

Global Weekly Flash

Madrid, 12 July 2013
Economic Analysis

Financial Scenarios

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Lower global growth and a more dovish tone

- **Bernanke's recent comments continue to puzzle markets, despite the release of the FOMC minutes**
 - The minutes suggest that the Fed's communication strategy and the QE3 program itself are very much up in the air. Our expectations remain unchanged: tapering of asset purchases would begin in late 3Q13 and conclude in 1H14 --assuming that economic activity continues to gradually improve. Based on these minutes and recent Fed's speeches, the FOMC is ready and willing to adjust should economic conditions stray off course, for better or worse. Speaking in front of the National Bureau of Economic Research, Bernanke used a more dovish tone than in his latest press conference, highlighting that "highly accommodative monetary policy for the foreseeable future is what's needed." Next week, Ben Bernanke will deliver the semiannual monetary policy report to Congress, and will probably provide more clarity about further monetary policy developments. All things considered, the Fed will surely be more cautious about its communication transparency.
- **Bond yields in the US and across all geographies have edged down on the slightly-more-dovish tone stricken by Bernanke this week**
 - The 10Y US and 10Y German Bund yield have fallen around 9pbs, with the spread staying at 95pbs. Yields in most emerging bonds have fallen sharply, especially in Mexico's 10Y (-19bps). On the other hand, uncertainty in the European periphery has pushed up peripheral yields, especially in Portugal where the 10Y yield has soared 54%. Bernanke's more-dovish tone has also weighed on the US dollar, pushing it down against major currencies. Equity indexes have registered gains this week, led by cyclical sectors and dragged down by the banking sector in both the US and Europe. Commodity prices have gone up, suggesting growing uncertainty about the economic outlook: oil prices have increased further, precious metals have continued to recover, and industry-metal prices have grown (albeit modestly).
- **ECB officials have come out to support their new "forward guidance" policy**
 - Jens Weidmann said that "the low interest rate level is justified on monetary policy backgrounds, given subdued inflation in the medium-term." He added that "forward guidance won't stop rate hike if inflationary pressures appeared."
- **The Bank of Japan has kept its aggressive monetary policy easing**
 - According to plan, the BoJ will be doubling the monetary base in two years (USD 700 billion per year). According to the BoJ's outlook, the economy "is starting to recover moderately." Additional easings are becoming less likely as both growth momentum and inflation expectations pick up. The bets are now on structural reforms -- the so-called "third arrow" of Abenomics which should boost medium-term growth. There is hope that implementation of structural reforms will become easier after the elections of July 21st, when Abe's party is expected to win a majority in the Upper House.

- **Central banks in emerging Asia have kept monetary policy unchanged, except for Indonesia**
 - The Bank Indonesia (BI) has raised its benchmark interest rate by 50 bps to 6.50% this week, following a 25 bp “preemptive” hike last month. The magnitude of the movement have come as a surprise and signals BI’s determination to counter depreciatory pressures and any second-round effects from the rise in fuel prices. Meanwhile, Korea and Malaysia have held their monetary policies unchanged.
- **In Latin America, the Central Bank of Brazil has raised its SELIC rate further, while others central banks have opted for a more dovish tone**
 - The Brazilian Monetary Policy Committee (COPOM) has once again raised the SELIC by 50bp. The decision has underlined the prospect of an additional +50bp adjustment in August. There is a high degree of uncertainty regarding post-August monetary decisions, but our call is for a final +25bp adjustment in October and a stable SELIC at 9.25% thereafter. The central banks of Chile and Peru have kept their monetary policy rate unchanged (5% and 4.25%, respectively), but delivering a dovish tone. The probability of an interest-rate cut in Chile has increased substantially. On the other hand, Peru has suggested that it would ease its monetary policy by cutting reserve requirements rather than by cutting interest rates. Banxico will announce its monetary-policy decision this afternoon. We expect Banxico to keep interest rates unchanged, although it may relax its tone on concerns about the economy.
- **Raising concerns about peripherals**
 - In Portugal, government bond spreads increased by 65 bp as the political uncertainty continued and the Socialist party gave signs that it is not ready to reach an agreement with the two government parties to back a new government. Investors fear snap elections in September, which would prolong the current uncertainty for months and would make extremely difficult the continuation of the program and the return to markets by mid-2014. The President asked the three main parties to conclude the negotiations rapidly, while the troika accepted to postpone the next evaluation and merge it with the following one in September. Political tension in Portugal may still pressure up borrowing cost in the periphery. In other peripherals, Standard & Poors has downgraded Italy’s sovereign debt from BBB+ to BBB, keeping the outlook negative. Consequently, demand for Italian new issuances has weakened slightly (Italy’s Treasury reached only half of its issuance target this week, selling EUR 4.9bn in 3Y and 30Y bond). On the other hand, Spain’s Treasury has successfully issued a EUR 3.5bn in 15Y syndicated bond, the longest syndicated transaction carried out by the country since March 2011. The transaction was supported by international investors (55% of the deal) and high participation of long-term investors. Another good news has been S&P upgrade of Ireland’s credit outlook (from stable to positive), potentially helping the Irish Treasury in its return to bond markets. Additionally, the troika and Greek authorities have finally reached a staff-level agreement, paving the way for the next loan disbursement (subject to Greece’s passing a comprehensive bill in accordance with the program’s targets).
- **The EU Commission has proposed a Single Resolution Mechanism (SRM), a needed step towards the Banking Union**
 - The proposal includes a Single Resolution Board and a Single Resolution Fund of EUR 55 billion (1% of covered deposits of all banks) financed entirely by the banking sector to built up over 10 years, extendable to 14 years. If the Fund’s resources were to be insufficient, public funds could be used as a last resort (but never as an obligation). The European Council has called the Council of the EU to agree on a general position by the

