Instituto Nacional de Estadística

Press Release

26 August 2011

Quarterly Spanish National Accounts. Base 2000

Second quarter of 2011

Quarterly National Accounts (GDP)

Latest data	Year-on-year growth rate	Quarter-on-quarter growth rate
Second quarter of 2011	0.7	0.2

Main results

- The Spanish economy registers an **interannual increase of 0.7%** in the second quarter of 2011, two tenths less than the previous quarter.

- Quarter-on-quarter growth stands at 0.2%, two tenths lower than that recorded the previous quarter.

- The annual and quarterly growth data coincides with that published in the Advance Estimate of the Quarterly National Accounts, published on 16 August.

- The annual and quarterly growth data for the first quarter of 2011 is upwardly revised one tenth. Thus, interannual growth for said period stands at 0.9%, and quarter-on-quarter growth at 0.4%.

- The negative contribution to aggregate growth of **domestic demand** extends one-and-a-half points this quarter to **–1.9 points**, whilst **foreign demand** doubles its contribution to quarterly GDP (**from 1.3 to 2.6 points**).

- **Employment** in the economy **decreases at a rate of 1.0%**, four tenths less than the first quarter, indicating a net reduction of 172 thousand full-time jobs in one year. In terms of hours actually worked, the rate of decrease stands at a rate of 1.7%.

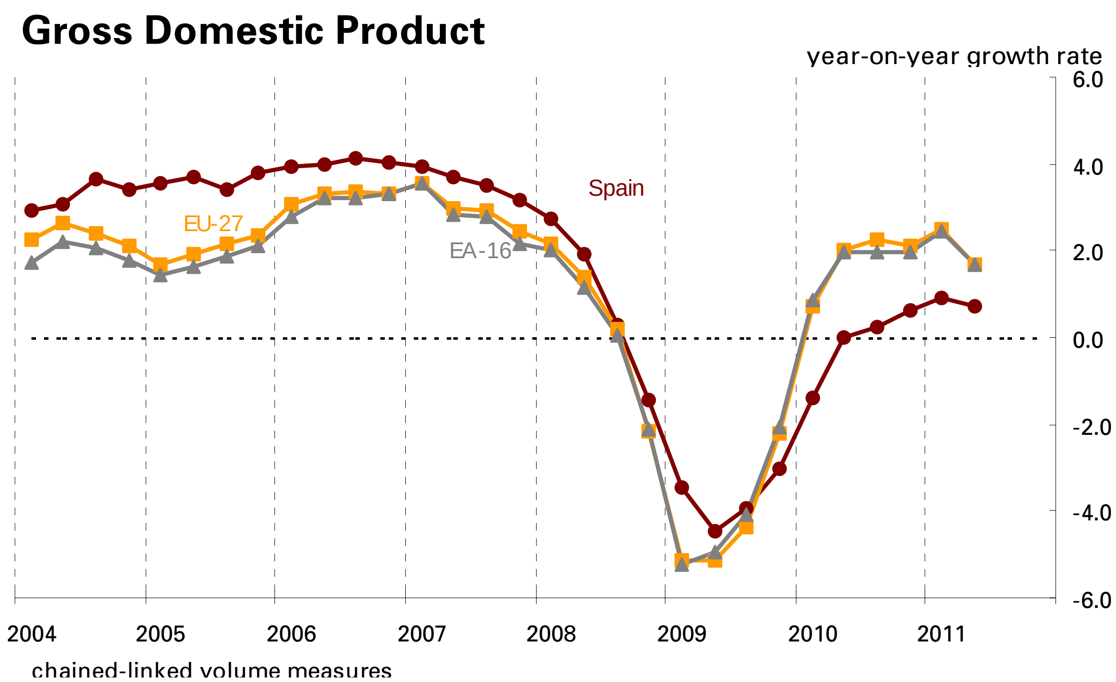
- The decrease in **unit labour cost** stabilises at **–1.5%**, standing at three-and-a-half points below the implicit deflator of GDP.

Gross Domestic Product[1] (GDP) generated by the Spanish economy during the second quarter of 2011 registered a 0.7% growth rate as compared with the same period of the previous year[2], two tenths lower than that estimated for the previous period. Thus, the Spanish economy slowed its interannual growth slightly, with the foreign sector remaining as the main driving force behind growth.

