

Global Weekly Flash

European worries linger

Risky assets continued losing ground by renewed concerns about the European crisis resolution and increasing signs of weakness in global growth. Flows toward safe-haven assets have increased along the week both the 10Y US Treasury and the 10Y German yields fell by 12bps in the week. Equity indexes registered falls across board, while CDS spreads have widened, both in European peripheral and Emerging countries. Movements in FX markets were more moderate but the Japanese Yen has appreciated against the dollar signalling an increasing in risk aversion.

- The statement of the finance ministries of Germany, Finland and Netherlands on ESM bank recapitalisation sparked uncertainty about the European Crisis resolution mechanism. Ministries said "The ESM can take direct responsibility of problems that occur under the new supervision, but legacy assets should be under the responsibility of national authorities," introducing uncertainty about the resolution of the current banking sector problems which lies primarily in legacy assets. Moreover, they also reiterated that banks bail-in and the use of national public capital would come before any the ESM bailout. Finally they insisted on ESM direct bailout will only be possible after the establishment of an effective Single Supervisor. Well, all this doubts comes ahead the Eurogroup and the ECOFIN meeting on October 8 and 9, where we hope to delivery new step toward the construction of the future EMU.
- During the week Spain has been in the spotlight as the Spanish government was expected to announce fiscal measures and structural reforms along with the budget for 2013; and Oliver Wyman would unveil the results of the stress test of 14 Spanish financial institutions.
- Yesterday, the Spanish government released the budget for 2013 and outlined a set of structural reforms. The draft budget for 2013 projects a reduction of central government deficit from -4.5% of GDP in 2012 to -3.8% in 2013 and a GDP drop of 0.5% in 2013 (BBVA research -1.4%). The government has announced new measures which amount to 1.3% of GDP in order to fulfil the fiscal target, compatible with the recommendations of the European Union under the excessive deficit procedure. A new plan of structural reforms has also been announced including, among others, measures to ensure the sustainability of public accounts (pensions and the creation of an independent fiscal authority) and liberalization of professional services. In this context, yesterday, the EU Economic and Monetary Affairs Commissioner Olli Rehn said that the Spanish plan goes beyond what the European Commission had recommended in July and is an ambitious step forward. Regarding, the capital requirement for 14 Spanish financial institutions figures will be delivered today after the market close.

• Economic weakness continued across developed countries while Chinese growth concerns weigh on Emerging countries

- In the US, the final estimate for real GDP growth in 2Q12 came in at 1.3% on a QoQ seasonally-adjusted annualized basis, lower than both the advance and preliminary estimates of 1.5% and 1.7%, respectively. The BEA's revision reflected a significant drop in the contribution from change in private inventories from -0.23 to -0.46 while contributions from personal consumption expenditures, exports, and nonresidential structures were revised down in line with estimates. On the other hand, negative contributions from government spending and imports were slightly less than previously reported. Although, the downward revision was larger than expected, we are still on track to reach our baseline scenario of 2.1% growth for the year. We forecast a growth just as slow as in the third quarter. However, the QE3 announcement from the Fed could help increase growth for 4Q12 as long as fiscal uncertainties do not intensify significantly.

- In the Eurozone, monetary aggregates data show that private sector credit remains very weak. Loans to households increased by 0.1% m / m in August, partially offsetting the decline in July. As a result, credit to families until August stalled over the second quarter, indicating a slight decrease from 0.2% q / q then observed. Loans to businesses fell by 0.2% m / m in August, together with the slight increase in July, also makes the credit remains stalled over the second quarter. In Spain, banks deposits fell significantly in August by EUR 40bn. Yet, most of this drop is due a decreasing in repo activity (EUR14bn) and in non-resident deposits (EUR24bn), while Spanish household and corporate deposits slightly increased over the previous month. Household and corporate holdings of promissory notes also remained flat in August. Moreover, in Eurozone, the economic sentiment indicator shows a declining confidence in September, with results similar to those of the PMIs, indicating that the activity is still contracting. In September the Economic Sentiment Indicator (ESI) decreased by 0.9 points in the EU, to 86.1, and by 1.1points in the euro area, to 85.0. By country, there is a general decline. In the case of Germany the negative economic sentiment data contrasts with the improvement showed by PMI. France economic sentiment also gets worse the figures showed by its PMI.
- In Mexico, inflation surprises downwards during September's first half due to favorable outcomes within core inflation. Unexpectedly core inflation reduced in annual terms during September's first fortnight due to lower pressures within its merchandise component and very positive outcomes within its services component. Pressures within livestock prices keep pushing Non-core inflation upwards; however they seem milder than in the previous months. We expect inflation will reduce in the 4Q12, and end the year around 4%, however if further supply shocks arise, it might reduce less than we expect. Regarding monetary policy, recent remarks from the Governor of Banxico, Mexican policy makers will maintain the orthodoxy despite the weakness in global growth.
- Singapore's industrial production for August surprised to the downside, declining by -2.2% y/y (consensus: +1.0% y/y) on weaker electronics production (-7.3% y/y). Coming after Singapore reported a disappointing outturn last week for its non-oil domestic exports in August, today's outturn increases the chances of a technical recession in Singapore. Thai exports further contract, while exports in Hong Kong surprise to the upside the positive outturn was mainly driven by an increase in demand from China (8.5% y/y) and Japan (4.8% y/y). However, exports remained sluggish to other major trading partners including the US, Germany and UK.

