

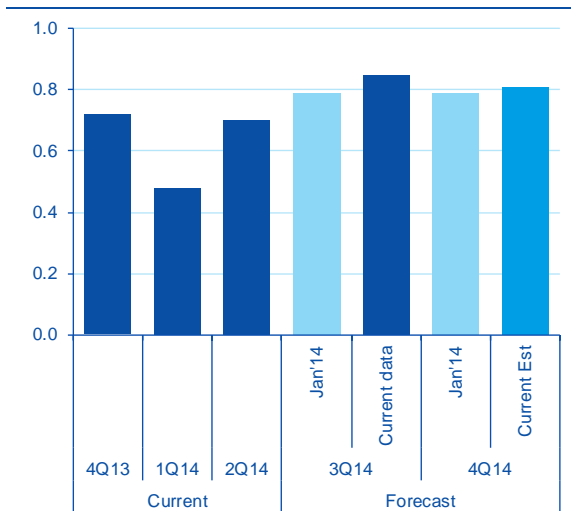
ECONOMIC ANALYSIS

# Global GDP: promising figure for 2015Q1 against the backdrop of geopolitical risks and higher financial volatility

Julián Cubero / Alejandro Buesa

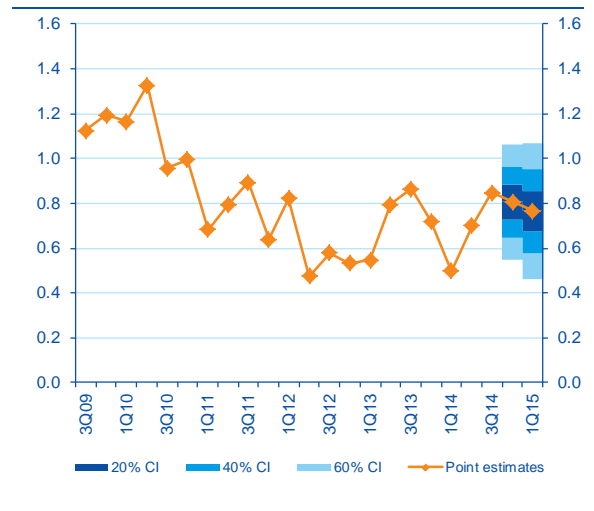
**Good news in the February update of our BBVA GAIN: The available set of information on output for the last quarter of 2014 has driven up (albeit modestly) our *nowcast* for quarterly global growth to 0.8%, and the backcast estimation of the 3Q14 GDP quarterly growth has improved to almost 0.9%, reflecting some revisions of National Accounts data for some countries. Moreover, we have published our first estimate for 2015Q1: Its value around 0.8% is consistent with the fact that protracted growth around (but slightly above) 3% YoY is expected to last, if not gain momentum, along this year. **In a nutshell, GDP growth has proven to be resilient to geopolitical tensions and financial uncertainty, both at non-disruptive levels until now.****

Figure 1  
World GDP: change in GDP forecast in the last month (% QoQ)



Source: BBVA Research

Figure 2  
World GDP: Observed GDP growth and forecasts based on BBVA-GAIN (% QoQ)



Source: BBVA Research

Table 1  
World GDP, monthly estimates (% QoQ)

	2014											2015	
	Mar	Apr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Jan	Feb	
Q314	-	0.74	0.79	0.81	0.79	0.76	0.78	0.78	0.72	0.80	0.79	0.85	
Q414	-	-	-	-	0.84	0.83	0.85	0.80	0.74	0.80	0.79	0.81	
Q115	-	-	-	-	-	-	-	-	-	-	-	0.76	

(\*) Actual figure of the Global GDP is based on the aggregation of national quarterly growth rates (QNA) of 69 countries and has a weighting of 92% with respect to world GDP ppp (on average, 1980-2012).  
Source: BBVA Research

**Confidence indicators have varied unevenly with respect to January 2015 but the overall picture is optimistic:** On one hand, the Global Purchasing Managers' index has increased for the second consecutive month to a value of 52.0, apparently fuelled by developed countries (see Figure 4); on the other, employment remains anchored at the same positive growth rate since the end of Summer 2014. The exports indicator, which has proven to be more volatile than the other proxies for confidence, moderates its level, yet with no dramatic change in their pace. Finally, the monthly rate of change of industrial production in December was positive but still very close to zero.

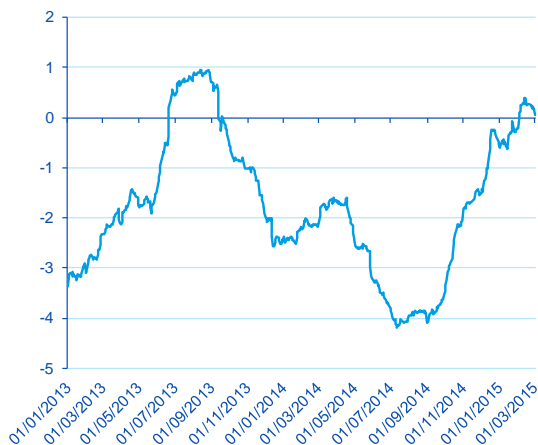
As for the financial dimension, our Global Volatility index shows the conjunction of geopolitical risks, a severe fall of oil prices and uncertainty about the incoming Fed's normalization. However, the most recent evolution of the indicator seems coherent with easing of the tensions increase and, anyway, **such tensions have not reached disruptive levels.** The current increase of oil prices diminishes the risks of negative spillovers from oil-exporting countries.

Table 2  
Global data summary

	2014											2015	
	Mar	Apr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Jan	Feb	
BBVA-GAIN	1.5	0.7	0.7	1.3	1.4	1.6	1.9	1.0	0.5	0.4	0.3	0.6	
Global PMI	53.2	52.4	51.9	52.1	52.6	52.5	52.2	52.2	51.8	51.5	51.7	52.0	
Employment	51.3	51.6	51.5	50.8	51.0	50.7	51.2	51.2	51.2	51.1	51.1	51.1	
New Export Orders	51.7	51.9	51.2	51.9	51.1	52.3	52.2	51.0	50.3	50.9	51.2	50.9	
Global Industrial Production (m/m)	0.0	0.5	-0.2	0.1	0.5	-0.6	0.8	0.0	0.5	0.3	-	-	
BBVA Global Volatility Index	-1.73	-1.86	-2.70	-3.47	-4.03	-3.87	-3.81	-2.55	-1.63	-0.76	-0.38	0.21	

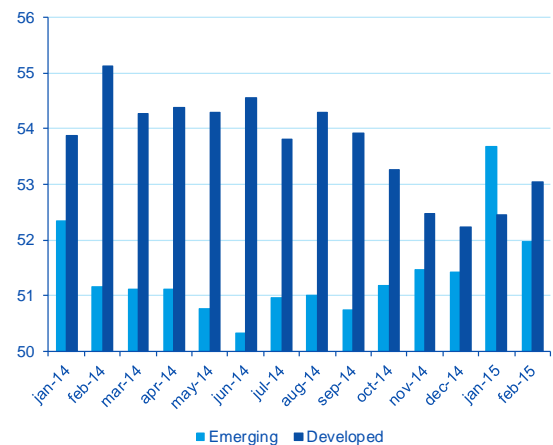
Index = 50 means no change in manufacturing activity.  
The Global Volatility Index leads one period in the model.  
Source: JP Morgan, Markit Economics, CPB Netherlands and BBVA Research

Figure 3  
BBVA Global Volatility Index (normalized)



Source: BBVA Research

Figure 4  
Markit Purchasing Managers' Index



Source: Markit Economics and BBVA Research

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