

Global Weekly Flash

High uncertainty remains about Greek difficulties to form a stable government and the challenge in obtaining the official financial assistance

- In Greece, the two pro-austerity parties (ND and Pasok) failed to obtain together a majority to govern, while extreme parties took a large chunk of the vote. The Greek election results increased uncertainty. New elections are not discarded for early June if ND and Pasok do not manage to convince Democratic Left (pro-euro but anti-austerity) to form a coalition or if a national unity government is not appointed. The delay in forming a new government may force the EU and the IMF to postpone the disbursement of the first tranche of the second bailout to Greece, which according to the IMF's schedule is expected to be delivered on May 31. According to the second bailout program, the Greek government is supposed to update its medium-term budget in May 2012 including additional spending cuts. The European Financial Stability Fund (EFSF) has disbursed EUR4.2bn in aid for Greece by now, an outstanding 1 billion has been blocked until June. This flow of money comes in time to face May's debt redemptions and interest payments. Nevertheless, eurozone officials and the ECB members insisted Greece needs to stick to the austerity and reforms program if it wants to get further instalments and stay in the eurozone.
- **Spain launches its fourth bank restructuring including the partial nationalization of Bankia**
 - Spain had also other sources of uncertainty this week. Finally the Spanish government decided to convert the FROB preference shares in Banco Financiero y de Ahorros into equity, making it a 45% shareholder in Bankia. Additionally Spain government announced a new financial reform. The Ministry of Economy will ask two independent experts to prepare a report on the valuation of banks' balance sheets. Besides, the coverage for non-problematic real estate assets goes from 7% to 30%. Finally, financial institutions will be forced to transfer their foreclosed assets to an independently managed society, using their book value. They will only de-consolidate those assets if independent investors come so that banks have a non-controlling participation. There are some positive aspects such as 1) independent experts could give credibility to the balance sheets, 2) coverage of real estate assets is increased and 3) The transfer of assets to 'bad banks' could be positive to entities in a bad situation. Nevertheless, some uncertainties may rise as portfolio valuation may change, and it is unclear whether investors will come to the bad banks. Additionally restructuring period is longer.
 - The European Commission foresees a weaker scenario for Spanish GDP (-1.8% in 2012 and -0.3% in 2012 and 2013, respectively) than in our own projections (-1.3% and +0.6%, respectively). The forecast differences may derive from the differences in the assumptions. The EC estimates that the labor reform will not have a short term positive impact on employment, nor does it acknowledge the positive effect that the suppliers' payment programme could have on GDP (up to 1% point in 2012 according to our estimates). Besides, the EC foresee a worse public (6.4% of GDP in 2012, above the target presented by the Spanish Government in the Stability and Growth Programme 2012-2015 (-5,3%) due largely to not including measures that have not been yet confirmed (new measures by regional governments) or whose impact is uncertain (privatizations, fighting tax fraud, one-offs) (See [Europe Flash](#))
- **Towards another extraordinary European meeting: questioning fiscal compact is not a choice, but it could be complemented with growth measures**
 - In France, the victory of F. Hollande in the presidential elections was as expected, but uncertainties remain due to the announced intention to renegotiate the fiscal compact. In our opinion, the "fiscal compact" should be maintained as it reinforces fiscal discipline in the long-term as is a pre-condition from Germany to help solving the eurozone crisis on other fronts. It makes sense to complement it with growth measures, such as more infrastructure investment, although the margin of action there is not large. But other measures could help. For instance, it makes sense for Brussels to require fiscal targets in structural terms instead of headline figures, to avoid taking further contractionary when the economy behaves worse than expected. More importantly, advancing in the design of a future fiscal union, including eurobonds and loss of national fiscal sovereignty would also help to boost confidence in Europe in the short term. Some of these issues are expected to be debated at the extraordinary EU Summit on May 23.

