

Eurozone | GDP continues to accelerate gradually

Miguel Jimenez González-Anleo / Agustín García Serrador / Diego Torres Torres / Massimo Trento / Miguel Abellán Ossenbach

Eurozone: GDP grows by 0.4% QoQ in 1Q15 (BBVA Research: 0.5% QoQ; consensus: 0.4% QoQ).

The preliminary GDP estimate shows that the quarterly growth in the euro area has accelerated in line with expectations. This is explained mainly by the better-than-expected performance in France, offsetting a slowdown in Germany which was more than forecast. Although detailed data are not available yet, our estimates and the current data suggest that the quarterly growth would have found its support in private domestic demand, while net exports have registered a zero or slightly negative contribution to growth. The negative surprise in Germany (and other smaller export-oriented countries) is in line with a possible weakening in external demand.

Although data for the second quarter of 2015 are basically limited to confidence data for April, our MICA-BBVA short-term model, also incorporating GDP growth released today, points to a stable rate of expansion in 2Q15, in line with our scenario of a 1.6% growth in 2015.

Germany: Negative surprise in GDP growth, with 0.3% QoQ (BBVA Research: 0.6% QoQ; consensus: 0.5% QoQ).

Although the growth breakdown is not yet known, the press release anticipates that the evolution of the components of domestic demand was the main determinant of growth in 1Q15. Specifically, both private and public consumption have increased and investment in machinery and equipment has increased significantly. Net exports, however, have a negative contribution to quarterly growth since the slight increase in foreign sales would not have offset a significant increase in imports.

France: growth accelerates in 1Q15 (0.6% QoQ), more than expected (BBVA Research: 0.3% QoQ; consensus: 0.4% QoQ).

For France, we do have a first estimate for demand components. In the first quarter a significant increase in private consumption (0.8% after 0.1% QoQ) was observed, while investment continued to contract, albeit at a slower pace (-0.2% after -0.4% QoQ). Exports improved less than in 4Q14 (0.9% after 2.5% QoQ), compared to an acceleration of imports (2.3% after 1.5% QoQ), resulting in a negative contribution of net external demand (-0,5pp after + 0.2pp). Moreover, inventories contributed 0.5pp, after draining growth in 4Q14 (-0,3pp).

Italy: GDP back to growth in 1Q15 (0.3% QoQ; BBVA Research: 0.3% QoQ, 0.2% QoQ consensus).

The preliminary estimate suggests that GDP increased during 1Q15, in line with our forecasts. Although the data broken down by component is not public yet, behind this evolution in the first quarter was a negative contribution from net exports (after supporting growth in 4Q14) that was more than offset by the improvement in domestic demand, driven by the positive performance of the manufacturing sector.

Portugal: GDP surprises with a lower-than-expected growth (0.4% QoQ, BBVA Research: 1% QoQ, 0.5% QoQ consensus).

Portugal's GDP recorded growth of 0.4% QoQ in 1Q15, as in 4Q14 (following the downward revision of 0.1pp). According to the press release, this is mainly due to increased domestic demand, while private consumption and investment have grown less than expected. In addition, inventories have had a significant negative contribution, together with a negligible contribution from net exports.

Chart 1

GDPs in the Eurozone

	Observed				BBVA (1Q15)
	2014	3Q14	4Q14	1Q15	
Eurozone	0,9%	0,2%	0,3%	0,4%	0,5%
Germany	1,6%	0,1%	0,7%	0,3%	0,6%
France	0,4%	0,2%	0,0%	0,6%	0,3%
Italy	-0,4%	-0,1%	0,0%	0,3%	0,3%
Spain	1,4%	0,5%	0,7%	0,9%	0,9%
Portugal	0,9%	0,2%	0,4%	0,4%	1,0%
Austria	0,4%	0,0%	0,0%	0,1%	
Belgium	1,1%	0,3%	0,2%	0,3%	
Netherlands	0,9%	0,3%	0,8%	0,4%	
Finland	-0,1%	0,1%	-0,2%	-0,1%	

Source: Eurostat and BBVA Research

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