RESEARCH

Economic Outlook

Paraguay

Second Half 2012
Economic Analysis

- **World economic growth will pick up steadily to 3.5% in 2013,** supported by lower risk aversion in response to the measures taken by central banks, in particular the ECB.
- **Paraguay's economy is expected to contract by 1.8% this year, but soar 9.8% in 2013** once the country's agricultural crisis is over and global financial stress eases.
- **The Central Bank of Paraguay needs to keep a close eye on inflation in 2013** as the pickup in economic activity will feature more robust net trade and domestic demand, as well as an increase in government spending.

Index

Closing date: November 23, 2012

1. Summary

Decisive intervention by central banks in developed countries has limited the possibility of a systemic risk scenario arising. The ECB has dissipated fears regarding the irreversibility of the common currency and forged a path for continued progress toward a new institutional framework. The Federal Reserve's injection of liquidity has anticipated the potential impact of a major fiscal adjustment in the U.S. at the start of next year. To sum up, global uncertainty has receded. In this context, we expect the world economy to continue to recover steadily, with rates of growth of between 3% and 3.5% in 2012 and 2013.

The crisis arising from the low soybean production and the food-and-mouth disease outbreak in last september has provoked a strong contraction in the agricultural sector. However, the rest of the economy (except construction) has shown positive numbers, which has smoothed the GDP downfall compared to the 2009 drought, when practically all the economy ended up with negative figures. Growth will bounce back with the progressive reopening of the beef markets and the greater soybean harvest expected for the 2012-2013 campaign.

Paraguay's economy is expected to contract by 1.8% this year, but soar 9.8% in 2013. The increase in government spending and the quick recovery of beef exports will give a slight impulse to the economy in what is left of this year. The end of the agricultural crisis, the expected recovery of Brazil and the easing of global financial stress will give a greater dynamism to the whole of the economy in 2013.

Weak private consumption contrasts with the increase in government spending. With the recovery of the economy, private consumption and, especially, investment will regain their dynamism. Also, the government will keep the high spending levels next year, so we expect a negative government balance, in spite of the expected increase in tax collection.

The recovery in exports will improve the current account balance, but the high level of imports will prevent a positive result. The fact that soybean prices were historically high in 2012 prevented a greater downfall in the value of exports, but prices should drop next year with the recovery of global production.

With the greater dynamism in the economy, The Central Bank of Paraguay needs to keep a close eye on inflation, especially when growth starts its bounce back. We expect that the BCP will raise the monetary policy rate in 2013 as a tool against inflation. We also expect to intervene in a FX market marked by the appreciation of the guarani whenever will be needed to avoid sharp movements in the exchange rate.

Paraguay will have a strong growth in 2013, even in a global crisis scenario, because of the recovery of the agricultural sector. Nevertheless, it is necessary to improve the internal environment and the infrastructure to prevent the country from falling into a recession every time there is a drought or another exogenous incident affecting the agricultural production.

2. External environment marked by the decisive measures taken by the ECB and the Fed

Bold actions by central banks have clarified the global economic outlook but challenges remain for policy-makers to avoid setbacks

The world economy is expected to continue its soft recovery with a GDP growth rate of 3.5% in 2013 (3.2% in 2012, 4.1% on average in 2010-12). It is supported by lower risk aversion, following the influential decisions taken by central banks, especially the ECB. However, three factors stand out among those that could make this outlook deteriorate significantly: first and most worrying, troubles in Europe, if euro break-up fears that loomed during the first half of the year resurface; second, in the US, the still-hanging threat of the so-called fiscal cliff, i.e., a spending-cut and tax-hike package worth 4% of GDP due to come into effect at the beginning of 2013 that would push the US economy back into recession; third, a severe slowdown in the emerging economies, in particular in China and some commodity-oriented economies, if Chinese appetite for raw materials decreased.

Central bankers to the rescue; other policy makers should follow suit

Against a backdrop of high uncertainty and threats to the world economy recovery, over the past months authorities across the world – in particular central bankers in the eurozone and the US – have taken significant steps forward. Those bold measures have spared the world economy from a systemic event that would have been comparable with the financial developments of late 2008. Both central banks have built a bridge to a new institutional environment in the case of Europe, and to a new fiscal pact in the US; these actions have paved the way for other policy makers to use their room for manoeuvre. However, the FED's actions are more open-ended than the ECB's due to different conditionality: strict fiscal fulfillment is compulsory in Europe, whereas labour market improvement is the objective in the US.