end of 2013. Yet, Germany could challenge the proposal out of concerns that the creation of a Single Resolution Authority, ultimately backed by taxpayers, lacks legal basis under the EU Treaty. On the other hand, Mario Draghi has signaled that the ECB is looking forward to a strong Single Resolution Authority, with a Single Resolution Fund at its disposal.

- **In China, weak trade data has fueled growth concerns. The IMF has cuts its global growth forecast**
 - In China, exports were weaker than expected in June, adding to growth concerns and driving some Chinese official to suggest a lower expansion target than previously expected (7.5% GDP growth). Imports were also weak, not only imports of processing goods (used for assembly in export goods) but also of final goods. As a result, June's trade surplus widened to USD 27.1bn (previous: USD 20.4bn). Headline inflation also disappointed in June. It rose to 2.7% YoY (previous: 2.1%) on higher-than-expected food prices (pork and vegetable prices).
 - According to the IMF, economic risks persist and volatility has increased. The institution has revised down its 2013 global forecast from 3.3% to 3.1%, and its 2014 forecast from 4.0% to 3.8%. In particular, it has revised down growth in both developed economies (from 1.3% to 1.2% in 2013) and in emerging markets (from 5.3% to 5%). Only the UK and Japan have improved their outlook.
- **Weak macro indicators in Germany**
 - Industrial production declined and the trade balance narrowed to EUR 13.1bn in May, as exports fell and imports rose more than expected. Moreover, the eurozone's industrial production also fell more than expected in May.
- **Disappointing macro indicators in the US**
 - Wholesales inventories dropped more than expected in May and jobless claims increased more than expected last week.
- **Mixed macro indicators in LATAM**
 - In Brazil, inflation has continued to rise -yet we think it already peaked when reaching 6.7% YoY. Inflation has also increased in Chile and Colombia, remaining slightly below target in Chile and within target in Colombia. In Mexico, inflation has fallen to just above Banxico's target range -a reduction that is likely to continue. In Chile, economic activity decelerated in May, driven by retail sales. There is a high probability that Chilean GDP will grow less than 4.0% (YoY) in 2Q13. Moreover, June's trade surplus has disappointed on weaker-than expected exports data, adding to the downward bias of our baseline scenario (5% GDP growth for this year). In Colombia, exports remain in line with a slow recovery in the manufacturing sector. In Peru, exports fell more than 10% YoY in May due to lower prices and less shipments, yet we expect a rebound in the next months.

Next week: In the US, Bernanke will deliver his semi-annual monetary policy report (Humphrey-Hawkins) and the Fed will release the Beige book (Wednesday). Other Fed releases will include June's CPI and July's Philadelphia Fed survey. The G-20 finance ministers and central-bank governors will hold a meeting. In Europe, the Bank of England will publish the minutes of its last meeting. The German ZEW survey for July will also be published.

