

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit
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Next week

The ECB will hold its monetary policy meeting on Thursday. In the eurozone, economic releases will include 4Q13 GDP figures and final February's PMI index. In the US, economic data will include January's nonfarm payroll, and personal income and spending. Furthermore February's ISM manufacturing index will be also published. In China, February's both the official and the HSBC PMI manufacturing index will be released.

Calendar: Indicators

Eurozone: Retail sales (January, March 5th)

Forecast: +0.7% MoM	Consensus: 0.8% MoM	Previous: -1.6% MoM
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Retail sales are expected to have rebounded in January (up to 0.7% MoM) after the sharp decline of late 2013 (-1.6% MoM). This figure is still slightly below the mean of sales observed in 4Q12 (lower by -0.1%) but we expect improvement in 1Q14 so we should see more positive figures in the next two months. Retail sales survey conducted by Markit Economics showed that in January sales registered the first rise for five month and although only slight, the increase was the fastest since April 2011. This survey also suggests that Germany would be the driver of growth, posting its most marked improvement in trade since August, the last figure of retail sales in Germany seems to confirm this suggestion (+2.5% MoM in January).

Germany: Industrial production (January, March 7th)

Forecast: +0.6% MoM	Consensus: +0.6% MoM	Previous: -0.6% MoM
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We expect industrial production to have increased in January (+0.6% MoM) after the unexpected decline observed in December (-0.6% MoM). The behavior of manufacturing PMIs suggests that this growth is supported by higher new orders and unusually good weather. The increase in total new orders would be supported by domestic and demand markets (the panelists indicate that new export orders posted the highest increase since April 2011). Overall, the final reading point to a rebound in the performance in the manufacturing sector up to a level that is slightly better than the mean observed in 4Q13 (higher by 0.9%).

US: Personal Income and Outlays (January, March 3rd)

Forecast: 0.1%, 0.2%	Consensus: 0.2%, 0.1%	Previous: 0.0%, 0.4%
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Personal income and outlays are both expected to trend near rates seen consistently over the past several months. For the first time in four years, personal income actually posted negative YoY growth to end 2013, which is certainly concerning, especially if the price of all other goods increases, as this means consumers are losing purchasing power. However, this was also partially a consequence of the significant boost in income we saw in December 2012 leading up to the fiscal cliff, so we do expect annual growth to shift positive again in 2014. Outlays, on the other hand, were up 3.6% on a YoY basis, so despite the decline in overall income, consumers continue to purchase as usual. This is positive, particularly in the short-run, as this signals that consumers feel confident enough to continue spending, which is vital for the economic recovery. Conversely, it may also mean that people are spending and borrowing outside of their means, which could lead to long-term economic issues if consumers are not able to pay back their debt. Overall, personal income and spending have have grown at a healthy rate over the past several months, and we forecast more of the same for January as well as for the rest of 1Q14.

US: Nonfarm Payrolls and Unemployment Rate (February, March 7th)

Forecast: 195K, 6.5%	Consensus: 150K, 6.6%	Previous: 113K, 6.6%
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After a couple of dismal nonfarm payroll reports, we expect the February payroll numbers to bounce back and add close to 200K jobs for the month. There are concerns about the extreme winter effecting payrolls, but this is mostly stemming from other areas of the economy that have been hit harder, such as construction and manufacturing. Over the last two months, the government has lost 43K jobs, which has contributed to the sub-par payrolls. Construction added 48K of the jobs in January, and we look for the sector to once again provide a hiring boost for February. The unemployment rate is likely to tick down to 6.5%, as the addition of payrolls and another expected decline in participation will be enough to bring down unemployment to the Fed's target rate much sooner than previously predicted. Although the FOMC has been vague on how they will handle this threshold over the next few months, a drop to 6.5% would certainly place pressure on them to provide more clear guidelines on their policy moving forward. Still, we do not expect that February's job report will have much influence on their decision to make any major changes, as they will likely need to see more consistent data to believe the growth in the economy is indeed robust.