In quarter-on-quarter terms, GDP grew at rate of 0.2%, two tenths lower than that recorded the previous quarter.

Data for the first quarter was upwardly revised one tenth. Thus, interannual growth stood at 0.9%, and quarter-on-quarter growth at 0.4%.

Regarding Europe, both the European Union as a whole and the Euro-zone moderated their interannual growth rate significantly, from 2.5% to 1.8%. This lower growth behaviour was commonly observed in the main European economies, with the exception of Austria. Thus, the greatest slow-down of GDP was in Germany (from 4.6% to 2.8%), followed by the Netherlands (from 2.8% to 1.5%), the United Kingdom (from 1.6% to 0.7%) and France (from 2.1% to 1.6%). Similarly, Italy registered a slow-down of two tenths (from 1.0% to 0.8%), similar to Spain. Lastly, Austria was the only important economy of the European Union in which GDP quickened (from 3.9% to 4.1%)



On analysing the Spanish GDP from the perspective of expenditure, an increase was observed this quarter in the negative behaviour of domestic demand, along with a greater contribution of the foreign sector to aggregate growth. Thus, the contribution of domestic demand to GDP reached –1.9 points, one-and-a-half points more negative than in the previous quarter, and foreign demand doubled its contribution to growth, from 1.3 to 2.6 points.

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[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

	2010				2011	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	**-1.4**	**0.0**	**0.2**	**0.6**	**0.9**	**0.7**
Household final consumption expenditure	-0.3	2.2	1.5	1.7	0.7	-0.2
Final consumption expenditure of NPISHs	0.6	1.1	0.4	-0.4	1.1	1.3
Final consumption expenditure by government	-1.1	-0.1	-0.7	-0.9	2.6	-1.0
Gross fixed capital formation	-10.5	-6.7	-6.7	-6.1	-6.0	-6.7
- Equipment	-4.6	8.7	2.4	1.2	0.3	-3.7
- Construction	-11.3	-11.3	-11.2	-10.6	-10.4	-9.3
- Other products	-15.8	-11.0	-3.0	-1.5	-0.4	-2.7
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	0.1	0.1	0.1	0.0	-0.1
NATIONAL DEMAND (*)	-3.0	-0.3	-0.7	-0.6	-0.4	-1.9
Exports of goods and services	9.4	11.9	9.4	10.5	12.1	8.4
Imports of goods and services	2.0	9.6	5.0	5.3	6.3	-1.7

(*) Contribution to GDP growth

Domestic demand

The operations comprising the macroeconomic chart from the perspective of demand showed, on an aggregated scale, less interannual growth this quarter than in the previous one. Thus, final consumption expenditure of households decreased its interannual growth nine tenths, investment in fixed capital decreased seven tenths, and expenditure by public administrations decreased by more than three-and-a-half points.

Indeed, **household final consumption expenditure** decreased its interannual growth in this quarter, from 0.7% to –0.2%, and was negative for the first time since the first quarter of

2010. Behind this unfavourable result was the fact that the comparison was made with a period in 2010, in which the maximum for the expenditure cycle was reached, probably due to the advance shopping carried out by households prior to the increase in Value Added Tax rates. Nonetheless, compensation of employees, the main resource of households for dealing with consumption expenditure, still experienced negative growth, indeed, one tenth more than in the previous quarter (from –0.4% to –0.5%).

On analysis of the different components, consumption of goods continued to show a more slowed rate, especially in the case of durable goods (vehicle registrations have recorded ongoing decreases of between 25% and 30% for the last year).

Regarding expenditure in economic territory (domestic consumption), the slow-down recorded by household consumption was lower, and growth was positive (from 1.0% to 0.5%). This fact came about as a result of the increase in tourist activity, which translated into a very significant increase in expenditure by non-residents.

Final consumption expense of Public Administrations recovered negatively in this quarter, from 2.6% to –1.0% interannually, registering a decrease similar to that of the last quarters of 2010. This decrease in expenditure was observed in compensation of employees of Public Administrations and, in particular, in purchases of goods and services by these administrations.

The **gross formation of fixed capital** increased its contraction this quarter by seven tenths, from –6.0% to –6.7%. The interannual rate of its three components, on an aggregated scale, was negative, less intense in the case of capital goods and the other products, than in the case of construction, although the trend of the latter continued to show a slightly positive gradient.

