

Economic Analysis

Final Estimate for Real GDP Growth Hits 3.9%

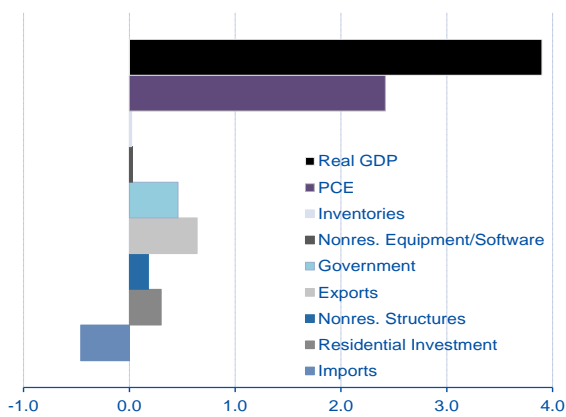
Kim Chase

- **Minor upward revision in 2Q15 real GDP growth to 3.9% QoQ SAAR**
- **Most notable improvements in personal consumption and nonresidential investment**
- **Data for 3Q suggest a sub-3.0% pace given increased volatility in global markets**

The final estimate for 2Q15 real GDP growth hit 3.9% QoQ SAAR, revised up slightly from 3.7%, reflecting stronger personal consumption and nonresidential investment. Both components were revised up for the third consecutive month, with the final figures coming in at 3.6% and 4.1%, respectively. Residential investment was also strong at 9.3% as housing construction and sales fought off the winter woes of the first quarter. Exports were also surprisingly resilient despite ongoing weakness in the global economy, though we expect the third quarter report to reflect a deterioration in this component.

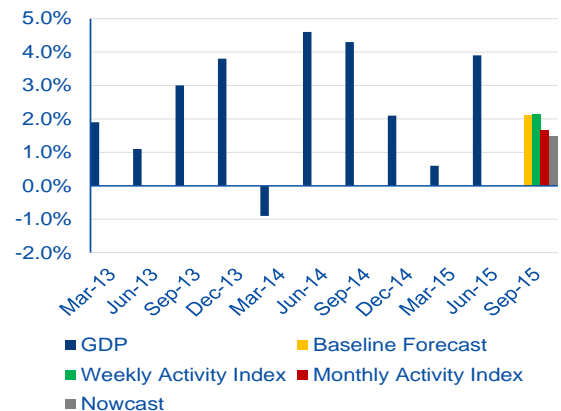
All things considered, the final report for 2Q GDP is positive, but because the data is so lagged, it won't have much of an impact moving forward. Economic data in 3Q thus far has proven to be weaker than what we saw in 2Q, and we are expecting it to show through in the advance GDP report to be released next month. Given the trends we have seen so far, 3Q GDP growth is unlikely to jump above 3.0%. Leading indicators suggest a deceleration in some components since the second quarter (i.e. exports and nonresidential investment) due to the impact from increasing global financial market turmoil. On the bright side, personal consumption expenditures appear to be moving along at a healthy pace and should continue to do so as we make our way into the fourth quarter. We maintain our forecast of 2.5% real GDP growth for the year.

Chart 1
Contributions to Real GDP Growth
(2Q15 Final, SAAR Percentage Points)



Source: BEA & BBVA Research

Chart 2
Real GDP Growth Forecasts
(QoQ SAAR % Change)



Source: BEA & BBVA Research

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