

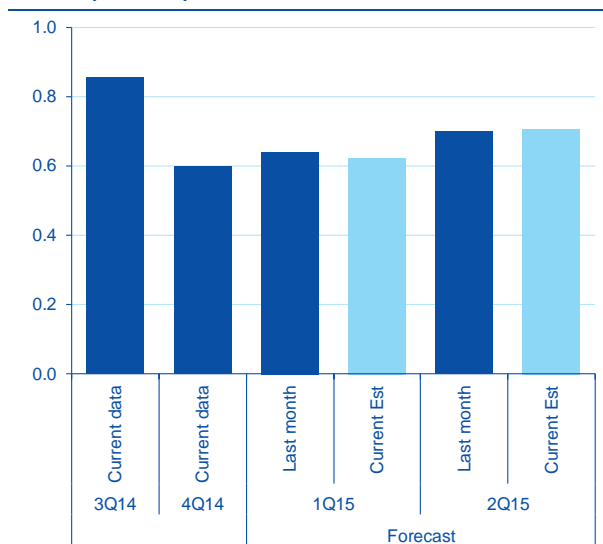
ECONOMIC ANALYSIS

World GDP: anchored c.0.6-0.7% QoQ in the first half of 2015

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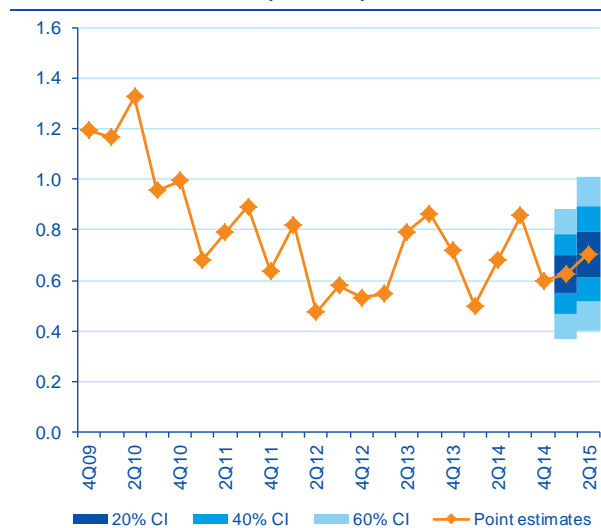
The May update of our World GDP growth estimate for 1Q15 and 2Q15 has not experienced any major changes. The *nowcast* for Q1 remains anchored around 0.6% QoQ, while our second estimate for the second quarter of 2015 also stabilises at a level of 0.7% after confidence indicators and volatility data from May have been incorporated. Anyhow, these figures await validation with the arrival of very important end-of-quarter information (such as GDP estimates for large economies) at the end of the present month, which will be reflected in our next update.

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				
	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Jan	Feb	Mar**	Apr	May
Q414	-	0.84	0.83	0.85	0.80	0.74	0.80	0.79	0.81	0.63	0.62	0.60
Q115	-	-	-	-	-	-	-	-	0.76	0.68	0.64	0.63
Q215	-	-	-	-	-	-	-	-	-	0.74	0.70	0.71

(*) 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

In general, juncture indicators have not shown major changes (Table 2): The Manufacturing PMI headline slightly improves and so does employment in the sector. In contrast, new exports fell, in line with a slowdown in global merchandise trade (Figure 3). However, April's figures of China's trade show a recovery from the previous data. As regards industrial production, it has worsened (-0.1% MoM in March 15), but this variable is subject to high variability and need not yet be interpreted as a relevant signal of worsening outlook. Turning to financial uncertainty, the **BBVA Global Volatility Index has decreased for the third consecutive month, offsetting the observed rise since the beginning of the year** (Figure 4).

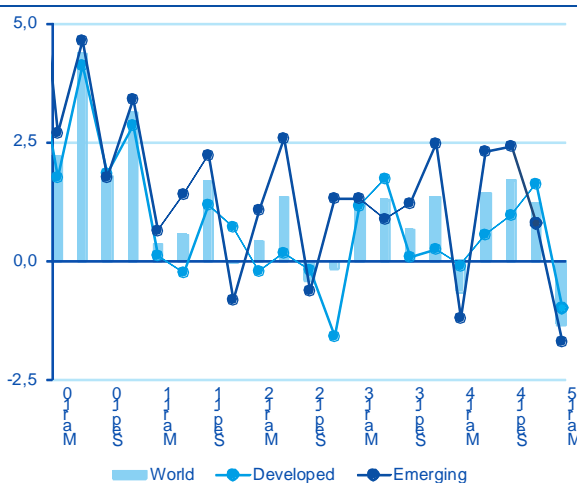
All in all, and **pending the next monthly update of National Accounts figures for 1Q15, the world GDP remains anchored around 0.6-0.7% without signs of either downturn or upturn in the very short term.**

Table 2
Global data summary

	2014								2015				
	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
BBVA-GAIN	1.3	1.4	1.6	1.9	1.0	0.5	0.4	0.3	0.6	0.5	-0.3	-0.3	
Global PMI	52.1	52.6	52.5	52.2	52.2	51.8	51.5	51.7	52.0	51.8	51.0	51.2	
Employment	50.8	51.0	50.7	51.2	51.2	51.2	51.1	51.1	51.1	50.7	50.7	51.0	
New Export Orders	51.9	51.1	52.3	52.2	51.0	50.3	50.9	51.2	50.9	50.8	50.1	49.8	
Global Industrial Production (m/m)	0.1	0.5	-0.6	0.8	0.0	0.5	0.3	-0.5	0.6	-0.1	-	-	
BBVA Global Volatility Index	-3.47	-4.03	-3.87	-3.81	-2.55	-1.63	-0.76	-0.38	0.21	-0.03	-0.55	-0.70	

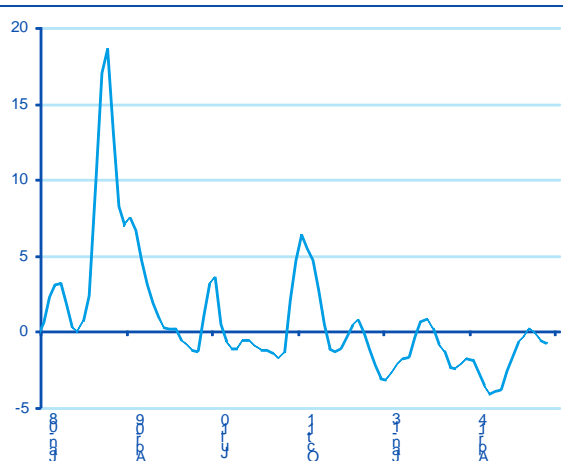
Index = 50 means no change in manufacturing activity.
The Global Volatility Index leads one period in the model.
Source: JP Morgan, Markit Economics, CPB Netherlands and BBVA Research

Figure 3
Merchandise world trade, export volume, QoQ, %.



Source: CPB Netherlands and BBVA Research

Figure 4
BBVA Global Volatility Index



Source: BBVA Research

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