



21st October 2014

G3 growth flat in Q4

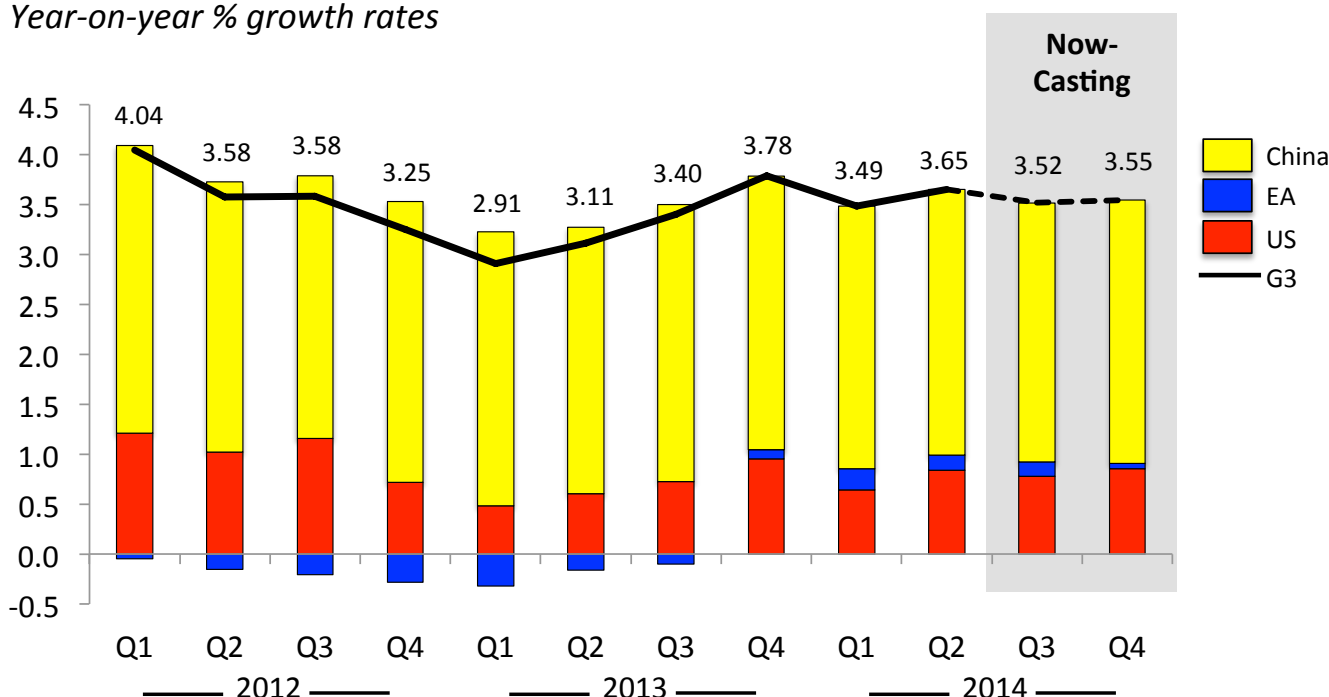
Better than expected Q3 in China shores up otherwise negative news

The G3 economies – the US, Euro Area and China – are growing at 3.6% in the fourth quarter of 2014 with respect to the same period in the previous year, according to the Now-Casting growth monitor. The growth rate in the fourth quarter is slightly ahead of the expected out-turn for growth in Q3. Some downward revisions in both the US and Euro Area growth now-casts have been more than offset by upward revisions to the China now-cast following today’s release of Chinese Q3 GDP which, at 7.3% with respect to the same quarter last year, was a positive surprise.

Jasper McMahon, Chief Executive of Now-Casting, commented: “This month’s release incorporates a new set of country weights from the IMF’s latest WEO database, which have the effect of raising the overall rate of year on year growth for the G3 by 17 basis points. However, this change does nothing to disguise the continued anaemic character of G3 growth”

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



In the current release we are adopting new country weights from the IMF World Economic Outlook database, published this month (October 2014). The new weights are still based on shares of G3 GDP in 2013, calculated using current international dollars at purchasing power parity. The table below shows the changes in weights.

