

IA- BBVA UEM

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A significant slowdown in April

- The IA-BBVA UEM indicator deteriorated significantly in April (albeit with only 55% of the information available).
- The fall was broad-based across all components.
- Both the real and the expectations components worsened in April, with economic expectations falling for the fourth month in a row.
- The deterioration was also broad-based across major countries, with large falls in Italy and Spain.

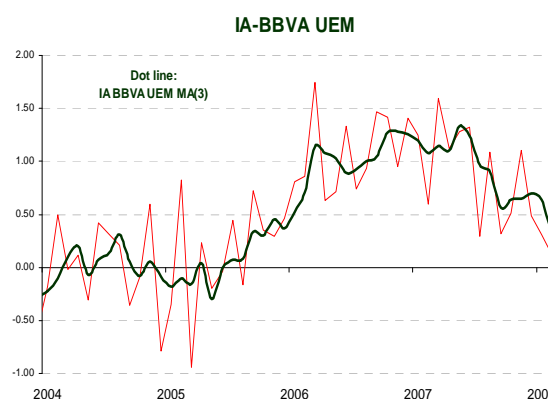
In April, our activity IA-BBVA indicator for the euro area deteriorated from 0.31 to 0.13 (unadjusted series), the lowest level since 2005 and very closed to zero, the threshold that marks growth above or below the historical long-term trend. When smoothed with a three-month moving average the fall was even larger, with a decline from 0.64 to 0.31. Additionally, our indicator for March has been revised downwards as new information for this month has become available, although the new profile for the first quarter of 2008 barely changes (0.64 vs. a previous 0.62) and is stable with respect to 2007 Q4.

The fall was broad-based across all sub-components: The expenditure sub-component remains negative for the fifth consecutive month while production and construction experienced the largest declines (from 0.21 to 0.12 and from 0.01 to -0.02, respectively). The indicator also declined across the largest countries, registering growth below trend in Italy and Spain. In particular, the indicator fell from 0.10 to 0.06 in France, from 0.26 to 0.22 in Germany, from -0.07 to - 0.09 in Italy and from -0.14 to -0.16 in Spain.

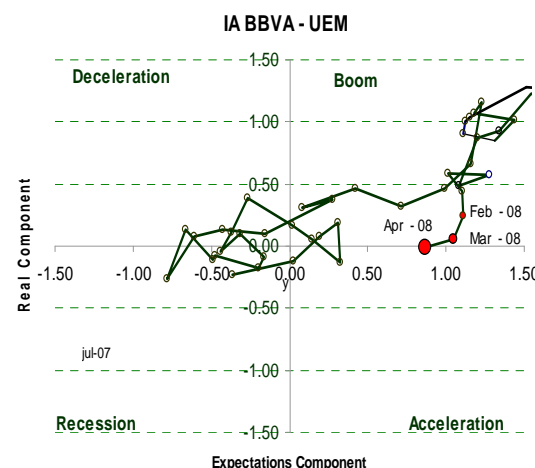
Both the real component and the economic expectations components worsen in April, from 0.06 to -0.01 and from 1.05 to 0.87, respectively, with economic expectations falling for the fourth consecutive month.

Overall, our indicator suggests that underlying growth was stable between the 2007Q4 and 2008Q1, although pointing to further declines in the months to come.

The IA – BBVA UEM is a weighted average of 149 activity indicators drawn from different activity areas (such as expenditure, output and employment) and from different economic regions (EMU aggregate and its main economic areas). The index has been calculated using a "Principal Components Approach" upon standardized, stationary and outliers-corrected time series. It is constructed to have an average value of zero and a standard deviation of one. An IA BBVA UEM reading of zero is associated with trend growth, thus values above (under) zero signal accelerations (decelerations) of activity. IA BBVA UEM monthly values may be subject to revision as more real information on the data is gathered. Information not available by the time of the monthly calculation of the IA BBVA UEM will be forecasted by means of ARIMA models of the indicators. For further information please see our "EuropaWatch Nov.05" publication at the BBVA's Servicio de Estudios - website <http://serviciodeestudios.bbva.com/>



Source: BBVA



IA - BBVA UEM	Current		Previous		
	Information Used	Value	MA(3)	Value	MA(3)
Avg. 1Q07	100%	1.20	1.20	1.21	1.21
Avg. 2Q07	100%	1.10	1.10	1.10	1.10
Avg. 3Q07	100%	0.97	0.97	0.99	0.99
Avg. 4Q07	100%	0.64	0.64	0.66	0.66
Avg. 1Q08	88%	0.64		0.62	
Jun.07	100%	1.12	1.10	1.10	1.10
Jul.07	100%	1.28	1.33	1.29	1.33
Aug. 07	100%	1.32	1.24	1.33	1.24
Sep. 07	100%	0.29	0.97	0.34	0.99
Oct. 07	100%	1.09	0.90	1.07	0.92
Nov. 07	100%	0.32	0.57	0.33	0.58
Dec. 07	100%	0.51	0.64	0.56	0.66
Jan. 08	97%	1.11	0.65	0.59	0.49
Feb. 08	85%	0.49	0.70	0.41	0.52
Mar. 08	63%	0.31	0.64	0.85	0.62
Apr. 08	55%	0.13	0.31		

IA BBVA UEM will be published on the first Friday of every month.