The demand for investment in **capital goods** decreased its growth four points in this period, from 0.3% to –3.7%, a negative register following four quarters in which it had experienced positive growth. This result was brought about as a result of the unfavourable evolution of the Industrial Production Index, of turnover and of imports of this type of goods. Considering the different components, the rate of investment in metallic products and machinery and of transport equipment were practically similar, and coincided in intensity with the estimated rate for the total aggregate.

Conversely, the decrease in the gross formation in **construction** moderated its intensity by more than one point, from –10.4% to –9.3%. Underlying this result was, on the one hand, the less unfavourable behaviour of infrastructure construction in this quarter and, on the other hand, the slow but continuous evolution of construction of housing which, although it registered negative interannual growth, the latter were increasingly more moderate.

Finally, gross formation of fixed capital in **other products** increased its contraction in this quarter, registering a rate of –2.7%, as compared with the –0.4% from the previous quarter.

Foreign demand

The contribution of the net foreign demand of the Spanish economy to quarterly GDP doubled in this period, from 1.3 to 2.6 points. This result was brought about as a result of a slow-down both of exports and of imports, albeit more significant in the case of the latter, which registered negative growth.

Exports of goods and services increased their growth, from 12.1% to 8.4%, in line with the slowed evolution of the countries to which these exports are sent, that is, fundamentally the European Union. In the case of goods, the slow-down was much more intense (from 15.8% to 8.5%). In contrast, exports of non-tourist services increased from 4.3% to 7.7%, and the greatest tourist activity in the quarter led to an increase in the expenditure of non-residents in economic territory, from 4.6% to 9.0%.

Finally, **imports** of goods and services experienced a decrease in growth from 6.3% to -1.7%. The drop was greater in the case of goods (from 7.3% to –1.1%) than in the case of non-tourist services (from 3.6% to –3.3%). Finally, expenditure of non-residents in the Rest of the World decreased 6.9%.

Supply

On analysis of the macroeconomic chart from the perspective of supply, less growth was observed than in the previous quarter in all branches of activity, on an aggregate level, with the exception of the construction branch.

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

	2010				2011	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	**-1.4**	**0.0**	**0.2**	**0.6**	**0.9**	**0.7**
Agriculture and fishing	-1.2	-2.1	-2.2	0.3	0.2	-0.1
Energy and industry	-1.6	2.2	2.3	2.4	3.9	2.8
- Energy	0.1	0.6	4.6	6.6	3.4	0.9
- Industry	-2.0	2.5	1.7	1.4	4.1	3.2
Construction	-6.4	-6.5	-6.6	-5.8	-5.4	-4.1
Service activities	-0.6	0.4	0.8	1.1	1.3	1.2
- Market services	-1.0	0.3	0.9	1.3	1.5	1.4
- Non-market services	0.8	0.9	0.7	0.7	0.8	0.5
Taxes less subsidies on products	-1.0	1.7	0.8	1.0	-0.4	-1.1

In fact, gross added value of the **energy and industrial branches** slowed its growth this quarter, from 3.9% to 2.8%, in line with the decrease in demand, both domestic and foreign, of the goods produced by these branches. On analysis of the different activities comprising the aggregate, the moderation in growth of the **manufacturing industry** was less intense (from 4.1% to 3.2%) than in the case of the **energy branches** (from 3.4% to 0.9%).

Along the lines of the evolution of production and of intermediate consumption of the activity, gross added value of **construction** reduced its contraction more than one point, from –5.4% to –4.1%, although it continued to be the activity with the most intense decrease records in the macroeconomic chart. As was already mentioned in the section on demand, the less unfavourable behaviour of public works and the slight but continued positive gradient observed for building of housing, were the main factors determining this result.

The added value of the **service branches** slowed its growth slightly this quarter, from 1.3% to 1.2%. By its two components, **market services** slowed their added value one tenth (from 1.5% to 1.4%), whereas **non-market services** moderated theirs by three tenths (from 0.8% to 0.5%).