- **Weak Chinese April indicators reinforce expectations of policy easing**
 - April's monthly batch of activity indicators was generally weaker than expected, dashing hopes of an imminent growth rebound, and raising expectations of further policy easing. Taken together, export and import outturns and industrial production for April (9.3% y/y vs. consensus: 12.2% and BBVA: 10.0%) indicate that the slowdown of Q1 is continuing. A further easing of inflation, to 3.4% y/y in April (consensus: 3.4%; BBVA: 3.7%) provides room for further monetary policy easing in the months ahead, in line with our previous expectations of 100-150bps cuts in the RRR, and up to two 25bp interest rate cuts. As described in our forthcoming China Economic Outlook, we maintain our full-year growth projection of 8.3% on expectations of a gradual rebound during the course of 2012 from supportive policies and as global conditions improve. However, risks are tilted to the downside given slowing momentum and the uncertain external environment. Japan remains suffering the effect of post-quake reconstruction. The Japanese, current account surplus declined by -8.6% y/y in March. However, the current account is expected to remain in surplus due to strong investment income.
- **European Commission spring forecast printed a mild recession in the eurozone in 2012. In the US economic data reflected some improvement in demand**
 - For the eurozone, the EC spring forecasts printed a 0.3% GDP decline in 2012 and a recovery to 1% in 2013, very close to ours. Regarding the pace of growth, they forecast a slight recession in the first half and a timid recovery in the second half of the year, while for 2013 it expects a growth of about 0.4% t/t in all quarters. The recovery in activity is to be supported by the contribution of the external sector this year (0.8pp), which may not compensate the expected collapse in domestic demand (-1pp).
 - Meanwhile, this week both German industrial output and new orders surprised to the upside, rising by 2.8% and 2.2% m/m respectively, after an upward revision in previous month's decline. At the same time, in France, industrial output was weaker (-0.9% m/m), as a result of very strong consumption in the previous month, but manufacturing output came in stronger (+1.4% m/m). Italy also managed to maintain growth in the sector, with a growth rate of 0.5% m/m. Regarding the external sector, France, Greece and Portugal all saw an improvement in their trade balance.
 - The US Trade Deficit widened to USD 51.8 billion in March compared to USD 45.4 billion in February, in a higher than expected result, while April's NFIB small business optimism index recovered 2 points to reach 94.5 in March. These data showed certain improvement in both domestic and foreign demand in the 1Q12.
- **Lower inflation was confirmed in Mexico while activity surprised to the upside in Chile**
 - In Mexico, April's inflation was in line with expectations. During April 2012, the CPI fell 0.31% m/m, the level expected by BBVA Research and very close to the forecast of the market consensus of -0.34% m/m. In consequence, annual inflation reached 3.41%, which is lower than the one registered in March of 3.73%. Banxico's minutes released on May 11th showed that the debate about a rate cut remains. However there was not a relevant effect on financial markets given the perspective of no change in the monetary rate. Regarding Chile, economic activity grew 5.2% y/y in March, an increase of 0.9% m/m in the seasonally adjusted series, which was above both our and market expectations. Central Bank would keep the monetary policy rate unchanged in its next meeting.
- **"Flight to safety" continues**
 - Safe-haven assets, mainly the German bund and the US Treasury, continued outperform this week on increasing European concerns. The demand was again strong at this week's auctions in Germany and in the US despite low interest rate they offered. The Spanish 10y yield reached the 6% level in the week, currently is at 5.94%. The Spanish sovereign risk premium widened by 26bp during the week to 443bp. European crisis have weighed on market sentiment this week, boosting USD demand and particularly affecting commodities and even more Latam high beta currencies.

Next week will be busy in debt markets: Spanish and French treasuries will both auction bills and bonds (12M, 18M, 7Y, 10Y and 15Y for Spain) while Italy and Germany will auction bonds on Monday and Wednesday, respectively. In Europe, there are also Eurogroup and ECOFIN meetings in the coming week, along with the release of 1Q EZ GDP and the ZEW economic sentiment for May. US economic indicators such as the retail sales, the industrial production and some housing data will also keep investors' attention, who also expect for FOMC's Minutes. Besides, stay tuned on the G8 meeting and the Germany's State elections in North Rhine-Westphalia.

