

US GDP rebounds in second quarter

AGENCIES

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US economic growth rebounded more than expected in the second quarter, but that grossly overstated the economy's health as subsidising imports accounted for the bulk of the improvement and domestic demand increased moderately.

Gross domestic product increased at a 3.0 per cent annualised rate last quarter, the Commerce Department's Bureau of Economic Analysis said in its advance estimate of second-quarter GDP on Wednesday. The economy contracted at a 0.5 per cent pace in the January-March quarter, the first GDP decline in three years.

The main GDP figure was heavily distorted by trade as was the case in the first quarter. Economists say President Donald Trump's protectionist trade policy, including sweeping tariffs on imports as well as delaying higher duties, has made it difficult to get a clear pulse on the economy.

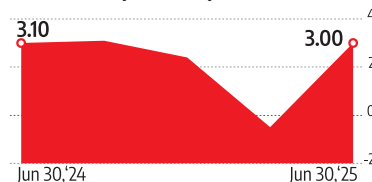
Economists urged focusing on final sales to private domestic purchasers, viewed by economists and policy-makers alike as a barometer of underlying US economic growth. This measure grew at a 1.2 per cent rate after advancing at a 1.9 per cent rate in the first quarter. That was the slowest increase in domestic demand since the fourth quarter of 2022.

A rush to beat the duties boosted imports in the first quarter, resulting in a record goods trade deficit that weighed on the economy. That trend reversed last



Bouncing back

US real GDP (Q-o-Q %)



Source: Bloomberg

quarter. Imports are a subtraction in the calculation of GDP.

A Reuters survey of economists had forecast GDP rebounding at a 2.4 per cent annualised rate.

Europe economy sees 0.1% growth

Europe's economy barely grew in the April-June quarter as frantic earlier efforts to ship goods ahead of new US tariffs went into reverse and output fell for the continent's biggest economy, Germany.

GDP grew an anemic 0.1 per cent compared to the previous quarter in the 20 countries that use the euro currency, the EU statistics agency Eurostat reported. Growth was 1.4 per cent over the same quarter a year ago.