

Quarterly Spanish National Accounts. Base 2000

First quarter of 2010

Quarterly National Accounts (GDP)

Latest data	Year-on-year growth rate	Quarter-on-quarter growth rate
First quarter of 2010	-1.3	0.1

Main Results

- The Spanish economy registers an interannual decrease of 1.3% in the first quarter of 2010, that is, 1.8 points less than the previous quarter.
- Quarter-on-quarter growth stands at 0.1%, two tenths higher than that recorded the previous quarter. This growth is positive for the first time since the first quarter of 2008.
- The annual and quarterly growth data coincides with that published in the Advance Estimate of the Quarterly National Accounts published last 12 May.
- The negative contribution of domestic demand to aggregate growth decreases two points and eight tenths (from -5.3 to -2.5 points), while foreign demand lessens its contribution to quarterly GDP one point (from 2.2 to 1.2 points).
- Employment in the economy drops at a rate of 3.6%, indicating a net reduction of almost 652 thousand full-time jobs in one year. In terms of hours actually worked, the rate of decrease stands at 2.8%*.
- Unit labour cost growth quickens two tenths to 0.1%, still remaining three tenths below the GDP deflator.

* Note: For the first time in this base 2000 accounting series, the Quarterly Spanish National Accounts provides information on the evolution of employment in terms of hours effectively worked, information required by the Regulation of the European System of National and Regional Accounts.

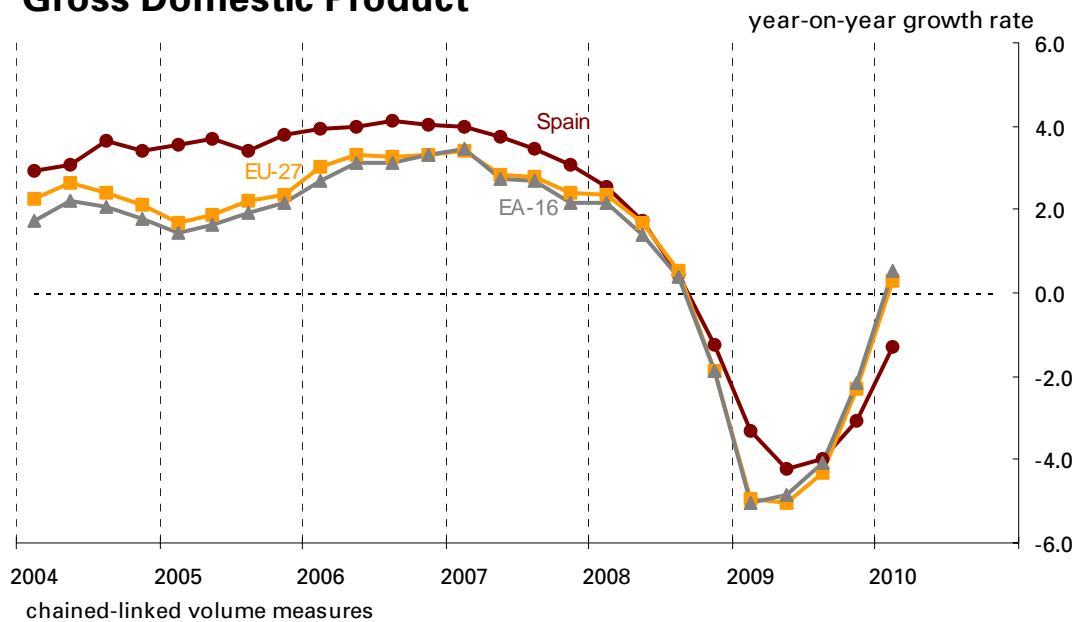
Gross Domestic Product¹ (GDP) generated by the Spanish economy during the first quarter of 2010 registered a 1.3% decrease, as compared with the same period the previous year², one point and eight tenths lower than that estimated for the previous period. Therefore the rate of contraction of the Spanish economy continued to slow down.

In quarter-on-quarter terms, GDP grew at a rate of 0.1%, two tenths higher than that recorded the previous quarter and a positive figure, for the first time since the first quarter of 2008.

Therefore, the accumulated contraction of Spanish GDP, in real terms, during the period of recession of the economy was 4.6%.

