep the upgrading cycle alive in emerging markets**, with Moody's improving the ratings of Turkey (June) and Korea (August) by one notch. **Outlook remains positive for Turkey, which could end 2012 becoming investment grade** as the rest of the EAGLEs currently are.

Activity: GDP

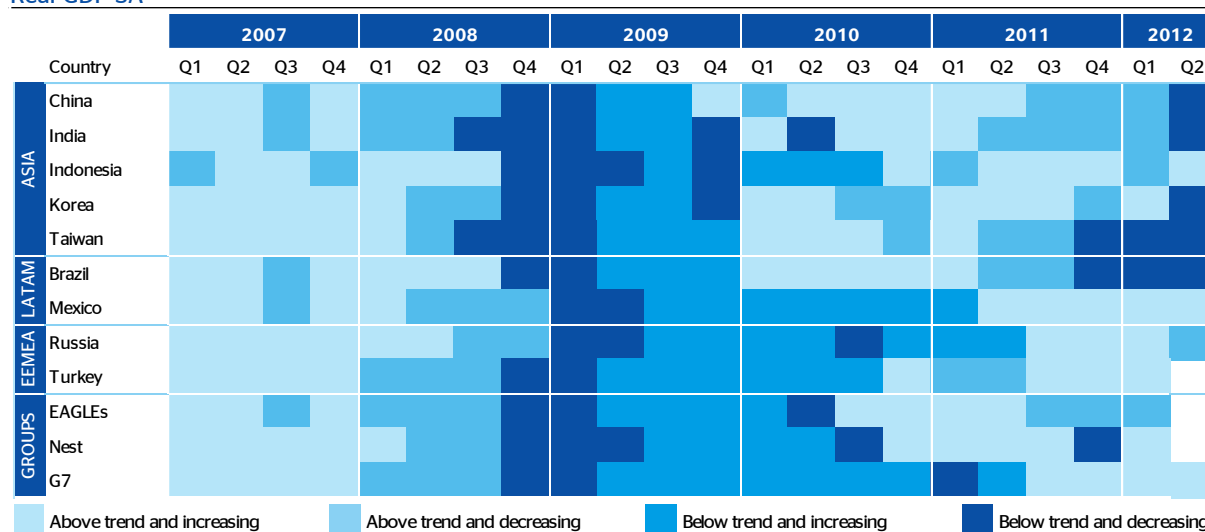
- In Asia second quarter indicators have been weaker than anticipated due to slowing export growth and weakening domestic demand. The slowdown in India and China has been noticeable with the former mainly explained by the uneven implementation of structural reforms, and the latter owing in part to the effects of previous policy tightening besides Euro Zone weaker demand. Only Indonesia has continued to perform relatively well.
- In LatAm the differentiated performance between Brazil and Mexico continued. In addition to the global slowdown, Brazil is facing doubts to its growth model which relies heavily on private consumption and credit while the economy confronts increasing competitiveness problems. Mexico's economic performance remains solid given favorable financing conditions in the domestic market and gains in competitiveness.
- Emerging Europe is losing momentum due to exposure to the Euro Zone. However, high oil prices keep helping Russia, while Turkey is experiencing a soft landing which is helping to correct a large external imbalance, at the time exports to non-EU partners have notably increased.

Real GDP NSA YoY percentage point change



Source: BBVA Research and Haver

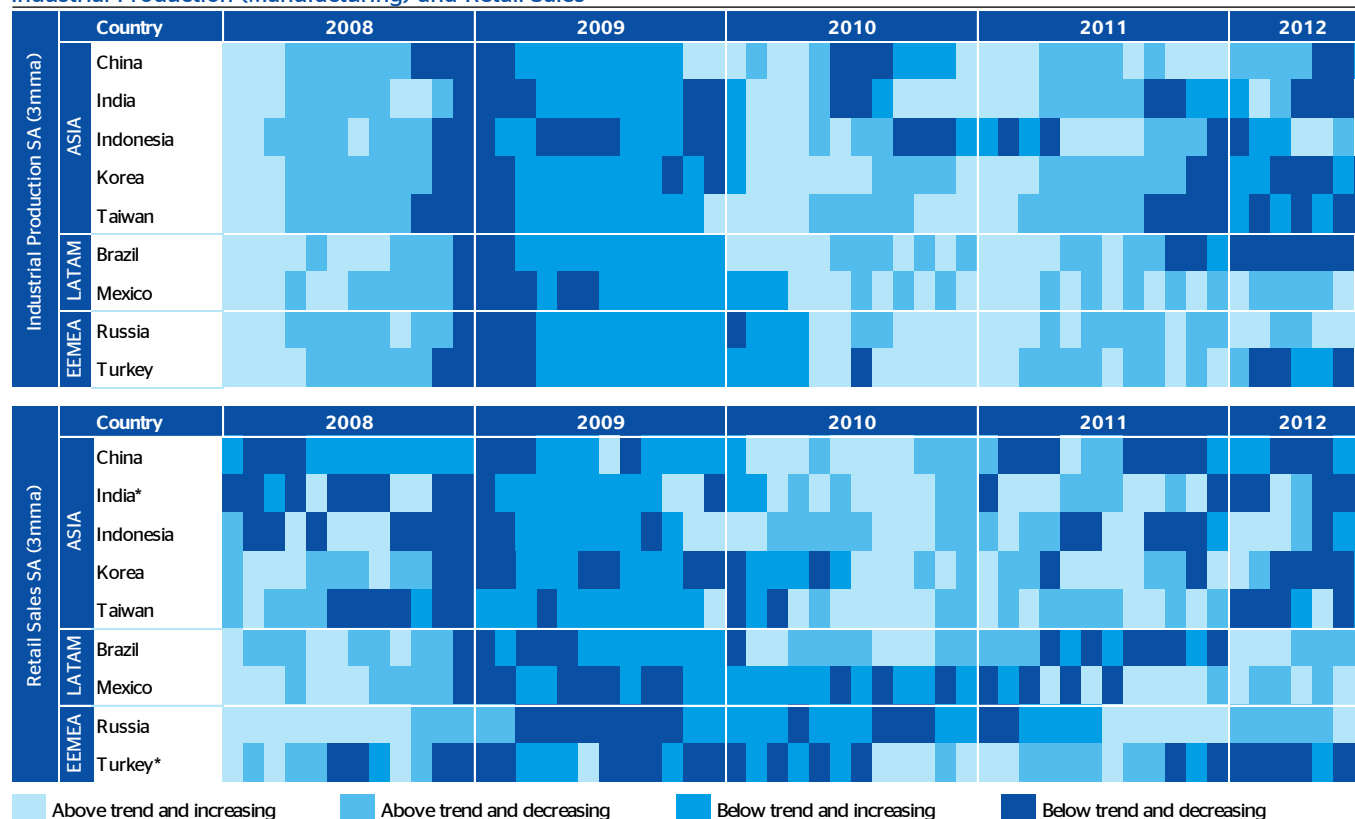
Real GDP SA



Source: BBVA Research and Haver

Activity: Industrial Production & Retail Sales

Industrial Production (Manufacturing) and Retail Sales



Note: India: Motor Vehicle Sales: Total (2003AY=100)

Note: Turkey: Registered Motor Vehicles (Units) (2003AY=100)

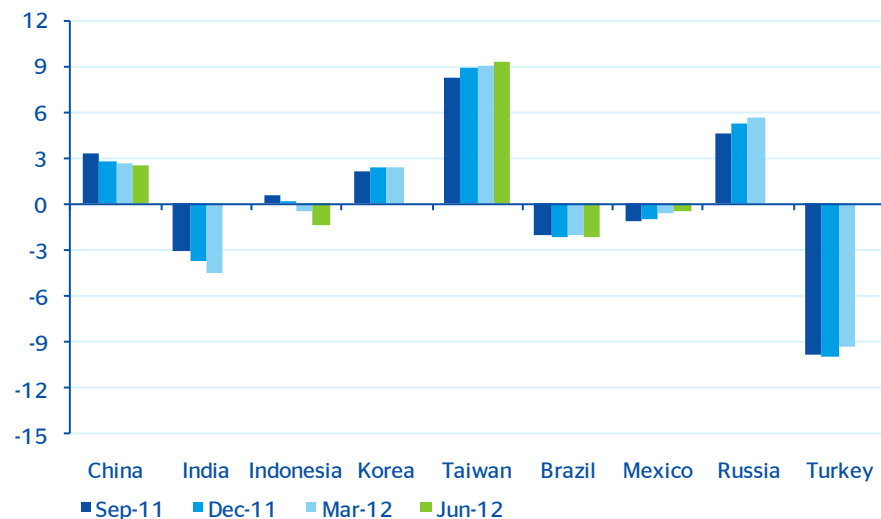
Source: BBVA Research, Haver and CEIC

- Industrial Production (IP) in India, Taiwan, Brazil and Turkey is facing the strongest headwinds coming from the Euro Zone crisis, the slowdown in China and lagged effects of monetary policy. IP in China and Korea continued performing weak. Only Mexico and Russia maintained expansion rates above their historical trends.
- In Asia Retail Sales (RS) remained weak, although in China recent policy stimulus seems to have started taking effect. In Brazil, domestic issues such as the slowdown in credit markets are curbing RS growth. In Mexico and Russia sales remained solid given more favorable financing conditions in the domestic market.