Weekly Indicators

Week July, 9 - July, 12

CC	Indicator	Period	Cons. E	Prior		Obs. *
United States	Wholesale Inventories	May	0.3%	0.2%	↓	-0.5%
	Jobless claims(th)	06-Jul	335	343	↑	360
	U. Michigan Consumer Confidence	Jul P	85.00	84.10	↓	83.9
Euro zone	Ind. Prod. sa (MoM)	May	-0.2%	0.4%	↓	-0.3%
	Ind. Prod. wda (YoY)	May	-1.4%	-0.6%	→	-1.3%
Germany	Trade Balance (Euro bn)	May		18.10		13.1
	Current Account (Euro bn)	May		17.60		11,2
	Imports SA (MoM)	May	-0.5%	2.3%	↑	1.7%
	Exports SA (MoM)	May	0.1%	1.9%	↓	-2.4%
	Industrial Production MoM (sa)	May	-0.5%	2%	↓	-1.0%
	CPI MoM	Jun F	10%	0.4%	→	10.0%
China	Imports YoY	Jun	6.0%	-0.3%	↓	-0.7%
	Exports YoY	Jun	3.7%	1.0%	↓	-3.1%
	Trade Balance (Us bn)	Jun	27.80	20.42	↓	27.12
Japan	Industrial Production (MoM)	May P	0.2%	2.0%	↑	1.9%
Mexico	CPI MoM	Jun	-0.02%	-0.33%	↓	-0.06%
	Trade Balance	May	-308.80	-469.90	↓	-469.90
	Industrial Production (YoY)	May	0.6%	0.5%	→	0.5%
Colombia	Exports FOB - US million	May	5,416.60	4,949.50	↓	5,266.8
	Consumer Confidence Index	Jun	22.00	20.10	↓	27.4
Brazil	SELIC Target - Central Bank	Jul	8.5%	8.0%	→	8.5%
	Retail Sales (MoM)	May	-0.04%	0.50%	↑	0.00%
	Economic Activity Indx MoM SA	May	-1.15%	0.84%	↓	-1.4%
Chile	Trade Balance (US Million)	Jun	900.00	639.00	↓	608.00
Peru	Trade Balance (INEI)	May	-250.00	-378.00	↓	-404.30

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

Calendar: Indicators

Eurozone: HICP inflation (June, July 16th)

Forecast: 1.6% y/y	Consensus: 1.6% y/y	Previous: 1.4% y/y
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Euro area inflation is expected to be 1.6% y/y in June, unchanged from the flash estimate released by Eurostat anticipated. Underlying the increase in June would be mainly the higher inflation rate of energy products, partly explained by a positive base effect stemming from the moderation in growth of energy one year ago. The other components would remain broadly stable. Inflation rate excluding energy and unprocessed food would stand unchanged at 1.3% y/y. Looking forward, prices would moderate again in the coming months, thus hovering around 1.3% y/y for the rest of the year.

Eurozone: Trade Balance (May, July 16th)

Forecast: 16.2B	Consensus: 16.2B	Previous: 16.1B
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External trade in May is expected to remain broadly unchanged from April figures, trade balance therefore improving only slightly, as exports would rise while imports would remain almost unvaried. Export order books – component of the ESI indicator released by the European Commission – would point in this direction. Though foreign sales are highly volatile, we would expect exports to increase by about 0.5% m/m, after having dropped by -0.8% m/m last month. Contribution of external sector would be flat in 2Q13 compared to 1Q13. National data already available for May suggest an unequal evolution of the external sector across countries, though a general improvement of extra-UE exports would be perceived.

US: Retail Sales, Less Autos & Gas (June, July 15th)

Forecast: 0.9%, 0.4%	Consensus: 0.8%, 0.4%	Previous: 0.6%, 0.3%
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Retail sales for June are expected to accelerate as auto sales should push the headline figure higher, although the core figure may be far more passive. The past few months have been relatively subdued in terms of retail sales growth as consumers seem to be having a lagged response to the payroll increase at the beginning of the year. However, we are starting to see the lagged effect dissipate as larger purchases such as vehicles have been on the rise recently. June is set to be a strong month for vehicle sale growth with Autodata showing an increase of almost 500K in domestic auto and light truck sales for June. With gasoline prices remaining stable over the month, this boost in vehicles sales will likely be the driving force behind the headline growth. On the other hand, weekly retail sales surveys have shown a mixed bag of results, suggesting much more moderate growth in the core figure. Growth in miscellaneous and non-retail store sales helped boost the core figure in May and it's possible they could continue to help drive some growth. However, the remaining sub components seem to be mixed as apparel may continue to see growth while furniture and appliances remain weak.

