

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

ECB and BoE will hold monetary policy meetings on Thursday. US data will be the focus as many key figures will be released, including: November's nonfarm payrolls and unemployment rate, as well as ISM manufacturing and non-manufacturing; the preliminary estimate for 3Q13 GDP growth; as well as October's personal income and spending. In the eurozone, releases will include final November's PMIs, 2nd estimate 3Q13 GDP figures, and October's retail sales. In China November's Manufacturing and Non-manufacturing PMI will be published.

Calendar: Indicators

Eurozone: GDP (3Q13 2nd estimate, December 4th)

Forecast: 0.1% q/q

Consensus: 0.1% q/q

Previous: 0.3% q/q

We expect GDP quarterly growth in the eurozone to be confirmed at 0.1% q/q in 3Q13, slowing from 0.3% q/q in the previous quarter. Our projections and some national detailed figures already released (France, Germany and Spain) suggest that the main factor underlying this performance was the lower contribution of net exports due to the strength of imports. In accordance to this strength, we expect domestic demand to have improved slightly, especially private consumption and investment. Although data for 4Q are mostly limited to confidence indicators, our MICA-BBVA model projects a quarterly GDP growth of around 0.3% q/q by year end. In addition, we expect mild quarterly growth rates to be widespread across countries, with Germany leading the recovery in the monetary union and also positive figures stemming from the periphery, but with some more disappointing signs in France.

Eurozone: Retail sales (October, December 4th)

Forecast: 0.4% m/m

Consensus: 0.3% m/m

Previous: -0.6% m/m

Retail sales are expected to have increased in October, offsetting partly the fall observed in the previous month. This projection implies that retail sales could have slowed slightly in 3Q (0.2% q/q after 0.6% in 2Q), and combined with the worsening in consumer's confidence in November suggest that private consumption is likely to remain subdued or even weaken somewhat over the last quarter of the year. Nonetheless, these figures combined with the stabilization of the labour market as well as the moderation in inflation are consistent with our macroeconomic scenario that envisages a modest but steady quarterly growth for private consumption throughout next year.

US: GDP, Preliminary (3Q13, December 5th)

Forecast: 2.6%

Consensus: 3.1%

Previous: 2.8%

The first estimate for 3Q13 GDP growth was delayed due to the government shutdown, and it is likely that the report was lacking some significant data points from the quarter. International trade data for September, which was released after the GDP estimate, was worse than expected and therefore hints at a downward revision, especially with export growth declining for the third consecutive month. Similarly, personal consumption decelerated in September as consumer confidence dwindled, not only suggesting sluggish PCE growth in 3Q13 but in 4Q13 as well. Residential investment may also take a hit as leading housing indicators suggest a slowdown in sales and construction. On the other hand, business inventory growth was strong for September and confirms the existing strength from the inventory investment side. Overall, we expect a slight downward revision to the first GDP estimate for 3Q13, in line with our annual forecast for 1.6% growth.

US: Nonfarm Payrolls and Unemployment Rate (November, December 6th)

Forecast: 170K, 7.2%

Consensus: 183K, 7.2%

Previous: 204K, 7.3%

Nonfarm payroll growth surprised to the upside in October despite the fact that the government shutdown weighed on consensus expectations for the employment situation. Upward revisions to the prior few months were also significant and paint a brighter picture for job growth than what was previously known. However, this year we have yet to see above 200K monthly payrolls for more than two consecutive months, so it is unlikely that we will see another strong figure in November. Various employment indicators suggest that job opportunities are slowly improving but hiring remains subdued compared to pre-recession levels, while long-term unemployment remains elevated. The unemployment rate ticked up again in October despite the fact that employment growth accelerated and labor force participation declined. For November, we expect the unemployment rate to drop back to 7.2% as we continue to see discouraged employees leave the workforce.

