

28 August 2012

Quarterly Spanish National Accounts. Base 2008

Second quarter of 2012

Quarterly National Accounts (GDP)

Latest data	Year-on-year growth rate	Quarter-on-quarter growth rate
Second quarter of 2012	-1.3	-0.4

Main results

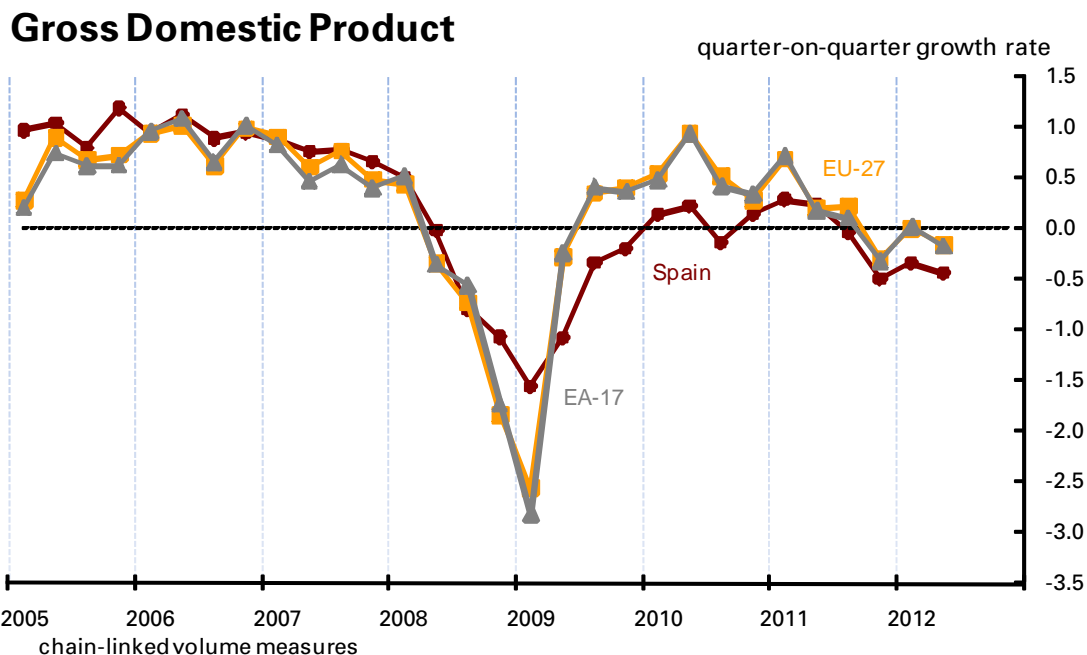
- The Spanish economy registers a **quarterly drop of 0.4%** in the second quarter of 2012, this rate being one tenth more negative than that recorded the previous period.
- **Year-on-year growth stands at -1.3%**, seven tenths lower than the last quarter.
- The item of data on quarterly growth coincides with that published in the preview estimate of quarterly GDP last 30 July, whereas the item of data on year-on-year growth is three tenths lower than that estimated on said date.
- The contribution of **national demand** to aggregate growth is seven tenths more negative than in the previous quarter, standing at **-3.9 points**. **External demand** maintains its contribution (**2.6 points**) to quarterly GDP at the same amount as last quarter.
- **Employment** in the economy **decreases at a year-on-year rate of 4.6%**, one point higher than in the first quarter of 2012, indicating a net reduction of 801 thousand full-time job posts in one year. In turn, the hours actually worked decrease at a year-on-year rate of 3.7%.
- Growth of the **unit labour cost** this quarter stands at **-2.1%**, 2.4 points below the implicit GDP deflator.
- The quarterly series published today includes the update of the annual estimates corresponding to the 2008-2011 period of the Spanish National Accounts, base 2008, presented yesterday, 27 August.

Gross Domestic Product¹ (GDP) generated by the Spanish economy registered a quarterly decrease of 0.4%² in the second quarter of 2012. This rate was one tenth more negative than that estimated for the first quarter.