Next week Investors will keep interest on ECB meeting. In the US, the ISM Manufacturing Index and nonfarm payrolls will be published and in China, the focus will be on the release of the September PMI.

Calendar: Indicators

Eurozone: Unemployment rate (August, October 1st)

Forecast: 11.4%	Consensus: 11.4%	Previous: 11.3%
-----------------	------------------	-----------------

We expect the unemployment rate to have stepped up in August to 11.4%, from 11.3% in July, continuing the upward trend observed since mid-2011 and cumulating a 1.5pp increase since then. Given that the employment performance tends to follow activity fluctuations with a time lag of two to four quarters, and considering that recent data suggests that activity is contracting again in Q3, the unemployment rate is likely to increase slightly in coming quarters. Confidence surveys for September also point in this direction, with firms' hiring intentions declining further. Across countries, the worsening in employment expectations was also widespread, although the labour market in Germany remains resilient.

Eurozone: Retail sales (August, October 3rd)

Forecast: -0.1% m/m	Consensus: -0.2% m/m	Previous: -0.2% m/m
---------------------	----------------------	---------------------

Retail sales are expected to have declined slightly in August, as in July. Still, the 3-month moving average suggests that the sharp deterioration in sales observed in Q2 should have been interrupted in Q3, with sales remaining flat up to August. More worrying signs stemmed from September's EC survey that showed a significant deterioration in consumers' confidence. All these figures suggest that households' spending remains weak in Q3. Across countries, we think that divergent trend in private consumption will persist in coming quarters, falling sharply in the periphery and mildly supporting economic growth in core countries, especially in Germany.

US: ISM Manufacturing Index (September, October 1st)

Forecast: 49.9	Consensus: 50.0	Previous: 49.6
----------------	-----------------	----------------

The ISM Manufacturing Index is expected to show only slight improvement in September after hanging below 50 for three consecutive months. The new orders component has shown extreme weakness, falling in August to the lowest level since the end of the recession in mid-2009. Consequently, the production index dropped below 50 in August and is likely to remain that way for the next few months until new orders pick up again. On the bright side, some regional Federal Reserve manufacturing surveys have noted a return to increasing activity for the sector in September, which could be a sign that conditions are not going to deteriorate much further.

US: Nonfarm Payrolls and Unemployment Rate (September, October 5th)

Forecast: 90K, 8.2%	Consensus: 118K, 8.2%	Previous: 96K, 8.1%
---------------------	-----------------------	---------------------

The latest data suggest that the employment situation in September is not likely to improve much over August. In general, we have seen a consistent pattern in the past few quarters in which a decline in jobless claims matches an acceleration in payroll growth for a given month (and vice versa). Since initial jobless claims for September are higher, on average, compared to August (378K vs. 371K), we do not expect to see a significant improvement in payroll growth for the month. On the bright side, the latest consumer confidence reports suggest a more optimistic outlook in terms of job availability in the next six months. Still, the unemployment rate dropped unexpectedly in August due to a drop in the labor force, which opens the door for the rate to increase when people start looking for work again.

China: PMI for September (October 1)st

Forecast: 50.6	Consensus: 50.0	Previous: 49.2
----------------	-----------------	----------------

We expect the September PMI reading to increase back to above the critical 50 expansion/contraction threshold, following four consecutive months of declines. The main reason behind the projected increase, however, is due to seasonal trends rather than a significant upturn in growth momentum which remains subdued on weak external demand. Fiscal and monetary policies have turned increasingly supportive, but have been modest, and not yet forceful enough to arrest the slowdown. The latest flash HSBC/Markit PMI estimate last week improved to 47.8% from last month's the final outturn of 47.6% in the previous month, on improved new and export orders (the final HSBC/Markit PMI is due out on September 29). We expect further policy easing during the remainder of the year, including up to two cuts in the RRRs and one cut in interest rate. Nevertheless, our full-year growth projection of 7.8% is subject to downside risks given the weaker than expected growth momentum in Q3.

