Recommended Reading

June Pre-MPC Additional International Databox

(Asia and EMEs), (US) (Euro area).

These databox covers data published between 21 and 29 May. (The latest IEM covers data published between 30 April and 21 May)

Overall assessment

At pre-MPC we highlighted that GDP news in Q1 had been mixed and that we didn't see strong evidence of a pronounced or synchronised slowdown: China and the US were weaker than we'd expected; but Japan and the euro area were stronger. The data flow since pre-MPC has provided a little more evidence of a Q1 slowdown: GDP growth slowed between Q4 and Q1 in Switzerland, Norway, Sweden and Brazil; but GDP growth in India picked up slightly.

Euro area

In Q1, the expenditure split for German (released prior to pre-MPC), Spanish and Italian GDP revealed growth of (0.3 %, 0.9% and 0.3%, respectively) was accounted for primarily by domestic demand. In Spain both consumption and investment contributed positively to growth, while in Italy a fall in consumption was offset by increasing investment and stocks. Net trade reduced growth in both economies. Data released this week do not change our nowcast for Q2 €A GDP: we continue to expect 0.5%, though we see downside risks to this. The fall in consumer confidence continued in May, but industrial and service sector confidence rose a little. Spanish and Italian flash HICP data point to an upside risk to our expectation that €A HICP inflation will increase by 0.2%oya in May. The rise in Spain was accounted for by food and energy but in Italy core inflation rose as well.

US

Q1 GDP growth was revised down by 0.3pp to -0.2% qoq, largely reflecting the incorporation of trade data (released prior to 21 May). Imports, which were affected by the west coast port shutdown, rebounded in March; net trade now contributes -0.5pp. But durable goods orders showed signs of stronger activity in Q2. Our preferred indicator of US investment growth (shipments of non-defense capital goods excluding aircraft) increased by 0.8% in April. These data have not changed our Q2 nowcast, which remains 0.7% qoq.

Asia & EMEs

Japanese data were consistent with the message from pre-MPC: the labour market continues to tighten, with the unemployment rate now at 3.4%, while there is as yet little sign of inflation picking up.

Region	Key data released since pre-MPC			June MPC	May MPC
Euro area	**German GDP: 2015 Q1** *(Released 22nd May)* *German GDP rose by 0.3% oqa in 2015 Q1. Investment grew by 1.5% oqa and private consumption increased by 0.6% oqa. The contribution from net trade was -0.2pp due to strong increase in imports. The contribution from stockbuilding was -0.2pp.*	EA GDP*	Q4	0.3%	0.3%
			Q1	0.4%	0.4%
			Q2	0.5%	0.5%
	EC business and consumer confidence surveys: May 2015 *(Released 28th May)* *In May, the €A consumer confidence indicator fell to -5.5, down from -4.6 in April, in-line with the earlier flash estimate. The €A industrial confidence indicator increased by 0.2 points to -3.0. The service sector confidence indicator increased by 0.8 points to 7.8 in May.* **EA money and lending: April 2015** *(Released 29th May)* *Lending to the private sector (adjusted for sales and securitization) remained at 0.8% oya in April. In terms of lending components, the annual growth rate of lending to non-financial corporations increased by 0.1pp to -0.1% oya in April while the growth rate of lending to households picked up by 0.2pp to 1.3% oya in April.* **Italy & Spain GDP: 2015 Q1** *(Second estimate) (Released 28th & 29th May)* *Italian GDP increased by 0.3% in Q1 2015, in line with the flash estimate. Investment grew by 1.5% oqa while private consumption fell by 0.1% oqa. The contribution from net trade was -0.4pp due to stagnating exports accompanied by a strong increase in imports. The contribution from stockbuilding was 0.5pp. Spanish GDP increased by 0.9% in Q1 2015, in line with the flash estimate. Investment grew by 1.3% oqa and private consumption grew by 0.9% oqa. The contribution from net trade was -0.3pp.* **Italian & Spanish HICP: May 2015** *(Released 29th May)* *Spanish flash HICP inflation was -0.3% oya in May (-0.7% in April). Italian flash HICP inflation was 0.2% oya in May (-0.1% in April).*				
US	**US CPI: April 2015** *(Released 22nd May)* *Monthly headline CPI (sa) increased to 0.1% in April, whilst core CPI (sa) increased to 0.3% in April. Energy inflation fell to 1.3% on the month. Twelve-month headline CPI (nsa) fell by 0.1pp to -0.2% in April, core CPI (nsa) remained at 1.8%. Energy inflation (nsa) fell to -19.4%.*	US GDP*	Q4	0.5%	0.5%
			Q1	-0.2%	0.1%
			Q2	0.7%	0.7%
	US durable goods orders: April 2015 *(Released 26th May)* *New orders of manufactured durable goods fell by 0.5% oma in April, following an increase of 5.1% oma in March. Orders of non-defence capital goods excluding aircraft increased by 1.0% on the month. Shipments of non-defence capital goods excluding aircraft (our preferred indicator of US business investment growth) increased by 0.8% on the month (+2.2% oya).* **Markit flash US services PMI: May 2015** *(Released 26th May)* *The Markit Flash US Services PMI Business Activity Index was 56.4 for May, down from 57.4 in April. The Flash Composite PMI Output Index fell in May to 56.1, down from 57.0 in April.* **US GDP: 2015 Q1** *(Second estimate) (Released 29th May)* *The second estimate of quarterly real GDP growth in Q1 was revised down by 0.2pp to -0.2% oqa (2.7% oya). On an annualised basis, GDP growth in Q1 was revised down to -0.7%, 0.9pp lower than suggested by the first estimate, but higher than market expectations (Bloomberg survey) of a -0.9% contraction in Q1. This change primarily reflects an upward revision to imports. Downwards revisions to private inventory investment and to personal consumption expenditures that were partly offset by an upward revision to residential fixed investment. Annual headline and core PCE inflation was unrevised at 0.3% and 1.3% respectively in Q1.*				
Asia & EMEs	**Japanese CPI inflation: April 2015** *(Released 28th May)* *Most, but not all, of the base effects from last year's consumption tax increase have fallen out of the annual inflation figures. Excluding the remaining effects, it is likely that core CPI (ex. food) fell by 0.2pp to 0%, and core-core (ex. food & energy) also fell by 0.2pp to 0.2%. Monthly headline CPI inflation (sa) remained at 0.2% in April.*	China GDP*	Q4	1.7%	1.7%
			Q1	1.5%	1.5%
			Q2	1.6%	1.6%
		*oqa growth rates, data in yellow, red denotes changes since the IEM			
	Japanese unemployment: April 2015 *(Released 29th May)* *The unemployment rate in Japan fell by 0.1pp to 3.3% in April, the lowest in 18 years.*				
Other data	***2015 Q1 GDP** was released for countries including Brazil (-0.2% oqa in Q1, down from 0.3% in Q4), Canada (-0.1%, down from 0.6%), Denmark (0.4%, down from 0.5%), India (1.8%, up from 1.6%), Sweden (0.4%, down from 0.8%) and Switzerland (-0.2%, down from 0.5%).*				