External Sector: Current Account & Trade Balance

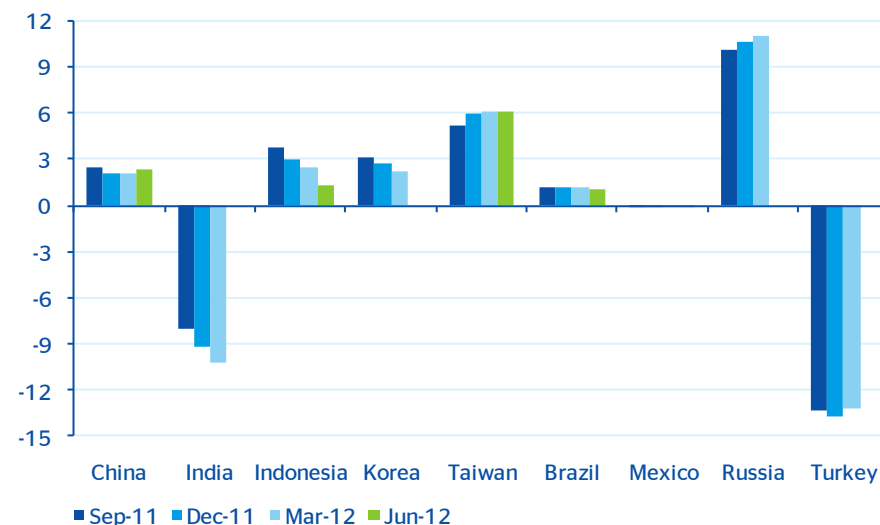
- The combination of a still resilient domestic demand and weakening exports has led to a narrowing of current account surpluses in Asian EAGLEs.
- In LatAm external imbalances are not a source of concern despite weaker export growth, while in Turkey rebalancing is helping to correct the current account deficit although it is still large.
- Higher oil and food prices in Q3 will benefit Russia and Brazil, while potential losers in terms of trade are located in Korea and Mexico.

Current Account as % of GDP (accumulated for the last 4 quarters)



Note: Lack of data for India, Korea, Russia, and Turkey in the last period.
Source: BBVA Research and Haver

Trade Balance as % GDP (accumulated for the last 4 quarters)



Note: Lack of data for India, Korea, Russia, and Turkey in the last period.
Source: BBVA Research and Haver

Consumer Prices: Headline & Core Inflation

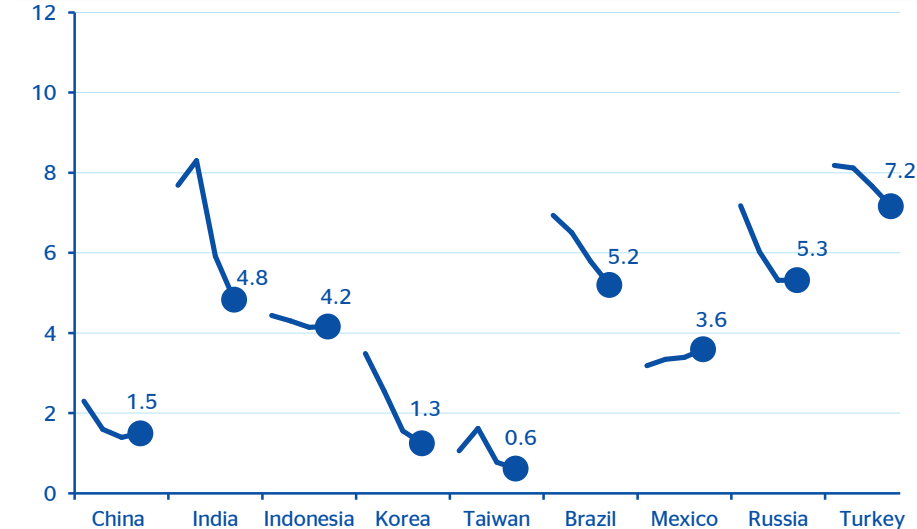
- Inflationary pressures have recently eased in most of the EAGLEs due to a slower pace of growth and easing commodity prices in first half of the year. China and Korea have kept a clear downward trend, more linked to core inflation in the second case.
- In Turkey, although headline inflation has improved more than expected and a downward trend is envisaged for second half of the year, current levels and year-end forecasts remain above target. This is also the case for India and Brazil, although in the former non-core prices play a big role.
- Despite lower inflation readings, new upward pressures may arise in the following months if recent hikes in oil and food prices are persistent, especially in commodity importing countries.

Inflation Rates YoY percentage point change: (-9m, -6m, -3m, Current)



Source: BBVA Research and Haver

Core Inflation YoY percentage point change: (-9m, -6m, -3m, Current)

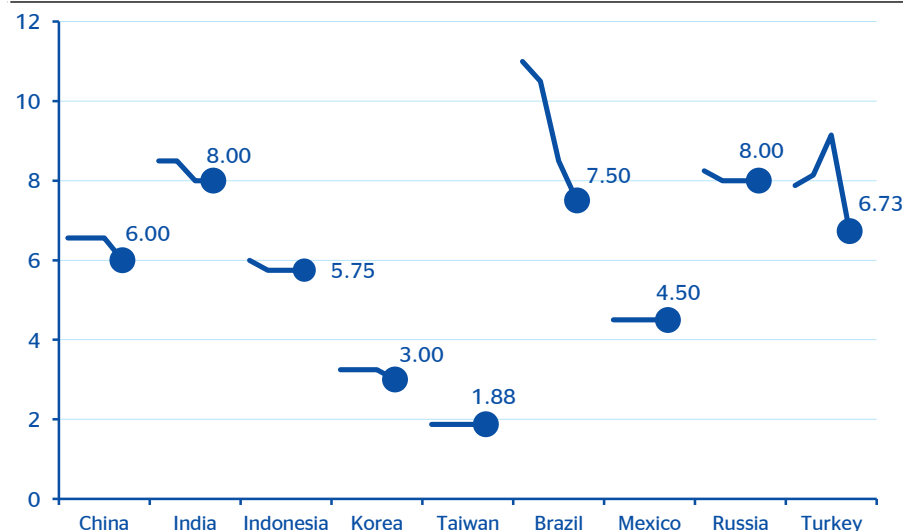


Source: BBVA Research and Haver

Monetary Policy: Reference & Real Interest Rates

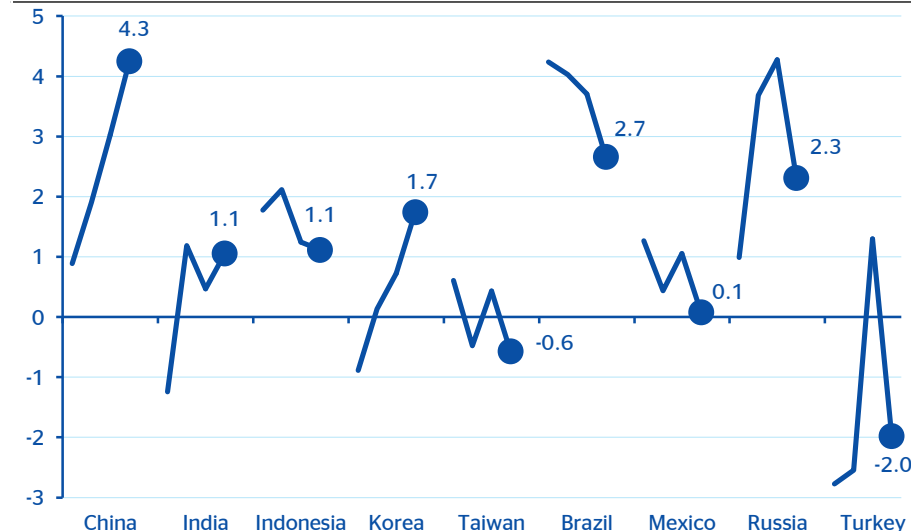
- In economies where the economic slowdown has proved intense, central banks are accommodating monetary policy through lower interest rates. Moderate cuts have taken place in China and Korea, while the downward shift has been remarkable in Brazil and Turkey.
- Under a weaker activity scenario with lower inflation rates, there is still room for further cuts. China already eased its interest rate by 50 pbs and further easing is expected, including a reduction in the RRR which will help loosening the monetary policy stance.
- Taiwan and Mexico show the loosest conditions and central banks may face more dilemmas if the shock in commodity prices turn to be continue. In Turkey, the monetary tightening during the first half of the year has been followed by a recent reduction in the effective interest rate.

Central Bank Reference Rates (%): (-9m, -6m, -3m, Current)



Source: BBVA Research and Haver

Real Interest Rates (%): (-9m, -6m, -3m, Current)