Markets Data

			Close	Weekly change	Monthly change	Annual change
Interest rates (changes in bps)	US	3-month Libor rate	0.37	-2	-6	1
		2-yr yield	0.26	1	0	5
		10-yr yield	1.78	-8	9	-5
	EMU	3-month Euribor rate	0.23	-2	-8	-131
		2-yr yield	0.05	-6	4	-35
		10-yr yield	1.60	-10	14	-14
Exchange rates (changes in %)	Europe	Dollar-Euro	1.304	-0.7	4.0	-3.4
		Pound-Euro	0.80	-1.1	1.4	-8.4
		Swiss Franc-Euro	1.21	-0.5	0.8	-0.9
	America	Argentina (peso-dollar)	4.68	0.2	1.4	11.4
		Brazil (real-dollar)	2.02	0.6	0.4	10.4
		Colombia (peso-dollar)	1794	0.0	-1.0	-5.8
		Chile (peso-dollar)	471	0.1	-2.3	-9.0
		Mexico (peso-dollar)	12.81	0.8	-2.0	-5.5
		Peru (Nuevo sol-dollar)	2.60	0.3	-0.4	-6.0
	Asia	Japan (Yen-Dollar)	78.21	-0.2	-0.5	2.1
		Korea (KRW-Dollar)	1119.23	0.2	-1.5	-4.1
		Australia (AUD-Dollar)	1.051	-0.4	0.0	7.5
Comm. (chg %)		Brent oil (\$/b)	111.1	-4.7	-3.3	6.9
		Gold (\$/ounce)	1787.1	0.9	8.0	7.9
		Base metals	528.2	0.3	2.8	-2.8
Stock markets (changes in %)	Euro	Ibex 35	8125	-0.4	10.7	1.6
		EuroStoxx 50	2569	-1.0	4.8	26.8
	America	USA (S&P 500)	1460	-0.4	3.3	28.5
		Argentina (Merval)	2501	-1.7	2.7	0.7
		Brazil (Bovespa)	62114	0.0	4.6	16.7
		Colombia (IGBC)	14308	-1.3	0.4	10.3
		Chile (IGPA)	20501	0.1	0.4	11.5
		Mexico (CPI)	40500	-0.5	1.2	24.3
		Peru (General Lima)	21695	-1.2	6.9	15.3
		Venezuela (IBC)	303279	2.5	3.8	201.3
	Asia	Nikkei225	9110	-0.5	-0.2	6.4
		HSI	20735	0.5	4.3	17.4
Credit (changes in bps)	Ind.	Itraxx Main	127	9	-14	-69
		Itraxx Xover	527	66	-48	-312
	Sovereign risk	CDS Germany	47	-2	-12	-62
		CDS Portugal	484	29	-182	-675
		CDS Spain	370	27	-91	-45
		CDS USA	29	-1	-11	---
		CDS Emerging	212	19	-33	-156
		CDS Argentina	931	-4	-209	-103
		CDS Brazil	103	2	-24	-105
		CDS Colombia	94	3	-17	-118
		CDS Chile	76	-2	-18	-68
		CDS Mexico	91	3	-16	-123
		CDS Peru	100	1	-16	-116