In line with the aforementioned greater consumption demand, the market branches that experienced a more notable growth were, without doubt, those linked to tourist activity, in which worth noting were housing and catering, as well as passenger transport, particularly air transport. Conversely, and in line with the smaller growth in demand for goods, commercial activity, particularly in retail trade, registered a less dynamic behaviour than in the previous quarter.

Lastly, the primary branches decreased growth of added value three tenths, to –0.1%, in accordance with the evolution of both agricultural and livestock indicators.

Employment

Employment, measured in terms of full-time equivalent jobs, reduced its negative interannual growth four tenths, standing at –1.0%. This result indicated a decrease of more than 172 thousand net full-time jobs in one year.

Behaviour between branches of activity, on an aggregated scale, was diverse, as can be observed in the following table. Thus, the market services branches were the only ones to experience positive growth, in line with the aforementioned evolution of activity. All the others registered negative growth, more intense in the case of construction and, to a lesser extent in the remaining branches.

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

	2010				2011	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
Total	**-3.9**	**-2.4**	**-1.6**	**-1.4**	**-1.4**	**-1.0**
Agriculture and fishing	-0.3	-0.6	1.3	4.7	-2.0	-1.5
Energy and industry	-8.2	-4.8	-3.6	-2.1	-2.2	-1.9
Construction	-16.6	-12.0	-9.6	-11.0	-9.2	-10.0
Service activities	-1.3	-0.6	-0.2	-0.2	-0.2	0.4
- Market services	-2.3	-1.6	-0.9	-0.6	-0.3	0.9
- Non-market services	1.5	1.8	1.4	0.8	0.0	-0.6
Employees	**-3.9**	**-2.3**	**-1.3**	**-1.3**	**-1.2**	**-0.7**
Agriculture and fishing	2.7	1.8	8.3	9.6	-0.3	0.3
Energy and industry	-8.4	-4.1	-3.1	-1.4	-1.7	-1.9
Construction	-17.4	-13.5	-11.1	-12.1	-9.6	-9.8
Service activities	-1.1	-0.4	0.1	-0.2	-0.1	0.6
- Market services	-2.3	-1.5	-0.5	-0.7	-0.1	1.2
- Non-market services	1.5	1.8	1.4	0.8	0.0	-0.6

In contrast, the number of hours actually worked by persons employed in the economy decreased 1.7% this quarter. The difference between this evolution and that of full-time equivalent jobs was due to the 0.7% decrease in the average full-time working day.

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 seven tenths, from 2.4% to 1.7%, whereas growth of **apparent productivity per hour actually worked** increased almost two points, from 0.5% to 2.4%.

GDP at current prices and implicit deflator

GDP valued at current prices quickened its interannual growth one tenth, from 2.7% to 2.8% in the second quarter of 2011. As a result, growth of the implicit **deflator** of the economy reached 2.0%, two tenths higher than in the previous quarter.

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

	2010				2011	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	**-0.8**	**0.5**	**1.5**	**2.0**	**2.7**	**2.8**
Household final consumption expenditure	1.6	4.7	4.7	5.3	4.8	3.9
Final consumption expenditure of NPISHs	2.0	2.3	1.9	1.4	3.5	3.7
Final consumption expenditure by government	-0.1	0.6	-1.6	-2.5	2.3	-1.2
Gross fixed capital formation	-10.3	-4.8	-3.9	-3.1	-2.8	-4.4
- Equipment	-3.5	10.7	5.2	4.8	4.4	-0.2
- Construction	-11.8	-10.1	-9.3	-8.7	-8.6	-8.2
- Other products	-14.2	-6.9	2.8	4.8	6.5	2.3
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	0.2	0.2	0.1	0.0	-0.1
NATIONAL DEMAND (*)	-1.7	1.8	1.5	1.9	2.6	1.0
Exports of goods and services	10.1	14.0	13.6	15.1	18.2	12.9
Imports of goods and services	5.3	17.7	12.7	13.7	16.3	5.3
GROSS DOMESTIC PRODUCT at market prices	**-0.8**	**0.5**	**1.5**	**2.0**	**2.7**	**2.8**
Agriculture and fishing	-2.9	-1.1	0.3	5.7	3.3	-2.5
Energy and industry	-2.0	0.3	0.7	5.6	9.2	7.6
Construction	-7.7	-8.3	-7.5	-5.7	-4.9	-3.9
Service activities	0.0	-0.9	-0.5	0.7	2.7	2.9
- Market services	-0.5	-1.6	-0.5	1.4	3.5	4.1
- Non-market services	1.7	1.2	-0.7	-1.7	-0.1	-1.2
Taxes less subsidies on products	5.2	30.1	36.9	16.7	0.8	2.6