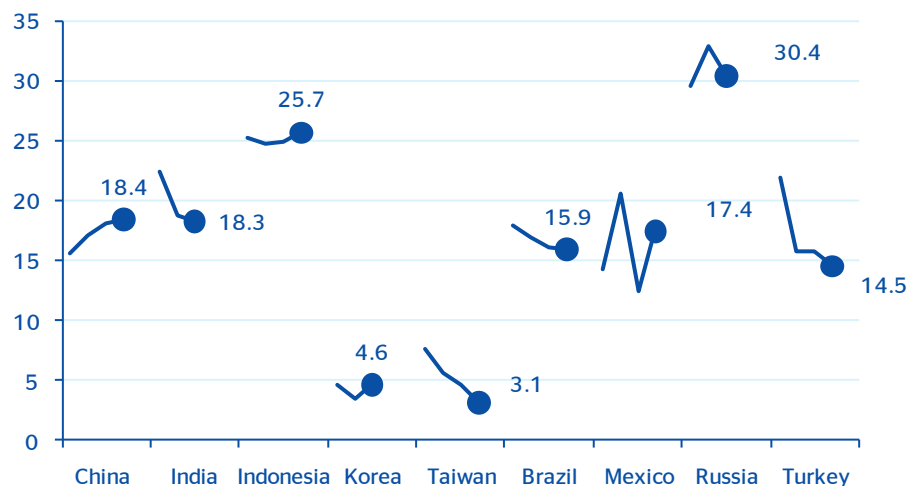


Source: BBVA Research and Haver

Domestic Credits: Lending

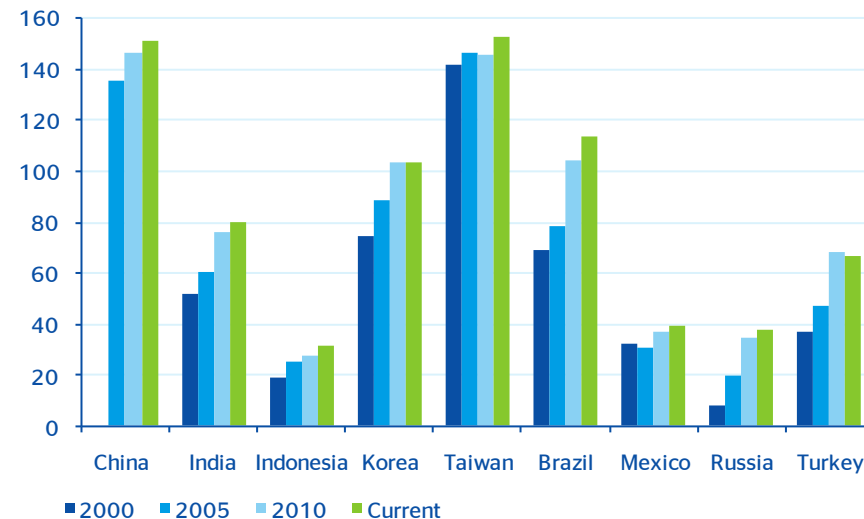
- Credit accelerated high growth in China. Also in Indonesia and Mexico although their levels relative to GDP are still quite low among peers.
- Russia and Turkey have moderated credit expansion, while Brazil and India slowed down after a period of very strong growth.
- Credit continues increasing at moderate rates in Korea and Taiwan, which are two of the most leveraged EAGLEs.

Domestic Credits YoY percentage point change: (3Q11, 4Q11, 1Q12, 2Q12)



Note: Lack of data for India, Korea and Russia in 2Q 2012
Source: BBVA Research and Haver

Domestic Credits as % of GDP

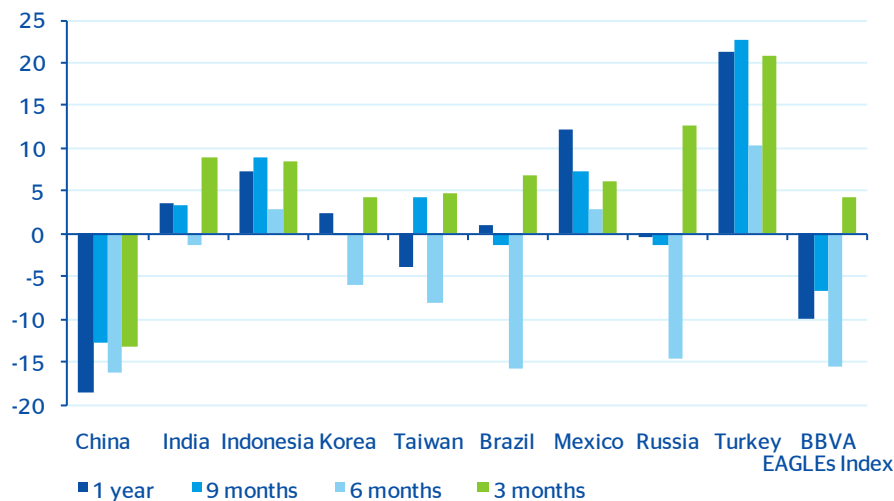


Note: Lack of data for China in the year 2000
Source: BBVA Research and Haver

Financial Markets: Stock Markets, Equity & Bond Flows

- Global investors found some relief after the ECB compromise with the Euro Zone and more recently with renewed expectations on Fed action, adding to lower global risk aversion since June.
- Under this scenario, with low yields in safe havens, capital flows have returned to emerging economies after turbulence in Q2, especially in the bond market.
- China's stock market is the only one among the EAGLEs that had underperformed recently. The slower than expected economic growth and the fall in profits of Chinese corporations explain this result.

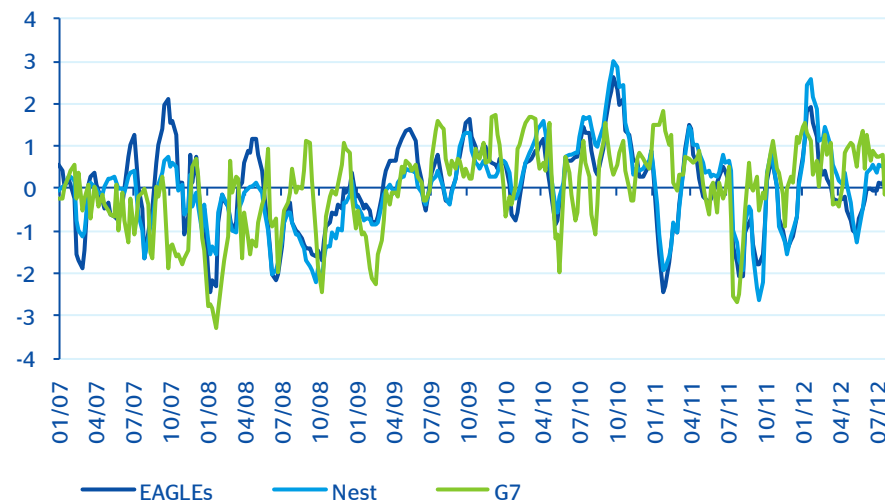
Stock Market Returns (%)



Source: BBVA Research and Bloomberg

Equity and Bond flows:

Standardized units for the 2007-2011 period (over 4-week average data)

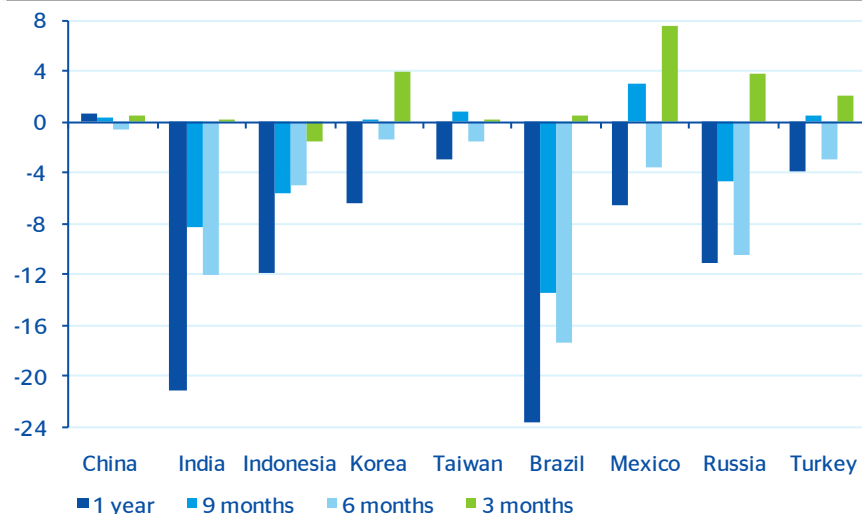


Source: BBVA Research and EPFR

Financial Markets: Nominal & Effective Exchange Rates

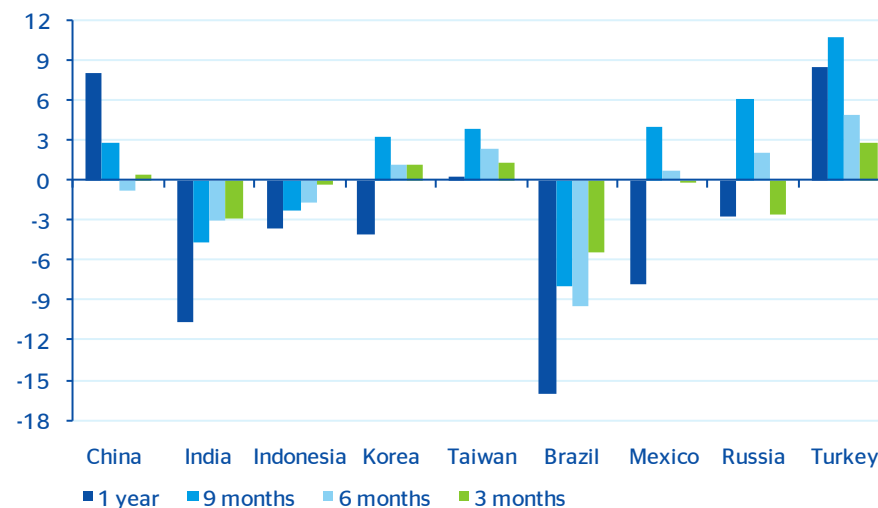
- Depreciation pressures were contained in the last quarter due to the return of capital flows to emerging economies. Some of the EAGLEs currencies even witnessed an appreciation. However, in the case of RMB, appreciation expectations have eased given the weaker external outlook and slowing growth for China.
- After strong corrections in previous months, Indian, Brazilian and to a lesser extent Russian currencies have found some relief while the Mexican Peso outperformed.
- With recovery in capital flows, lower inflation is now helping to retain competitiveness. Turkey and China are the only EAGLEs showing a real appreciation during the last year.