On analysis of the European sphere, both the European Union as a whole (0.3%) and the Eurozone (0.5%) presented positive interannual growth in the first quarter, derive from the favourable performance of their largest economies. Thus, with the exception of the United Kingdom (-0.3%), the rest of the countries registered positive interannual rates in this quarter. The greatest growth was in Portugal (1.7%), Germany (1.5%) and France (1.2%), whereas in Italy (0.6%), Austria (0.5%) and Holland (0.1%), the increases were more moderate.

Gross Domestic Product

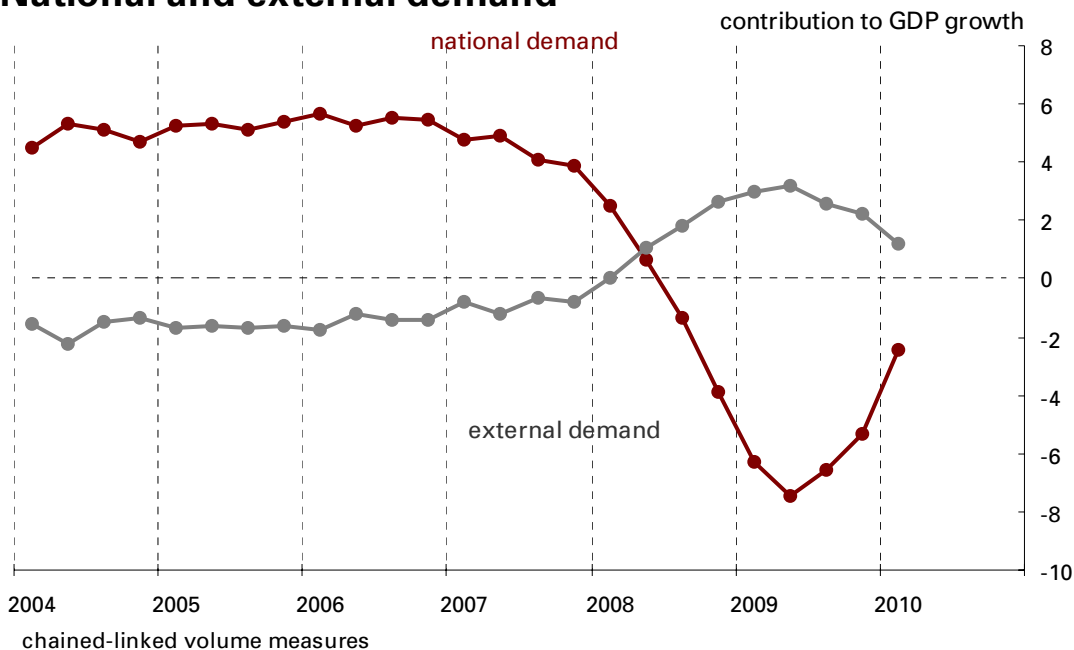


On analysing the two large components of Spanish GDP from the perspective of expenditure, on the one hand, domestic demand reduced its negative contribution to GDP by one point and eight tenths this quarter, from -5.3 to -2.5 points, whereas, conversely, foreign demand reduced its positive contribution to aggregate growth, from 2.2 to 1.2 points.

¹ Chain-linked volume measures, referring to the year 2000.

² Data adjusted for seasonal and calendar effects.