US: Industrial Production & Capacity Utilization (June, July 16th)

Forecast: 0.3%, 77.6%	Consensus: 0.3%, 77.7%	Previous: 0.1%, 77.6%
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Industrial production skewed positive in May following a 0.5% decline in growth in April, hinting that the weakness in manufacturing was likely a short term issue. With the latest news on manufacturing activity, we expect the June figure to show continued strength. Breaking down the index, the manufacturing component remains below its early 2013 highs after a drop in April. With growing demand purported from different Federal Reserve Surveys and new orders in the recent durable goods report, there is hope that the sub index will see growth. The Philadelphia Fed Manufacturing Survey showed a significant jump, and growth in new orders and shipments should translate into better industrial demand. Adding to June's optimism were the Richmond and Dallas Fed survey results for production and shipments which continued to show considerable strength. Other Fed surveys like the NY and Cleveland branches had negative production figures but we expect those to balance out growth coming from other regions rather than overpower the overall expansion of the sector. We continue to expect capacity utilization to ebb and flow but with incremental movements given that the industry is still hesitant to fire on all cylinders in case of a slowdown.

China: GDP growth (Q2 July 15th)

Forecast: 7.6% y/y	Consensus: 7.5% y/y	Previous: 7.7% y/y
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China's growth momentum has been slowing in recent months according to indicators of industrial production, investment, and PMIs. Exports have also come in weak (-3.1% y/y in June). Nevertheless, as most data are still resilient – especially public investment spending and retail sales – we expect Q2 GDP growth to slow, but not markedly, and still above the government's full-year target of 7.5%. The government has resisted new stimulus measures in order to curtail rising financial fragilities (i.e., shadow bank activities, local government debt, and housing prices), but a more significant dip in growth could prompt a government response. On this basis, and on expectations of improving external demand, we expect growth to pick up later in the year, in line with the government's full-year growth target. In addition to GDP, we will also be watching for monthly activity indicators on July 15, including industrial production, retail sales, and investment for June (July 15).

Markets Data

			Close	Weekly change	Monthly change	Annual change
Interest rates (changes in bps)	US	3-month Libor rate	0.27	0	-1	-19
		2-yr yield	0.34	-6	1	10
		10-yr yield	2.57	-17	34	108
	EMU	3-month Euribor rate	0.22	0	1	-27
		2-yr yield	0.10	-1	-8	14
		10-yr yield	1.56	-6	-3	30
Exchange rates (changes in %)	Europe	Dollar-Euro	1.304	1.7	-2.2	6.5
		Pound-Euro	0.86	0.2	1.5	9.8
		Swiss Franc-Euro	1.24	-0.1	0.6	2.9
		Argentina (peso-dollar)	5.43	0.4	2.0	19.3
	America	Brazil (real-dollar)	2.27	0.7	5.2	11.3
		Colombia (peso-dollar)	1904	-1.3	0.3	7.2
		Chile (peso-dollar)	503	-0.9	0.9	2.6
		Mexico (peso-dollar)	12.83	-1.9	-0.8	-3.5
		Peru (Nuevo sol-dollar)	2.77	-0.8	1.3	5.5
	Asia	Japan (Yen-Dollar)	99.38	-1.8	3.5	25.5
		Korea (KRW-Dollar)	1124.47	-1.6	-0.8	-2.2
		Australia (AUD-Dollar)	0.906	-0.1	-4.5	-11.4
Comm. (chg %)	Brent oil (\$/b)	108.5	0.8	4.9	6.0	
	Gold (\$/ounce)	1281.2	4.7	-7.8	-19.4	
	Base metals	522.3	0.4	-0.9	4.3	
Stock markets (changes in %)	Euro	Ibex 35	7830	-0.5	-3.6	17.5
		EuroStoxx 50	2672	2.9	0.2	18.3
	America	USA (S&P 500)	1674	2.6	3.8	23.4
		Argentina (Merval)	3267	6.6	0.9	37.2
		Brazil (Bovespa)	46103	2.0	-6.3	-15.1
		Colombia (IGBC)	12707	0.6	-2.9	-7.0
		Chile (IGPA)	18533	-2.6	-5.3	-11.7
		Mexico (CPI)	40150	-1.2	1.7	-0.9
		Peru (General Lima)	15000	-1.2	-4.8	-25.4
	Venezuela (IBC)	1253848	2.0	46.9	403.1	
Asia	Nikkei225	14506	1.4	9.2	66.3	
	HSI	21277	2.0	-0.4	11.4	
Credit (changes in bps)	Ind.	Itraxx Main	106	-8	-7	-60
		Itraxx Xover	427	-29	-49	-239
	Sovereign risk	CDS Germany	31	-1	3	-52
		CDS Portugal	487	13	117	-348
		CDS Spain	277	-5	29	-278
		CDS USA	27	-2	-1	---
		CDS Emerging	322	-24	-11	64
		CDS Argentina	3416	337	-316	2277
		CDS Brazil	190	-20	17	47
		CDS Colombia	136	-19	-2	10
		CDS Chile	97	-9	-4	-11
		CDS Mexico	128	-19	-7	5
CDS Peru	140	-22	-3	-5		

