

U.S. GDP Flash

Real GDP Growth Unchanged at 3.0% for 4Q11

The final estimate for real GDP growth in 4Q11 was unchanged from the advance figure, remaining at 3.0% QoQ annualized on a seasonally-adjusted basis. At this rate, economic activity in the fourth quarter expanded at the fastest pace since 2Q10.

- Domestic demand improves slightly, though not enough to boost growth**

In regards to the major components, final sales to domestic purchasers were revised up slightly from 1.1% to 1.3%, reflecting somewhat stronger internal demand for the end of 2011. However, final sales estimates remained below 3Q11 levels. Personal consumption expenditures were unchanged at 2.1%, with a slightly higher estimate for durable and nondurable goods offsetting a lower figure for services.

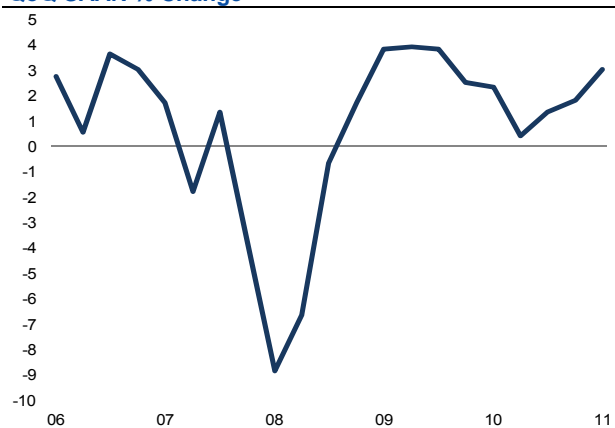
- Private investment remains solid but export growth revised down**

Nonresidential fixed investment was revised up to 5.2% from the advance estimate of 2.8%, although the final figure stands at only one-third of the rate in 3Q11. This upward revision offset a downward revision in export growth, from 4.3% to 2.7%, with the final estimate reaching the lowest rate of the recovery. Exports have rebounded slightly in 1Q12, however, the trade balance continues to deteriorate.

- 2011 GDP remains at 1.7%, outlook for 2012 slightly stronger**

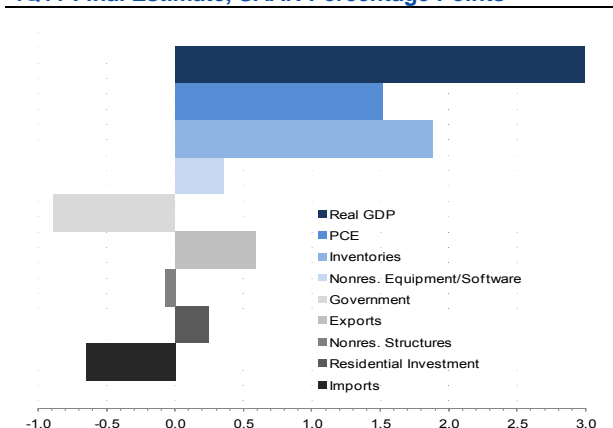
Today's final estimate for 4Q11 GDP confirms the previously reported 1.7% annual growth for 2011. For 2012, we expect that growth will accelerate slightly but remain below the 3.0% annual rate seen in 2010. Looking at the first quarter of 2012, some of the momentum from 4Q11 appears to have carried over, although we have seen activity slowing in some areas. In particular, improvements in the employment situation may be slowing, with initial jobless claims data hovering near the 350K level all throughout March. We expect that this will translate into lower nonfarm payroll growth for the month compared to the previous 200K+ gains, a signal that the recovery is not yet in full swing. Still, we expect that economic activity should rebound in 2Q12.

Chart 1
US Real GDP Growth
QoQ SAAR % Change



Source: Bureau of Economic Analysis & BBVA Research

Chart 2
Contributions to Real GDP Growth
4Q11 Final Estimate, SAAR Percentage Points



Source: Bureau of Economic Analysis & BBVA Research

Kim Fraser
kim.fraser@bbvacompass.com
+1 713 831 7345

DISCLAIMER

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research U.S. on behalf of itself and its affiliated companies (each BBVA Group Company) for distribution in the United States and the rest of the world and is provided for information purposes only. Within the US, BBVA operates primarily through its subsidiary Compass Bank. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.