China: Exports (November, December 8th)

Forecast: 8.1% y/y

Consensus: --% y/y

Previous: 5.6% y/y

The improvement in China's growth momentum has been due in part to stronger exports. However, while improving, recent export performance remains volatile and fragile, as indicated by a weaker-than-expected flash HSBC manufacturing PMI for November underpinned by a sluggish new export order component. We expect exports for November to soften from a strong rebound in October, although export growth on a year-over-year basis will likely edge higher due to a favorable base effect. Looking ahead, we expect exports to trend up gradually over the coming year, in line with our baseline of an improving global economy, but with downside risks from the QE tapering and its impact on emerging Asia

Last Week

Week November, 25 - November, 29

| Indicator | Period | Cons. E | Prior | Observed * | |
|---------------------------------------|--------|---------|--------|------------|---|
| United States | | | | | |
| Pending Home Sales (MoM) | Oct | 1.5% | -5.6% | -0.60% | ▼ |
| Dallas Fed Manufacturing Survey | Nov | 3.8 | 3.6 | 1.9 | ▼ |
| Building Permits ('000) | Sept | 935 | 926 | 974 | ▲ |
| Building Permits ('000) | Oct | 930 | -- | 1034 | ▲ |
| S&P Case-Shiller HPI YoY | Sept | 13.0% | 12.8% | 13.3% | ▲ |
| Consumer Confidence | Nov | 72.4 | 71.2 | 70.4 | ▼ |
| Durable Goods Orders MoM | Oct | -1.9% | 3.8% | -2.0% | ▼ |
| Durable Goods Orders, Ex Transp. MoM | Oct | 0.5% | -0.2% | -0.1% | ▼ |
| Initial Jobless Claims | 23-Nov | 330 | 323 | 316 | ▼ |
| Continuing Claims | 15-Nov | 2858 | 2876 | 2776 | ▼ |
| Chicago PMI | Nov | 60 | 65.9 | 63 | ▲ |
| Consumer Sentiment | Nov | 73 | 72 | 75.1 | ▲ |
| Leading Indicators | Oct | 0.0% | 0.7% | 0.20% | ▲ |
| Eurozone | | | | | |
| M3 Money Supply YoY | Oct | 1.70% | 2.10% | 1.40% | ▼ |
| Economic Confidence | Nov | 98 | 97.8 | 98.5 | ▲ |
| Industrial Confidence | Nov | -4.4 | -4.8 | -3.9 | ▲ |
| Consumer Confidence | Nov F | -15.4 | -15.4 | -15.4 | — |
| Unemployment Rate | Oct | 12.20% | 12.20% | 12.1% | ▼ |
| CPI Estimate YoY | Nov | 0.80% | 0.70% | 0.9% | ▲ |
| France | | | | | |
| Business Confidence | Nov | 97 | 98 | 98 | ▲ |
| Germany | | | | | |
| GfK Consumer Confidence | Dec | 7,1 | 7 | 7.4 | ▲ |
| Unemployment Rate | Nov | 6.90% | 6.90% | 6.90% | — |
| CPI EU Harmonized MoM | Nov P | -0.10% | -0.30% | 0.20% | ▲ |
| CPI EU Harmonized YoY | Nov P | 1.30% | 1.20% | 1.60% | ▲ |
| Retail Sales MoM | Oct | 0.50% | -0.40% | -0.80% | ▼ |
| Italy | | | | | |
| Consumer Confidence Index | Nov | 97.5 | 97.3 | 98.3 | ▲ |
| Business Confidence | Nov | 97.5 | 97.3 | 98.1 | ▲ |
| Unemployment Rate | Oct P | 12.50% | 12.50% | 12.50% | — |
| CPI EU Harmonized MoM | Nov P | -0.10% | 0.00% | -0.40% | ▼ |
| CPI EU Harmonized YoY | Nov P | 0.90% | 0.80% | 0.60% | ▼ |
| Japan | | | | | |
| Jobless Rate | Oct | 3.9% | 4.0% | 4.0% | ▼ |
| Ntl CPI YoY Excl. Fresh Food | Oct | 0.9% | 0.7% | 0.9% | — |
| Industrial Production MoM | Oct | 2,0% | 1.3% | 0.5% | ▼ |
| Colombia | | | | | |
| Industrial Confidence | Oct | -- | 0.4 | -1.4 | |
| Mexico | | | | | |
| Unemployment Rate | Oct | 5.15% | 5.29% | 5.0% | ▼ |
| Current Account Balance (USD Million) | 3Q | -4000 | -6008 | -5457 | ▼ |
| Brazil | | | | | |
| Selic Rate | -- | 10.0% | 9.5% | 10.0% | — |

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

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