In year-on-year terms, the growth rate of GDP was -1.3%, seven tenths below that for the previous quarter, as a result of a greater contraction of national demand, given that the foreign sector maintained the same positive contribution to aggregate growth as in the first quarter of the year.

This quarterly series included the update of the annual estimates corresponding to the 2008-2011 period of the Spanish National Accounts, base 2008, presented yesterday, 27 August. **The final section of this press release summarises the revisions carried out of quarterly GDP growth.**

Regarding the European area, both the European Union as a whole and the Eurozone registered negative quarter-on-quarter growth (-0.2%). Even so, a part of the main European economies presented positive or zero growth, as in the case of Germany (0.3%), Austria and the Netherlands (0.2%) and France (0.0%). Conversely, the United Kingdom and Italy registered negative growth (-0.7%) that was even more intense than in the case of Spain (-0.4%).



¹ Chain-linked volume measures, referring to the year 2008.

² Data adjusted for seasonal and calendar effects.

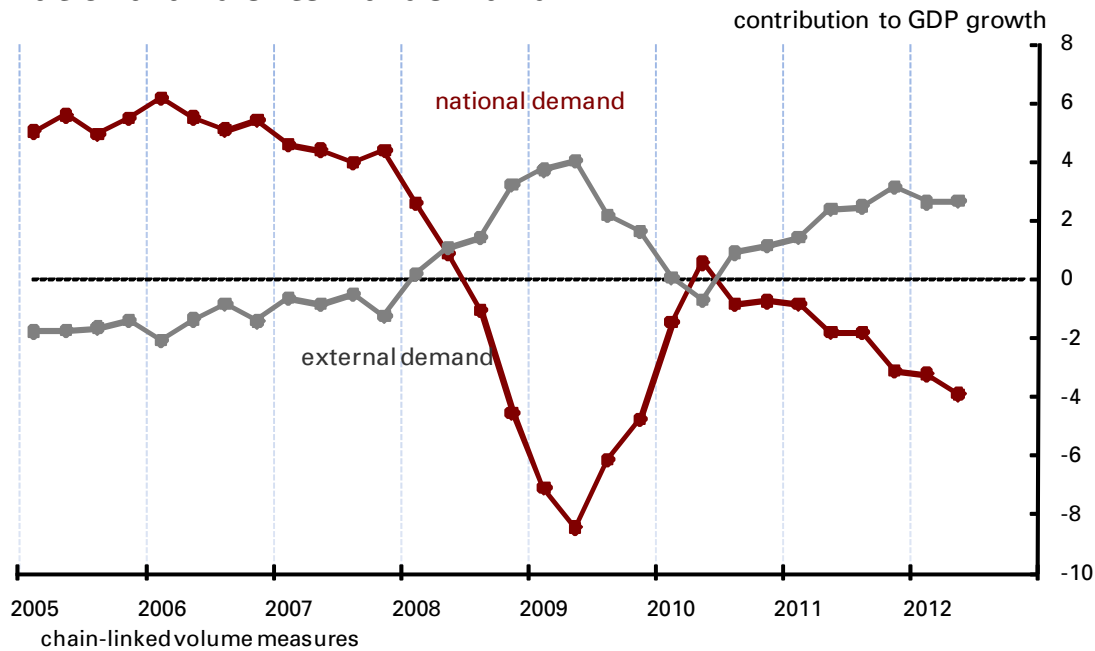
**Demand and supply. Chain-linked volume measures.
Quarter-on-Quarter growth rates**

