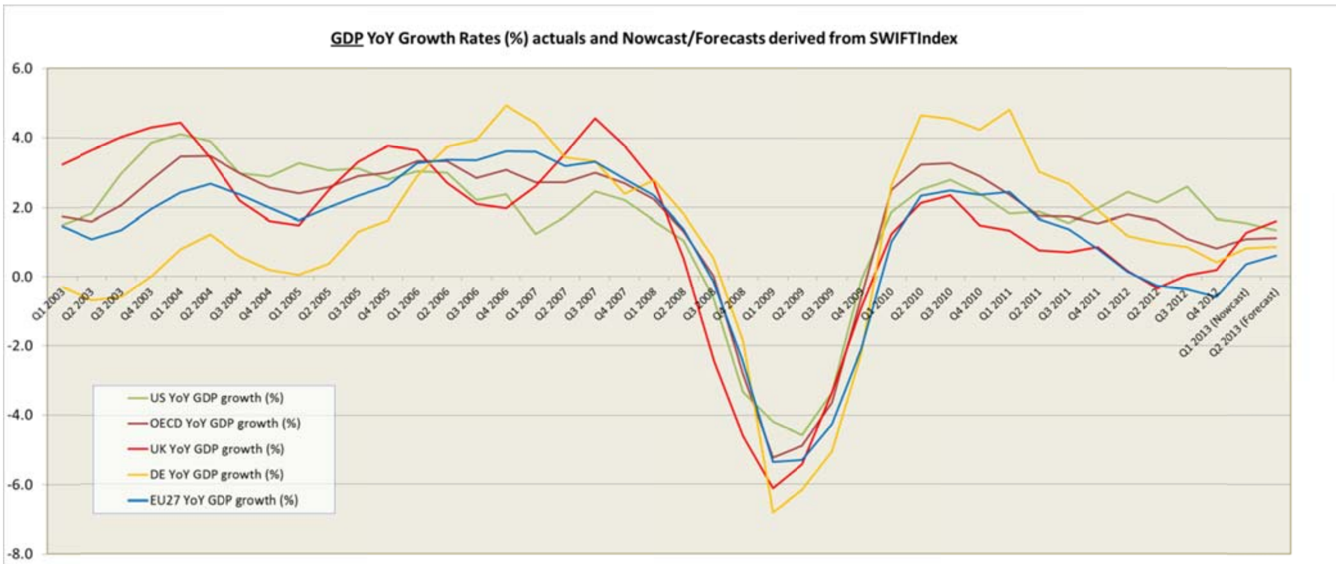
GDP Growth in the US stalls, while the UK Gradually Improves

Weaker than expected March payments volumes in the US reduce the growth outlook for Q2

Brussels, 22 April 2013 – SWIFT, the financial messaging provider for more than 10,000 financial institutions and corporations in 212 countries, has released its latest SWIFT Index data. During Q1 2013, the SWIFT Index captured payments growth level in the UK economy equivalent to a year-on-year GDP growth rate of 1.3%. By the end of June, the SWIFT Index forecasts the UK economy will continue its recovery, with a year-on-year GDP growth of 1.6% expected.

Using global financial payments volumes based on an average of 2 million SWIFT payments messages per day, the SWIFT Index has successfully predicted OECD GDP growth with limited deviation since its launch in March 2012.

The following graph shows a year-on-year GDP estimate by SWIFT based on the SWIFT Index, which captures global payments traffic. It clearly indicates a recovery for the four aggregates (OECD, UK, EU27, DE) and a slightly moderating growth for the US.



For EU27, the SWIFT Index continues to point to the end of recession, from -0.6% in Q4 2012 to 0.4% in Q1 2013. Continuing the gradual recovery, the SWIFT Index forecasts that the EU27 bloc will experience GDP growth of 0.6% by Q2 2013.

For Germany, GDP growth is improving from 0.4% during Q4 2012 to 0.8% at the end of Q1. This trend is set to continue with the SWIFT Index forecasting that the German economy will reach 0.9% growth by Q2 2013.

