



16<sup>th</sup> July 2014

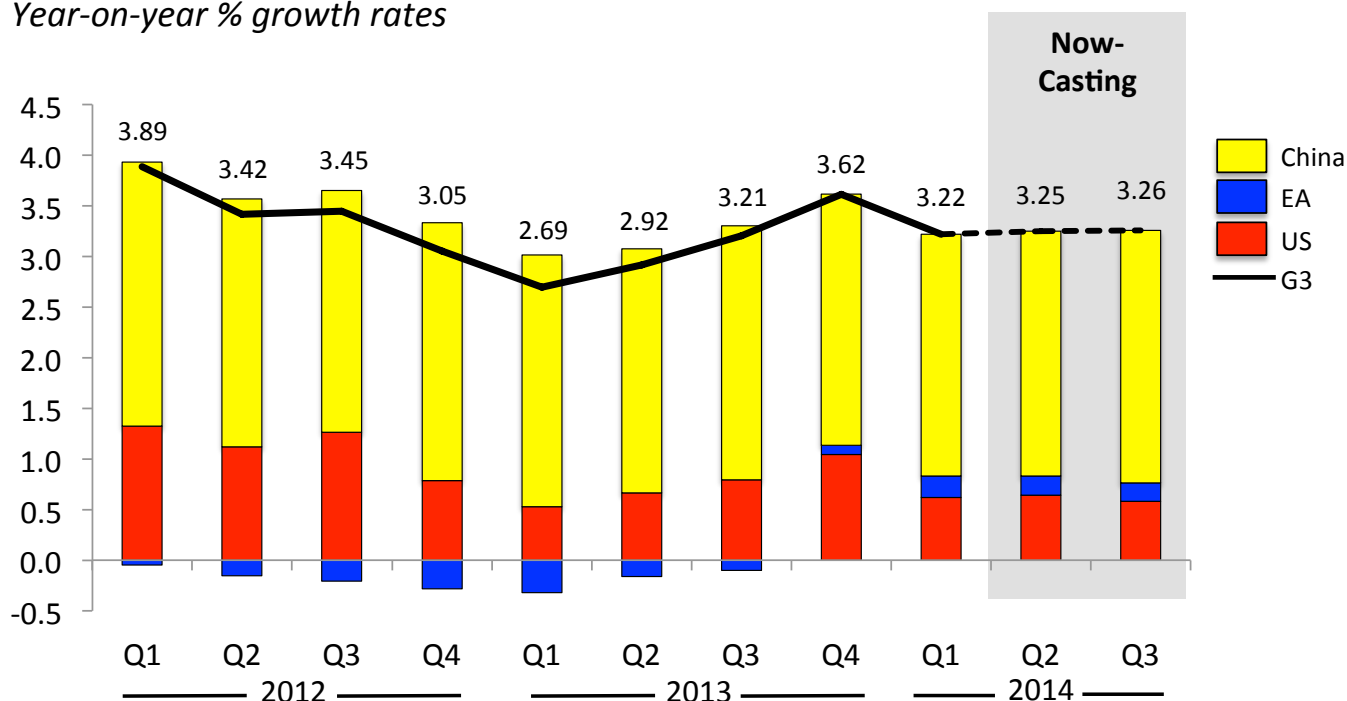
## G3 growth flat in Q2; expected flat in Q3

### Trajectory lower due to weaker US Q1; Euro Area outlook deteriorating

The G3 economies – the US, Euro Area and China – are growing at 3.25% in the second quarter of 2014 with respect to the same period in the previous year, according to the Now-Casting growth monitor. Growth in the third quarter is expected to continue at around the same rate. This rate of growth is lower than expected a month ago, principally because of weaker growth in the US, which was only partially offset by the solid 7.5% growth in Q2 announced today for China. Growth in the Eurozone in Q2 is only marginally lower than expected last month, but recent data releases indicate a worsening outlook for Q3 and beyond.