	2011				2012	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	0.3	0.2	-0.0	-0.5	-0.3	-0.4
Household final consumption expenditure	-0.6	-0.2	-0.6	-1.0	0.4	-1.0
Final consumption expenditure of NPISHs	-8.9	1.9	-1.0	-1.5	0.4	2.0
Final consumption expenditure by government	1.7	-1.3	-1.3	-0.1	-0.9	-0.7
Gross fixed capital formation	-1.0	-1.2	-0.7	-3.3	-2.7	-3.0
- Tangible fixed assets	-1.2	-1.2	-0.8	-3.4	-3.2	-3.2
• Construction	-2.7	-1.6	-1.6	-2.9	-3.7	-4.0
• Equipment and cultivated assets	2.2	-0.4	1.1	-4.5	-2.1	-1.5
- Intangible fixed assets	2.5	-0.4	1.0	-1.0	3.4	-0.5
Exports of goods and services	1.0	1.2	3.5	0.1	-1.8	1.6
Imports of goods and services	-1.0	-2.0	0.8	-2.8	-2.0	-1.5
GROSS DOMESTIC PRODUCT at market prices	0.3	0.2	-0.0	-0.5	-0.3	-0.4
Agriculture, forestry and fishing	5.6	-0.1	0.8	1.4	0.4	-0.1
Industry	3.6	-0.5	-1.3	-1.4	-0.1	-0.3
- Manufacturing industry	4.5	-0.5	-1.9	-2.0	-0.2	-0.7
Construction	0.0	-2.7	-0.8	-1.1	-2.9	-2.5
Service activities	-0.1	1.0	0.5	-0.3	-0.3	-0.2
- Wholesale and retail trade	0.5	0.4	-0.4	-0.6	0.9	-1.0
- Information and communication	1.9	0.4	-1.1	2.5	0.1	-1.0
- Financial and insurance activities	-2.7	-0.1	1.6	1.7	0.3	-1.7
- Real estate activities	0.8	1.2	0.9	-0.1	-0.1	0.9
- Professional activities	2.8	0.4	1.4	-1.2	0.0	-2.0
- Public administration, health and education activities	-2.6	2.6	1.1	-0.7	-2.3	2.1
- Arts, entertainment and other services	1.4	0.0	1.6	-0.2	-0.4	-1.7
Taxes less subsidies on products	-3.7	-0.7	-1.3	-0.3	1.8	-0.5

Chain-linked volume measures, reference 2008

Analysing the year-on-year growth of Spanish GDP in the second quarter of 2012 from the expenditure perspective, a more negative contribution of national demand is observed, reaching -3.9 points, as compared with the -3.2 points recorded the previous quarter, and likewise, a stabilising of the positive contribution of external demand, at 2.6 points.

National and external demand



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

	2011				2012	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	0.5	0.5	0.6	0.0	-0.6	-1.3
Household final consumption expenditure	0.2	-0.9	-0.2	-2.4	-1.5	-2.2
Final consumption expenditure of NPISHs	-8.9	-7.9	-9.2	-9.4	-0.2	-0.1
Final consumption expenditure by government	2.2	-0.5	-2.7	-1.1	-3.6	-3.0
Gross fixed capital formation	-6.0	-4.9	-4.2	-6.0	-7.7	-9.4
- Tangible fixed assets	-6.7	-5.4	-4.7	-6.6	-8.4	-10.3
• Construction	-10.8	-8.5	-8.0	-8.6	-9.5	-11.8
• Equipment and cultivated assets	4.9	2.9	3.5	-1.7	-5.9	-6.9
- Intangible fixed assets	4.1	1.4	4.9	2.0	3.0	2.9
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	-0.1	-0.1	-0.1	0.0	0.0
NATIONAL DEMAND (*)	-0.9	-1.8	-1.8	-3.1	-3.2	-3.9
Exports of goods and services	10.2	7.1	7.6	5.8	2.8	3.3
Imports of goods and services	4.5	-1.6	-1.2	-4.9	-5.9	-5.4

(*) Contribution to GDP growth

National demand

The more negative contribution of national demand to aggregate activity this quarter was observed in both of its two main components, final consumption expenditure and investment in fixed capital.

Household final consumption expenditure saw a seven-tenth increase in its negative growth, from -1.5% to -2.2%, in line with the reduction of compensation per employee, the main household resource for dealing with consumption expenditure. Said compensation decreased at a rate of 3.9%.

All of the components of household expenditure, on an aggregated scale, showed a worse behaviour than in the previous quarter, being more intense in the case of expenditure on goods (in particular, durable goods) than in the case of services.

In turn, **final consumption expenditure of the Public Administrations** saw a reduction of six tenths in its negative growth, reaching -3.0%, as a result of the evolution, both of the purchases of goods and services carried out by these administrations, and of the compensation per employee thereof.