Despite that the US economy should grow at a slightly lower rate in Q2 as the SWIFT Index forecasts a US GDP growth rate of 1.3%, they are still a positive contributor to the OECD/Global moderate recovery.

SWIFT payments volumes predict that collectively, that OECD growth will remain flat in Q2 from 1.1% year-on-year GDP growth in Q1 2013. The recovery from the decreasing trend that started during the second half of 2010 will be gradual and probably gain momentum during the second half of 2013.

"Utilising our own algorithm based on OECD data and SWIFT payments volumes, the SWIFT Index forecasts adjust accordingly on a monthly basis", commented Andre Boico, Head of Pricing & Analytics, SWIFT. "Varying marginally from the February Index, the March Index indicates that the US economy will grow at a slower rate than previously forecast due to weaker than expected March payments volumes. However, the OECD countries and the UK economy in particular, will continue to experience strong GDP growth in 2013."

Notes to the editor:

Below, you can find a summary table of the GDP estimates derived from the SWIFT Index and the forecast trend compared to the last actual figure (Q4-2012).

Region/ Country	***Q4-2012 vs. Q1-2012 (Year-on-Year %)***	***Q1-2013 vs. Q1-2012 (Year-on-Year %)***	***Q2-2013 vs. Q2-2012 (Year-on-Year %)***	***Forecast Q2-2013 Trend***	
	GDP Actual [(1)] (published by OECD)	*GDP Nowcast*	*GDP Forecast*	*Direction[(2)]*	*Rate of change[(3)]*
OECD	*0.8%*	*1.1%*	*1.1%*	*Growing*	*Flat*
EU27	*-0.6%*	*0.4%*	*0.6%*	*Moderate Growth*	*Slightly faster*
US	*1.7%*	*1.5%*	*1.3%*	*Growing*	*Slightly slower*
UK	*0.2%*	*1.3%*	*1.6%*	*Growing*	*Faster*
Germany	*0.4%*	*0.8%*	*0.9%*	*Moderate Growth*	*Slightly faster*

Dictionary of terms:

(1) Published by OECD & downloaded on 12 April 2013.

(2) Direction: sign of the GDP forecast figure. Positive growth rate (>0%) is equivalent to 'Growing'. Negative growth rate (<0%) is equivalent to 'Contracting'. Flat is used when GDP shows no change at 0%.

(3) Rate of change: we compare the GDP growth rate forecast (here Q2-2013) to the last known actual (Q4-2012). If the forecasted GDP growth rate is higher than the last actual, then the "rate of change" can be 'Faster',' Slightly Faster' or 'From Contracting' (if there is a change in sign from negative growth to positive growth). If the forecasted GDP growth rate is lower than the last actual, then the "rate of change" can be 'Slower', 'Slightly Slower' or 'From Growing' (if there is a change in sign from positive growth to negative growth).

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About SWIFT Index

Part of the Business Intelligence portfolio, the SWIFT Index provides quantitative fact-based Business Intelligence aggregated from SWIFT data on payments traffic and can be used to derive an early forecast of GDP growth on a monthly basis. The SWIFT Index utilizes Year-on-Year data to calculate GDP growth to deseasonalize annual variations in volumes and highlight economic trends of relevance.

As announced in October 2012, SWIFT can now offer an Index for UK, Germany, US and EU27 in addition to the World Index and OECD Index. These four new additional indices will support business decision-making in these major economies and will act as leading indicators of national and regional GDP growth. SWIFT is able to forecast GDP growth through a methodology that has been validated by academic experts from the Centre for Operations Research and Econometrics (CORE – Université Catholique de Louvain, Belgium).

The SWIFT Business Intelligence (BI) portfolio offers clients a suite of intuitive tools including analytics, insights and economic indicators, designed to grow with a customer's business needs.

For further information about the SWIFT Index and its methodology, please visit www.swift.com/swiftindex.

About SWIFT

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 10,000 banking organisations, securities institutions and corporate customers in 212 countries and territories. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies. SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest.

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