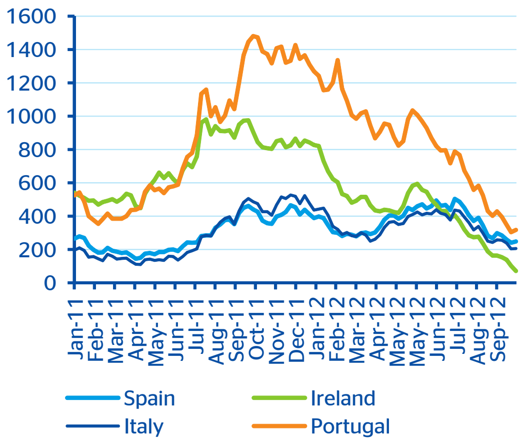
ECB: "… whatever it takes…"

In our view, when the European Central Bank (ECB) President Mario Draghi announced the implementation of a new bond-purchase program (Outright Monetary Transactions, or OMT) in late July, the institution took a decisive step to put an end to the debt crisis in Europe. Under certain conditions, the ECB could intervene in the secondary sovereign-debt markets. The ECB's move came after a eurozone summit in June where leaders reached some agreements to reinforce the currency union: a broad roadmap towards a single banking supervision, far-reaching plans covering fiscal issues and growth-supporting measures. The rationale behind the Draghi announcement is clear. Yields on some peripheral bonds are elevated because markets are partly pricing in eurozone break-up fears, compromising the ECB's mandate amid a severe financial fragmentation.

The ECB move was more decisive than anticipated. We consider that break-up fears are not justified now as long as this process continues. Tensions in financial markets have eased significantly since June (see Chart 1) and, in our view, the maintenance of this situation in spite of recent adverse market events is proof of its capacity to dispel doubts.

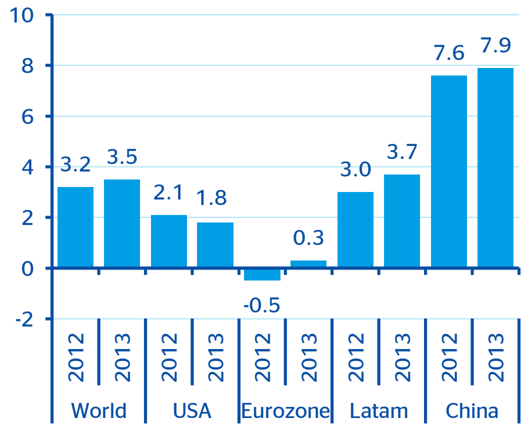
At the end of the process, we think the eurozone may eventually come up with a full package that will reinforce its governance. As we have long argued, it should comprise a banking union, a fiscal union and a lender of last resort to prevent fragmentation. Progress has been made on all of these fronts. Probably that progress has not been ambitious enough to revert the current dynamic quickly. Yet, policy makers seem committed enough to the process and we think the worst of the crisis may, at last, be over. In the short term, the ECB's program and the ESM support under fiscal conditionality creates a benchmark to deal with difficult funding situations that countries such as Italy and Spain could face. At the same time, the proper implementation of the banking-union plans and further definition of the fiscal-union design will be a key factor to the long-term sustainability of the eurozone.

Chart 1
Financial Stress Index for eurozone countries



Source: BBVA Research

Chart 2
GDP growth rate (%)



Source: Bloomberg and BBVA Research

FED: "... as long as needed..."

The US economy is still growing, but at historically low rates and the unemployment rate remaining persistently high. This is the result of a still high indebtment that should keep on reducing, but also of the uncertain external environment regarding the final resolution of the euro crisis and, from a domestic perspective, of the lack of agreements about how to reduce the high public debt while avoiding the automatic income and expense adjustment that is coming closer by the day (fiscal cliff).

Against this backdrop, the Fed additionally eased the monetary policy in its September meeting. It announced that it intends to keep rates at its current low levels at least until mid-2015, a year over what was previously declared. But to support the improvement of the job market's expectation, it also announced a new round of quantitative easing (QE) through the purchase of mortgage backed securities (MBS) in an attempt to improve financial conditions for households. With this, the Fed is buying insurance against the "fiscal cliff," that in our baseline scenario we expect not to fully happen.

The potential effects of QE3 are not restricted to the US economy. As previous programmes showed, they prompt inflows to emerging economies, decreasing risk premia, and lowering funding costs in those countries, boosting the availability of credit, their growth rates and also their inflation.

Central bankers' responses are not enough to bring the global economy back to a firm expansion

The world economy may have avoided decelerating to the slowest growth in the last 30 years (apart from the 2009 great recession) but the low growth environment continues. The advanced economies have been losing momentum since 2011 as one should expect given the current deleveraging environment. More recently the emerging economies have been hit too, though in some important cases, as Brazil and China, recent data shows that activity is stabilizing.

However, the actions that have been taken by central banks in the US and in the eurozone are partly dispelling some doubts and improving the outlook. Under our baseline scenario, growth in the eurozone is likely to gain momentum entering 2013. Although the eurozone's GDP will decrease in 2012 (-0.5%), it will rebound slightly in 2013 (+0.3%). In the US, we have maintained our forecasts: growth will remain at around 2% in 2012 and 2013. The main downward revision in our October scenario corresponds to China (by -0.2 pp in 2012 and -0.4 pp in 2013), although its growth rate will remain close to 8% both years due to expected policy stimulus to compensate partially the slowdown it is experiencing (see Chart 2).