Calendar: Indicators

Eurozone: Flash GDP (Q1-12, May 14th)

Forecast: 0.0% q/q	Consensus: -0.2% q/q	Previous: -0.3% q/q
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Data available for Q1-12 points to a mild improvement in GDP growth over the previous quarter. The relief of financial stress at the beginning of the year supported a significant improvement in confidence data in January, although the figures were somewhat disappointing in following months. Regarding hard data, retail sales suggest that private consumption could have been more resilient than in Q4-11, while industrial production rose more than anticipated. Nevertheless, fiscal consolidation should have taken its toll in domestic demand, while trade balance developments point to a slight positive contribution of net exports. Our short-term MICA model estimates GDP growth at about 0.1% q/q in Q1-12, but we envisage a stagnation or even a slight contraction in activity. Across countries, short-term indicators for Germany and France suggest that GDP could have stepped up marginally in early 2012 (by 0% q/q in France and 0.1% q/q in Germany), while the periphery could have contracted again at a similar pace than that observed by end-2011. Overall, uncertainty about the resolution of the European crisis remains very high, and thus downside risks continue to be biased downwards.

Eurozone: HICP inflation (April, May 16th)

Forecast: 2.6% y/y	Consensus: 2.6% y/y	Previous: 2.7% y/y
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We expect headline inflation to be confirmed at 2.6% y/y in April, easing by 0.1pp from March, driven by a favorable base effect after high energy inflation observed a year ago (around 13% y/y). Regarding inflation of other components, our forecast suggests that they should remain broadly unchanged, resulting in the stabilization of core inflation at 1.9% y/y. Looking forward, recent increases in oil prices combined with the continuous depreciation of the euro and a milder slowdown in activity point to a slower moderation of headline inflation in coming months. As a result, it should remain above the ECB target during 2012, although reversing to 2% at the end of the year. Core inflation is likely to remain hovering around 1.9% y/y in coming months to moderate timidly in the second half of the year.

US: Consumer Price Index, Core (April, May 15th)

Forecast: 0.2% m/m, 0.2% m/m	Consensus: 0.1% m/m, 0.2% m/m	Previous: 0.3%,m/m 0.2% m/m
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Consumer price inflation is expected to decelerate in April at the headline level as transitory influences fade. Energy prices are finally beginning to moderate, with crude oil prices declining from March but remaining above February's levels. Headline inflation is slowing compared to the oil spike last year, while commodity and other core price pressures are also easing. Furthermore, consumer inflation expectations for both the one-year and five-year outlook have decreased significantly in April following the higher gas prices seen in March. Although medical care and shelter prices put upward pressures on core consumer prices, we expect that inflation will be more under control in the coming months.

US: Retail Sales, Ex Auto (April, 15th)

Forecast: 0.3%,m/m 0.2% m/m	Consensus: 0.2% m/m, 0.2% m/m	Previous: 0.8% m/m, 0.8% m/m
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Retail sales have been relatively strong throughout the first quarter, however, we expect that growth will decelerate in April. Higher gas prices have driven nominal sales in previous months, though recent price declines suggest that this influence will be less significant in April. Auto sales increased in March for the second consecutive month but are unlikely to accelerate in April given that unit vehicle sales were mostly unchanged. Consumer confidence was mixed in April, with the weakening employment situation weighing on consumer behavior. Furthermore, weekly retail sales reports suggest slower growth compared to March despite some strength in the first week of the month.

Japan: Q1 GDP growth (May 17th)

Forecast: 0.7% q/q s.a.	Consensus: 0.9% q/q s.a.	Previous: -0.2% q/q s.a.
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After a disappointing fourth quarter in 2011 on supply disruptions from floods in Thailand, Japan's economy is expected to have rebounded in the first quarter of this year on improving exports and increased capital spending. Recent activity indicators such as industrial production and exports also point to a normalization of supply chains and production from last year's devastating earthquake and tsunami. A succession of four supplementary reconstruction budgets (totaling about 4% of GDP) continue to boost investment, and the BOJ is continuing to ease monetary policy through quantitative easing. Looking ahead, we expect the economy to expand about 2% in 2012 despite ongoing power shortages from the closure of nuclear plants and global headwinds