Gross formation of fixed capital saw an increase of 1.7 points in its drop this quarter, from -7.7% to -9.4%. Considering the different types of asset, tangible assets registered a greater decrease than aggregate (from -8.4% to -10.3%), with more noteworthy contractions in construction than in capital goods. Investment in intangible assets grew at a rate of 2.9%, one tenth lower than the previous period.

Demand for **capital goods** assets experienced a one-point contraction, from -6.0% to -7.0%, in line with the evolution of the industrial production, turnover and import indicators for goods of this type. The rate of decrease of investment in machinery (-5.7%) was less intense than in the case of transport equipment assets (-10.8%).

Investment in **construction** assets saw its drop in growth increase by almost 2.5 points, from -9.5% to -11.8%. Both demand for investment in dwellings and demand for investment in infrastructures and other construction presented decreasing rates, with greater intensity in the latter case (-16.0%) than in the case of dwellings (-7.0%).

External demand

The contribution of the net external demand of the Spanish economy to quarterly GDP was similar to that recorded the previous quarter, remaining at 2.6 points. This occurred as a joint result of a moderate acceleration of exports, compensated by a lesser decrease in imports.

Exports of goods and services experienced a five-tenth increase in growth, from 2.8% to 3.3%. In the case of goods, the acceleration was seven tenths (from 2.9% to 3.6%), resulting from the greater flow of goods to countries not belonging to the European Union. Exports of services also accelerated almost one point (from 5.5% to 6.3%), and lastly, purchases by non-residents in Spain registered a decrease of 2.3%, in line with the more moderate tourist activity recorded.

Imports of goods and services observed a half-point reduction of their negative growth rate (from -5.9% to -5.4%). On analysis of all of their components, imports of services and purchases by residents in the rest of the world saw their decrease slow significantly this quarter, from -7.1% to -3.6% in the case of the former, and from -8.5% to -2.7% in the case of the latter. In turn, imports of goods registered a slightly more intense decrease this quarter, in line with the reduced level of general activity, from -5.6% to -5.9%.

Supply

The analysis of the macroeconomic table, from the supply perspective, presented similar features to those published the previous quarter. Thus, moderate growth was registered in the added value of the primary branches, a slight decrease in the case of the added value of *Services*, and more intense decreases in the case of the added value of manufacturing activities and *Construction*.

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

	2011				2012	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	0.5	0.5	0.6	0.0	-0.6	-1.3
Agriculture, forestry and fishing	8.1	8.2	8.7	7.8	2.6	2.5
Industry	5.8	2.4	2.5	0.2	-3.4	-3.1
- Manufacturing industry	6.1	2.7	2.7	0.1	-4.4	-4.6
Construction	-8.6	-6.1	-4.3	-4.5	-7.3	-7.1
Service activities	1.3	1.6	1.6	1.1	0.9	-0.3
- Wholesale and retail trade	1.8	2.0	1.0	-0.2	0.2	-1.2
- Information and communication	4.1	3.6	4.3	3.7	1.9	0.5
- Financial and insurance activities	-6.5	-4.9	-3.4	0.4	3.5	1.9
- Real estate activities	2.8	2.3	2.9	2.8	1.9	1.6
- Professional activities	2.9	3.1	3.6	3.4	0.6	-1.7
- Public administration, health and education activities	1.1	1.8	1.3	0.3	0.6	0.1
- Arts, entertainment and other services	-0.3	0.1	3.1	2.9	1.0	-0.8
Taxes less subsidies on products	-4.7	-5.3	-6.0	-5.9	-0.5	-0.3

The gross added value of the **industrial branches** experienced a slower decrease in the second quarter, from -3.4% to -3.1%. However, regarding the **Manufacturing industry**, the year-on-year decrease was greater (from -4.4% to -4.6%), in line with the contracting evolution of the national demand for manufactured goods (especially durable manufactured goods).

The gross added value of **Construction** experienced a two-tenth slowdown in its negative growth, from -7.3% to -7.1%.

In turn, the added value of the **services branches** contracted this quarter, dropping from 0.9% to -0.3%. This negative growth appeared for the first time since the second quarter of 2009.