National and external demand



Demand. Chained-linked volume measures. Year-on-year growth rates

	2008				2009				2010
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	2.5	1.7	0.5	-1.2	-3.3	-4.2	-4.0	-3.1	-1.3
Household final consumption expenditure	2.1	0.2	-1.3	-3.3	-5.5	-6.0	-5.0	-3.5	-0.6
Final consumption expenditure of NPISHs	1.6	0.6	-0.3	1.1	1.8	3.5	4.0	3.1	1.4
Final consumption expenditure by government	4.6	5.1	5.8	6.3	6.0	4.7	4.1	0.8	1.5
Gross fixed capital formation	1.4	-1.9	-6.0	-10.9	-14.9	-17.0	-16.0	-12.9	-9.9
- Equipment	5.0	2.9	-3.0	-11.6	-24.0	-28.3	-23.8	-15.3	-2.5
- Construction	-0.5	-4.1	-7.2	-10.2	-11.3	-11.6	-11.4	-10.2	-10.6
- Other products	2.4	-1.2	-6.1	-11.8	-13.2	-17.6	-19.9	-18.5	-17.5
Changes in inventories and acquisitions less disposals of valuables (*)	0.1	0.2	0.2	0.1	0.1	0.0	0.0	0.1	0.0
NATIONAL DEMAND (*)	2.5	0.6	-1.4	-3.9	-6.3	-7.4	-6.6	-5.3	-2.5
Exports of goods and services	3.9	2.4	-2.9	-7.1	-16.6	-14.7	-10.8	-2.9	8.0
Imports of goods and services	3.1	-1.3	-7.6	-13.5	-22.3	-21.7	-17.0	-9.6	2.6

(*) Contribution to GDP growth

Domestic Demand

As in the fourth quarter, the least contracting behaviour of **domestic demand** in this period was shared by its two main aggregates, final household consumption expenditure and gross fixed capital formation, although the latter continued to register negative rates.

Household final consumption expenditure reduced its negative growth almost three points, from -3.5% to -0.6%, as a result of the evolution shown by its disposable income. In fact, the decreased reduction in the level of employment determined that employee remuneration, the main household income resource, continued to slow its decrease (from -2.7% to -1.2% nominally this quarter). Likewise, the indicators for monitoring the volume of consumption expenditure showed a more favourable performance than in previous quarters, also in line with consumer confidence, which was slightly less negative than last quarter.

On an aggregate level, all the components of household expenditure registered more favourable results in this quarter than in the previous one. Due to their dynamism, of note was expenditure on durable goods and, to a lesser extent, food, whereas other types of expenditure (non-durable goods, semi-durable goods and services) maintained negative growth, albeit less intense than in the fourth quarter.

Final consumption expenditure of the Public Administrations quickened its growth seven tenths to 1.5% in this first quarter, in line with the rate of progress both of employee remuneration of the Public Administrations, and with the amount of purchases of goods and services for the sector and of social transfers of products acquired on the market for directly supplying households.

Gross formation of fixed capital slowed its interannual decrease three points, from -12.9% to -9.9%. By its main components, a notable recovery was observed for capital goods, an improvement in investment in other products and, conversely, accentuation of the contraction of construction.

Indeed, investment in **capital goods** significantly slowed its decrease this quarter (from -15.3% to -2.5%), consistent with its monitoring indicators. Thus, both industrial production (already showing positive rates in March) and imports of this type of goods and, particularly, turnover in the equipment industry, showed more favourable evolution than in the previous quarter. On analysis of its two main components, investment in machinery (-3.8%) continued to register negative rates, whereas transport material (0.0%) stabilised its interannual evolution.

On the other hand, the rate of progress of gross formation in **construction** decreased four tenths in the first quarter, reaching a growth rate of -10.6%, primarily as a result of the less favourable evolution of construction in infrastructures. In fact, by the different types of construction, building of housing continued to register the worst results, albeit somewhat less negative than in the previous quarter (-20.7% as compared with -24.5% for the previous quarter). Nevertheless, other constructions, after four quarters of growth during 2009, registered a negative rate in this quarter (-2.8% as compared with 2.4% for the previous quarter), as a result of the reduced rate of progress for construction in infrastructures.

Lastly, the gross formation of fixed capital in **other products** decreased 17.5% in the first quarter, one point less than in the previous quarter (-18.5%).

Foreign demand

The contribution of the net **foreign demand** of the Spanish economy to quarterly GDP decreased one point, from 2.2 to 1.2 points. Both exports and imports of goods and services registered positive growth rates, something that has not happened since the first half of 2008, and more intensely in the case of exports than in the case of imports.

Exports of goods and services accelerated their growth, from -2.9% to 8.0%, in line with the improved evolution of domestic demand of the countries to which these exports are sent, that is, fundamentally the European Union. In the case of the export of goods, the acceleration was more intense (from 1.3% to 13.0%), and in the export of services, the negative rates were reduced considerably, both in non-tourist services (from -15.1% to -1.6%), and in tourist expenditure of non-residents (from -5.5% to -0.2%).