Markets Data

			Close	Weekly change	Monthly change	Annual change
Interest rates (changes in bps)	US	3-month Libor rate	0.47	0	0	21
		2-yr yield	0.26	0	-3	-27
		10-yr yield	1.86	-2	-18	-131
	EMU	3-month Euribor rate	0.69	-1	-7	-74
		2-yr yield	0.09	0	-5	-169
		10-yr yield	1.52	-6	-26	-155
Exchange rates (changes in %)	Europe	Dollar-Euro	1.294	-1.1	-1.3	-8.3
		Pound-Euro	0.80	-0.8	-2.5	-7.7
		Swiss Franc-Euro	1.20	0.0	0.0	-4.6
	America	Argentina (peso-dollar)	4.44	0.3	1.2	8.7
		Brazil (real-dollar)	1.95	1.6	6.6	19.4
		Colombia (peso-dollar)	1764	0.2	-1.3	-2.6
		Chile (peso-dollar)	488	0.9	0.2	4.1
		Mexico (peso-dollar)	13.51	2.6	2.8	15.0
		Peru (Nuevo sol-dollar)	2.65	0.3	-0.4	-3.9
	Asia	Japan (Yen-Dollar)	79.96	0.1	-1.3	-1.0
		Korea (KRW-Dollar)	1147.36	1.2	0.3	5.1
		Australia (AUD-Dollar)	1.007	-1.2	-2.4	-4.8
	Comm. (chg %)	Brent oil (\$/b)	112.2	-0.8	-6.6	-1.4
		Gold (\$/ounce)	1587.8	-3.3	-4.3	6.2
		Base metals	535.6	0.6	-0.5	-10.9
Stock markets (changes in %)	Euro	Ibex 35	6928	0.8	-8.6	-33.1
		EuroStoxx 50	2239	-0.4	-4.4	-22.6
	America	USA (S&P 500)	1357	-0.9	-0.9	1.4
		Argentina (Merval)	2294	3.6	-8.4	-32.1
		Brazil (Bovespa)	60035	-1.3	-2.1	-5.1
		Colombia (IGBC)	15054	-1.0	-0.4	5.5
		Chile (IGPA)	21576	-0.6	-0.6	-6.1
		Mexico (CPI)	39070	-0.9	-0.2	11.5
		Peru (General Lima)	21679	-2.1	-6.8	-1.8
	Asia	Venezuela (IBC)	251498	-8.8	23.0	224.8
		Nikkei225	8953	-4.6	-5.3	-7.2
		HSI	19965	-5.3	-0.9	-14.2
Credit (changes in bps)	Ind.	Itraxx Main	157	12	15	60
		Itraxx Xover	688	32	13	333
		CDS Germany	88	4	14	51
	Sovereign risk	CDS Portugal	1092	81	-10	473
		CDS Spain	511	31	28	276
		CDS USA	41	1	12	---
		CDS Emerging	261	13	-6	54
		CDS Argentina	993	7	92	403
		CDS Brazil	130	8	-2	28
		CDS Colombia	119	8	-2	18
		CDS Chile	99	6	-3	37
		CDS Mexico	120	8	-9	21
		CDS Peru	131	9	-3	-1

