### **Eurobank Research** www.eurobank.gr/research

research@eurobank.gr

## GLOBAL ECONOMIC & MARKET OUTLOOK

Eurobank

April 29, 2015

**FOCUS NOTES** 

### US economy grew by a mere 0.2% in Q1

Olga Kosma Economic Analyst okosma@eurobank.gr

- According to the advance estimate of the US Bureau of Economic Analysis (BEA), real GDP growth rose by a mere 0.2% q-o-q saar in Q1 2015 from 2.2% in the final quarter of 2014, disappointing consensus expectations of 1.0% (Figure 1).
- The significant deceleration in real GDP growth was mainly attributed to a sharp drop in external demand. Net trade subtracted 1.3pp, as real exports fell by 7.2% qoq saar and real imports increased by 1.8% qoq saar. The stronger dollar seems to have weighed on exports, while the West Coast port strike may have also contributed to the slowdown of foreign demand.
- Private non-residential investment declined by 3.4% gog saar, reflecting a 23% annualized drop in structures investment on the guarter that led to a further 0.4pp drag on real economic growth. This sharp fall in structures was probably driven by harsh winter weather conditions and the large drop in energy-related capital expenditures.
- Amongst positive contributors to Q1 GDP, real personal consumption increased by 1.9% qoq saar from 4.4% qoq saar in Q4 2014, adding 1.3pp to growth. The slowdown in personal consumption quarterly growth was mainly driven by consumption on goods which rose by a mere 0.2% versus a stronger increase of 2.8% in consumption on services. The temporary effects from severe winter weather will probably fade in Q2, as suggested by the recent rebound in auto and retail sales in March.
- Private residential investment increased by a mere 1.3% gog saar on inclement winter weather, but the recent recovery in the NAHB housing sentiment index suggests a possible acceleration in construction activity in Q2.

### DISCLAIMER

This document has been issued by Eurobank Ergasias S.A. (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable but has not been verified by Eurobank and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice or an offer to buy or sell or a solicitation of an offer to buy or sell or an offer or a solicitation execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific invo investment investment experience and financial No representation warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

<sup>&</sup>lt;sup>1</sup> http://www.bea.gov/newsreleases/national/gdp/2015/pdf/gdp1g15\_adv.pdf

April 29, 2015

-2

**FOCUS NOTES** 

 Overall, we expect real GDP growth to gain momentum in the coming quarters, as the transitory effects from adverse weather and port strike fade. Nevertheless, the risks surrounding the US economic outlook prevail on account of the more pronounced than expected weakness in business fixed investment and exports due to a stronger dollar and lower oil prices.

Investment

Figure 1: Contribution to percent change in real GDP % qoq AR **GDP** 3 Q1 2015 2.4 **2014** 2 Change in Inventories Government 0.8 1 Consumption 0.2 0.00.1 **Net Exports** & Investment 0 -0.2 Personal Private Consumption -0.2 Residential -0.4 -1 Investment Private Nonres. -1.3

Source: US Bureau of Economic Analysis (BEA), Eurobank Research



**FOCUS NOTES** 

### **Eurobank Economic Analysis and Financial Markets Research**

**Dr. Platon Monokroussos:** Group Chief Economist pmonokrousos@eurobank.gr, + 30 210 37 18 903

#### **Research Team**

**Anna Dimitriadou:** *Economic Analyst* andimitriadou@eurobank.gr, + 30 210 37 18 793

**Ioannis Gkionis:** *Research Economist igkionis@eurobank.gr* + 30 210 33 71 225

**Stylianos Gogos:** *Economic Analyst sgogos@eurobank.gr* + 30 210 33 71 226

**Olga Kosma:** Economic Analyst okosma@eurobank.gr + 30 210 33 71 227

**Arkadia Konstantopoulou:** Research Assistant arkonstantopoulou@eurobank.gr + 30 210 33 71 224

**Paraskevi Petropoulou:** *G10 Markets Analyst* ppetropoulou@eurobank.gr, + 30 210 37 18 991

**Galatia Phoka:** Research Economist gphoka@eurobank.gr, + 30 210 37 18 922

**Theodoros Stamatiou:** *Senior Economist tstamatiou@eurobank.gr,* + 30 210 33 7 1 228

#### Global Markets Sales

**Nikos Laios:** Head of Treasury Sales nlaios@eurobank.gr, + 30 210 37 18 910

**Alexandra Papathanasiou:** *Head of Institutional Sales apapathanasiou@eurobank.gr,* +30 210 37 18 996

**John Seimenis:** Head of Corporate Sales yseimenis@eurobank.gr, +30 210 37 18 909

**Achilleas Stogioglou:** Head of Private Banking Sales astogioglou@eurobank.gr, +30 210 37 18 904

**George Petrogiannis:** Head of Shipping Sales gpetrogiannis@eurobank.gr, +30 210 37 18 915

**Vassilis Gioulbaxiotis:** Head Global Markets International vgioulbaxiotis@eurobank.gr, +30 210 3 718 995

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@eurobank.gr

# Eurobank Economic Analysis and Financial Markets Research

More research editions available at http://www.eurobank.gr/research

- Daily Overview of Global markets & the SEE Region: Daily overview of key macro & market developments in Greece, regional economies & global markets
- Greece Macro Monitor: Periodic publication on the latest economic & market developments in Greece
- **Regional Economics & Market Strategy Monthly**: Monthly edition on economic & market developments in the region
- **Global Economy & Markets Monthly**: Monthly review of the international economy and financial markets

Subscribe electronically at <a href="http://www.eurobank.gr/research">http://www.eurobank.gr/research</a>

Follow us on twitter: http://twitter.com/Eurobank

