

Eurozone | GDP growth in 4Q15 remains at 0.3% QoQ

Agustín García / Miguel Jiménez / Massimo Trento

Eurozone: GDP grew by 0.3% QoQ in 4Q15 (BBVA Research: 0.4% QoQ; Consensus: 0.3% QoQ).

The preliminary GDP estimate shows that quarterly growth in the euro area remained unchanged from the previous quarter and more moderate than expected. Although the breakdown is yet to be published, our estimates and known data suggest that the growth appears to have found support in domestic demand, with some improvement in investment, while the external sector seems to have acted as a brake on recovery. With the fourth quarter figures, our forecast for GDP growth in the whole euro area at 1.5% in 2015 has been confirmed.

Although the data available for the first quarter of 2016 are basically confined to confidence data for January, our MICA-BBVA short-term model, which also incorporates the new figure for GDP growth and industrial production for December, now estimates growth in the first quarter of this year at around 0.4% QoQ (versus the 0.5% previously forecast). For further information, see [Europe Economic Outlook. First Quarter 2016](#).

Germany: moderate growth continues in 4Q15 (0.3% QoQ; BBVA Research: 0.4% QoQ; Consensus: 0.3% QoQ).

Although the breakdown of growth is not known, the press release suggests that the evolution in components of domestic demand appears to have been the main determinant of growth in 4Q15. In particular, government spending has increased significantly and investment recovered, especially in the construction sector. By contrast, exports fell more than imports did, resulting in a negative contribution from the external sector. If the provisional estimate is confirmed, it would mean that, GDP grew by 1.4% during the whole of 2015

Italy: the recovery loses momentum at the end of the year (0.1% QoQ; BBVA Research: 0.3% QoQ, Consensus 0.3% QoQ).

The preliminary estimate suggests that GDP grew marginally in 4Q15 (0.1% QoQ). Incorporating this data, Italy recorded a modest annual GDP growth of 0.6% in 2015 after the -0.4% recorded in 2014. Although the data broken down by component is still unknown, the article published reports that behind this result in 4Q15 there was a negative contribution from domestic demand, which was weighed down by the poor performance of the manufacturing sector, while external demand was the mainstay of the increase.

Portugal: GDP surprised by the downturn with growth of 0.2% QoQ (BBVA Research: 0.4% QoQ; Consensus: 0.4% QoQ).

The slight growth in GDP in Portugal is mainly due to the recovery of the net external demand resulting from a sharp increase in exports of goods and services. On the other hand, according to the press release, a fall in investment has hindered domestic demand. With this data, our forecast of growth of 1.5% is confirmed for 2015 as a whole (0.9% in 2014).

Chart 1

GDPs in the Eurozone

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

Sources: Eurostat and BBVA Research

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