Even though the dynamism of the information and communications technologies-related activities continued, though with more moderate rates, the most unfavourable registers continued to be recorded in the professional and tourist activities, and this quarter, in trade activities, in line with the unfavourable evolution of household expenditure on consumer goods.

Lastly, the primary branches experienced a reduction in the growth of their added value, reaching 2.5%, in accordance with the evolution of the agricultural and livestock activity indicators.

Employment

Employment, measured in terms of full-time equivalent job posts, experienced an increase of one point in its year-on-year drop, reaching -4.6%. This result indicated a reduction of 801 thousand net full-time jobs in one year.

On an aggregate scale, the year-on-year rates registered in *Industry* and in *Services* were more negative than those registered the previous quarter.

In year-on-year terms, *Services* lost 350 thousand jobs, *Construction* lost slightly more than 303 thousand jobs, *Industry* lost 136 thousand, and the primary branches lost almost 11 thousand.

The contraction of employed personnel was registered most intensely in wage-earning employment (from -4.0% to -5.1%). In turn, non-wage-earning employment presented a growth rate that was slightly less negative this quarter (from -1.2% to -1.1%).

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

	2011				2012	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
Total	-3.4	-2.6	-5.1	-1.1	-3.4	-1.2
Agriculture, forestry and fishing	-3.9	-3.3	-4.4	-1.7	-1.8	-1.5
Industry	-1.4	-0.4	0.2	-2.3	-3.5	-5.8
- Manufacturing industry	-1.3	-0.5	0.0	-2.2	-4.0	-6.4
Construction	-10.9	-14.6	-17.4	-20.0	-21.7	-21.3
Service activities	0.0	0.9	0.2	-0.9	-1.6	-2.7
- Wholesale and retail trade	0.3	1.8	1.3	-1.4	-2.7	-4.4
- Information and communication	-0.7	4.7	1.1	4.3	4.1	3.0
- Financial and insurance activities	-4.2	-4.1	-2.7	-3.2	-3.3	-5.8
- Real estate activities	11.8	12.4	1.7	6.7	3.2	4.5
- Professional activities	-0.7	-1.0	-3.8	-3.0	-3.3	-3.4
- Public administration, health and education activities	1.2	1.2	1.0	-0.2	-0.8	-1.4
- Arts, entertainment and other services	-3.6	-2.0	-0.4	-0.3	0.9	-0.9
Employees	-1.2	-0.7	-1.4	-2.6	-4.0	-5.1
Agriculture, forestry and fishing	-3.4	-2.6	-5.1	-1.1	-3.4	-1.2
Industry	-0.7	-0.4	0.4	-2.4	-4.2	-6.4
- Manufacturing industry	-0.6	-0.4	0.3	-2.2	-4.7	-7.0
Construction	-10.4	-14.2	-17.2	-20.3	-23.5	-23.6
Service activities	0.0	1.0	0.3	-0.6	-1.7	-3.0
- Wholesale and retail trade	0.3	1.8	1.8	-0.6	-2.9	-5.2
- Information and communication	-2.7	3.2	0.8	3.7	4.0	3.4
- Financial and insurance activities	-4.5	-4.5	-2.9	-3.3	-3.3	-5.4
- Real estate activities	10.5	12.9	4.7	9.5	8.9	10.5
- Professional activities	0.2	0.3	-4.1	-2.7	-3.6	-4.3
- Public administration, health and education activities	1.0	1.0	1.0	-0.3	-0.9	-1.4
- Arts, entertainment and other services	-2.7	-0.7	-0.1	-0.3	0.7	-1.4

The number of hours actually worked by the persons employed in the economy dropped from -3.5% to -3.7% this quarter. The difference between this evolution and that of full-time equivalent jobs was due to the increase in the growth of the full-time working day, which went from 0.1% to 1.0%.

Using the joint consideration of the growth of quarterly GDP and the occupied employment data, it was possible to deduce that the year-on-year variation of the **apparent productivity by equivalent job post** increased four tenths, from 3.1% to 3.5%, whereas the growth of the **apparent productivity per hour actually worked** decreased by half a point, from 3.0% to 2.5%.