FX Returns (%) (data available up to September 3rd)



Source: BBVA Research and Bloomberg

Change in the Real Effective Exchange Rate: (data available up to July)
Broad indices 2005=100 + (-) indicates appreciation (depreciation) (%)

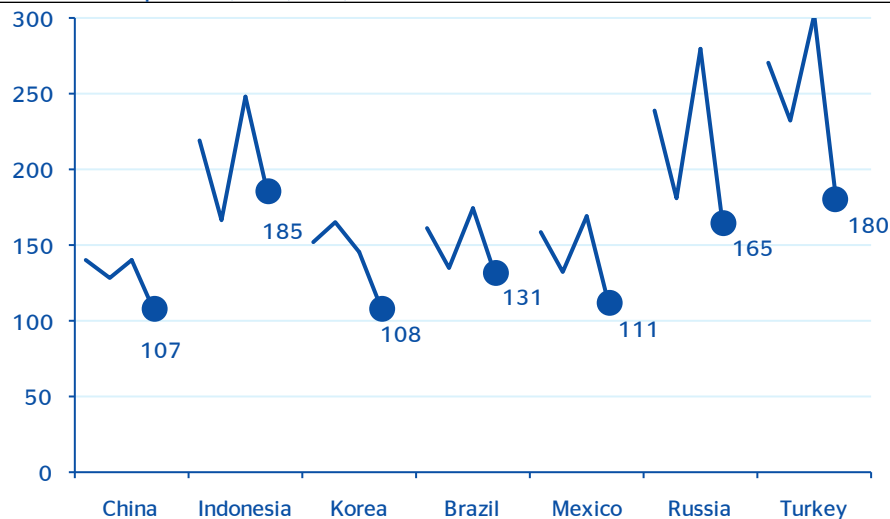


Source: BBVA Research and BIS

Financial Markets: Risk Premiums & Sovereign Credit Ratings

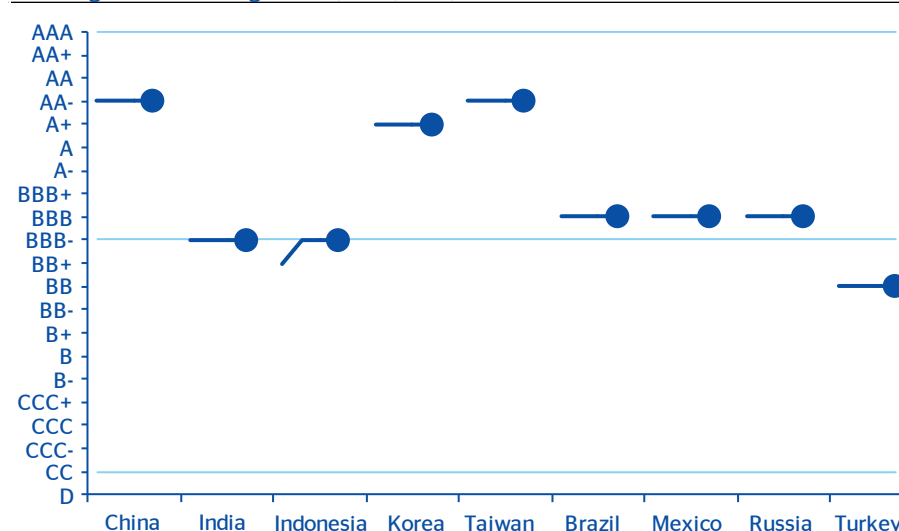
- The last quarter saw a decline of the EAGLEs risk premium after a relief in global risk aversion. CDS are again in the low ranges they recorded after the Lehman Brothers episode. The largest absolute shifts have taken place in Russia and Turkey, although relative movement in Mexico has been similar.
- Over the summer, Moody's upgraded the credit ratings of Korea and Turkey. For the former its credit rating was increased one notch reaching the top 4 of the highest rates, while the latter is getting closer to obtain the investment grade.

5 Year CDS (bp): (-9m, -6m, -3m, Current)



Note: Lack of data for India and Taiwan
Source: BBVA Research and Bloomberg

Sovereign Credit Ratings: (-9m, -6m, -3m, Current)



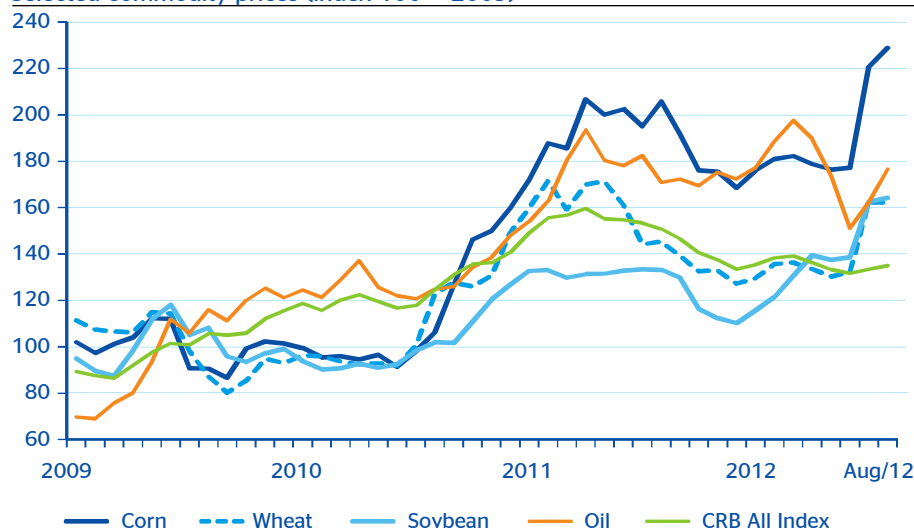
Note: For each country a simple average is calculated from ratings done by Moody's, S&P and Fitch after converting them into a numerical scale from 0 ('D') to 20 ('AAA'); values are rounded to zero decimals
Source: BBVA Research and Bloomberg

Special Topic: Commodities prices surge

- World economic slowdown has weighed down commodity prices since 2011, although we find some relevant exceptions.
- Oil prices have diverged on real and potential supply shocks in the Middle East (Arab Spring and Iran), affecting less prices in the US.
- Focus has recently turned again on food prices, as the extensive US drought has significantly cut down supply forecasts, especially of corn, while negative shocks in other regions have also affected wheat and soybean prices.
- The impact of a drier than usual monsoon season in India and floods in China for the rice market and forecasts for El Niño and implications for the Southern Hemisphere crops will continue to be monitored.
- Food exporting countries will benefit in terms of trade, while persistent hikes could challenge monetary policy in emerging economies under the global slowdown; some importers may have to deal with the trade off between fiscal pressure and social unrest as long as food subsidies remain high.

(read more in [EAGLEs Flash: Supply shocks turn on again red light for food inflation](#))

Selected commodity prices (index 100 = 2009)



Source: BBVA Research and Haver

Top 5 exporters and importers of selected food commodity prices
(% of total trade flows; 2011/2012 estimations)

	Corn		Wheat		Soybean		Rice	
Exporters	US	38.9	US	18.6	US	40.6	India	22.5
	Argentina	15.8	Australia	15.6	Brazil	40.5	Vietnam	19.7
	Ukraine	14.3	Russia	14.0	Argentina	8.6	Thailand	18.3
	Brazil	13.8	Canada	11.4	Canada	3.1	Pakistan	10.6
	India	3.8	EU/27	7.7	Ukraine	1.4	US	9.1
Importers	Japan	15.8	Egypt	7.9	China	63.8	Nigeria	7.5
	Mexico	11.8	Brazil	5.0	EU/27	12.2	EU/27	4.6
	Korea	7.9	EU/27	4.9	Mexico	3.8	China	4.5
	EU/27	6.6	Indonesia	4.4	Japan	3.0	Philippines	4.5
	Egypt	5.8	Japan	4.3	Taiwan	2.5	Indonesia	3.7

Source: BBVA Research and USDA-WASDE

Statistical Annex

Activity

Table 1
Retail Sales (YoY, % Real Growth)

Country	2010					2011								2012						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
China	16.3	14.2	6.3	13.7	12.5	11.7	10.8	10.2	10.0	10.3	9.7	11.2	11.2	n.a.	n.a.	11.1	10.5	10.4	11.5	11.4
India	27.5	19.5	21.9	19.0	23.9	15.6	14.7	12.4	15.0	21.9	0.8	24.2	9.4	13.5	11.2	11.0	8.6	9.7	6.2	4.3
Indonesia	8.2	7.9	8.8	8.5	7.9	8.0	12.3	14.8	19.1	-5.9	6.0	11.1	10.1	15.1	11.6	12.5	11.7	8.1	13.5	
Korea	6.5	10.3	-1.5	2.8	4.7	5.3	4.7	3.7	4.7	1.3	3.5	2.8	2.6	3.1	3.0	1.8	0.3	0.5	-0.3	2.4
Taiwan	1.8	21.6	-2.2	7.2	5.4	2.2	4.2	4.3	2.0	5.3	3.3	3.1	4.2	-4.0	3.1	2.4	1.3	4.3	0.5	0.9
Brazil	10.2	8.2	8.5	4.0	10.2	6.3	7.1	7.1	6.3	5.2	4.2	6.7	6.7	7.8	10.6	12.5	6.0	8.3	9.5	
Mexico	2.7	3.0	2.7	1.0	4.9	0.9	4.8	3.1	2.7	4.7	3.0	7.5	3.5	4.3	7.6	4.3	2.5	5.2	5.6	
Russia	7.0	3.8	5.9	5.1	5.4	5.8	5.8	6.1	8.2	9.5	9.1	8.5	9.4	7.5	8.0	7.5	6.6	6.9	6.9	5.1
Turkey	91.0	90.9	54.3	77.2	31.2	60.9	39.9	67.9	-11.3	11.4	2.3	-4.4	-21.3	-20.0	-22.0	-17.8	-12.9	-10.0	-15.3	

Source: BBVA Research, Haver and CEIC

Note: India. Motor Vehicle Sales: Total, Turkey Registered Motor Vehicles: Units

Table 2
Industrial Production: Manufacturing (YoY, % Growth)

