

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

Several members of the ECB and the Fed will delivery speeches (including the Fed Chair Janet Yellen, and the ECB board members Weidmann, Mersch, and Coeure). Moreover, the Fed will release minutes from April 29-30 FOMC. Economic releases in the US will include April's existing and new home sales and the leading indicator. Economic data in the eurozone will include May's preliminary PMI and consumer confidence, March's ECB current account balance and construction output. Furthermore, European Parliament elections will take places throughout EU countries. In China the preliminary figure for May's HSBC PMI and April's leading indicator and property prices.

Calendar: Indicators

Eurozone: Flash PMI composite (May, 22 May)

Forecast: 54

Consensus: 54

Previous: 54

In April, the manufacturing and services PMIs pointed to expansion for ten and nine successive months (above the 50 points threshold) respectively, suggesting that the recovery in the eurozone gathered pace at the start of the second quarter. Although the PMIs were also pointing to an acceleration in the eurozone's GDP growth in the first quarter of the year, finally proving more moderate than expected (+0.2% QoQ in 1Q14, consensus: +0.4 QoQ), and that the confidence data from the European Commission have deteriorated somewhat; we do not expect a substantial change in economic conditions in May. The PMI composite should therefore remain broadly stable and still in positive territory, more in line with our baseline scenario.

US: Existing Home Sales (April, 20 May)

Forecast: 4.75M

Consensus: 4.67M

Previous: 4.59M

Existing home sales are expected to bounce back in April after three straight months of declines. Although affordability has been hit harder in the past few months compared to mid-2013, the average 30-year fixed-rate mortgage held steady in April and continues to hover around 4.3%. This should help to encourage homebuyers, but rising prices continue to push potentials out of the market. On the bright side, the latest Senior Loan Officer Survey from the Federal Reserve showed that credit standards are generally being eased, which should make it easier for prospective home buyers to obtain a mortgage. Still, home inventories are tight in regions of high demand, which would provide downward pressure on our forecast for April. Thus, we look for a slight increase in existing home sales for the month, and overall we expect the component to trend upward this year as confidence in the economic recovery is restored.

US: Leading Indicators (April, 22 May)

Forecast: 0.4%

Consensus: 0.3%

Previous: 0.8%

Growth in the leading indicators index is expected to decelerate in April, but still show positive MoM growth. In April, the composite index reached its highest level since January 2008 and has increased or held steady in every month since March of last year. Interest rate spreads and the S&P 500 have been key drivers of recent strength for the overall index. As economic conditions continue to improve, we see no reason for the trend to change as we head into a stronger second quarter. The S&P index finished slightly higher in April than it did March as the stock market continues to break all-time records, so we look for some upward pressure from the stock price component. Furthermore, interest rates remain low and mostly unchanged for the month, so the spread between the 10-year Treasury yield and the federal funds rate should remain a strong contributor. Finally, we expect that the consumer expectations component, which has negatively contributed to the index for seven straight months, may drag on the index once again but will be outweighed by steady gains from the aforementioned components.

China: HSBC flash manufacturing PMI (May; 22 May)

Forecast: 48.3

Consensus: 48.3

Previous: 48.1

China's economy has been stabilizing over the past months, thanks to the government's growth-supportive policies and an improving external demand. The HSBC flash manufacturing PMI, representing 85-90% of the respondents to the survey, has high correlation with the final prints and the official NBS PMI, providing a first glimpse at manufacturing activities through the coming period. We project the flash outturn to inch up slightly but remain below 50, which would indicate a stabilizing but soft manufacturing outlook. Over the coming weeks, we will also watch closely the final HSBC PMI and the official NBS PMI (due on June 3rd and 1st respectively), and a batch of activity indicators for May (due in early June), to gauge the overall strength of current growth momentum.

