

Europe Flash

Eurozone

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Economic Analysis

Europe Unit

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Eurozone growth slowed in 3Q13

Especially in northern European countries, with continuous signs of recovery in the periphery

- **Eurozone: the economic growth decelerated in 3Q13 to +0.1% q/q after +0.3% in Q2**

The preliminary estimate of GDP for the Eurozone shows that quarterly GDP growth in euro area as a whole slowed by 0.2pp to +0.1% q / q in the third quarter, somewhat more than expected (BBVA Research: +0.2% Consensus: +0.1%) due to a slightly worse than expected performance of core Europe. Although a full breakdown of growth is not available yet, our predictions, together with national previews, suggest that domestic demand might have continued relatively resilient, with a softer contribution from net exports explaining the slowdown.

- **Germany: growth slowed in 3Q13, after the vanishing of the temporary effects in previous quarters**

GDP increased by +0.3% q/q in 3Q13, in line with expectations (BBVA Research: +0.4% q / q; Consensus of +0.3% q / q), but slowing from the +0.7% in 2Q13. Although a full breakdown of growth is not available yet, the press release suggests that domestic demand would have contributed positively to growth thanks to the improvement of all components (private and public consumption and investment). Net exports, however, present a negative contribution due to increased imports and weak exports.

- **France: GDP contracted slightly in 3T13, worse than expected**

GDP fell by -0.1% q / q in 3T13, more than expected (BBVA Research: +0.1% q / q; Consensus: 0.0% q / q), after the rebound observed in 2Q13 (+0.5%). The slowdown in private consumption and the decline in investment resulted in a neutral contribution of domestic demand, after +0.4 pp in 2Q13. However, the above was partly offset by a strong contribution from inventories (+0.5 pp after +0.1 pp in 2Q13). The sharp decline in exports, along with the stabilization of imports, resulted in a negative contribution of external demand (-0.7 pp after neutral contribution in 2Q13).

- **Italy: the recession continued to moderate as expected**

The preliminary estimate of GDP confirms expectations of a slight fall of -0.1% q / q in 3Q13 (BBVA Research & Consensus: -0.1% q/q), moderating significantly from previous quarters (-0.3% q / q in 2Q13 and -0.6% q / q in 1Q13).

- **Portugal: GDP grew +0.2% q / q in 3Q13, as expected**

Portugal's GDP increased by +0.2% in 3Q13, in line with expectations (BBVA Research: +0.2% q / q; Consensus of +0.3% q / q), following the strong rebound in 2Q13 (+1.1% q/q). This moderate growth is mainly led by net exports, although it could also be reflecting a less negative domestic demand.

Table 1
Euro zone GDPs

	Observed			BBVA
	Q1	Q2	Q3	
Eurozone	-0.20%	0.30%	0.10%	0.20%
Germany	0.00%	0.70%	0.30%	0.40%
France	-0.10%	0.50%	-0.10%	0.10%
Italy	-0.60%	-0.30%	-0.10%	-0.10%
Spain	-0.40%	-0.10%	0.10%	0.10%
Portugal	-0.40%	1.10%	0.20%	0.20%

Source: BBVA Research and Eurostat

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