China: Exports for February, March 8th)

Forecast: 8.5% YoY	Consensus: 11.0% YoY	Previous: 10.6% YoY
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China's exports appear to be picking up on robust advanced demand from advanced economies, especially the EU and US. A stronger than expected export outturn in January was met with skepticism, given recent distortions from over-invoicing, the shift in Chinese New Year timing, and weak export out turns in other Asian economies such as Korea and Taiwan. Nevertheless, China's recent export trends have been encouraging, and we expect a continued gradual improvement in the coming months in view of the improving global economy. As such, we project exports in 2014 to grow by 8-10%, compared to an outturn of 8% in 2013. This should support continued GDP growth momentum (BBVA: 7.6% for 2014).

Last Week

Week February, 24 - February, 28

Indicator	Period	Cons. E	Prior	Observed *	
United States					
Chicago Fed National Activity Index	Jan	-0.20	0.16	-0.39	▼
Dallas Fed Manufacturing Index	Feb	3.00	3.80	0.30	▼
S&P Case-Shiller 20 City MoM	Dec	0.60%	0.90%	0.76%	▲
Consumer Confidence	Feb	80.00	80.70	78.10	▼
New Home Sales	Jan	400.00	414.00	468.00	▲
Durable Goods MoM	Jan	-1.60%	-4.30%	-1.00%	▲
Durable Goods, Excl. Transportation MoM	Jan	-0.20%	-1.30%	1.10%	▲
Initial Jobless Claims	22 Feb	335.00	336.00	348.00	▲
Real GDP QoQ SAAR	Q4 S	2.50%	3.20%	2.40%	▼
Core PCE Prices	Q4 S	1.10%	1.10%	1.30%	▲
University of Michigan Consumer Sentiment	Feb	81.20	81.20	81.60	▲
Pending Home Sales MoM	Jan	1.8%	-8.7%	0.1%	▼
Eurozone					
CPI MoM	Jan	-1.10%	0.30%	-1.10%	—
CPI YoY	Jan F	0.70%	0.70%	0.80%	▲
Consumer Confidence	Feb F	-12.70	-12.70	-12.70	—
Economic Confidence	Feb	100.70	100.90	101.20	▲
Germany					
IFO Expectations	Feb	108.10	108.90	108.30	▲
IFO Current Assessment	Feb	112.80	112.40	114.40	▲
IFO Business Climate	Feb	110.50	110.60	111.30	▲
GDP SA QoQ	4Q F	0.40%	0.40%	0.40%	—
GDP WDA YoY	4Q F	1.40%	1.40%	1.40%	—
GfK Consumer Confidence	Mar	8.20	8.20	8.50	▲
Unemployment Rate	Feb	6.80%	6.80%	6.80%	—
CPI EU Harmonized MoM	Feb P	-0.70%	-0.70%	0.50%	▲
CPI EU Harmonized YoY	Feb P	1.10%	1.20%	1.00%	▼
Retail Sales MoM	Jan	-1.00%	-2.50%	2.50%	▲
France					
Business Confidence	Feb	95	94	94	▼
Consumer Confidence	Feb	86	86	85	▼
PPI MoM	Jan	—	0.20%	-0.60%	▼
Italy					
Retail Sales MoM	Dec	0.00%	0.00%	-0.30%	▼
Consumer Confidence Index	Feb	98.50	98.00	97.50	▼
CPI EU Harmonized MoM	Feb P	-0.10%	-2.10%	-0.30%	▼
CPI EU Harmonized YoY	Feb P	0.60%	0.60%	0.50%	▼
Unemployment Rate	Jan P	12.70%	12.70%	12.90%	▲
Japan					
Jobless Rate	Jan	3.70%	3.70%	3.70%	—
Natl CPI Ex. Fresh food YoY	Jan	1.30%	1.30%	1.30%	—
Peru					
GDP YoY	4Q	5.20%	4.40%	5.20%	—
Mexico					
Unemployment Rate SA	Jan	4.80%	4.76%	4.81%	—
Retail Sales YoY	Dec	0.40%	1.90%	2.20%	▲
Current Account Balance (USD Million)	4Q	-4667.00	-5457.00	-4660.00	—
Colombia					
Retail Confidence	Jan	—	22.00	24.00	▲
Industrial Confidence	Jan	—	-1.30	6.70	▲
Brazil					
Selic Rate	Feb	10.75%	10.50%	10.75%	—
FGV Inflation IGPM MoM	Feb	0.30%	0.48%	0.38%	▲
GDP QoQ	4Q	0.28%	-0.50%	0.68%	▲

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

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