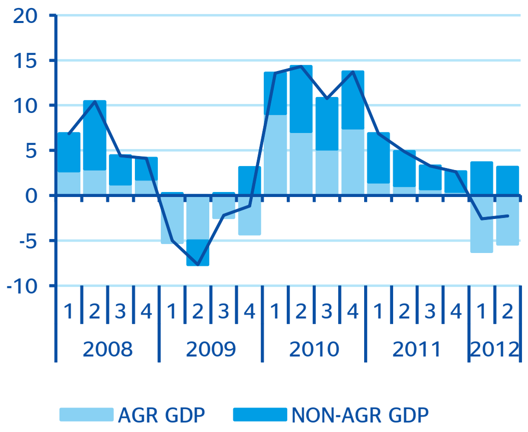
All in all, the world economy is expected to continue undergoing a soft recovery with a GDP growth between 3% and 3.5%. Yet this scenario relies on several key assumptions, in particular on whether European policy makers will deliver on their commitments. First, this scenario assumes that the recent wrangling over financial supervision does not substantially affect June's agreements, so the vicious link between sovereign and bank risk is broken and the monetary policy transmission, which in the eurozone is conducted mainly by banks, works again. Second, we assume that the mechanism in place to eliminate the "convertibility risks" is activated in full if needed. This will keep yields in peripheral economies contained, but substantial reductions will happen at the same time as Europe progresses in its new institutional arrangement and the commitments are fulfilled Finally, in this scenario, Greece will continue being part of the euro, which will, in turn, require further support from Europe by additional funding and/or a longer period to fulfill fiscal conditionality. Based on past experience, too many things could still go wrong, but policy makers tend to find solutions to Europe's problems when crunch time approaches.

3. Paraguay: regaining growth

After the recession of 2012, the Paraguayan economy looks set to expand by nearly 10% in 2013

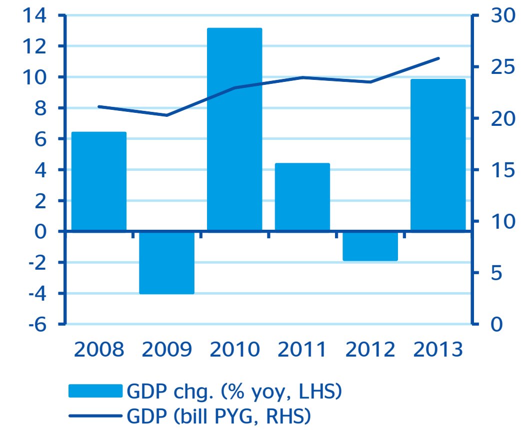
Paraguay's GDP contracted 2.4% year-on-year (yoy) in the first half of 2012, in line with expectations. This was mainly the result of the agricultural shock which occurred at the end of 2011 and beginning of this year caused by the outbreak of foot-and-mouth disease and the drought hampering the production and export of the country's two main productions: beef and soybean.

Chart 3
Paraguay: contributions by agriculture and non-agriculture to yoy growth of GDP (pp)



Source: Central Bank of Paraguay

Chart 4
Gross domestic product



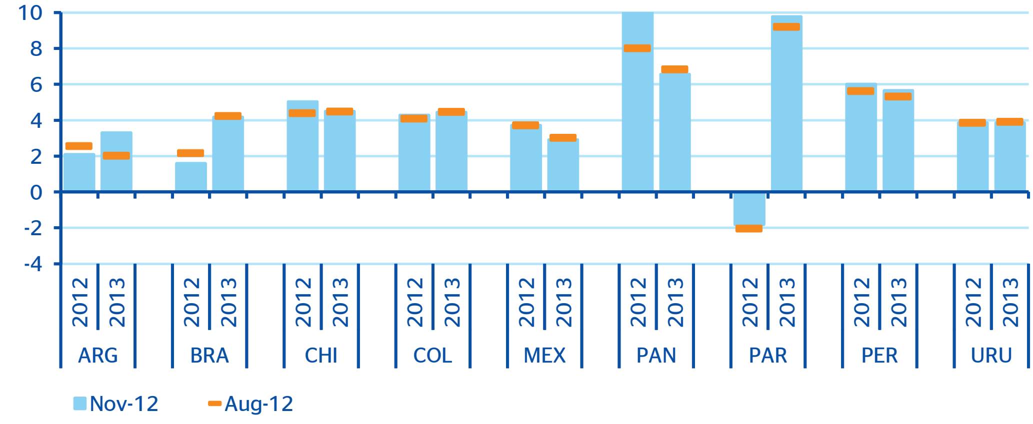
Source: Central Bank of Paraguay and BBVA Research

Agriculture GDP fell sharply in the first half of 2012 compared to last year (-22.5% yoy, -5.8% impact on total GDP growth), in contrast to the growth of the rest of the economy (+4.6% yoy in 1H12, +3.4% impact). Growth was led by Services (+6.0% yoy in 1H12, +2.4% impact), which has remained strong in recent years, followed by Electricity & Water (+6.7% yoy in 1H12, +0.9% impact), driven largely by the Itaipu and Yacyreta binational power plants. Meanwhile, Paraguay's Construction industry continued to struggle and was the only non-agricultural sector to contract in the period (-2.4% yoy in 1H12, -0.1% impact). The readings indicate limited contagion of the agricultural crisis to other industries, unlike in 2009 (the previous drought), when the economy as a whole shrunk.