Country	2010					2011								2012						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
China	13.5	14.1	14.1	14.8	13.4	13.3	15.1	14.0	13.5	13.8	13.2	12.4	12.8	11.4	11.4	11.9	9.3	9.6	9.5	9.2
India	8.7	8.1	7.5	11.0	5.7	6.3	11.2	3.1	3.9	3.1	-6.0	6.6	2.8	1.1	4.1	-3.6	-1.2	2.6	-3.2	
Indonesia	3.4	3.7	-2.7	2.6	-1.0	3.9	3.6	10.8	4.2	14.0	6.9	0.9	3.3	2.3	11.4	2.5	7.0	3.0	-0.5	
Korea	11.1	13.6	8.9	9.3	7.0	8.5	6.3	3.6	4.9	7.4	6.7	6.3	2.9	-1.9	15.2	0.7	0.1	2.9	1.5	0.3
Taiwan	19.7	18.0	15.1	15.2	8.7	8.6	4.3	3.6	4.4	2.1	0.9	-5.3	-8.6	-17.2	8.2	-3.9	-2.0	-0.4	-2.1	-0.3
Brazil	2.1	2.4	7.7	-1.1	-1.9	2.4	0.7	-0.5	2.4	-1.5	-2.0	-2.9	-1.5	-2.8	-4.5	-2.5	-3.7	-4.8	-5.7	
Mexico	6.0	8.1	7.1	7.2	2.5	6.7	4.7	4.7	4.7	5.2	4.1	4.0	3.8	6.0	7.1	3.2	4.7	4.2	4.5	
Russia	9.5	13.5	10.1	8.6	5.2	4.9	7.0	5.4	7.1	4.5	5.8	5.0	3.5	4.8	6.3	2.4	3.6	7.0	3.4	6.7
Turkey	18.5	20.7	14.7	10.7	9.3	8.9	7.8	7.2	5.1	12.8	7.3	7.8	2.8	0.4	3.1	1.7	1.5	5.8	1.8	

Source: BBVA Research and Haver

Table 3

Consumer Confidence Index

	2010				2011									2012							
Country	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
China	100.4	99.9	99.6	107.6	106.6	105.8	108.1	105.6	105.0	103.4	100.5	97.0	100.5	103.9	105.0	100.0	103.0	104.2	99.3	98.2	
India*	56.7	56.8	57.9	57.9	58.0	57.5	55.3	53.6	52.6	50.4	52.0	51.0	54.2	57.5	56.6	54.7	54.9	54.8	55.0	52.9	52.8
Indonesia	103.0	105.6	106.4	107.1	106.9	105.3	109.0	111.8	110.6	115.0	116.2	114.3	116.6	119.2	111.7	107.3	102.5	109.0	114.4	113.5	
Korea	109.0	108.0	105.0	98.0	100.0	104.0	102.0	102.0	99.0	99.0	100.0	103.0	99.0	98.0	100.0	101.0	104.0	105.0	101.0	100.0	99.0
Taiwan	83.2	86.8	85.9	83.7	85.8	85.4	85.3	86.8	86.9	85.6	84.0	79.9	77.6	78.6	79.7	81.3	78.9	77.6	76.4	75.1	75.2
Brazil	124.2	125.4	123.1	120.8	115.4	113.9	115.7	121.0	117.3	114.3	117.6	121.0	122.1	120.1	120.4	123.5	125.7	124.9	121.0	119.1	119.0
Mexico	91.2	92.3	92.3	91.7	89.7	89.3	93.0	95.5	93.4	92.4	90.6	89.5	90.8	95.4	93.6	93.4	97.2	96.3	95.5	98.9	
Russia*	87.0	77.0	74.0	79.0	78.0	81.0	84.0	80.0	81.0	84.0	84.0	82.0	81.0	84.0	84.0	84.0	85.0	90.0	81.0	80.0	81.0
Turkey	91.0	91.3	93.6	93.4	93.5	92.9	96.4	94.8	91.7	93.7	89.7	91.0	92.0	92.2	93.3	93.9	91.1	92.1	91.8	92.8	

Note: India: PMI: Manufacturing (NSA, 50+=Expansion) ; Note: Russia: Consumer confidence sentiment overall

Source: BBVA Research, Haver, Bloomberg and HSBC

Table 4

GDP (YoY, % Growth)

Country	2009				2009	2010				2010	2011				2011	2012	
	Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec		Mar	Jun
China	6.5	8.1	9.6	10.7	8.7	11.9	10.3	9.6	9.8	10.4	9.7	9.5	9.1	8.9	9.3	8.1	7.6
India	6.4	7.5	9.8	7.4	7.8	8.6	8.5	7.6	8.2	8.2	9.2	8.0	6.7	6.1	7.5	5.3	5.5
Indonesia	4.5	4.1	4.3	5.6	4.6	5.9	6.3	5.8	6.8	6.2	6.4	6.5	6.5	6.5	6.5	6.3	6.4
Korea	-4.2	-2.1	1.0	6.3	0.3	8.7	7.6	4.5	4.9	6.4	4.2	3.5	3.6	3.3	3.6	2.8	2.3
Taiwan	-8.1	-6.6	-1.4	8.8	-1.8	12.9	13.0	11.2	6.5	10.9	6.6	4.5	3.4	1.8	4.1	0.4	-0.2
Brazil	-2.7	-2.4	-1.5	5.3	-0.3	9.3	8.8	6.9	5.3	7.6	4.2	3.3	2.1	1.4	2.8	0.8	0.5
Mexico	-7.2	-9.4	-5.3	-1.9	-6.0	4.7	7.8	5.3	4.4	5.6	4.4	3.1	4.3	3.9	3.9	4.5	4.1
Russia	-9.2	-11.2	-8.6	-2.6	-7.9	3.8	4.9	3.8	4.9	4.3	4.0	3.4	5.0	4.8	4.3	4.9	4.0
Turkey	-14.7	-7.8	-2.8	5.9	-4.9	12.6	10.4	5.3	9.3	9.4	11.9	9.1	8.4	5.2	8.6	3.2	

Source: BBVA Research and Haver

External Sector

Table 5

Exports (YoY, % Growth)

Country	2010				2011									2012							
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
China	17.8	37.6	2.3	35.8	29.8	19.4	17.8	20.4	24.5	17.1	15.9	13.7	13.4	-0.6	18.4	8.9	5.0	15.3	11.3	1.0	
India	60.0	48.0	49.8	50.2	25.1	60.9	33.6	63.6	46.2	29.9	24.9	3.9	-5.2	10.1	4.3	-22.1	10.8	-4.2	-5.5	-14.8	
Indonesia	26.1	26.0	29.1	28.1	37.5	44.5	49.1	39.5	35.9	44.0	17.8	8.3	1.5	6.6	8.9	5.4	-2.3	-8.0	-16.0	-7.3	
Korea	22.6	44.7	16.4	28.8	23.5	21.7	11.1	21.1	25.5	18.0	7.6	11.5	8.2	-7.3	20.5	-1.5	-5.0	-0.8	1.0	-8.8	-6.2
Taiwan	19.0	16.5	27.2	16.5	24.6	9.4	10.8	17.7	7.2	9.9	11.7	1.2	0.6	-16.8	10.3	-3.2	-6.5	-6.3	-3.2	-11.6	
Brazil	44.6	34.6	37.2	22.6	33.1	31.1	38.6	25.9	36.0	23.6	20.5	23.1	5.8	6.1	7.7	8.4	-3.0	0.0	-18.3	-5.6	-14.4
Mexico	17.0	28.6	21.0	20.1	11.9	25.3	21.6	19.3	16.9	13.6	13.2	10.2	8.1	10.5	16.3	3.4	11.6	6.7	-0.4	8.7	
Russia	24.6	9.6	28.5	28.4	37.0	37.2	37.8	33.8	40.0	27.8	30.4	33.1	20.3	31.2	15.4	7.3	-0.8	3.5	-7.7		
Turkey	17.6	22.0	21.7	19.5	26.4	11.7	18.9	24.0	31.9	20.7	8.6	18.1	5.5	8.4	16.8	11.9	6.4	20.1	16.8	8.5	

Source: BBVA Research and Haver

Table 6

Imports (% YoY Growth)

Country	2010			2011										2012							
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
China	26.0	51.8	20.0	27.5	21.9	28.3	19.3	24.0	30.1	20.9	28.7	22.0	11.9	-15.3	39.6	5.4	0.3	13.2	6.2	4.7	
India	2.6	32.0	26.0	15.7	16.0	52.2	42.7	38.4	45.6	18.7	25.8	24.5	30.2	20.2	20.7	6.6	3.3	-7.4	-13.5	-7.6	
Indonesia	27.6	32.3	23.7	32.0	32.5	48.6	28.2	28.4	23.9	57.1	28.2	18.3	25.3	15.9	26.5	12.7	13.8	14.9	11.0	0.7	
Korea	21.7	33.1	17.3	28.1	24.4	29.9	27.1	25.1	28.7	29.4	15.4	11.2	13.6	3.5	23.7	-1.2	-0.4	-1.4	-5.7	-5.4	-9.8
Taiwan	21.4	21.9	28.6	16.6	25.7	19.2	12.5	13.8	6.2	10.6	11.7	-10.4	-2.7	-12.1	1.3	-5.8	1.9	-10.5	-8.4	-3.2	
Brazil	26.7	29.0	31.6	17.8	31.9	38.1	29.9	17.1	32.2	13.8	19.5	21.9	17.6	17.7	5.0	6.5	2.0	2.9	-3.7	-5.2	-14.0
Mexico	17.0	24.9	21.9	16.3	9.8	24.0	19.6	19.2	16.9	18.5	11.8	10.6	7.4	12.3	15.9	3.1	12.1	7.4	-2.1	5.8	
Russia	25.3	43.5	40.7	43.4	41.5	45.6	41.6	30.6	26.6	17.5	19.2	22.9	13.2	19.9	14.5	5.5	-1.7	-1.3	-3.4		
Turkey	36.9	44.6	48.7	44.1	40.2	43.3	41.8	31.0	27.5	35.5	15.2	8.8	0.2	2.8	1.1	-4.8	-8.0	3.0	-5.4	-1.5	