Last Week

Week 12 May - 16 May

Indicator	Period	Cons. E	Prior	Observed *	
United States					
Retail Sales MoM	Apr	0.40%	1.30%	0.10%	▼
Retail Sales less Autos and Gas MoM	Apr	0.50%	1.40%	0.00%	▼
Import Price Index MoM	Apr	0.30%	0.40%	-0.40%	▼
Business Inventories	Mar	0.40%	0.50%	0.40%	—
Initial Jobless Claims	May 10	320.00	321.00	297.00	▼
Empire State Manufacturing Survey	May	6.00	1.30	19.01	▲
CPI MoM	Apr	0.30%	0.20%	0.30%	—
CPI Core MoM	Apr	0.10%	0.20%	0.20%	▲
CPI YoY	Apr	2.00%	1.50%	2.00%	—
CPI Core YoY	Apr	1.70%	1.70%	1.80%	▲
Industrial Production	Apr	0.00%	0.90%	-0.60%	▼
Capacity Utilization	Apr	79.10%	79.30%	78.60%	▼
Philadelphia Fed Business Survey	May	14.00	16.60	15.40	▲
Building Permits	Apr	1015.00	997.00	1080.00	▲
House Starts	Apr	982.00	946.00	1010.00	▲
University of Michigan Consumer Confidence	May	84.50	84.10	81.80	▼
Eurozone					
Retail Sales MoM	Apr	0.40%	1.30%	0.10%	—
Retail Sales less Autos and Gas MoM	Apr	0.50%	1.40%	0.00%	▼
Import Price Index MoM	Apr	0.30%	0.40%	-0.40%	▼
Business Inventories	Mar	0.40%	0.50%	0.40%	—
Initial Jobless Claims	May 10	320.00	321.00	297.00	—
Empire State Manufacturing Survey	May	6.00	1.30	19.01	—
CPI MoM	Apr	0.30%	0.20%	0.30%	—
Germany					
ZEW Survey Current Situation	May	61.00	59.90	62.10	▲
ZEW Survey Expectations	May	41.00	43.20	33.10	▼
CPI EU Harmonized MoM	Apr F	-0.30%	-0.30%	-0.30%	—
CPI EU Harmonized YoY	Apr F	1.10%	1.10%	1.10%	—
GDP SA QoQ	1QP	0.70%	0.40%	0.80%	▲
GDP WDA YoY	1QP	2.20%	1.40%	2.30%	▲
France					
Bank of France Bus. Sentiment	Apr	--	99.00	98.00	—
CPI EU Harmonized MoM	Apr	0.10%	0.50%	0.00%	▼
CPI EU Harmonized YoY	Apr	0.90%	0.70%	0.80%	▼
GDP QoQ	1QP	0.10%	0.20%	0.00%	▼
GDP YoY	1QP	0.90%	0.80%	0.80%	▼
Italy					
CPI EU Harmonized YoY	Apr F	0.60%	0.60%	0.50%	▼
General Government Debt (B)	Mar	--	2107.20	2119.90	—
GDP WDA QoQ	1QP	0.20%	0.10%	-0.10%	▼
GDP WDA YoY	1QP	-0.10%	-0.90%	-0.50%	▼
Japan					
Industrial Production MoM	Mar	--	0.30%	0.70%	—
Capacity Utilization MoM	Mar	--	-2.60%	0.40%	—
GDP QoQ Annualized	1Q	4.20%	0.30%	5.90%	▲
China					
Foreign Direct Investment YoY	Apr	1.00%	-1.50%	3.40%	▲
Chile					
Overnight Rate Target	May	4.00%	4.00%	4.00%	—
Colombia					
Consumer Confidence Index	Apr	20.50	17.50	17.90	▼
Retail Sales YoY	Mar	6.20%	6.70%	8.30%	▲
Industrial Production YoY	Mar	8.90%	2.80%	9.78%	▲
Brazil					
FGV Inflation IGP-10 MoM	May	0.29%	1.19%	0.13%	▼
Retail Sales MoM	Mar	0.00%	0.20%	-0.50%	▼
Economic Activity MoM	Mar	0.00%	0.24%	--	—
Peru					
Economic Activity YoY	Mar	5.90%	5.70%	4.91%	▼
Unemployment Rate	Apr	6.40%	6.90%	6.30%	▼
Mexico					
Industrial Production MoM	Mar	0.34%	0.30%	-0.13%	▼

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

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