Paraguay's monthly activity index (IMAEP for its initials in Spanish) suggests that the country is entering recovery, driven mainly by the livestock sector, with beef exports nearly back to normal levels (see section on foreign trade). Although the soybean industry is unlikely to return to normal levels until next year, the recovery by the beef industry and investments by the Paraguayan government should help the overall economy to rebound slightly in the fourth quarter this year, but not enough to fully make up for the contraction in the first half. As a result, our forecasts point to a contraction in GDP for 2012 of 1.8%.

Looking ahead to 2013, Paraguay's agricultural industry should get back to normal. With the drought-induced supply shock now over, record soybean yield should boost exports compared to last year. Foreign currency inflows should help drive the country's sluggish private consumption, raise imports and, more importantly, propel investment (readings for investment this year have been extremely negative). This, coupled with an expansionary monetary policy impulse and planned government investment, the bulk of which will take place over the coming years, leave scope for strong growth of 9.8% for 2013, the highest of any country in Latin America.

Chart 5
Latin America: GDP growth forecasts 2012-2013 (%)



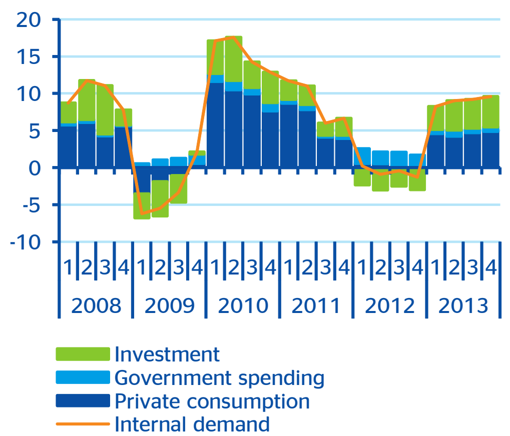
Source: BBVA Research

Rising government expenditure contrasts with sluggish private consumption in 2012, which should pick up along with overall economic activity in 2013

Domestic demand fell by 0.3% yoy in the first half this year, dragged down by the sharp fall in investment (-14% yoy). Private consumption rose slightly (+0.8% yoy), but far less than last year or the year before because of dwindling purchasing power, as seen in the credit crunch and rising levels of debt caused by the crises (see Box). At least it remained in positive territory, unlike in 2009. As the economy gains steam, domestic demand should take off, especially private investment, which could show growth at rates in line with previous years.

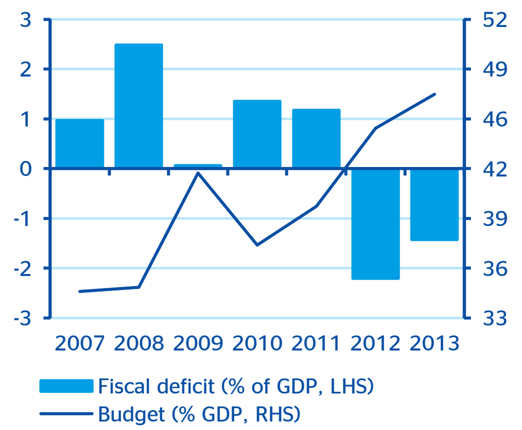
Public expenditure through June soared 21.8% yoy. This was due to higher spending on public wages and the major construction and infrastructure investment plan promoted by the government as a counter-cyclical measure. Even with this, low tax intake due mostly to lower export revenue should leave Paraguay with its first budget deficit since 2002.

Chart 6
Contribution of private consumption, government spending and investment to yoy growth of domestic demand (pp)



Source: Central Bank of Paraguay and BBVA Research

Chart 7
Fiscal balance and government budget



Source: Central Bank of Paraguay and BBVA Research

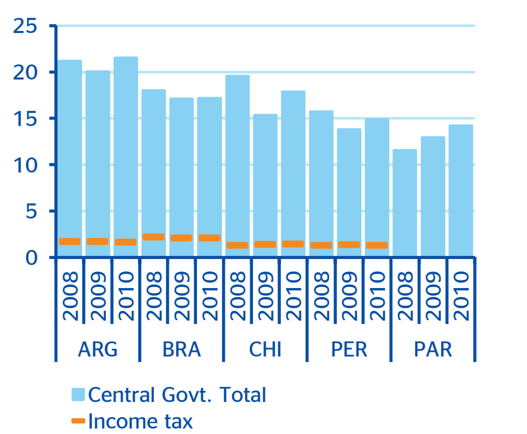
The government budget for 2013 shows a further increase, in line with last year, but higher tax revenues should help curb the deficit. Nevertheless, there are still doubts that the government will raise the funds necessary for the increase in expenditure. Part of the funds will come in the form of loans from international bodies, which should be earmarked mainly for infrastructure and government programmes. This is positive and should have lasting effects on growth. Other expense items, principally wages and other current spending, should be funded with other resources.

In this respect, approval of a personal income tax (PIT), effective from August this year, is a good sign, but how this really affects the government's coffers remains to be seen. If revenue collection in Paraguay reaches levels in line with other Latin American countries, fiscal pressure should also be similar (see Chart 7).