### GDP GROWTH FOR THE G3 – US, EURO AREA & CHINA

Year-on-year % growth rates



Contributions to G3 growth weighted by share of 2013 GDP from IMF World Economic Outlook, April 2014  
Sources: US Bureau of Economic Analysis; Eurostat; National Bureau of Statistics of China; IMF World Economic Outlook, April 2014; Now-Casting Economics Ltd.



**CHANGES TO GROWTH RATES SINCE LAST MONTH'S PRESS RELEASE**  
*year-on-year % growth rates*

		Q2 2014	Q3 2014
<b>G3</b>	Last month's prediction	3.47	3.57
	New prediction	3.25	3.26
	Change on month	-0.22	-0.31
<b>US</b>	Last month's prediction	2.29	2.29
	New prediction	1.58	1.43
	Change on month	-0.71	-0.86
<b>Euro Area</b>	Last month's prediction	0.74	0.80
	New prediction	0.70	0.68
	Change on month	-0.04	-0.12
<b>China</b>	Last month's prediction	7.27	7.52
	Official release	7.50	7.74
	Change on month	+0.23	+0.22

**GDP GROWTH FOR THE G3 – US, EA AND CHINA**  
*year-on-year % growth rates*

	2012		2013				2014			2013	2014	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Year	Year	
<b>Growth rates</b>												
<b>US</b>	3.13	1.95	1.32	1.64	1.96	2.58	1.54	1.58	1.43	1.87	1.56	
<b>Euro Area</b>	-0.74	-1.03	-1.16	-0.59	-0.36	0.34	0.77	0.70	0.68	-0.44	0.68	
<b>China</b>	7.40	7.90	7.70	7.50	7.80	7.70	7.40	7.50	7.74	7.68	7.65	
<b>Contribution to G3 growth rate</b>	<u>Weight<sup>1</sup></u>											
<b>US</b>	40.4%	1.27	0.79	0.53	0.66	0.79	1.04	0.62	0.64	0.58	0.76	0.63
<b>Euro Area</b>	27.4%	-0.20	-0.28	-0.32	-0.16	-0.10	0.09	0.21	0.19	0.19	-0.12	0.19
<b>China</b>	32.2%	2.38	2.55	2.48	2.42	2.51	2.48	2.38	2.42	2.49	2.47	2.46
<b>G3 growth rate</b>		3.45	3.05	2.69	2.92	3.21	3.62	3.22	3.25	3.26	3.11	3.28

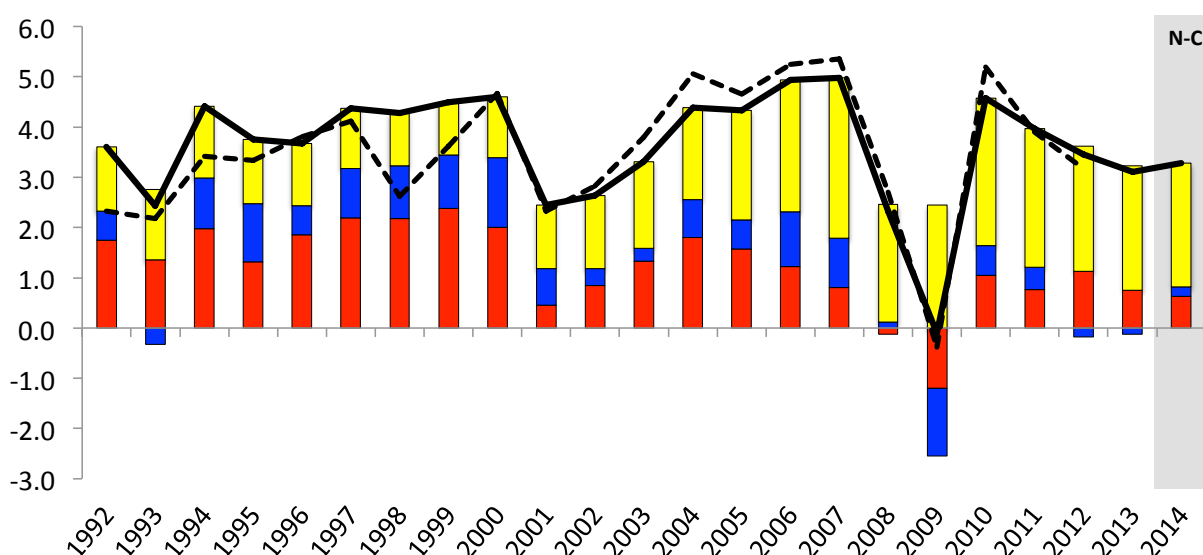
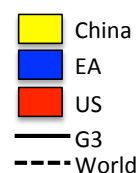
1 Figures for Q1 have changed since the last G3 press release as a result of changes in official GDP estimates  
2 Weights are shares of 2013 G3 GDP from IMF World Economic Outlook, April 2014