Source: Bloomberg and Datastream

Weekly Publications

Country	Date	Description
Global	05/08/2012	<p>➤ Global Economic Outlook. Second Quarter 2012</p> <p>The global economy will gradually recover from the trough in Q4. Europe will undergo a mild recession and constitutes the biggest risk for the global economy. There is still no roadmap for the crisis. (Spanish version) Presentación Situación Global</p>
USA	05/09/2012	<p>➤ Fed Watch: Scenarios for the Federal Reserve</p> <p>A Review of FOMC Options for Action</p>
	05/09/2012	<p>➤ U.S. Flash: Small Business Quarterly, 2Q12</p> <p>Funding costs continue to drop for small business. Our small business leading credit shows tightening in 2Q12. Consumer Demand (sales), taxes, and government remain key concerns</p>
	05/08/2012	<p>➤ Economic Watch: Job Openings and Labor Turnover</p> <p>Enduring Demand and Supply Shortages in the Job Market</p>
	05/07/2012	<p>➤ Economic Watch: Exchange Rate Fundamentals Part II</p> <p>Second in a Series on Equilibrium Exchange Rates. Many countries' spot rates subject to regime shifts, structural breaks and in general require close examination of fluctuation tests</p>
	05/07/2012	<p>➤ Economic Watch: Monthly US Outlook</p> <p>Recovery Sensitive to Slowing Activity in 2Q12</p>
	05/07/2012	<p>➤ Banking Watch: Consumer Credit: Monthly Situation Report</p> <p>Seasonally-adjusted consumer credit jumped \$21.3bn in March, reflecting the largest monthly gain in more than a decade</p>
	05/07/2012	<p>➤ U.S. Weekly Flash. Weak Nonfarm Payrolls Despite Drop in the Unemployment Rate</p> <p>Nonfarm payrolls increased only 115K in April following upward revisions to both March (120K to 154K) and February (240K to 259K) Chinese version</p>
	EMU	05/10/2012
Spain	05/10/2012	<p>➤ Flash España: "Compraventa de viviendas en marzo de 2012"</p> <p>En el mes de marzo se vendieron 25.464 viviendas, un 7,7% menos que en el mes anterior, una vez corregida la serie de variaciones estacionales y efectos de calendario (cvec).</p>
	05/09/2012	<p>➤ Situación España. Segundo trimestre 2012</p> <p>La recesión en 2012 no se agudiza y las reformas en marcha permitirán aumentar el crecimiento, que debe acelerarse con nuevas medidas.</p> <ul style="list-style-type: none">• Continúa el crecimiento mundial pero se incrementa la incertidumbre.• Europa, a la espera de una agenda creíble de crecimiento y ajuste fiscal, se descuelga del crecimiento mundial.• España: se confirma la recesión pero no se acelera.• La incertidumbre del contexto actual condiciona los efectos de las reformas a corto plazo.• La mejora de la confianza depende del diseño, ejecución y comunicación de una agenda reformatora creíble. <p>Presentación "Situación España. Segundo trimestre 2012"</p>
	05/08/2012	<p>➤ "Tendencias de futuro para la economía andaluza: demografía, eficiencia sectorial y decisiones empresariales". Volumen III</p> <p>Recorrido por la evolución reciente de la economía andaluza así como una descripción pormenorizada de las principales estrategias a desarrollar para cambiar la estructura del sistema productivo.</p> <p>Autor(es): VV.AA. Número de páginas: 156 Índice</p>
	05/07/2012	<p>➤ Flash España: "Producción industrial en marzo"</p> <p>Pese a que la evolución de la producción industrial durante el 1T 2012 debe ser valorada negativamente cabe resaltar que, en balance, no se observa una aceleración del deterioro respecto al anterior.</p>

Latin America

08/05/2012 ➤ **Presentation of "Changing dynamics of the World Economy: Alternatives for Latin America and China"**

Changing global dynamics: "What is it in for Latin American and Chinese relations?"

Rapporteur: Alicia García-Herrero

Event: Presentation of "Changing dynamics of the World Economy: Alternatives for Latin America and China" at CAF-ILAS Annual Conference, Beijing.

Brazil

05/09/2012 ➤ **Brazil Flash: "Inflation falls for the seventh consecutive month to 5.1% in April"**

Inflation dropped to 5.1%/y in April from 5.2%/y in March, but the decline was not as significant as expected (consensus and BBVA were at 5.0%/y).

Chile

05/08/2012 ➤ **Flash Chile: Inflación mensual se ubicó en 0,1% en abril, en línea con nuestra proyección**

05/07/2012 ➤ **Flash Chile: Actividad económica crece 5,2% a/a en marzo, sorprendiendo al alza al mercado**

El Índice Mensual de Actividad Económica creció 5,2% a/a, con un aumento de 0,9% m/m en la serie desestacionalizada, lo que se ubicó por sobre nuestras expectativas y las del mercado.

Colombia

05/07/2012 ➤ **Flash Colombia: Inflación se mantuvo estable en abril; tarifas de regulados contribuyeron favorablemente**

La inflación mensual se ubicó en 0,14% sorprendiendo nuevamente las expectativas a la baja (BBVA: 0,22%; consenso: 0,20%). El dato se vio favorecido por reducción en las tarifas de servicios públicos

Peru

05/10/2012 ➤ **Situación Perú Segundo Trimestre 2012**

Elevamos nuestra previsión de crecimiento económico para 2012 a 6,0%. Mejor ejecución en primer trimestre y fortaleza de demanda interna hacia adelante explican esta revisión

- Continúa la recuperación global, pero los riesgos se reanudan. El principal soporte del crecimiento mundial seguirán siendo las economías emergentes
- Convergencia de la inflación al rango meta se retrasará hasta fines de 2012, cerrando el año alrededor de 2,8%. La persistencia del desvío podría exacerbar las expectativas inflacionarias, por lo que el sesgo en la previsión es al alza
- La tasa de referencia seguirá en 4,25% durante el resto del año. Sin embargo, en un escenario de mayor deterioro de las expectativas de inflación, prevemos que la posición monetaria se ajustará. El uso de los encajes será una opción para evitar mayores presiones de apreciación sobre la moneda local
- Moneda peruana seguirá apreciándose por inlujos de capitales, un tono más restrictivo de la política monetaria y la desdolarización de portafolios locales

05/10/2012 ➤ **Flash Perú: La tasa de política sigue en 4,25%**

En línea con lo que el mercado esperaba, el Banco Central mantuvo en mayo la tasa de interés de referencia en 4,25%.