The Paraguayan government has also attempted to raise funds through bond issues. So far it has only tapped the local market, with mixed results and gradually diminishing demand (see Chart 8), but next year it expects to hold its first issue of sovereign bonds in the international market. If this is successful, which it should be judging by the result of Bolivia's bond issue, the Paraguayan government could raise around USD 550 million, which could go to fund infrastructure projects.

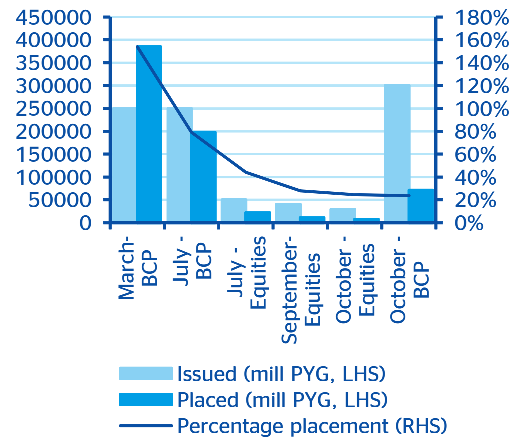
Lastly, the government has also proposed an increase in the prices paid by Brazil and Argentina for energy produced at the Itaipu and Yacyreta plants, respectively, although the treaties signed will make it difficult to push it through. At any rate, increased activity in both countries, especially Brazil, should itself lead to higher revenue for Paraguay.

Chart 8
Tax revenue (% of GDP)



Source: CIAT

Chart 9
Treasury bond issues*



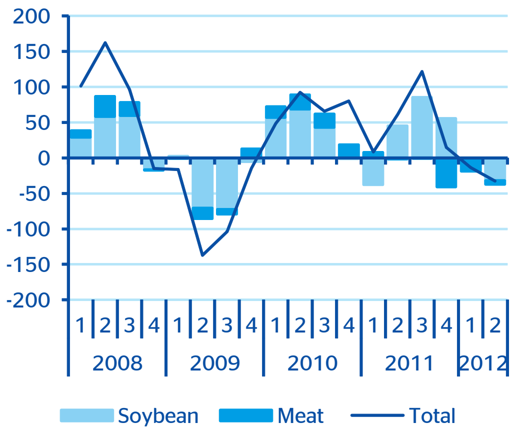
* "BCP" indicates bonds placed by the Central Bank of Paraguay, "Stock Exchange" indicates bonds placed on the Asuncion stock exchange
Source: Comisión Nacional de Valores and BBVA Research

Exports should grow considerably as the agriculture shock wears off

Paraguayan exports plummeted in the first half of this year, as expected. The impact of falling beef exports in the fourth quarter of 2011 and the first quarter of this year (-40.6% yoy and 15.3% yoy, respectively) was followed by the impact of falling soybean exports in the second quarter (-32% yoy) as the effects of the drought began feeding through to harvests while beef markets were recovering.

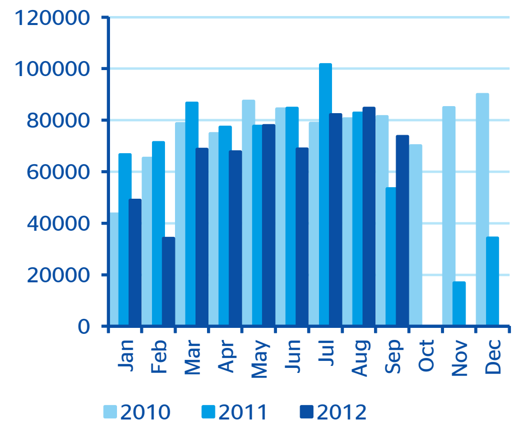
The beef story is interesting. Although Paraguay is still not completely free of foot-and-mouth disease, the country's beef exports rose 2.6% yoy in August, outstripping growth the year before the crisis arose. This bodes well for sharp growth in the rest of the year, especially considering that the Chilean market, traditionally the largest buyer of Paraguayan beef, should open up again any day now. We expect beef exports to continue rising in 2013, growing above levels of previous years.

Chart 10
Contribution of soybean and beef to exports of goods (pp)



Source: Central Bank of Paraguay and BBVA Research

Chart 11
Beef exports (USD thousand)



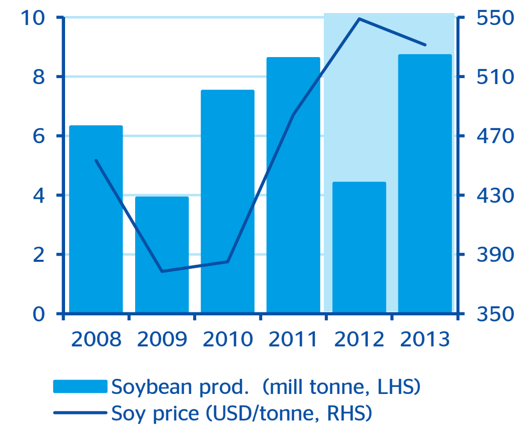
Source: Central Bank of Paraguay

Meanwhile, soybean exports are likely to remain low until next year's harvest. The drought did not affect Paraguay alone, but also several other soybean-producing countries, with the dearth of supply globally pushing up prices to all-time highs. This prevented soybean revenues from falling further. Soybean prices should fall going forward, but are likely to remain above levels of previous years. This, coupled with a slightly higher yield projected for 2013 than 2011, suggests soybean exports could return to trend growth (see Chart 11).