Lastly, **imports** of goods and services also accelerated their interannual growth, from -9.6% to -2.6%. As with exports, the goods component was the most dynamic (from -7.7% to 5.3%), whereas imports of services still registered negative growth rates (-7.3% in the case of non-tourist services and -1.7% in the case of purchases by residents in the rest of the world).

Supply

From the perspective of supply, the gross added value of all of the branches of activity, on an aggregate level, registered a negative growth rate. Nevertheless, the evolution of the industrial and energy branches, as well as services, was more favourable than the previous quarter.

Supply. Chained-linked volume measures. Year-on-year growth rates

	2008				2009				2010
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	2.5	1.7	0.5	-1.2	-3.3	-4.2	-4.0	-3.1	-1.3
Agriculture and fishing	-0.1	-0.1	-0.1	-3.0	-3.0	-2.5	-2.2	-1.9	-2.9
Energy and industry	2.3	0.0	-2.2	-6.2	-14.1	-15.6	-14.2	-10.5	-3.1
- Energy	3.8	4.0	2.4	-2.4	-7.6	-9.3	-7.6	-8.3	0.3
- Industry	2.1	-0.7	-3.0	-6.9	-15.3	-16.7	-15.5	-10.9	-3.7
Construction	0.6	-0.2	-1.5	-4.3	-5.8	-6.7	-6.8	-5.8	-5.9
Service activities	3.5	2.9	1.8	0.7	-0.3	-1.3	-1.3	-1.1	-0.2
- Market services	3.2	2.3	1.2	-0.1	-1.3	-2.6	-2.4	-1.8	-0.7
- Non-market services	4.5	5.1	4.2	3.6	3.0	3.3	2.8	1.2	1.4
Taxes less subsidies on products	0.1	-0.4	-1.8	-2.0	-1.6	-2.3	-2.4	-1.5	-0.6

In fact, the gross added value of the **industrial branches** reduced its drop by almost seven-and-a-half points this quarter, from -10.5% to -3.1%, in line with the evolution of both industrial production and the intermediate consumption of these activities. On analysing the different industrial branches, it could be observed that this improvement was produced in both the manufacturing and the energy branches. Thus, in the case of the **manufacturing industry**, the significant improvement in the turnover growth rate and in that of production of durable consumer goods and of capital goods determined that the added value of these activities slow their decrease, from -10.9% to -3.7%. In turn, the added value of the **energy branches** registered positive interannual rates this quarter, accelerating their growth from -8.3% to 0.3%.

The gross added value of **construction** accelerated its contraction one tenth, standing at an interannual variation of -5.9%, along the lines of the evolution of the production and the intermediate consumption of the activity. The main factors leading to this result were the same as those mentioned above in the section on demand, that is, the more unfavourable situation of construction in infrastructures, and the negative registers of residential construction.

For the second consecutive quarter, the activity in the **services branches** presented a more favourable performance, with its added value decreasing nine tenths less than the previous period (from -1.1% to -0.2%), this evolution being shared by both the market branches, which rose from -1.8% to -0.7%, and the non-market branches, which went from 1.2% to 1.4%.

Most of the branches of market services presented an evolution that was more favourable than in the previous quarter, even though many of them registered negative growth rates in their added value, in line with the results of the services sector activity indicators. As in the case of previous quarters, a more dynamic performance was observed in trade branches, particularly regarding sales of motor cars and motorcycles, in line with the final consumption expenditure of this type of good. Conversely, information and communications technologies activities, as well as services provided to companies, continued to record the most negative values.

Lastly, the primary branches once again accelerated their contraction this quarter, with their added value decreasing one point more than the previous period (from -1.9% to -2.9%), in line with the evolution of agricultural and livestock activity, which registered an especially

negative impact as a result of the unfavourable short-term weather conditions during the quarter.

Employment

Employment, measured in terms of full-time equivalent job posts, reduced its decrease two-and-a-half points, from -6.1% to -3.6%. This result indicated a decrease of almost 652 thousand net full-time jobs in one year. With the exception of non-market services, the level of employment decreased in all activities, on an aggregate scale, although it could be observed that this decrease was lower than in the previous quarter.