Source: Bloomberg and Datastream

Weekly Publications

Country	Date	Description
Spain	09/28/2012	<p>> Flash España: "Avance del IPC de septiembre"</p> <p>El indicador adelantado del IPC de septiembre una aceleración del crecimiento de los precios al consumo como consecuencia de la traslación del aumento del IVA en este mes</p>
	09/27/2012	<p>> Flash España: "Confianza industrial y del consumidor en septiembre"</p> <p>Tras el intenso deterioro de agosto, los datos de septiembre muestran una corrección al alza de la confianza, tanto de los productores como de los consumidores</p>
	09/27/2012	<p>> Flash España: Ventas reales del comercio al por menor de agosto: favorecidas por el adelanto de compras ante el aumento del IVA en septiembre"</p> <p>Una vez corregidas las variaciones estacionales propias del mes, las ventas reales del comercio minorista crecieron un 4,9% en agosto favorecidas por el incremento del IVA en septiembre</p>
	09/27/2012	<p>> Flash España: "Visados de construcción de vivienda de obra nueva junio y julio 2012"</p> <p>En junio y julio se firmaron 3.502 y 4.022 visados de vivienda de obra nueva, respectivamente</p>
	09/27/2012	<p>> Flash Sistemas Financieros: "Aumentan ligeramente en agosto los depósitos de los hogares y empresas residentes en España."</p> <p>Aumentan ligeramente en agosto los depósitos de los hogares y empresas residentes en España, que son los relevantes para analizar una potencial salida de depósitos.</p>
	09/26/2012	<p>> Flash España: "Ejecución Presupuestaria del Estado a agosto 2012"</p> <p>El déficit acumulado por el Estado hasta agosto de 2012 se ha situado en el 4,7% del PIB</p>
	09/26/2012	<p>> Perspectivas Económicas Internacionales y de España</p> <p>Entorno internacional: continúan el crecimiento mundial y los riesgos en Europa. En España se confirma la recesión y aumenta la incertidumbre</p>
	09/25/2012	<p>> Observatorio Cantabria</p> <p>Con menor necesidad de ajustes que otras regiones, pero con una economía menos internacionalizada, Cantabria experimentará un comportamiento similar al conjunto de España en 2012 y 2013</p>
	09/25/2012	<p>> Presentación "Observatorio Cantabria"</p> <p>Con menor necesidad de ajustes que otras regiones, pero con una economía menos internacionalizada, Cantabria experimentará un comportamiento similar al conjunto de España en 2012 y 2013</p>
	09/24/2012	<p>> El crecimiento a medio plazo de la economía española</p> <p>La solución a la crisis vendrá de combinar medidas de diferente horizonte</p>
	09/21/2012	<p>> Flash España: "Hipotecas sobre vivienda julio 2012"</p> <p>Los datos indican que la concesión de hipotecas sobre vivienda durante el mes de julio se mantuvo prácticamente constante respecto a junio, firmándose 24.291 hipotecas</p>
	09/21/2012	<p>> Flash España: "España: Balanza comercial de julio 2012"</p> <p>El déficit de la balanza comercial en el acumulado a 12 meses de julio se mantiene prácticamente estable en un registro cercano a los -41 miles de millones de euros.</p>
Global	09/24/2012	<p>> La crisis del euro</p> <p>Crecimiento global: dependiente de acciones decisivas de política económica</p>
	09/21/2012	<p>> Global Weekly Flash: "Policy driven rally loses steam on unconvincing macro data"</p> <p>The "risk on" response to the ECB OMT programme -which reduces global risk by removing euro area tail risks...</p>
US	09/27/2012	<p>> U.S. GDP Flash. Final Estimate for 2Q12 GDP Growth Revised Down to 1.3%</p> <p>Real GDP growth for 2Q12 was revised down to 1.3%, the lowest rate since last year. Contributions from most major components were lower than previously reported</p>
	09/25/2012	<p>> Observatorio Económico EEUU. Breve lapso en el mercado de bonos corporativos</p> <p>No se contempla que el crecimiento de los bonos no financieros se frene de cara al futuro</p>
	09/25/2012	<p>> U.S. Economic Watch. Brief Lapse in Corporate Bond Market</p> <p>No Braking Ahead for Nonfinancial Bond Growth</p>
	09/24/2012	<p>> Flash Semanal EEUU. Las encuestas manufactureras indican que la contracción continuará en septiembre</p> <p>Las encuestas manufactureras de Empire State y de la Fed de Filadelfia se mantuvieron por debajo de cero en septiembre, lo que indica que continúa la contracción del sector</p>

- 09/24/2012 ➤ **U.S. Weekly Flash. Manufacturing Surveys Point to Continued Contraction in September**
The Empire State and Philadelphia Fed manufacturing surveys remained below zero in September to suggest continued contraction in the sector
-

Latam

Brazil

- 09/27/2012 ➤ **Flash Brasil: "El BC ve el balance de riesgos para la inflación más equilibrado, pero deja la puerta abierta para un recorte final del SELIC"**
Los riesgos internos para la inflación están ahora más equilibrados en comparación con hace algunos meses y los riesgos externos muestran un sesgo al alza en el corto plazo
- 09/23/2012 ➤ **Brasil y México, ¿cambio de perspectivas?**
El balance entre ambas economías muestra ventajas relevantes para México
-