Revenues from binational agreements have remained sound, thanks mainly to stronger demand by Brazil. Revenue from the Itaipu plant in the first nine months of the year rose 66% yoy, offsetting the slightly less than 30% fall in revenue from the Yacyreta plant; Itaipu's revenues are triple those of Yacyreta. Elsewhere, remittances have decreased steadily this year, mostly because of the international crisis (see Box), but they should pick back up as global financial stress eases.

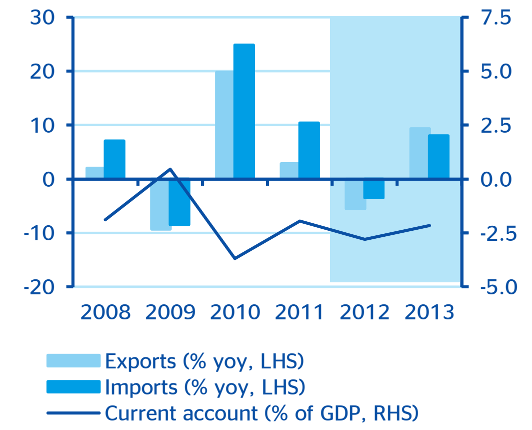
In line with lower private consumption and low investment, non-food consumer products and capital goods imports have fallen sharply. Excluding food, imports of consumer products through September were down 10.2% yoy, while capital goods imports dropped 20.5% yoy. As economic activity gathers pace, especially investment and private consumption, we expect imports to rise. As a result, Paraguay looks set to continue showing a current account deficit (of around 2% of GDP) in the next few years, even with exports on the rise. That said, this deficit should remain manageable, both because it amounts to less than 3% of GDP and because it is comfortably funded with foreign direct investment, which is inherently less volatile and less likely to reverse in the event of a crisis.

Chart 12
Soybean yield (thousand tonnes) and prices (USD/tonne)



Source: IICA and BBVA Research

Chart 13
Exports, imports (% yoy) and current account (% of GDP)



Source: BBVA Research

Expansive monetary policy must be changed as growth recovers

Inflation rose 1% yoy in the first two months of the year, but there have been no major price jumps since. Meanwhile, August saw a deflation of 0.2% mom, in sharp contrast with the 1% inflation seen in 2011. This puts inflation for January-October at 2.6% compared to 4.2% the previous year.

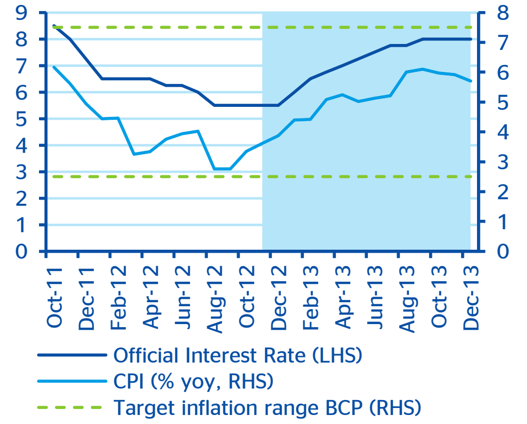
This is largely due to changes in food and fuel prices. Part of this is because of the outbreak of foot and mouth disease, which meant having to sell meat at a lower price in the domestic market. However, the greatest impact came from fruit and vegetables, where inflation to October was 6.0%, well below the 8.7% registered in the same period last year. Fuel prices is also a key segment: to October prices had only risen 4.7% compared to 11.3% in 2011. Also, underlying inflation indicators are positive, albeit low, for the year.

The recovery in meat exports explained previously is triggering price increases in the domestic market, with this trend set to continue in the short term. However, we expect fuel prices to continue to move south during the fourth quarter. We therefore expect inflation to end the year in the lower range of the Central Bank's target (5 ± 2.5%). For 2013 we expect improved activity, higher fuel prices and higher meat prices to exert greater inflationary pressure, causing inflation to end the year at 5.9% (taking into account the BCP's stricter monetary policy).

This scenario of low inflation has enabled the Central Bank of Paraguay to ease its monetary policy to shore up weak growth. We do not expect any change in the official rate this year. However, greater inflationary pressure from increased growth at the beginning of next year could prompt the BCP to rate rates gradually in 2013 to end the year at 8%. As growth stabilizes in 2014, interest rates should become neutral again.