GDP at current prices and implicit deflator

GDP valued at current prices hastened its contraction by eight tenths, from -0.2% to -1.0% in the second quarter of 2012. As a result of the growth of GDP, both at current prices and at volume, the implicit **deflator** of the economy slowed two tenths, reaching 0.3%.

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

	2011				2012	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	1.6	1.7	1.5	0.7	-0.2	-1.0
Household final consumption expenditure	3.4	2.6	2.3	0.1	0.9	0.0
Final consumption expenditure of NPISHs	-4.8	-4.3	-5.2	-6.2	2.2	1.3
Final consumption expenditure by government	2.0	-1.8	-2.7	-0.7	-3.7	-3.0
Gross fixed capital formation	-3.8	-3.5	-3.4	-5.8	-7.6	-10.4
- Tangible fixed assets	-4.3	-3.9	-4.0	-6.4	-8.4	-11.3
• Construction	-9.4	-7.8	-7.5	-8.7	-10.8	-14.0
• Equipment and cultivated assets	9.8	6.1	5.1	-0.9	-2.9	-5.2
- Intangible fixed assets	5.2	3.1	5.8	3.5	3.5	3.0
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	0.0	-0.1	-0.1	0.0	0.0
NATIONAL DEMAND (*)	1.5	0.2	-0.1	-1.5	-1.9	-2.8
Exports of goods and services	16.4	12.3	12.8	10.3	5.3	5.3
Imports of goods and services	14.7	6.1	6.5	2.1	-0.6	-0.7
GROSS DOMESTIC PRODUCT at market prices	1.6	1.7	1.5	0.7	-0.2	-1.0
Agriculture, forestry and fishing	-1.0	-2.4	1.1	-0.4	4.1	2.9
Industry	10.3	6.0	6.9	3.6	-0.9	-1.1
- Manufacturing industry	10.2	5.9	6.6	3.0	-2.5	-3.0
Construction	-9.4	-5.5	-3.7	-4.8	-8.1	-7.4
Service activities	1.4	3.0	2.2	2.0	1.9	0.9
- Wholesale and retail trade	3.9	5.0	3.1	2.2	2.2	1.1
- Information and communication	2.5	2.1	2.8	2.0	-0.8	-2.1
- Financial and insurance activities	-16.0	-7.9	-6.1	0.9	7.7	5.2
- Real estate activities	6.0	11.7	7.1	5.5	3.5	3.6
- Professional activities	3.9	5.0	2.7	2.8	1.0	-1.1
- Public administration, health and education activities	0.3	-0.1	0.7	0.2	0.6	0.1
- Arts, entertainment and other services	-0.4	-0.2	2.8	2.6	2.4	0.3
Taxes less subsidies on products	2.2	-5.0	-6.7	-7.7	-7.3	-8.9

(*) Contribution to GDP growth

Income

Regarding the primary distribution of income, compensation per employee dropped from -2.5% to -3.9%. This was the result of the decrease of somewhat more than one point in the number of wage earners (from -4.0% to -5.1%) and of the two-tenth slowdown in average compensation per employee (from 1.5% to 1.3%).

In this way, the growth of the product unit labour cost (ULC) stood at -2.1%, almost two points below the implicit deflator of the economy.

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

	2011				2012	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	1.6	1.7	1.5	0.7	-0.2	-1.0
Compensation of employees	-0.6	-0.7	-0.8	-1.3	-2.5	-3.9
Unit Labor Cost (ULC)	-1.3	-1.4	-1.6	-1.5	-1.5	-2.1
Compensation per employee	0.6	0.1	0.7	1.4	1.5	1.3
Productivity per worker	1.9	1.5	2.3	2.9	3.1	3.5
Salary rate	0.2	0.2	0.2	0.2	-0.4	-0.6
Gross operating surplus / Gross mixed income	4.0	6.3	5.5	4.5	3.6	3.4
Net taxes on production and imports	1.5	-5.2	-4.7	-6.6	-6.2	-6.7

Operating surplus and mixed income experienced a two-tenth slowdown in growth, from 3.6% to 3.4%. Lastly, taxes on production and net imports of subsidies registered a decrease to a rate of -6.7%, five tenths greater than in the previous quarter.