Employment. Full-time equivalent jobs. Year-on-year growth rates

	2008				2009				2010
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
Total	1.5	0.3	-1.0	-3.2	-6.3	-7.2	-7.2	-6.1	-3.6
Agriculture and fishing	-4.1	-3.1	-2.5	-3.3	-3.3	-3.6	-4.4	-3.5	-0.3
Energy and industry	0.7	0.8	-0.8	-4.9	-10.3	-12.1	-12.8	-9.9	-7.2
Construction	-1.0	-6.4	-12.3	-20.2	-26.3	-25.2	-23.4	-17.9	-16.2
Service activities	2.6	1.8	1.4	0.7	-1.5	-2.8	-3.1	-3.4	-1.1
- Market services	3.4	2.2	1.9	0.3	-2.6	-4.6	-5.1	-5.0	-2.3
- Non-market services	0.3	0.7	0.3	1.6	1.4	1.9	2.4	0.9	2.0
Employees	1.5	0.2	-1.1	-3.6	-6.3	-7.1	-7.0	-5.6	-3.6
Agriculture and fishing	-3.8	-1.3	-1.5	0.6	0.6	-1.0	-2.8	-4.5	2.7
Energy and industry	0.8	1.0	-0.7	-5.0	-10.3	-12.2	-12.7	-9.5	-7.1
Construction	-1.0	-7.1	-12.9	-22.1	-28.4	-26.3	-24.2	-18.1	-17.1
Service activities	2.4	1.6	1.2	0.4	-1.1	-2.3	-2.6	-2.7	-1.1
- Market services	3.4	2.0	1.7	-0.1	-2.2	-4.3	-4.9	-4.4	-2.5
- Non-market services	0.3	0.7	0.3	1.6	1.4	1.9	2.4	0.9	2.0

The rate of decrease of the number of hours actually worked by employed persons in the economy was lower, dropping from -5.7% to -2.8%.

The joint consideration of the growth of quarterly GDP, and the data on employed persons, yielded that the interannual variation of **apparent productivity per equivalent job post** decreased from 3.2% to 2.4%. Likewise, the growth of **apparent productivity per hour actually worked** dropped from 2.8% to 1.5%.

GDP at current prices and implicit deflator

GDP valued at current prices registered an interannual decrease of 0.9% in the first quarter of 2010, slowing its contraction by 2.4 points. As a result, the growth of the implicit **deflator** of the economy reached 0.4%, six tenths higher than the previous quarter, and once again positive, after two quarters in which it registered negative interannual variations.

Demand and supply. Current prices. Year-on-year growth rates

	2008				2009				2010
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	5.6	4.6	3.1	0.5	-1.9	-4.1	-4.5	-3.3	-0.9
Household final consumption expenditure	6.3	4.3	2.6	-0.7	-5.3	-7.3	-6.6	-3.3	0.8
Final consumption expenditure of NPISHs	5.7	4.2	3.2	4.6	4.7	6.1	5.9	4.6	2.8
Final consumption expenditure by government	9.5	9.6	9.0	8.4	7.6	6.3	4.8	2.7	2.9
Gross fixed capital formation	3.6	0.3	-4.5	-10.8	-16.5	-20.1	-20.0	-16.3	-10.4
- Equipment	7.6	5.0	-1.4	-10.6	-23.9	-28.9	-24.7	-16.4	-2.0
- Construction	1.9	-1.8	-5.8	-10.9	-14.2	-16.4	-17.1	-15.0	-11.9
- Other products	3.8	0.4	-4.5	-11.0	-13.5	-19.5	-22.3	-20.3	-16.6
Changes in inventories and acquisitions less disposals of valuables (*)	0.1	0.2	0.2	0.2	0.1	0.0	0.0	0.1	0.1
NATIONAL DEMAND (*)	6.6	4.5	2.0	-2.0	-6.4	-8.8	-8.4	-5.7	-1.5
Exports of goods and services	6.3	5.5	1.1	-4.3	-16.8	-16.2	-15.3	-6.7	8.2
Imports of goods and services	7.9	4.1	-2.5	-10.6	-26.9	-27.5	-24.7	-13.5	4.9
GROSS DOMESTIC PRODUCT at market prices	5.6	4.6	3.1	0.5	-1.9	-4.1	-4.5	-3.3	-0.9
Agriculture and fishing	6.7	7.7	-5.4	-10.3	-3.2	-8.9	-9.7	-5.8	-2.8
Energy and industry	7.5	5.6	2.9	-2.2	-11.4	-14.3	-14.7	-10.4	-2.9
Construction	4.2	3.0	3.0	-3.1	-5.0	-7.6	-9.8	-8.6	-8.0
Service activities	8.3	7.8	6.8	5.3	3.9	2.1	0.9	0.2	0.8
- Market services	8.1	7.5	6.5	4.7	3.3	1.0	-0.3	-0.7	0.2
- Non-market services	9.1	9.0	7.9	7.4	5.8	6.2	5.0	3.4	2.9
Taxes less subsidies on products	-11.2	-14.3	-16.7	-18.9	-19.9	-24.5	-19.0	-10.7	-1.5