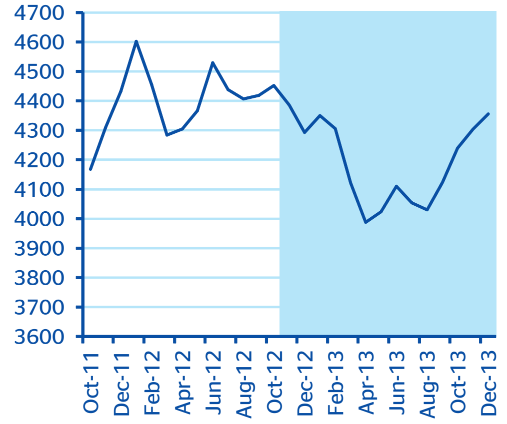
Meanwhile, increased activity should cause the guarani to appreciate and greater foreign currency inflows due to higher exports could bring down the exchange rate. However, as we saw last year, should there be any sharp fluctuations, the BCP would intervene and keep the currency within a certain range (3,800-4,400 guaranies to the dollar). Once the situation has returned to normal at the end of 2013, the currency could gradually return to around current levels.

Chart 14
Monetary policy and inflation rates



Source: BBVA Research

Chart 15
PYG-USD exchange rate

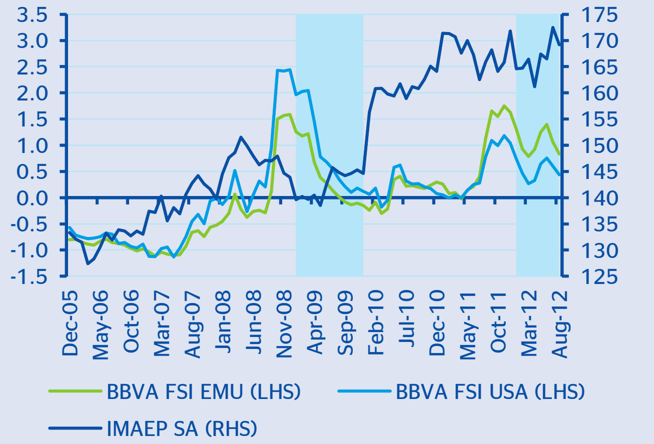


Source: BBVA Research

Box 1. The other crisis: transmission of the global crisis to Paraguay's economy

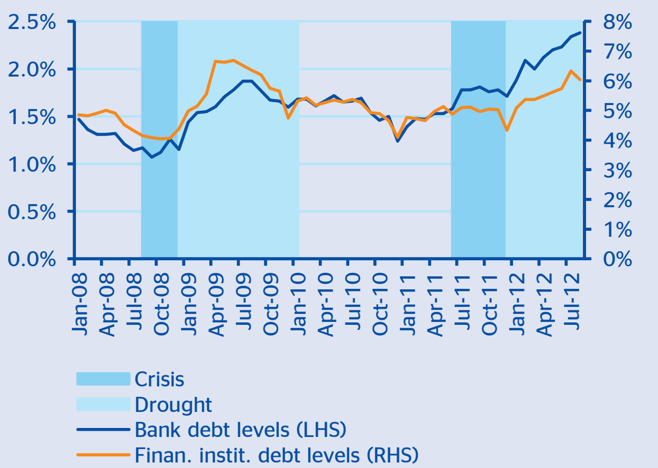
While the rest of the world has been affected to varying degrees by the euro area crisis, the weak performance of the Paraguayan economy is largely due to internal factors. But has the weakened global context affected the country? This matter is certainly worth analyzing. However, in order to answer this we must separate the effect of greater financial stress on the global stage and the effects of the last two droughts (2008-9 and 2011-12).

Chart 16
BBVA financial stress index, IMAEP (deseasonalized series) and drought*



* The shaded areas are drought years
Source: Haver Analytics, National Climatic Data Center and BBVA Research

Chart 17
Debt levels in the financial system (%)



Source: Central Bank of Paraguay

Podpiera and Tulin's report (2012)1 on the effect of financial shocks in Paraguay shows that external financial shocks explain the majority of shocks to non-agriculture GDP. Added to these external shocks is also foreign trade. They also show that some of these effects can be seen through changes in domestic financing conditions, which are more vulnerable to external conditions.

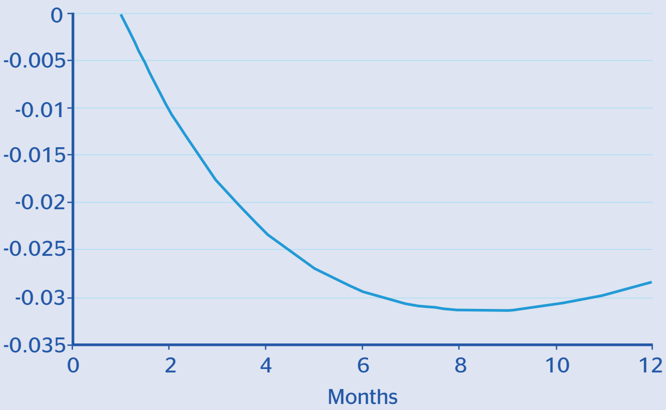
Bearing this in mind, chart 16 shows that debt levels in banks increases during times of crisis and more so during drought periods. Meanwhile, debt levels at other financial entities do not appear to have been affected until the droughts started. We can see similar effects on durable goods and construction material purchases, which decline sharply during crises. For example, following the collapse of Lehman Brothers in September 2008, the Central Bank's indicator of trends in business activities (ECN) showed that sales of construction materials were down by nearly 15% yoy in October. This also occurred last year when the euro zone's sovereign debt crisis heightened in August (-7.1% yoy in September 2011). This decline was further aggravated once the drought started and is particularly noticeable in months of sharp decline such as May 2009 (-16.6% yoy) and April 2012 (-20.7% yoy). There is also a correlation between exchange rate fluctuations (especially the dollar, euro, real and Argentine peso) and remittances from those countries most affected by the crisis.