Source: Bloomberg and Datastream

Weekly Publications

Country	Date	Description	
Global	07/09/2013	➤ Bancos centrales y nuevos paradigmas Hasta hace sólo unas pocas semanas, bancos centrales en distintas latitudes eran conminados a bajar tipos antes de que fuera demasiado tarde	
Spain	07/12/2013	➤ Flash España: IPC de junio La inflación se aceleró en junio debido, principalmente, al aumento al precio de los carburantes y lubricantes.	
	07/11/2013	➤ España: Compraventa de viviendas en mayo de 2013: pequeño crecimiento tras dos meses de intensa corrección. Las ventas de vivienda registradas durante el mes de mayo mostraron un escaso crecimiento respecto a las de abril, tras corregir las variaciones estacionales propias del mes.	
	07/11/2013	➤ Presentación: Situación La Rioja 2013 La economía riojana tocará fondo en 2013 y volverá a crecer en 2014	
	07/11/2013	➤ Revista Situación La Rioja 2013 La economía riojana tocará fondo en 2013 y volverá a crecer en 2014	
	07/11/2013	➤ Situación Castilla y León - 2013 La economía regional tocará fondo en 2013 y volverá a crecer en 2014	
	07/10/2013	➤ Presentation "Macroeconomic Forecasting and the Sustainability of Public Finances" In order to asses the current and future fiscal stance, an independent assessment of forecasts is needed to avoid the deficit bias of government forecasts	
	07/09/2013	➤ Presentación Situación Castilla y León 2013 Castilla y León se contraerá en línea con el promedio de España en 2013 y volverá a mostrar un diferencial de crecimiento positivo en 2014	
	07/08/2013	➤ Observatorio Económico Sistemas Financieros: La relación del estado estacionario entre el crédito y el PIB en la economía española El crecimiento excesivo del crédito está generalmente considerado como un indicador de alerta temprana bastante fiable, resultado del vínculo entre booms de crédito y crisis financieras.	
	US	07/10/2013	➤ Fed Watch. FOMC Minutes: June 18th-19th Meeting Members Afraid of Commitment to QE3 Timeline (Spanish version)
		07/10/2013	➤ U.S. Monthly Outlook Slides July 2013
07/09/2013		➤ U.S. Economic Watch. An Improving Labor Market? Employment-to-Population Ratio Is A Key Metric	
07/09/2013		➤ U.S. Economic Watch. Job Openings and Labor Turnover Hires, openings and separations rise across the board in May (Spanish version)	
07/08/2013		➤ U.S. Banking Watch. Consumer Credit: Monthly Situation Report May's seasonally-adjusted consumer credit gain of \$19.6bn shows a substantial increase in revolving credit as non-revolving credit continued to expand rapidly (Spanish version)	
07/08/2013		➤ U.S. Weekly Flash. Manufacturing Activity Rebounds on New Orders and Production Alleviating the worry that the manufacturing sector was going to remain in contraction for the last two months of 2Q13, the ISM Manufacturing Index for June showed some renewed confidence in the industry (Spanish version)	

Latam

- 07/11/2013 > **Latam Daily Flash: Brazil's central bank hikes rates by 50bp; exports fall in Peru in May**
In Brazil, the central bank raised policy rates by 50bp, as widely expected, and we forecast an additional 50bp hike in August.
- 07/10/2013 > **Latam Daily Flash: Inflation eases in Mexico; Peruvian Finance Minister to remain in office beyond the end of July reshuffle**
Inflation in Mexico decreased to just above Banxico's target range in June, a reduction that is likely to continue going forward.
- 07/09/2013 > **Latam Daily Flash: Smaller trade surplus than expected in Chile; energy consumption grows in Colombia**
Today all eyes will be on inflation in Mexico and exports in Colombia, expected to recover from supply shocks earlier in the year.
- 07/08/2013 > **Latam Daily Flash: Inflation peaks in Brazil, remains subdued in Chile and Colombia**
On Friday and over the weekend the latest readings on inflation in the region were published.