Sources: US Bureau of Economic Analysis; Eurostat; National Bureau of Statistics of China; IMF World Economic Outlook, April 2014 Database; Now-Casting Economics Ltd.



### HISTORIC COMPOSITION OF G3 GROWTH

Year-on-year % growth rates



Contributions to G3 growth weighted by share of G3 GDP growth in each year.

Sources: IMF World Economic Outlook, October 2013; Now-Casting Economics Ltd

### HISTORIC GDP GROWTH RATES – WORLD VS G3

year-on-year % growth

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
US	1.7	1.4	2.0	1.3	1.8	2.2	2.2	2.4	2.0	0.5	0.8	1.3	1.8	1.6	1.2	0.8	-0.1	-1.2	1.0	0.8	1.1	0.8	0.6
Euro Area	0.6	-0.3	1.0	1.2	0.6	1.0	1.0	1.1	1.4	0.7	0.3	0.3	0.8	0.6	1.1	1.0	0.1	-1.4	0.6	0.5	-0.2	-0.1	0.2
China	1.3	1.4	1.4	1.3	1.2	1.2	1.1	1.1	1.2	1.3	1.5	1.7	1.8	2.2	2.6	3.2	2.3	2.4	2.9	2.7	2.5	2.5	2.5
G3	3.6	2.4	4.4	3.7	3.7	4.4	4.3	4.5	4.6	2.4	2.6	3.3	4.4	4.3	4.9	5.0	2.3	-0.1	4.6	4.0	3.5	3.1	3.3
World	2.3	2.2	3.4	3.3	3.8	4.1	2.6	3.6	4.7	2.3	2.8	3.8	5.1	4.7	5.2	5.3	2.7	-0.4	5.2	3.9	3.2		

Contributions to G3 growth weighted by share of 2013 GDP from IMF World Economic Outlook, April 2014.

Sources: 2014 figures from Now-Casting Economics Ltd; other figures from IMF World Economic Outlook, April 2014



The next estimate of G3 GDP growth will be published on Thursday, 14<sup>th</sup> August, 2014. G3 GDP estimates will be published on the 15<sup>th</sup> of each month or the first working day thereafter, except in months in which the first official estimate of GDP for the US, Euro Area or China is published close to the middle of the month. In those months the Now-Casting global growth monitor will be published immediately after the relevant official release.

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**Notes to editors:**

Now-Casting.com is an online service delivering high-frequency information on current conditions in the world's major economies. Its output is generated automatically by a state of the art statistical model, using a continuous feed of economic data releases from around the world. All now-casts are automatically updated within minutes of the publication of any significant data release. The service covers the US, the Euro Area, China, Japan, Germany, France, Italy, Spain, the UK, Canada and Brazil, and is available by subscription. Weekly now-casts for the Euro Area are available free on the Now-Casting web site ([www.now-casting.com](http://www.now-casting.com)).

The model was designed and built by the founders of Now-Casting, who are a group of academic economists and leaders in the use of large data sets in near-term econometric forecasting. The statistical techniques pioneered by the Now-Casting team have been implemented at the world's largest central banks as a critical input to economic policy making. Clients of Now-Casting include leading macro hedge funds and other investment institutions, who use the service to aid their investment decision making processes.