

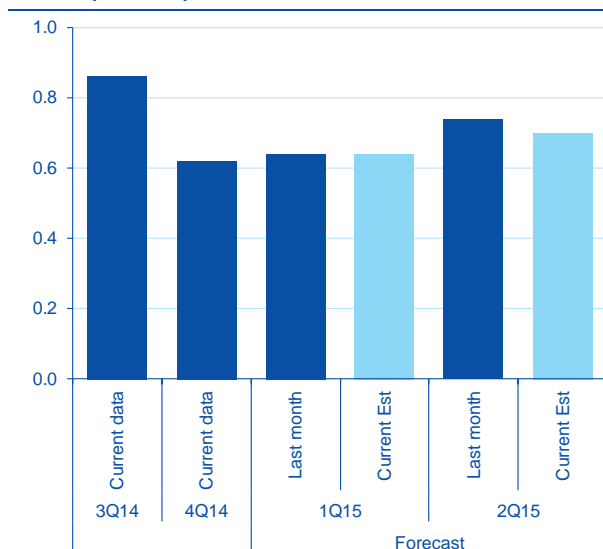
ECONOMIC ANALYSIS

# World GDP: Growth bottoming out in 1H15 but the estimated advance looks, at best, minor

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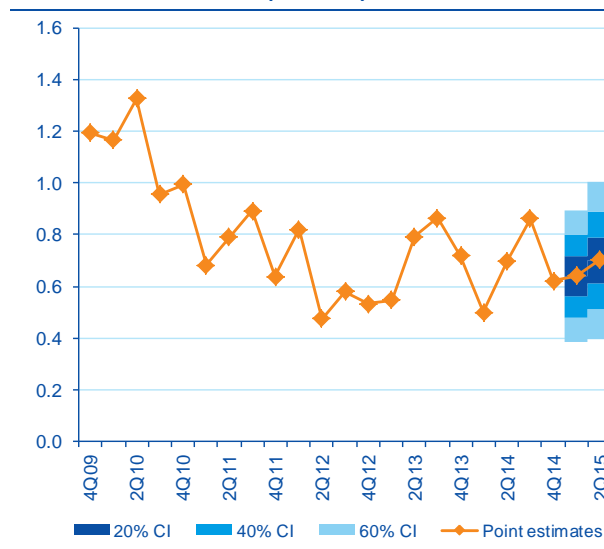
**No major changes in April's update of the 1Q15 World GDP growth estimation.** Our third *nowcast* for 1Q15 GDP growth has been revised downwards (though not significantly) from 0.68% Q/Q to 0.64%<sup>1</sup> (Table 1) and the first estimate for 2Q15 with the limited available data (confidence indicators and financial volatility for April) is 0.7%.

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			
	May	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Jan	Feb	Mar**	Apr
Q414	-	-	0.84	0.83	0.85	0.80	0.74	0.80	0.79	0.81	0.63	0.62
Q115	-	-	-	-	-	-	-	-	-	0.76	0.68	0.64
Q215	-	-	-	-	-	-	-	-	-	-	0.74	0.70

(\*) 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).

(\*\*) GDP estimates for March have been updated with unexpected new National Accounts information

Source: BBVA Research

**Mixed signals from juncture indicators heighten uncertainty.** Industrial output has recovered back in February to a pace of monthly 0.6% (Table 2), in line with the improvement of PMI data observed until this month.

However, since then the components of the Global Purchasing Managers' Index included in our model have either slightly worsened or remained unchanged, driven by emerging markets (Figure 3). The fact that this

<sup>1</sup> Last-minute information on National Accounts has set our final *backcast* for World GDP growth in the 4Q14 at 0.62% Q/Q.

new information leads the figures on industrial production suggests a moderation of this in the last two months.

Turning to financial uncertainty, the BBVA Global Volatility Index has decreased for the second consecutive month and offsets the rise observed since the beginning of the year (Figure 4).

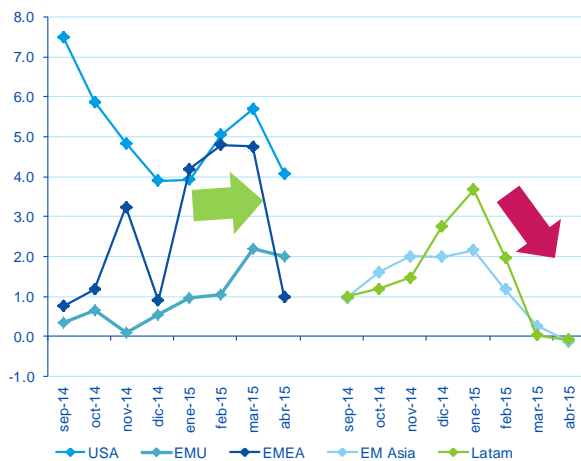
All in all, **the recent downwards' movement of confidence indicators, especially in the economic areas with the best evolution until now, should be carefully monitored, taking account the uncertainty around the nature of the slowdown in US and the pace of activity adjustment in China.**

Table 2  
Global data summary

	2014									2015			
	May	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
<b>BBVA-GAIN</b>	0.7	1.3	1.4	1.6	1.9	1.0	0.5	0.4	0.3	0.6	0.5	-0.3	
<b>Global PMI</b>	51.9	52.1	52.6	52.5	52.2	52.2	51.8	51.5	51.7	52.0	51.8	51.0	
<b>Employment</b>	51.5	50.8	51.0	50.7	51.2	51.2	51.2	51.1	51.1	51.1	50.7	50.7	
<b>New Export Orders</b>	51.2	51.9	51.1	52.3	52.2	51.0	50.3	50.9	51.2	50.9	50.8	50.1	
<b>Global Industrial Production (m/m)</b>	-0.2	0.1	0.5	-0.6	0.8	0.0	0.5	0.3	-0.5	0.6	-	-	
<b>BBVA Global Volatility Index</b>	-2.70	-3.47	-4.03	-3.87	-3.81	-2.55	-1.63	-0.76	-0.38	0.21	-0.03	-0.55	

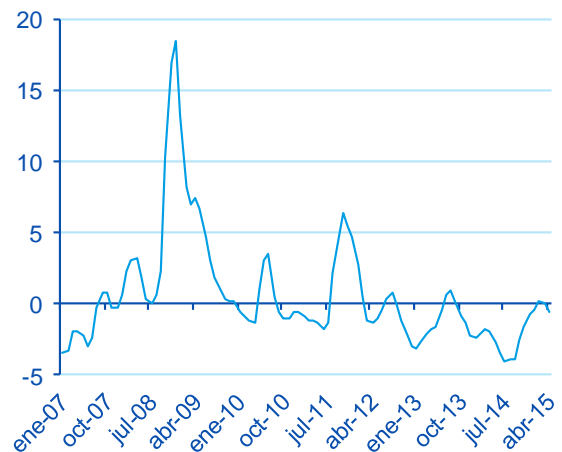
Index = 50 means no change in manufacturing activity.  
The Global Volatility Index leads one period in the model.  
Source: JP Morgan, Markit Economics, CPB Netherlands and BBVA Research

Figure 3  
Manufacturing PMI (deviation from the 50 point mark(activity holding))



Source: BBVA Research

Figure 4  
BBVA Global Volatility Index



Source: BBVA Research

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