

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

Markets await the release of several macro economic indicators for December: in the US, consumer confidence and ISM manufacturing indices; in the eurozone, PMIs for several member countries and harmonized CPIs for Italy and Spain; in China, PMI manufacturing indices (both official and private).

Calendar: Indicators

Eurozone: Monetary aggregate M3 (November, January 3rd)

Forecast: 1.5

Consensus: 1.5

Previous: 1.4

We expect M3 money supply may have slightly increased to 1.5% in November, after having grown less-than-expected in October (1.4% in contrast to the 1.9% expected). In October, the main surprise was the more-than-expected drop of loans to private sector, they declined at a pace of 2.1% compared to the expectations for a 1.8% drop, after falling 2% in September. The soft-indicators point to a downward bias to our forecast as the Financial Services Confidence decreased again by 3.7 points after falling another 3.7 points in October.

US: Consumer Confidence (December, December 31st)

Forecast: 76.0

Consensus: 76.3

Previous: 70.4

After running lower than forecasted in previous months, we expect consumer confidence to shift upward from the holiday season boost through the end of 2013. Furthermore, we anticipate that Washington's fiscal resolution earlier in the month should have a positive impact on December's confidence. We continue to see signs of significant improvement when it comes to the job market outlook, and we expect this will weight positively on consumer confidence for the time being. Additionally, gasoline prices continue to remain very low and have helped boost consumers' purchasing power, a fact that is particularly important during the holiday shopping season. The announcement to begin tapering last week shows that the Federal Reserve is at last confident that the economy is recovering, sending stock prices to all-time highs. Therefore, we expect to see an upbeat consumer confidence report for December.

US: ISM Manufacturing Index (December, January 2nd)

Forecast: 57.5

Consensus: 56.9

Previous: 57.3

Manufacturing has recovered substantially in the second half of 2013, after falling to year-lows in May and causing concern that the sector was once again on a downward spiral. According to the ISM index, manufacturing activity has been accelerating for six straight months, with the index reaching two-year highs from September through November. Most of the major components accelerated in November with the employment index leading the way. The new orders and production indices also experienced solid gains in November, which is a positive signal looking toward the coming months. However, we did see mixed results in the various regional Federal Reserve manufacturing surveys, suggesting that there remain pockets of weakness throughout the U.S. Still, we expect that overall gains at the national level will carry over in December's ISM Manufacturing Index, mostly fueled by the holiday season.

China: NBS manufacturing PMI (December, January 1st)

Forecast: 51.3

Consensus: 51.2

Previous: 51.4

Growth momentum is likely to continue further to December, thanks to the improving economic confidence as well as the lingering impact of the "mini" stimulus introduced earlier in the year; meanwhile, the recovery in the advance economies will also help exports and the broader economy. That said, the December's outturn, despite remaining robust, may soften a bit, as the liquidity crunch in the interbank market weighed on the economy. Indeed, the private HSBC/Markit flash manufacturing PMI, covering smaller and export-oriented firms, declined slightly to 50.5 from previous 50.8 in November. In the following week, we will await a set of activity indicators for December (due January 9-17), as well as the Q4 GDP outturn (projection: 7.6-7.7% y/y vs 7.8% y/y in Q3), to gauge the overall strength of the recovery.

Last Week

Week December, 23 - December, 27

Indicator	Period	Cons. E	Prior	Observed *
United States				
Personal Income MoM	Nov	0.5%	-0.1%	0.2% ▼
Personal Spending MoM	Nov	0.1%	-0.1%	0.5% ▲
PCE Deflator MoM	Nov	0.1%	0.0%	0.0% ▼
PCE Deflator YoY	Nov	0.9%	0.7%	0.9% —
PCE Core MoM	Nov	0.1%	0.1%	0.1% —
PCE Core YoY	Nov	1.2%	1.1%	1.1% ▼
Univ. Of Michigan Confidence	Dec	83	82.5	82.5 ▼
Durable Goods Orders	Nov	1.8%	-2.0%	3.5% ▲
Durables Ex Transportation	Nov	0.7%	-0.1%	1.2% ▲
House Price Index MoM	Oct	0.5%	0.3%	0.5% —
New Home Sales ('000)	Nov	440	444	464 ▲
New Home Sales MoM	Nov	-0.9%	25.4%	-2.1% ▼
Initial Jobless Claims ('000)	21-Dec	347	379	338 ▼
Continuing Claims ('000)	14-Dec	2817	2884	2923 ▲
France				
GDP QoQ	3Q F	-0.10%	0.60%	-0.10% —
GDP YoY	3Q F	0.20%	0.50%	0.20% —
Japan				
Jobless rate	Nov	3.90%	4.00%	4.00% ▲
Natl. CPI YoY	Nov	1.50%	1.10%	1.50% —
Natl. CPI Excl. Fresh Food YoY	Nov	1.10%	0.90%	1.20% ▲

Forecast/ * Magenta- Below nsensus forecast. Green-Above consensus forecast. Yellow- In line consensus forecast.

Source: Bloomberg and BBVA Research

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