Source: BBVA Research and Haver

Table 7

Current Account Balance (% of GDP)

Country	2009					2010					2011					2012	
	Mar	Jun	Sep	Dec	2009	Mar	Jun	Sep	Dec	2010	Mar	Jun	Sep	Dec	2011	Mar	Jun
China*	n.a.	n.a.	n.a.	n.a.	5.2	5.0	1.8	2.1	4.5	3.4	2.0	3.5	3.0	2.6	2.8	1.4	3.2
India	-0.2	-1.5	-3.1	-3.6	-2.1	-3.4	-3.5	-4.7	-2.4	-3.5	-1.4	-4.1	-4.5	-4.7	-3.7	-4.9	
Indonesia	2.4	1.8	1.2	2.5	2.0	1.2	0.8	0.6	0.5	0.7	1.5	0.2	0.3	-1.0	0.2	-1.5	-3.2
Korea	2.7	5.6	3.9	3.3	3.9	0.0	4.3	4.0	3.1	2.8	1.0	1.9	2.4	4.0	2.3	1.0	
Taiwan	14.9	11.4	8.4	11.0	11.4	10.1	10.5	8.2	8.2	9.3	9.2	7.3	8.5	10.6	8.9	9.6	8.8
Brazil	-1.6	-0.6	-1.1	-2.4	-1.4	-2.5	-2.3	-2.1	-2.0	-2.2	-2.6	-1.7	-1.7	-2.6	-2.1	-2.1	-2.4
Mexico	-1.5	-1.3	-1.3	-0.6	-0.6	-0.3	-0.4	-0.1	-0.4	-0.4	-0.7	-0.7	-1.1	-1.0	-1.0	-0.6	-0.5
Russia	4.0	2.8	4.5	4.3	3.9	10.4	5.2	1.4	3.0	5.0	7.7	4.7	3.6	5.7	5.4	8.8	
Turkey	-1.4	-3.6	-1.0	-2.6	-2.2	-5.8	-6.0	-5.2	-8.3	-6.3	-11.8	-11.5	-7.8	-8.9	-10.0	-8.9	

*China: Lack of quarterly data before 2010

Source: BBVA Research, Haver and CEIC

Table 8

Real Effective Exchange Rate (2005=100)

Country	2010					2011								2012						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
China	101.5	102.0	102.4	100.8	99.7	99.7	100.1	100.5	101.2	104.4	105.5	106.1	107.8	109.4	108.0	108.4	108.1	108.7	108.7	108.5
India	102.6	102.1	100.8	101.3	102.6	101.2	101.6	103.1	101.1	98.8	96.6	94.3	92.0	95.0	97.4	96.0	94.8	91.7	90.4	92.1
Indonesia	100.2	99.5	100.0	100.3	99.8	100.4	100.6	100.7	100.7	100.2	99.2	98.6	99.0	98.6	98.5	97.6	97.2	96.9	96.8	97.0
Korea	98.3	100.6	100.3	99.3	101.5	100.9	101.2	103.4	101.6	98.4	96.0	98.1	97.7	98.1	99.0	99.1	98.0	97.3	97.6	99.2
Taiwan	102.1	103.6	102.6	99.8	101.3	101.6	101.6	100.5	99.1	97.9	97.0	97.5	98.1	98.5	97.8	98.7	99.5	100.7	100.8	100.8
Brazil	103.6	104.7	104.8	104.6	108.5	106.7	108.5	110.0	107.7	100.6	100.3	100.3	98.6	102.0	104.9	100.2	97.7	92.9	90.9	92.3
Mexico	102.0	103.7	103.7	103.3	104.6	103.8	102.4	103.7	98.7	93.5	91.8	91.3	92.0	94.8	98.5	98.6	95.7	92.2	91.3	95.6
Russia	99.8	103.3	105.3	106.7	105.8	106.9	106.7	107.4	103.3	99.3	98.4	100.8	100.5	102.3	105.5	107.5	107.2	104.8	101.1	104.4
Turkey	98.1	94.9	92.4	91.1	93.0	91.7	88.6	86.0	81.7	82.5	84.2	87.2	86.2	88.9	91.2	89.5	90.8	91.7	92.1	93.3

Source: BBVA Research, BIS and Haver

Table 9

Nominal Effective Exchange Rate (2005=100)

Country	2010				2011								2012							
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
China	99.9	99.7	99.3	98.6	97.9	98.1	98.2	98.1	98.7	101.5	102.7	103.5	104.8	105.2	104.1	105.0	105.1	106.1	106.5	106.3
India	99.8	98.4	97.6	97.6	97.6	96.2	96.2	97.0	94.8	92.2	89.9	87.6	85.7	88.1	90.2	88.5	86.2	83.1	81.6	82.6
Indonesia	98.1	97.0	97.9	98.8	99.1	99.7	99.4	99.1	98.6	97.9	97.3	96.5	96.4	95.7	95.7	95.2	95.0	94.6	93.8	93.4
Korea	98.7	100.2	99.8	98.8	101.3	100.7	100.8	102.6	100.4	97.7	95.7	97.6	97.0	97.4	98.1	98.8	98.0	96.9	97.2	99.0
Taiwan	103.1	105.0	103.9	102.4	103.4	103.8	103.1	102.5	101.4	100.2	99.0	99.5	100.0	100.6	101.4	102.7	102.8	103.4	102.6	102.2
Brazil	102.7	103.3	103.2	102.9	106.4	104.4	106.1	107.6	105.3	98.3	97.8	97.4	95.6	98.6	101.3	97.2	94.4	89.5	87.5	88.5
Mexico	101.0	102.6	102.8	103.0	104.7	105.1	103.7	104.6	99.7	94.4	92.1	90.6	90.5	93.0	96.8	97.4	95.1	91.8	90.3	94.1
Russia	97.6	98.8	100.4	101.9	101.1	101.8	101.4	101.9	98.5	95.1	94.1	96.2	95.7	97.0	100.0	102.0	101.8	98.9	94.4	96.1
Turkey	97.8	94.2	91.7	90.7	92.2	88.9	87.1	84.7	80.1	80.7	79.9	81.4	80.3	82.3	84.2	83.0	83.2	84.2	85.2	86.4

Source: BBVA Research, BIS and Haver

Table 10

Unemployment Rate (%)

Country	2009					2010					2011					2012	
	Mar	Jun	Sep	Dec	2009	Mar	Jun	Sep	Dec	2010	Mar	Jun	Sep	Dec	2011	Mar	Jun
China	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.1	4.1	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1
India*	na.	na.	n.a.	n.a.	10.7	n.a.	n.a.	n.a.	n.a.	10.0	n.a.	n.a.	n.a.	n.a.	9.8	n.a.	
Indonesia*	8.1	n.a.	7.9	n.a.	7.9	7.4	n.a.	7.1	n.a.	7.1	6.8	n.a.	6.6	n.a.	6.6	6.3	
Korea	3.4	3.8	3.7	3.5	3.6	4.3	3.5	3.6	3.4	3.7	3.8	3.4	3.2	3.1	3.4	3.4	3.3
Taiwan	5.6	5.9	6.0	5.9	5.8	5.6	5.3	5.1	4.8	5.2	4.6	4.4	4.3	4.3	4.4	4.2	4.2
Brazil	8.6	8.6	7.9	7.2	8.1	7.4	7.3	6.6	5.7	6.7	6.3	6.3	6.0	5.2	6.0	5.8	
Mexico	5.0	5.3	6.3	5.3	5.5	5.4	5.2	5.6	5.3	5.4	5.1	5.2	5.7	4.8	5.2	4.9	
Russia	9.1	8.5	7.8	8.0	8.4	8.8	7.4	6.8	6.9	7.5	7.5	6.6	6.2	6.3	6.6	6.5	5.5
Turkey	15.8	13.8	13.2	13.2	14.0	14.2	11.2	11.1	11.2	11.9	11.4	9.5	9.0	9.3	9.8	10.2	

*Lack of quarterly data for India and Indonesia.