(*) Contribution to GDP growth

Income

Considering the primary distribution of income, employee remuneration decreased its negative growth rate one-and-a-half points, from -2.7% to -1.2%, as a result of the slowdown in the decrease in number of employees (from -5.6% to -3.6%), somewhat compensated by the slowdown in average remuneration (from 3.1% to 2.5%). Thus, the labour cost per product unit accelerated two tenths to 0.1%, three tenths below the implicit deflator of the economy.

Income. Current prices. Year-on-year growth rates

	2008				2009				2010
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	5.6	4.6	3.1	0.5	-1.9	-4.1	-4.5	-3.3	-0.9
Compensation of employees	7.6	6.6	5.0	2.1	-2.5	-3.2	-3.9	-2.7	-1.2
Unit Labor Cost (ULC)	4.9	5.0	4.7	3.8	0.9	0.9	-0.1	-0.1	0.1
Compensation per employee	6.0	6.4	6.2	6.0	4.1	4.2	3.3	3.1	2.5
Productivity per worker	1.1	1.4	1.4	2.1	3.2	3.2	3.4	3.2	2.4
Salary rate	0.0	-0.1	-0.1	-0.4	0.0	0.1	0.2	0.5	0.0
Gross operating surplus / Gross mixed income	7.5	6.8	5.8	2.9	2.6	-0.8	-2.9	-2.7	-0.5
Net taxes on production and imports	-10.6	-13.0	-16.8	-18.4	-19.0	-24.3	-17.0	-9.7	-0.9

Gross operating surplus and mixed income experienced a reduction in their contraction to -0.5%, and lastly, taxes on production and net imports of subsidies slowed their rate of decrease to -0.9%.

Regarding the contributions of these operations to the growth of the implicit GDP deflator, it was observed that all of the growth of said deflator could be explained by the operating surplus and mixed income, given that neither employee remuneration nor net taxes on production and imports contributed anything to the growth of the deflator.

Income. Components of the GDP deflator. Contributions

	2008				2009				2010
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	3.0	2.8	2.6	1.7	1.5	0.2	-0.6	-0.2	0.4
Compensation of employees	2.3	2.3	2.2	1.7	0.4	0.5	0.1	0.2	0.0
Unit Labor Cost (ULC)	2.3	2.4	2.3	1.9	0.4	0.5	0.0	-0.1	0.0
Compensation per employee	2.8	3.0	2.9	2.8	2.0	2.0	1.6	1.5	1.2
Productivity per worker	-0.5	-0.7	-0.7	-1.0	-1.6	-1.6	-1.7	-1.6	-1.2
Salary rate	0.0	-0.1	-0.1	-0.2	0.0	0.1	0.1	0.2	0.0
Gross operating surplus / Gross mixed income	2.0	2.1	2.2	1.8	2.6	1.5	0.5	0.2	0.4
Net taxes on production and imports	-1.4	-1.6	-1.8	-1.7	-1.5	-1.9	-1.1	-0.5	0.0

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Press Office: Telephone numbers: 91 583 93 63 / 94 08 – Fax: 91 583 90 87 - gprensa@ine.es

Information Area: Telephone number: 91 583 91 00 – Fax: 91 583 91 58 – www.ine.es/infoinees/infoine