(*) Contribution to GDP growth

Income

Regarding the primary distribution of income, compensation of employees increased its contraction one tenth, from –0.4% to –0.5%, as a result of the moderation by six tenths of average remuneration (from 0.8% to 0.2%), partly compensated by an improvement of five tenths in the drop in the number of employees (from –1.2% to –0.7%).

Considering the market or non-market nature of these branches of activity, average remuneration per wage earner moderated its growth from 1.7% to 1.1%, whereas in the case of non-market activities, said indicator registered a less sharper (from –1.7% to –2.1%.

Thus, the labour cost per product unit (ULC) stabilised at –1.5%, three-and-a-half points below the implicit deflator of the economy.

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

	2010				2011	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	**-0.8**	**0.5**	**1.5**	**2.0**	**2.7**	**2.8**
Compensation of employees	-2.3	-0.8	-1.3	-1.7	-0.4	-0.5
Unit Labor Cost (ULC)	-0.9	-0.9	-1.9	-2.3	-1.5	-1.5
Compensation per employee	1.7	1.5	-0.1	-0.4	0.8	0.2
Productivity per worker	2.7	2.5	1.9	2.0	2.4	1.7
Salary rate	0.0	0.2	0.3	0.1	0.2	0.2
Gross operating surplus / Gross mixed income	-0.2	-2.6	-0.5	4.1	6.7	6.4
Net taxes on production and imports	6.0	30.7	34.2	14.1	0.6	3.3

In turn, the gross operating surplus and mixed income slowed their growth three tenths to 6.4%, and lastly, taxes on production and net imports of subsidies recovered their growth, from 0.6% to 3.3%.

Regarding the contributions of these operations to the growth of the implicit GDP deflator, and as can be seen in the following table, the operating surplus and mixed income contributed 2.4 points to the growth of said index and net taxes on production and net imports, two points. As a result, employee remuneration contributed negatively to the growth of the deflator by 0.6 points.

Income. Components of the GDP deflator. Contributions

	2010				2011	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	**0.6**	**0.5**	**1.3**	**1.4**	**1.8**	**2.0**
Compensation of employees	-0.5	-0.4	-0.8	-1.1	-0.6	-0.6
Unit Labor Cost (ULC)	-0.5	-0.5	-0.9	-1.2	-0.7	-0.7
Compensation per employee	0.8	0.8	0.0	-0.2	0.4	0.1
Productivity per worker	-1.3	-1.2	-0.9	-1.0	-1.1	-0.8
Salary rate	0.0	0.1	0.2	0.0	0.1	0.1
Gross operating surplus / Gross mixed income	0.5	-1.1	-0.3	1.5	2.5	2.4
Net taxes on production and imports	0.6	2.0	2.4	1.0	0.0	0.2

Base change of the Spanish National Accounts. Base 2008

From September onwards, the Spanish National Accounts will change its methodological base in order to adopt the year 2008 as a new base reference. This means that all the publications for the annual and quarterly national accounts, as well as the regional accounts, will be compiled in accordance with the new methodological base, as of that date.

These base change operations, carried out regularly in the national accounts in periods of between five and ten years, aim to incorporate new methodological and statistical aspects, making it possible to more faithfully reflect the evolution of economic activity in the territories. In this case, the national accounts for Spain, as well as those for the rest of the EU member states, will incorporate, simultaneously, the new classifications of economic activities (NACE rev.2) and products (CPA-2008), regulated at the heart of the EU, and that already use base statistical operations, both structural and short-term.

Commission Regulation 715/2010 compels all EU Member States to carry out this base change operation in September 2011.

In so far as it affects the Spanish Quarterly National Accounts and their Preview Estimate, both will be compiled in the framework of the new base 2008, from November onwards, **coinciding with publication in the third quarter of 2011**, in accordance with the short-term statistics availability calendar:

Advance Estimate of the Quarterly National Accounts: 11 November 2011

Quarterly National Accounts: 16 November 2011

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