COUNTRY WEIGHTS

(%)

	April 2014 database	October 2014 database
US	40.40	36.93
Euro Area	27.40	27.50
China	32.20	35.57
G3	100.00	100.00

CHANGES TO GROWTH RATES SINCE LAST MONTH'S PRESS RELEASE

year-on-year % growth rates

		Q3 2014	Q4 2014
G3	Last month's prediction	3.23	3.38
	New prediction – same weights	3.34	3.38
	New prediction – new weights	3.52	3.55
	Change due to data flow	+0.11	0.00
	Change due to new weights	+0.17	+0.17
US	Last month's prediction	2.15	2.66
	New prediction	2.10	2.30
	Change on month	-0.05	-0.36
Euro Area	Last month's prediction	0.57	0.35
	New prediction	0.53	0.22
	Change on month	-0.04	-0.13
China	Last month's prediction	6.84	6.86
	New prediction ¹	7.30	7.41
	Change on month	0.46	0.55

1 China growth in Q3 2014 is the official figure, released on 21st October, 2014



GDP GROWTH FOR THE G3 – US, EA AND CHINA

year-on-year % growth rates

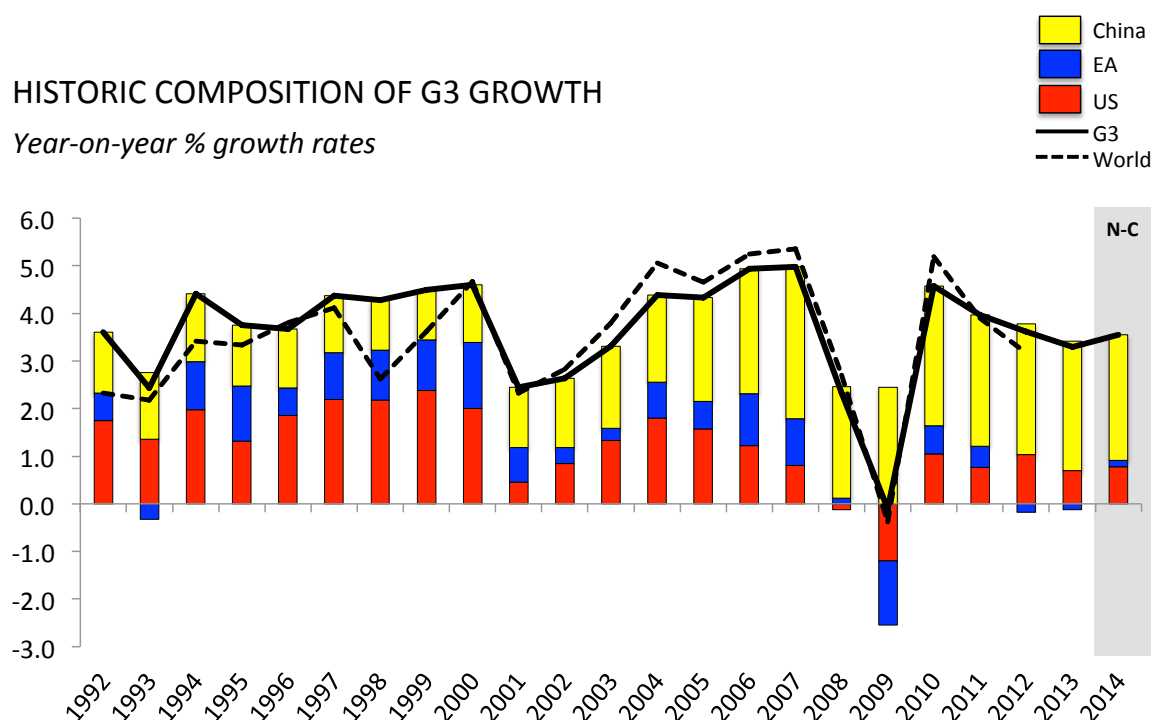
	2012		2013				2014				2013	2014	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Year	Year	
Growth rates													
US	3.13	1.95	1.32	1.64	1.96	2.58	1.75	2.26	2.10	2.30	1.87	2.10	
Euro Area	-0.74	-1.03	-1.16	-0.59	-0.36	0.34	0.77	0.55	0.53	0.22	-0.44	0.52	
China	7.40	7.90	7.70	7.50	7.80	7.70	7.40	7.50	7.30	7.41	7.68	7.40	
Contribution to G3 growth rate													
	<u>Weight¹</u>												
US	36.9%	1.16	0.72	0.49	0.61	0.72	0.95	0.64	0.84	0.78	0.85	0.69	0.78
Euro Area	27.5%	-0.20	-0.28	-0.32	-0.16	-0.10	0.09	0.21	0.15	0.15	0.06	-0.12	0.14
China	35.6%	2.63	2.81	2.74	2.67	2.77	2.74	2.63	2.67	2.60	2.64	2.73	2.63
G3 growth rate		3.58	3.25	2.91	3.11	3.40	3.78	3.49	3.65	3.52	3.55	3.30	3.55

1 Weights are shares of 2013 GDP according to IMF World Economic Outlook, October 2014 database
 2 China growth in Q3 2014 is the official figure, released by the Chinese National Bureau of Statistics on 21/10/14

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 2014; 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	1.0	0.7	0.8
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	0.1
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	2.8	2.7	2.6
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	3.6	3.3	3.6
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, October 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 Friday, 14th November, 2014. G3 GDP estimates will be published on the 15th 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).

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.