Source: BBVA Research, Bloomberg and Haver

Inflation

Table 11

Consumer Price Index (YoY, % Growth)

Country	2010			2011										2012							
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
China	4.6	4.9	4.9	5.4	5.3	5.5	6.4	6.5	6.2	6.1	5.5	4.2	4.1	4.5	3.2	3.6	3.4	3.0	2.2	1.8	
India	9.4	9.5	9.5	9.7	9.7	9.6	9.5	9.4	9.8	10.0	9.9	9.5	7.7	7.2	7.6	7.7	7.5	7.5	7.3	6.9	
Indonesia	7.0	7.0	6.8	6.7	6.2	6.0	5.5	4.6	4.8	4.6	4.4	4.2	3.8	3.7	3.6	4.0	4.5	4.5	4.5	4.6	4.6
Korea	3.1	3.4	3.9	4.1	3.8	3.9	4.2	4.5	4.7	3.8	3.6	4.2	4.2	3.4	3.1	2.6	2.5	2.5	2.2	1.5	1.2
Taiwan	1.2	1.1	1.3	1.4	1.3	1.7	1.9	1.3	1.3	1.4	1.3	1.0	2.0	2.4	0.2	1.3	1.4	1.7	1.8	2.5	
Brazil	5.9	6.0	6.0	6.3	6.5	6.6	6.7	6.9	7.2	7.3	7.0	6.6	6.5	6.2	5.8	5.2	5.1	5.0	4.9	5.2	
Mexico	4.4	3.8	3.6	3.0	3.4	3.2	3.3	3.5	3.4	3.1	3.2	3.5	3.8	4.0	3.9	3.7	3.4	3.9	4.3	4.4	
Russia	8.8	9.6	9.5	9.5	9.6	9.6	9.4	9.0	8.2	7.2	7.2	6.8	6.1	4.2	3.7	3.7	3.6	3.6	4.3	5.6	
Turkey	6.4	4.9	4.2	4.0	4.3	7.2	6.2	6.3	6.7	6.2	7.7	9.5	10.4	10.6	10.4	10.4	11.1	8.3	8.9	9.1	8.9

Table 12

Producer Price Index (% YoY Growth)

Country	2010			2011										2012							
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
China	5.9	6.6	7.2	7.3	6.8	6.8	7.1	7.5	7.3	6.5	5.0	2.7	1.7	0.7	0.0	-0.3	-0.7	-1.4	-2.1	-2.9	
India	9.4	9.5	9.5	9.7	9.7	9.6	9.5	9.4	9.8	10.0	9.9	9.5	7.7	7.2	7.6	7.7	7.5	7.5	7.3	6.9	
Indonesia	6.0	6.6	7.8	7.7	7.7	7.1	7.1	8.2	7.6	8.1	7.5	7.5	6.3	6.2	5.6	6.1	6.0	4.4	4.4	3.8	4.3
Korea	5.3	6.2	6.6	7.3	6.8	6.2	6.2	6.5	6.6	5.7	5.6	5.1	4.3	3.4	3.5	2.8	2.4	1.9	0.8	-0.1	
Taiwan	2.3	2.0	3.9	5.8	4.7	3.4	3.9	4.0	4.1	5.1	5.8	4.9	4.3	4.4	1.8	-0.2	-0.6	-0.4	-1.9	-1.7	
Brazil	13.8	13.8	13.7	13.8	13.3	10.3	9.6	9.1	8.1	7.5	6.6	4.9	4.1	3.1	1.8	1.8	2.8	4.4	5.5		
Mexico	4.7	4.6	4.8	5.4	6.1	5.5	6.0	6.4	6.7	7.6	8.3	9.2	8.8	8.9	7.1	5.8	5.7	6.7	6.4		
Russia	16.6	20.5	22.2	21.6	20.2	18.3	19.3	16.5	16.5	18.6	17.1	13.2	12.4	9.7	7.3	8.0	6.5	2.8	4.3	5.0	
Turkey	8.9	10.8	10.9	10.1	8.2	9.6	10.2	10.3	11.0	12.1	12.6	13.7	13.3	11.1	9.1	8.2	7.7	8.1	6.4	6.1	4.6

Source: BBVA Research, Haver and CEIC

Money and Finances

Table 13

Policy rates (% Per Annum)

		2010		2011												2012							
Country	Description	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
China	Prime Lending Rate	5.81	5.81	6.06	6.06	6.31	6.31	6.31	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.31	6.00	6.00		
India	Reserve Bank of India REPO Cutoff Yield	6.25	6.50	6.50	6.75	6.75	7.25	7.50	8.00	8.00	8.25	8.50	8.50	8.50	8.50	8.50	8.50	8.00	8.00	8.00	8.00		
Indonesia	Bank Indonesia Reference Interest Rate	6.50	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.50	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75	5.75		
Korea	South Korea Official Bank Rate	2.50	2.75	2.75	3.00	3.00	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.00	3.00		
Taiwan	CB of China Taiwan Discount Rate Daily	1.63	1.63	1.63	1.63	1.75	1.75	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88		
Brazil	Brazil SELIC-TAR	10.75	11.25	11.25	11.75	12.00	12.00	12.25	12.50	12.00	12.00	11.50	11.00	11.00	10.50	10.50	9.75	9.00	8.50	8.50	7.50		
Mexico	Bank of Mexico Official Overnight Rate	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50		
Russia	Russia Refinancing Rate	7.75	7.75	8.00	8.00	8.00	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00		
Turkey	1-week repo rate	6.50	6.25	6.25	6.25	6.25	6.25	6.25	6.25	5.75	5.75	6.01	6.45	7.88	8.87	7.62	8.15	8.74	9.69	9.15	8.05		

Source: BBVA Research, Bloomberg and Haver

Table 14
Deposit Rates (% Per Annum)

Country	Deposit rates	2010	2011												2012							
		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
China	3-Month CD Rate	2.75	2.75	3.00	3.00	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50				
India	Deposit Rate Minimum	7.00	7.00	8.25	7.75	7.75	7.75	8.25	8.40	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.00	8.00	8.00	
Indonesia	3-Month time deposit	7.06	6.88	6.82	6.91	6.96	6.91	6.95	6.88	6.90	7.05	7.11	6.99	6.81	6.68	6.52	6.31	6.00	5.89			
Korea	91-Day CD Rate	3.90	4.00	4.30	4.20	4.20	4.20	4.20	4.20	4.20	4.10	4.10	4.10	4.10	4.00	4.00	4.00	4.00				
Taiwan	3-Month NTD Deposit	0.74	0.79	0.79	0.79	0.87	0.87	0.87	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94
Brazil	30-Day CD Rate	9.89	9.80	9.05	11.51	11.10	11.82	11.78	12.28	11.95	11.04	10.32	10.62	10.62	9.98	9.29	8.93	8.29				
Mexico	1-Month Financial Promissory Notes (%)	0.96	0.95	0.95	0.95	0.95	0.95	0.96	0.95	0.94	0.96	0.97	0.97	0.97	0.96	0.97	0.96	0.97	0.99			
Turkey	3-Month Time Deposit TL	12.90	12.08	12.15	12.16	12.90	14.75	14.89	15.01	14.99	14.92	15.13	15.28	16.34	16.38	16.37	16.36	16.34	16.34			

Source: BBVA Research and Haver

Table 15
M2 (YoY, % Growth)

	M2 (10T, % Growth)																			
	2010		2011												2012					
Country	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
China	23.7	21.7	20.7	21.5	20.1	19.9	20.8	19.7	13.6	13.1	12.9	12.7	13.6	12.4	13.0	13.4	12.8	13.2	13.6	13.9
India	19.9	14.0	13.8	9.4	10.9	9.1	7.0	4.5	5.0	3.9	1.4	2.2	6.7	6.7	6.6	6.0	8.3	8.9	13.3	
Indonesia	15.4	17.5	17.1	16.1	15.0	15.5	13.1	15.6	17.2	16.2	16.0	16.3	16.4	17.2	17.8	18.8	20.2	20.9	20.9	19.1
Korea	6.0	5.0	4.8	4.1	4.3	3.2	2.9	4.2	4.0	4.5	4.1	4.3	5.5	4.8	5.0	6.4	4.5	5.7	6.5	
Taiwan	5.4	6.5	5.9	6.0	6.3	5.8	5.9	6.3	5.8	5.7	5.3	5.2	4.8	5.1	4.9	5.1	4.4	4.6	4.2	3.4
Brazil	16.7	17.6	18.9	19.9	21.0	21.7	22.1	22.7	22.4	21.9	21.3	20.7	18.7	18.1	16.9	15.8	14.9	14.7	14.1	12.7
Mexico*	8.0			7.9			7.9			9.1			11.9			13.2			13.6	
Russia	31.1	29.5	28.2	26.7	24.5	22.6	22.7	22.2	20.9	21.5	19.8	20.2	22.6	22.6	22.1	21.3	20.9	21.1	19.4	18.2
Turkey	19.0	19.5	21.0	20.6	21.8	21.8	19.9	21.0	20.0	20.0	19.1	16.3	11.5	10.5	7.8	7.6	6.9	7.2	5.5	5.4

*Note: Quarterly data

Source: BBVA Research and Haver

Table 16
Domestic Credits (YoY, % Growth)

Country	2010					2011								2012						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
China	18.8	18.0	16.9	17.3	15.9	16.1	16.6	15.6	15.5	15.7	15.3	16.2	17.1	16.3	16.9	18.2	17.7	17.7	18.4	
India	18.6	17.0	17.8	17.5	18.0	17.9	19.2	18.7	18.3	18.4	17.3	17.2	16.2	14.8	15.1	15.7	15.6	16.0	16.9	
Indonesia	23.3	24.1	24.3	24.7	23.9	23.5	23.0	23.5	23.9	25.2	25.8	25.8	24.7	25.2	24.2	24.9	25.9	26.1	25.7	
Korea	3.5	4.0	4.5	4.7	5.4	5.5	5.5	5.9	6.5	7.0	7.3	7.5	7.7	7.3	6.8	6.2	5.5	5.2	5.3	
Taiwan	6.7	8.3	8.4	8.9	8.5	8.1	7.7	7.5	7.7	7.9	7.4	7.1	5.8	4.7	4.6	4.6	4.7	4.0	3.0	3.2
Brazil	20.3	20.1	21.4	18.3	19.0	18.4	18.4	17.3	17.4	17.9	17.6	18.3	17.0	18.8	17.9	16.1	16.3	16.1	15.9	16.0
Mexico*	6.7			11.4			8.3			14.2			20.5			12.4			17.4	
Russia	17.1	16.7	20.0	21.0	23.5	24.1	24.5	26.6	28.6	29.6	30.5	31.9	32.9	33.8	30.0	30.4	30.1	29.5		
Turkey	26.6	26.2	24.5	22.5	22.6	24.1	21.9	21.7	22.8	21.9	21.9	19.6	15.7	15.5	15.2	15.8	16.8	15.1	14.5	15.2

