

# Global Flash

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Economic Analysis

Economic Scenarios Unit

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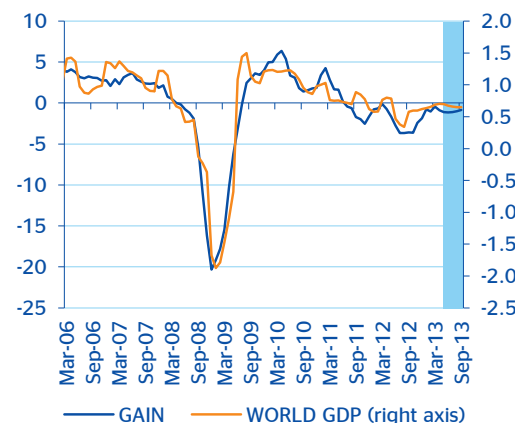
BBVA-GAIN did not improve in May, meaning that global GDP growth nowcast for 2Q13 remains at around 0.7% (q/q)

Global Activity Index (BBVA-GAIN) continued signalling a modest pace of global GDP expansion in May. By components, although financial conditions slightly eased in May and industrial production upturn, changes in global soft indicators have been marginal. As a result, BBVA-GAIN kept track at -0.9 from April to May (Chart 1).

- **Global growth in 2013Q1 and 2013Q2 remains around 0.7% (q/q), risks are downwards biased**

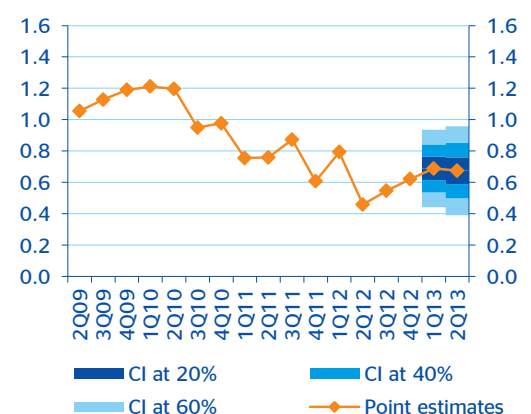
Global GDP growth estimates for the first and second quarters of 2013 are around 0.7% (q/q). (Chart 2). Our estimates of probabilities of recession are accordingly low. That said, developed economies continued decoupling while emerging economies disappointed in 2013Q. As a result, the BBVA-GAIN trend holds broadly steady for months ahead. However, some further downside risks to our global GDP projections may still drag the world economy down. Firstly, higher financial volatility related with a tapering or expansion different than expected in the QE process around the world or risk events in the eurozone. Secondly, with regard to the real side of the economy, doubts arise on the strength of the Chinese recovery.

Chart 1  
BBVA-GAIN and world GDP (% Q/Q) on a monthly basis



Source: BBVA Research

Chart 2  
Global: Observed GDP growth and forecasts based on BBVA-GAIN (% Q/Q)



Source: BBVA Research

For methodological issues, please refer to our Economic Watch, published on March 6th, 2013: [http://www.bbva.com/KETD/fbin/mult/130306\\_EcWatch\\_BBVAGAIN\\_tcm348-379375.pdf?ts=342013](http://www.bbva.com/KETD/fbin/mult/130306_EcWatch_BBVAGAIN_tcm348-379375.pdf?ts=342013).

Table 1  
Global Data Summary

	2013				
	Jan	Feb	Mar	Apr	May
BBVA-GAIN	-0.2	-0.6	-0.1	-0.9	-0.9
Global PMI	51.5	50.9	51.2	50.4	50.6
Employment	50.7	50.4	50.5	50.2	50.4
New Export Orders	49.4	49.5	51.0	50.3	50.4
Global Industrial Production (m/m)	-0.26	0.26	0.77	-	-
BBVA Financial Stress Index	-0.04	0.02	0.02	0.07	-0.16
Global GDP, 2013q1 growth, current monthly estimate	0.6	0.7	0.7	0.7	0.7
Global GDP, 2013q2 growth, current monthly estimate	0.73	0.80	0.68	0.67	0.68

Index=50 means no change on previous month.

Source: JP Morgan, Markit Economics, CPB Netherlands and BBVA Research

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