After a calm summer, what comes next?

The summer months have provided a relatively peaceful season in macroeconomic and financial terms. Unlike previous years (the memory of 2015's turbulent August still reverberates, when a badly explained decision regarding China's foreign exchange policy led to a period of intense financial volatility that continued until October), in July and August financial volatility remained contained. This is a logical response to a battery of macroeconomic data that essentially confirms a scenario of slight global economic acceleration (3.2% world growth in 2016 compared with 3.1% in 2015), moreover occurring in a clearer context as far as two key elements are concerned: the future path of US monetary normalisation and the economic consequences of Brexit. The latest messages from the Federal Reserve (Fed) point more decisively towards a second hike in the benchmark interest rate this year. With regard to Brexit, European economic indicators suggest that, so far, its negative impact appears to be essentially limited to the British economy.

The emerging economies appear to be following the expected path. This more constructive view taken by investors is also based on the fact that the indicators posted by the emerging economies have tended to be positive. The Asian emerging economies appear to be performing well (China grew by 6.7% in 2016 Q2 and India by 7.1%) and, with the exception of Brazil, Latin America is also stabilising. These dynamic figures reinforce the CaixaBank Research forecast that, in 2016, the emerging countries will grow significantly more than the 4% achieved in 2015. In response to this flow of indicators, and within a global financial context of investors clearly searching for yield, financial capital inflows towards the emerging countries have tended to pick up over the last few months. This is important news but it should also be noted that there are still doubts regarding their sustainability, especially as the time approaches for the Fed to once again tighten up its monetary conditions.

The outlook is positive but contained in the advanced economies, with the US exemplifying this situation. Although its growth figures for Q2 were slightly worse than expected, both the composition (a bad trend in stock is the main reason for the relative lack of dynamism in GDP) and the fact that support factors are still active (in particular, monetary conditions and lower oil prices than a year ago) suggest that the second half of 2016 will see an acceleration. The temporary nature of this slowdown, the upward outlook for inflation and the solidity of the labour market fully justify the Fed making a move at the end of the year. For its part Japan had a disappointing Q2 with zero quarter-on-quarter growth. Given this situation, it has been speculated that, after the new fiscal stimuli approved in July, the BoJ might extend its rate of quantitative easing in September although there are many doubts regarding the effectiveness of this means of stimulating economic growth. In Europe, and as mentioned above, the latest indicators are confirming the CaixaBank Research scenario that Brexit will have a localised impact: relatively strong in the UK but weak in the rest of the EU. One factor that is contributing to this moderate effect is the fact that, before the shock, the euro area was already in a reasonably dynamic phase of expansion (judging by the Old Continent's standards). Growth was 0.3% quarter-on-quarter (1.6% year-on-year) in 2016 Q2, with a particularly positive tone for Germany and Spain.

Positive momentum for the Spanish economy. Spain actually outperformed all its neighbours in terms of rates of growth, up by 0.8% quarter-on-quarter (3.2% year-on-year) in Q2 thanks to robust domestic demand via private consumption (supported by strong job creation) and investment. It should also be noted, and this is new, that the foreign sector contributed positively to the rise in GDP in Q2, a result of exports performing brilliantly (their quarter-on-quarter growth is the highest since 1997) and a certain moderation in imports. With regard to other economic areas, we should also note that inflation is recovering rapidly, as had been expected, due to the disappearance of the base effect caused by the slump in oil prices at the end of 2015 and beginning of 2016. Another dimension that is also getting back to normal is banking activity. The results of the stress tests carried out by the European Banking Authority and the ECB, announced in July, confirmed that Spain's banking sector is more solvent and resilient than in previous years, helping to boost the supply of credit: in June, consumer credit and loans to buy housing grew by 14% and 38% year-on-year, respectively. CaixaBank Research expects a very gradual slowdown for the coming quarters, with a 3.1% rise in GDP in 2016 and 2.4% in 2017. Given this favourable situation, the main task facing the country is to tackle fiscal consolidation more decisively, as witnessed by the difficulty in achieving its successive public deficit targets.