*Note: Quarterly data

Source: BBVA Research, Haver and CEIC

Table 17
Swap Spreads

Country	Description	3y-1y			10y-5y		
		03-Sep-12	1 month ago	3 months ago	03-Sep-12	1 month ago	3 months ago
China	Onshore quarterly vs. 7-day repo	-3.5	-8.0	5.0	18.8	19.0	18.0
India	MIBOR Onshore Swap Rates	-60.0	-66.0	-37.5	6.0	6.5	9.0
Indonesia	Onshore Quarterly vs. 3mo SBI	45.0	60.0	77.5	n.a.	n.a.	n.a.
Korea	Onshore KRW/KRW Swap Rates	-12.9	-13.3	-9.8	16.1	14.5	13.1
Taiwan	Onshore TWD/TWD swap rate	1.7	0.0	3.5	20.0	20.3	23.3
Brazil	Swap rates pre * DI	122.3	139.5	118.2	n.a.	n.a.	n.a.
Mexico*	MXN SWAP (TIIE)	17.8	13.5	30.5	66.6	54.3	96.8
Russia	RUB SWAP VS MOSPRIME	54.0	27.0	15.0	54.0	47.0	28.0
Turkey	TRY SWAP (vs 3M)	n.a.	n.a.	n.a.	15.0	10.0	-32.0

*Mexico (38m-13m; 130m-65m)

Source: BBVA Research and Bloomberg

Table 18

Stock Index Returns (%)

Country	Description	Index	1 Month	YTD	1 Year
China	Shanghai SE Composite Index	2048	-2.67%	-4.53%	-17.98%
India	BSE Sensex 30 Index	17461	1.30%	15.23%	6.94%
Indonesia	Jakarta Composite index	4013	-3.12%	7.37%	7.22%
Korea	KOSPI Index	1905	1.23%	4.43%	3.41%
Taiwan	Taiwan TaieX Index	7397	1.74%	7.94%	-0.02%
Brazil	Bovespa Index	57256	2.07%	0.89%	3.38%
Mexico	Mexico IPC Index	39885	-2.01%	8.85%	15.27%
Russia	RTSSTD Index	1435	1.99%	5.24%	-2.06%
Turkey	ISE National 100 Index	66119	2.89%	32.61%	26.07%

Source: BBVA Research and Bloomberg

Table 19

FX Returns (%)

Country	Description	Rate	1 Month	YTD	1 Year
China	Renminbi	6.34	0.51%	-0.72%	0.66%
India	Indian Rupees	55.48	0.50%	-4.34%	-17.46%
Indonesia	Rupiah	9535.00	-0.62%	-4.89%	-10.66%
Korea	Won	1131.05	0.34%	1.89%	-6.01%
Taiwan	New Taiwan Dollar	29.89	0.28%	1.30%	-2.94%
Brazil	Brazilian Real	2.03	-0.12%	-8.08%	-19.19%
Mexico	Peso	13.22	-0.68%	5.38%	-6.17%
Russia	Rouble	32.39	-1.33%	-0.78%	-9.96%
Turkey	Turkish Lira	1.82	-2.30%	3.86%	-3.74%

Source: BBVA Research and Bloomberg

Table 20

Government: Credit Profile

Country	Moody's	S&P	Fitch
China	Aa3	AA-	A+
India	Baa3	BBB-	BBB-
Indonesia	Baa3	BB+	BBB-
Korea	Aa3	A	A+
Taiwan	Aa3	AA-	A+
Brazil	Baa2	BBB	BBB
Mexico	Baa1	BBB	BBB
Russia	Baa1	BBB	BBB
Turkey	Ba1	BB	BB+

Outlook: Negative Stable Positive

Source: BBVA Research and Bloomberg

Table 21

Fiscal Balance as % of GDP

Country	Description	2009					2010					2011					2012	
		Mar	Jun	Sep	Dec	2009	Mar	Jun	Sep	Dec	2010	Mar	Jun	Sep	Dec	2011	Mar	Jun
China	Govt Finance: Budget	2.6	4.1	1.5	-12.5	-2.2	6.4	4.6	-1.0	-11.7	-1.7	n.a.	4.0	-0.2	n.a.	n.a.	5.4	3.4
India	Central Govt: Gross Fiscal	-8.5	-9.1	-5.2	-7.0	-7.1	-6.4	-2.5	-5.6	-2.0	-3.8	-10.2	-8.5	-6.1	-4.6	-6.8	-5.8	-8.7
Indonesia	Govt Finance: Budget	0.2	-0.6	-1.9	-3.7	-1.6	1.2	1.9	-0.4	-4.8	-0.7	0.3	2.7	-0.4	-7.0	-1.1	-0.4	-1.4
Korea	Govt Finance: Budget	-4.7	-5.5	1.2	1.7	-1.7	-2.6	-1.5	6.2	3.1	1.4	-1.5	0.7	6.1	0.6	1.5	-3.8	
Taiwan	Central Government	7.9	3.3	-0.5	-1.7	2.1	10.7	-0.1	1.6	-1.6	2.5	9.7	1.8	-0.8	-1.3	2.3	11.2	-0.4
Brazil	Natl Treasury Performance Summary	-5.0	-1.1	-4.7	2.7	-1.9	-5.1	-1.4	-1.6	1.8	-1.4	-4.4	-0.5	-1.1	0.3	-1.4	-1.5	-0.7
Mexico	Public Sector	-1.2	-1.6	-2.3	-2.3	-2.3	-1.8	-2.2	-2.6	-2.8	-2.9	-2.8	-2.9	-2.7	-2.5	-2.5	-2.8	-2.5
Russia	Federal Budget	-0.4	-7.5	-5.8	-9.0	-5.9	-2.5	-1.3	-2.6	-8.6	-4.0	1.5	4.0	3.0	-4.5	0.8	-0.5	
Turkey	Central Government	-9.2	-1.8	-6.7	-4.5	-5.5	-4.7	-1.5	-2.0	-6.2	-3.7	-1.4	2.2	-0.7	-5.2	-1.4	-2.0	

Source: BBVA Research and Haver

DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document is based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances, investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: www.bbva.com / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.

This report has been produced by Emerging Markets Unit, Cross-Country Analysis Team

Chief Economist for Emerging Markets

Alicia García-Herrero

+852 2582 3281

alicia.garcia-herrero@bbva.com.hk

Chief Economist,

Cross-Country Emerging Markets Analysis

Álvaro Ortiz Vidal-Abarca

+34 630 144 485

alvaro.ortiz@bbva.com

Mario Nigrinis

+ 852 2582 3193

Mario.nigrinis@bbva.com

David Martínez

+34 690 845 429

dmartinez@bbva.com

Alfonso Ugarte

+ 34 91 537 37 35

alfonso.ugarte@bbva.com

With the assistance of:

Carrie Liu

carrie.liu@bbva.com

Diana Posada

diana.posada@bbva.com

Paul Pozarowski

paul.pozarowski@bbva.com

Edward Wu

edward.wu@bbva.com

Following the EAGLEs on the Web

For our reports



BBVA EAGLEs: website

www.bbva eagles.com

To share discussions



BBVA EAGLEs: LinkedIn discussion group

www.linkedin.com/groups/BBVA-EAGLEs-4120023?home=&gid=4120023&trk=anet_ug_hm

For reports and to send us comments



BBVA EAGLEs: Twitter

<https://twitter.com/#!/BBVAEAGLEs>

BBVA Research

Group Chief Economist

Jorge Sicilia

Emerging Economies:

Alicia García-Herrero

alicia.garcia-herrero@bbva.com.hk

Cross-Country Emerging Markets Analysis

Álvaro Ortiz Vidal-Abarca

alvaro.ortiz@bbva.com

Asia

Stephen Schwartz

stephen.schwartz@bbva.com.hk

Latam Coordination

Juan Ruiz

juan.ruiz@bbva.com

Argentina

Gloria Sorensen

gsorensen@bbva.com

Chile

Alejandro Puente

apuate@bbva.com

Colombia

Juana Téllez

juana.tellez@bbva.com

Peru

Hugo Perea

hperea@bbva.com

Venezuela

Oswaldo López

oswaldolopez@bbva.com

Mexico

Adolfo Albo

a.albo@bbva.bancomer.com

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

Developed Economies:

Rafael Doménech

r.domenech@bbva.com

Spain

Miguel Cardoso

miguel.cardoso@bbva.com

Europe

Miguel Jiménez

mjimenezg@bbva.com

US

Nathaniel Karp

nathaniel.karp@bbvacompass.com

Financial Systems & Regulation:

Santiago Fernández de Lis

sfernandezdelis@grupobbva.com

Financial Systems

Ana Rubio

arubiog@bbva.com

Pensions

David Tuesta

david.tuesta@bbva.com

Regulation and Public Policies

María Abascal

maria.abascal@bbva.com

Global Areas:

Financial Scenarios

Sonsoles Castillo

s.castillo@bbva.com

Economic Scenarios

Julián Cubero

juan.cubero@bbva.com

Innovation & Processes

Clara Barrabés

clara.barrabes@bbva.com

BBVA Research Asia

43/F Two International Finance Centre

8 Finance Street Central

Hong Kong

Tel: +852 2582 3111

E-mail: research.emergingmarkets@bbva.com.hk

Market & Client Strategy:

Antonio Pulido

ant.pulido@grupobbva.com

Global Equity

Ana Munera

ana.munera@grupobbva.com

Global Credit

Javier Serna

Javier.Serna@bbvauk.com

Interest Rates, Currencies and Commodities

Luis Enrique Rodríguez

luisen.rodriquez@grupobbva.com