Mexico

05/09/2012 ➤ **Situación México Segundo Trimestre 2012**

México crecerá el 3.7% en 2012, con una inflación que no superará el 4% y unas tasas en niveles históricamente bajos y estables

- El crecimiento mundial se recuperará gradualmente en 2012 del bache del cuarto trimestre de 2011. La recuperación será más pronunciada en Asia. En el otro extremo, Europa soportará una leve recesión
- Los riesgos sobre el crecimiento mundial están fuertemente sesgados a la baja por la continuación de la crisis Europea. México cuenta con márgenes de maniobra relevantes para afrontar esta situación
- México, dentro del grupo de los EAGLEs, tiene el reto de aumentar sus intercambios con Asia

[Presentación Situación México Segundo Trimestre 2012](#)

05/09/2012 ➤ **Mexico Inflation Flash: April's inflation: in line with expectations; the non-core component continues being the factor behind the reduction**

General: Actual:-0.31% m/m vs. BBVA:-0.31% m/m Consensus:-0.34% m/m. Core: Actual: 0.15% m/m, vs. BBVA:0.11% m/m Consensus:0.12% m/m

05/07/2012 ➤ **Real State Flash Mexico: Construction expands 7%. Is this a transient effect?**

Surprising 7%, but the driving force remains unchanged. One swallow does not a summer make

05/07/2012 **Economic Watch: Inflation with a 60% probability of coming in between 3.5 and 4.0% at the end of 2012**

Inflation expectations continue to slowly fall and remain below 4% ([Spanish version](#))

Asia

05/11/2012 ➤ **China Flash: Weak April indicators reinforce expectations of policy easing**

April's monthly batch of activity indicators was generally weaker than expected, dashing hopes of an imminent growth rebound, and raising expectations of further policy easing.

05/10/2012 ➤ **Daily Flash | Asia | 10 May 2012: Weaker-than-expected trade outturns raise questions about China's growth; Indonesia and Korea leave rates unchanged; Japan's current account surplus declines**

April export and import outturns for April were weaker than expected, reviving market concerns about global growth and the strength of China's domestic demand.

- 05/09/2012 > **Asia Economic Outlook: Second quarter 2012**
Asian growth has been slowing due to the weak external environment. Nevertheless, recent indicators suggest that growth may be in the process of bottoming out.
- The outlook for the global economy is for a gradual recovery in 2012. Risks to the outlook, however, are strongly tilted to the downside as the European crisis continues.
 - Consistent with this outlook, and with support from accommodative policies, growth in Asia is expected to pick up during the remainder of 2012.
 - Nevertheless, we are revising down our full-year growth projections slightly for 2012 on the impact of higher oil prices.
- Risks to the Asia outlook remain tilted to the downside due to ongoing uncertainties in the global environment
- 05/09/2012 > **Daily Flash | Asia | 9 May 2012: Quarterly Asia Outlook released today; China to cut gasoline and diesel prices; Exports in Malaysia fall unexpectedly; Thailand to cancel planned fuel increases and freeze transportation fares**
The majority of Asian markets lost ground on Wednesday as jitters about Europe continue, and following the overnight lead from Wall Street.
- 05/08/2012 > **Presentation of "Changing dynamics of the World Economy: Alternatives for Latin America and China"**
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- 05/08/2012 > **Daily Flash | Asia | 8 May 2012: Australia seeks to deliver a budget surplus; More fiscal spending in Malaysia**
Australia's government today delivered its 2012/13 budget, which aims to achieve a budget surplus after four straight years of deficits.
- 05/07/2012 > **Daily Flash | Asia | 7 May 2012: Indonesia GDP broadly in line with expectations; China: evidence of declining export orders?; India provides relief to foreign investors;**
In line with global markets, Asian stock markets were lower today due to growing uncertainties in Europe after yesterday's French and Greek elections.

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