Brasil

- 07/11/2013 > **Brazil Flash : The monetary tightening continues, at an unchanged pace**
The Monetary Policy Committee (COPOM) once again raised the SELIC by 50bp, taking policy rates to 8.50% (vs. 7.25% at the beginning of this tightening cycle in April).
(Spanish version)
- 07/06/2013 > **¿Qué le pasa a Brasil?**
¿Qué le pasa a Brasil? ¿Por qué el deterioro en tan poco tiempo?

Chile

- 07/11/2013 > **Banco Central mantiene la TPM en 5%, pero entrega luces de recorte no más allá de octubre**
Como era de esperar el BC mantiene tasa de referencia en un 5%, pero cambia explícitamente el sesgo neutral a un tono más pesimista.
- 07/08/2013 > **IPC de junio fue 0,6% y proyectamos julio entre 0,1% y 0,2%/Imacec de junio se expandiría entre 3,0% y 3,5% a/a**
IPC de junio se ubica en 0,6% m/m llevando la inflación anual a 1,9%, mientras que Imacec de mayo se ubicó en 3,5% a/a, dando cuenta del negativo impacto de industria.

Colombia

- 07/08/2013 > **Colombia y el ¿nuevo Banco de Inglaterra?**
La figura del momento en política macroeconómica es Mark Carney, el nuevo "gobernador" del Banco de Inglaterra, el banco central británico.
- 07/08/2013 > **Flash Colombia. Inflación se ubicó en 2.16% a/a en junio, consolidándose en el rango meta.**
La inflación se situó en 0,23% m/m, impulsada por los no transables, regulados y bajos precios base. La inflación debería aumentar gradualmente a lo largo del año, alcanzando 2,6% a/a en diciembre.
- 07/08/2013 > **Presentación BBVA Research Colombia en Medellín.**
Perspectivas favorables para la infraestructura local.

Peru

- 07/11/2013 > **Flash Perú. Banco Central algo más dovish**
El Banco Central mantuvo su tasa de política monetaria en 4,25%, en línea con lo esperado.

Mexico

- 07/11/2013 > **Presentación Situación Migración México Julio 2013**
La Reforma Migratoria. Las Remesas hacia México. México en una Nueva Etapa de su Historia Migratoria
- 07/11/2013 > **Situación Migración México Julio 2013**
Entre 5.4 a 6.8 millones de migrantes mexicanos no autorizados en EEUU podrían aspirar a ser regularizados por la reforma migratoria
- 07/10/2013 > **Mexico Flash. Banxico: Fondo rate at 4.0%. A dovish tone is expected as domestic activity impairs**
We expect that domestic activity impairment outweighs less restrictive monetary conditions in Banxico's statement
(Spanish version)
- 07/09/2013 > **Flash Inflación México. Inflación en junio: La inflación se acerca a 4% por menores precios de frutas y verduras y menor inflación subyacente**
General: Observada: -0.06% m/m vs. BBVA:-0.05% m/m Consenso:-0.02% m/m.
Subyacente: Observada: 0.13% m/m vs. BBVA: 0.15% m/m Consenso: 0.17% m/m
- 07/09/2013 > **Mexico Inflation Flash. June's inflation: Inflation Approaches 4% Due To Lower Fruit And Vegetable Prices And Falling Core Inflation**
General: Actual: -0.06% m/m vs. BBVA:-0.05% m/m Consensus: -0.02% m/m. Core: Actual: 0.13% m/m, vs. BBVA:0.15% m/m Consensus: 0.17% m/m
(Spanish version)

Asia

- 07/11/2013 > **Asia Flash | 11 Jul 2013: Indonesia surprises with rate hike; BoJ stays the course with signs of economic recovery; China expands RMB cross-border businesses; Korea holds rates and raises growth o...**
Monetary policy meetings were the order of the day in Japan, Indonesia, Korea, and Malaysia. Of the four, only Bank Indonesia made a significant move, hiking rates by a larger-than-expected 50bps.
- 07/10/2013 > **Asia Flash | 10 Jul 2013: China's weak export outturn adds to growth concern; Thailand keeps policy rate on hold**
Weaker-than-expected trade data was released in China today, underscoring downside risks to growth momentum ahead of next week's release of Q2 GDP.
- 07/09/2013 > **Asia Flash | 09 Jul 2013: Rise in China June inflation: no need to worry; PBoC announces steps to improve interbank bond trading; Indian tightens rules on forex derivatives**
The first in a series of upcoming data releases in China came out today, with inflation for June exceeded mildly exceeding expectations at 2.7% y/y.

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