Mexico

- 09/26/2012 ➤ **Flash Bancario México. Captación bancaria: se aminora su ritmo de crecimiento**
En julio 2012 la tasa de crecimiento nominal anual de la captación bancaria tradicional (vista + plazo) fue 9.3%. Esta tasa fue menor a la del mes anterior (11.8%) y a la del mismo mes de 2011 (10.9%)
- 09/25/2012 ➤ **Flash Inmobiliario México. El crédito hipotecario continúa a paso firme**
Crecimiento a tasas de doble dígito durante 2012. Influye sobre todo el fuerte impulso del crédito otorgado por la banca comercial, que se apoya en bases sólidas
- 09/25/2012 ➤ **Mexico Real Estate Flash. Mortgage lending continues at a steady rate**
Double digit growth rates in 2012 are mainly driven by increased lending at commercial banks supported by solid bases and with favorable conditions to maintain growth for the rest of 2012 and 2013
- 09/24/2012 ➤ **Flash México. La inflación sorprende a la baja en la primera quincena de septiembre gracias a resultados positivos dentro de la inflación subyacente**
General: Observada: 0.22% q/q vs. BBVA: 0.25% q/q Consenso: 0.32% q/q. Subyacente: Observada: 0.12% q/q vs. BBVA: 0.20% q/q Consenso: 0.25% q/q
- 09/24/2012 ➤ **Mexico Flash. Inflation surprises downwards during September's first half due to favorable outcomes within core inflation**
General: Actual: 0.22% f/f vs. BBVA: 0.25% f/f Consensus: 0.32% f/f. Core: Actual: 0.12% f/f, vs. BBVA: 0.20% f/f, Consensus: 0.25% f/f
- 09/21/2012 ➤ **Flash Semanal México. Mayor información sobre la dinámica de la actividad económica en el tercer trimestre**
Esta semana se publicará la dinámica que tuvo el indicador IGAE durante julio. Conocido el dato de producción industrial en el mes en cuestión, falta por saber cómo evolucionó el sector servicios y agricultura
- 09/21/2012 ➤ **Mexico Weekly Flash. More information on the performance for economic output in the third quarter**
This week sees the release of the IGAE indicator performance in July. With the figures for industrial output in the same month being know, we are missing the performance in services and agriculture
-

Asia

- 09/27/2012 ➤ **Asia Daily Flash | 27 September 2012: OECD report highlights Indonesia's strong growth; Vietnam's 3Q GDP edges up; Korea's business confidence drops**
Asian stocks rebounded today led by the Shanghai composite (+2.6%) on unfounded rumors of government support measures for the ailing stock market.
- 09/26/2012 ➤ **Asia Daily Flash | 26 September 2012: Singapore industrial production falls; IMF publishes its annual report on Indonesia**
The sell-off in global markets sparked by renewed concerns about the global growth outlook and the effectiveness of recent central bank actions spilled into Asia today.
- 09/25/2012 ➤ **Asia Daily Flash | 25 September 2012: RBA paints upbeat picture of banking system; Thai exports contract while Hong Kong's surprise to the upside**
The Reserve Bank of Australia's (RBA) latest financial stability report painted an upbeat picture of the domestic banking system.
- 09/24/2012 ➤ **Asia Daily Flash | 24 September 2012: Moderating trend in Singapore inflation gives room for monetary easing; Australia releases budget outturn; Vietnam's inflation rises sharply**
Singapore's CPI inflation fell slightly to 3.9% y/y in August from 4.0% in July (consensus: 3.8% y/y; BBVA: 3.7% y/y) on lower housing costs.
- 09/21/2012 ➤ **Asia Daily Flash | 20 September 2012: China's flash manufacturing PMI shows signs of a rebound; Taiwan export orders improve, and the central bank leaves rates on hold; Japan's exports fall as econ...**
China's HSBC/Markit flash manufacturing PMI for September rebounded slightly from the previous month (47.8), suggesting that growth, while still weak, may be stabilizing.

09/21/2012

➤ **Asia Daily Flash | 21 September 2012: India stands committed on reforms; HKMA issues upbeat stability report, but cites risks of rising property prices; Jakarta election outcome spurs hope of impr...**

In the face of stiff political resistance, the Indian government today formally approved its recently announced investment reforms

Publications on September 28, 2012 to 11:00, Madrid time

Cristina Varela Donoso
cvarela@bbva.com
+34 91 537 7825

Javier Amador Díaz
javier.amadord@bbva.com
+34 91 374 31 61

María Martínez Álvarez
maria.martinez.alvarez@bbva.com
+34 91 537 66 83

Ignacio Santiago Llorente
i.santiago.llorente@bbva.com
+34 91 537 76 80

Indicators collaboration

Europe
Agustín García
agustin.garcia@bbva.com
+34 537 79 36

US
Kim Fraser
Kim.Fraser@bbvacompass.com
+1 713 881 0655

Asia
Zhigang Li
zhigang.li@bbva.com.hk
+852 2582 3162

Fielding Chen
fielding.chen@bbva.com.hk
+852 2582 3297



RESEARCH



| Pº Castellana 81, Floor 7, 28046 Madrid | Tel.: +34 91 374 60 00 | www.bbvaresearch.com

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 content 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.