

Global Weekly Indicators

Economic Analysis • Financial Scenarios Unit

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Next week

Markets will focus on the FOMC meeting (17-18th), the Eurogroup meeting (17th) the ECOFIN meeting (18th) and the European Summit (19-20th). In the macro calendar: 3Q Nonfarm productivity and unit labor cost. Furthermore, November's industrial production, consumer price index, housing start, building permits and existing home sales. The 3rd revision of the US 3Q GDP will be also released. In the eurozone December's flash manufacturing PMI, services PMI, and Consumer confidence. Additionally, final CPI for November and October's trade balances will be published. China is expected to release December's HSBC Manufacturing PMI, property prices and leading economic indicators.

Calendar: Indicators

Eurozone: HICP inflation (November, December 17th)

Forecast: 0.9% y/y

Consensus: 0.9% y/y

Previous: 0.7% y/y

We expect headline inflation to be confirmed at 0.9% y/y in November, up from 0.7% y/y in October, somewhat more than previously expected (BBVA Research and Consensus: 0.8%). The increase in inflation should be mainly driven by a more moderate fall in energy prices (-1.1% y/y after -1.7% y/y), but also by higher inflation in services (1.5% y/y after 1.2% y/y) that could result in core inflation at 1.1% y/y (from 1% in October). The inflation rate of the remaining core components, both non-energy goods and processed food, should have remained broadly stable. Looking forward, inflation is projected to increase somewhat in December, but it is likely to slow again early next year, hovering slightly above 1% the rest of the year. Overall, the downward surprises of previous months - in September and, especially, in October - tilt to the downside our official forecast for average inflation next year (1.4%) to rates closer but slightly above 1%, though we continue to think that a strong disinflationary process is unlikely throughout next year.

Eurozone: EC consumer confidence (December, December 20th)

Forecast: -15.2

Consensus: -15.0

Previous: -15.4

We expect consumer confidence to have improved marginally in December, after the unexpected decline in the previous month, and thus the average level of 4Q13 should remain above the average of 3Q13 and close to those levels consistent with a mild growth of households' spending. In addition, the significant upward trend observed by mid-2013, combined with the recent stabilization in labour market conditions, suggests that the subdued growth of private consumption observed in 2Q13 (0.2% q/q) and 3Q13 (0.1% q/q) is likely to continue in the following quarters. These figures are in line with our macroeconomic scenario that envisages subdued but steady growth of private consumption (around 0.2% q/q) throughout next year. Across countries, strong differences in private consumption are likely to linger, being relatively robust in core economies, especially in Germany, while remaining weak in the periphery.

US: Consumer Price Index (November, Tuesday 8:30 ET)

Forecast: -0.1% m/m

Consensus: 0.1% m/m

Previous: -0.1% m/m

Inflationary pressures have been relatively subdued throughout the second half of 2013. Energy prices, in particular, have been a primary driver of low inflation. In November, commodity prices fell across the board, as both natural gas and Brent crude oil prices declined 1.1%, while WTI crude oil prices plummeted for the third consecutive month. On the other hand, food prices have remained relatively stable throughout the year and are expected to continue to grow only modestly in the coming months. Overall, we expect a slight drop in headline inflation, driven by the decline in oil and natural gas prices. The timing of this report is particularly significant, as whispers of Fed tapering this month have intensified once again after a brighter than expected jobs report. However, we expect that the annual inflation rate will remain well below the 2% target of the Fed, so tapering may be held off longer to avoid a situation in which the economy would experience deflation.

US: GDP, Final (3Q13, Friday 8:30 ET)

Forecast: 3.6%

Consensus: 3.6%

Previous: 3.6%

Third quarter GDP was revised up from the preliminary estimate of 2.8% QoQ SAAR to 3.6%, marking the economy's highest growth rate since the beginning of 2012. The surge was attributed to inventory growth, where the contribution doubled from initial estimates, increasing from 0.83 to 1.68 SAAR points onto GDP. Despite the fact that most underlying drivers of economic growth were weaker than in 2Q13 (i.e., PCE, residential investment, net exports), we do not expect to see much revision for the final estimate. Most of the relevant data from the third quarter have already been released, and revisions to September data have been minimal since the last report was released a few weeks ago. Regardless of whether the growth figure holds for 3Q13, we do not expect that the strong contribution from private inventories will carry over into 4Q13.

India: November WPI Inflation (December 16th)

Forecast: 6.8% y/y

Consensus: 7.0% y/y

Previous: 7.0% y/y

India is one of the few economies in Asia struggling to keep inflation down (Indonesia is another). Recent months have seen a firming up of inflation pressures in India, led by the impact of weather related disruption in primary food supply, in particular for vegetables and fruits, and the pass through effect from currency depreciation. These forces have kept inflation elevated despite back-to-back policy rate hikes and slowing GDP growth. Against this backdrop, the November WPI inflation outturn will be a key input for the Reserve Bank of India in assessing the inflation outlook at its December 18 policy meeting, where we expect the RBI to stay on hold.

Last Week

Week December, 9 - December, 13

Indicator	Period	Cons. E	Prior	Observed *	
United States					
JOLTS Job Openings	Oct	--	3913	3925	
Wholesale Inventories MoM	Oct	0.30%	0.40%	1.40%	▲
Retail Sales MoM	Nov	0.60%	0.40%	0.70%	▲
Retail Sales , Ex Autos MoM	Nov	0.20%	0.20%	0.40%	▲
Initial Jobless Claims	7-Dec	318	298	368	▲
Continuing Claims	30-Nov	2764	2744	2791	▲
Import Price Index MoM	Nov	-0.80%	-0.70%	-0.60%	▲
Business Inventories MoM	Oct	0.30%	0.60%	0.70%	▲
Eurozone					
Industrial Production SA MoM	Oct	0.3%	-0.5%	-1.1%	▼
France					
Bank of France Bus. Sentiment	Nov	98	99	101	▲
Industrial Production MoM	Oct	0.1%	-0.5%	-0.3%	▼
CPI EU Harmonized YoY	Nov	0.80%	0.70%	0.80%	—
Germany					
Trade Balance (B)	Oct	18.3	20.4	17.9	▼
Exports SA MoM	Oct	-0.5%	1.7%	0.2%	▲
Industrial Production SA MoM	Oct	0.7%	-0.9%	-1.2%	▼
CPI EU Harmonized YoY	Nov F	1.6%	1.6%	1.6%	—
Italy					
Industrial Production MoM	Oct	0.20%	0.20%	0.50%	▲
GDP WDA QoQ	3Q F	-0.10%	-0.10%	0.00%	▲
GDP WDA YoY	3Q F	-1.90%	-1.90%	-1.80%	▲
CPI EU Harmonized YoY	Nov F	0.60%	0.60%	0.70%	▲
Japan					
GDP Annualized SA QoQ	3Q F	1.6%	1.9%	1.1%	▼
GDP Deflator YoY	3Q F	-0.3%	-0.3%	-0.3%	—
Machine Orders MoM	Oct	0.7%	-2.1%	0.6%	▼
Industrial Production MoM	Oct	--	0.5%	1.0%	
China					
Industrial Production YoY	Nov	10.10%	10.30%	10.00%	▼
Money Supply M2 YoY	Nov	14.20%	14.30%	14.20%	—
Mexico					
CPI MoM	Nov	0.92%	0.48%	0.93%	—
Industrial Production MoM	Oct	0.3%	-1.2%	0.5%	▲
Brazil					
Retail Sales MoM	Oct	0.5%	0.50%	0.5%	—
Economic Activity MoM	Oct	0.5%	-0.01%	0.7%	▲

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

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