Also, a simple way of checking the effect of external factors on global GDP is to isolate the effect of droughts on growth. To do this we use a VAR model which measures how Paraguay's monthly activity index responds to shocks in annual soybean production, or the EU's Financial Stress Index. The effect on activity of a shock in soybean production is somewhat higher but declines rapidly over time whereas an international financial shock still causes a major impact, even after 12 months (see Charts 17 and 18).

We must therefore stress that Paraguay is not impervious to external factors. The fact that the last two great recessions were mainly caused by shocks in agricultural production does not mask the fact that the worsening situation overseas has considerably contributed to these declines.

1: Podpiera, Jiri and Tulin, Volodymyr (2012). External Financial Shocks: How Important for Paraguay. IMF Country Report No. 12/212

Chart 18
IMAEP response to a shock to the EMU's financial stress index



Source: BBVA Research

Chart 19
IMAEP's response to a shock to soybean production

Source: BBVA Research

4. Now that the internal crisis is over, could the country withstand a global downturn?

Paraguay's economy would be able to withstand another global downturn while maintaining healthy growth in 2013

This year's recession is largely due to one-off internal factors which will not occur in 2013. However, given that the country's economy is partially affected by the global economic scenario, should this worsen, growth would definitely be affected.

In the event of deterioration elsewhere —something which, as we said in the first section, looks less likely to happen now than three months ago— harsher effects could come from commodity prices and lower exports. Paraguay depends heavily on international soybean and fuel prices, which not only affect foreign trade but also exchange rate volatility and inflation. That said, the improved offer of the agricultural sector would be sufficient, even in the event of an international crisis, to ensure positive growth in Paraguay. It could even be higher than in 2011.

In any case, attention must be paid to the economy's vulnerability to external shocks. In this regard, the government must adopt policies to reduce the economy's dependence on the agricultural industry, as this is always affected by uncontrollable factors. The sustained growth in the services industry in recent years is a good sign, particularly considering it has been one of the few to remain strong during the most recent recession. However, its share of the total economy is still low compared to other Latin American countries. The government's investment plan should also have positive, long-lasting effects on the economy.

In recent years, Paraguay was known for its austere and responsible public spending policy. This year, however, it has adopted a more expansive fiscal policy. This change, which has been justified as helping to adopt counter-cyclical economic policies, could act in the country's favor should it be able, in the medium term, to construct the necessary infrastructure so that the economy's stability is less dependent on the primary sector and to boost potential growth. However, the government must ensure its fiscal policy is sustainable over time. Therefore, higher tax revenue to offset higher public spending is an important step in the right direction.

5. Tables

Table 1
Macroeconomic forecasts annual

	2009	2010	2011	2012	2013
GDP (% y/y)	-4.0	13.1	4.3	-1.8	9.8
Inflation (% y/y eop)	1.9	7.2	4.9	3.9	5.7
Exchange rate (vs USD, eop)	4652	4571	4433	4293	4356
Interest rate (%, eop)	0.3	5.3	7.3	5.5	8.0
Private comsumption (% y/y)	-2.0	13.7	8.6	0.3	6.5
Public comsumption (% y/y)	13.7	12.0	5.3	21.1	6.3
Investement (% y/y)	-12.5	22.7	10.8	-12.3	20.2
Fiscal balance	0.1	1.4	1.2	-2.2	-1.4
Current account	0.4	-3.7	-2.0	-2.8	-2.2

Source: BCP, BBVA Research

Table 2
Macroeconomic forecasts quarterly

	GDP (% y/y)	Inflation (% y/y eop)	Exchange rate (vs USD, eop)	Interest rate (%, eop)
Q1 10	13.6	4.1	4695	
Q2 10	14.3	4.3	4752	
Q3 10	10.8	3.8	4783	
Q4 10	13.7	7.2	4571	
Q1 11	6.9	10.3	4333	
Q2 11	4.9	8.8	3995	
Q3 11	3.3	9.4	3997	8.50
Q4 11	2.6	4.9	4433	7.25
Q1 12	-2.6	3.3	4284	6.50
Q2 12	-2.3	3.9	4529	6.25
Q3 12	-1.5	2.8	4419	5.50
Q4 12	-1.0	3.9	4293	5.50
Q1 13	10.5	5.1	4122	6.75
Q2 13	9.7	5.1	4110	7.50
Q3 13	9.4	6.1	4123	8.00
Q4 13	9.4	5.7	4356	8.00

Source: BBVA Research

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