Regarding the contributions of these operations to the growth of the implicit GDP deflator, operating surplus and mixed income contributed 2.1 points to the growth of said index, while compensation per employee contributed negatively, with 1.3 points, and net taxes on production did so with five tenths of a point.

Income. Components of the GDP deflator. Contributions

	2011				2012	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	1.0	1.2	0.8	0.8	0.5	0.3
Compensation of employees	-0.5	-0.6	-0.7	-0.6	-0.9	-1.3
Unit Labor Cost (ULC)	-0.6	-0.7	-0.8	-0.7	-0.8	-1.0
Compensation per employee	0.3	0.0	0.3	0.7	0.7	0.6
Productivity per worker	-0.9	-0.7	-1.1	-1.4	-1.5	-1.7
Salary rate	0.1	0.1	0.1	0.1	-0.2	-0.3
Gross operating surplus / Gross mixed income	1.5	2.3	2.0	1.9	1.9	2.1
Net taxes on production and imports	0.1	-0.6	-0.5	-0.6	-0.5	-0.5

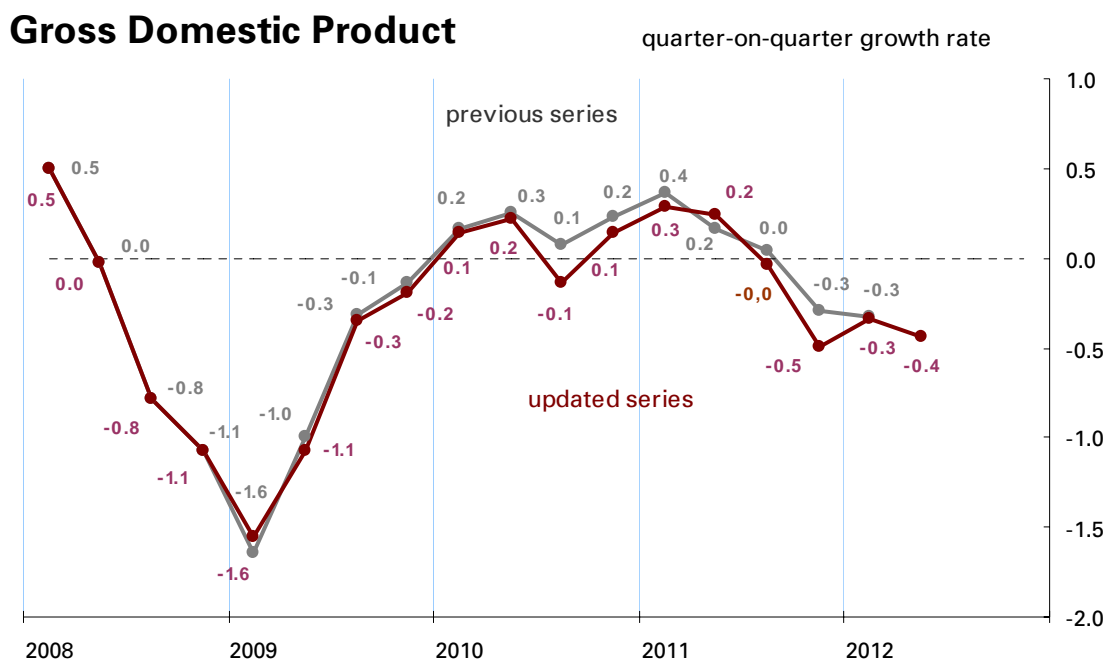
Updating of the Quarterly National Accounts series

The quarterly GDP series presented here includes the update of the annual estimates corresponding to the 2008-2011 period, of the Spanish National Accounts, base 2008, presented yesterday, 27 August.

Said update revised the growth for the year 2011 at three tenths lower, from 0.7% to 0.4%, for the year 2010 at two tenths lower, from -0.1% to -0.3%, and for the years 2008 (0.9%) and 2009 (-3.7%) unaltered figures.

A result of this update and regarding the year 2011, the first quarter that presented negative quarter-on-quarter growth, though barely, was the third quarter, and not the fourth quarter, as was initially estimated.

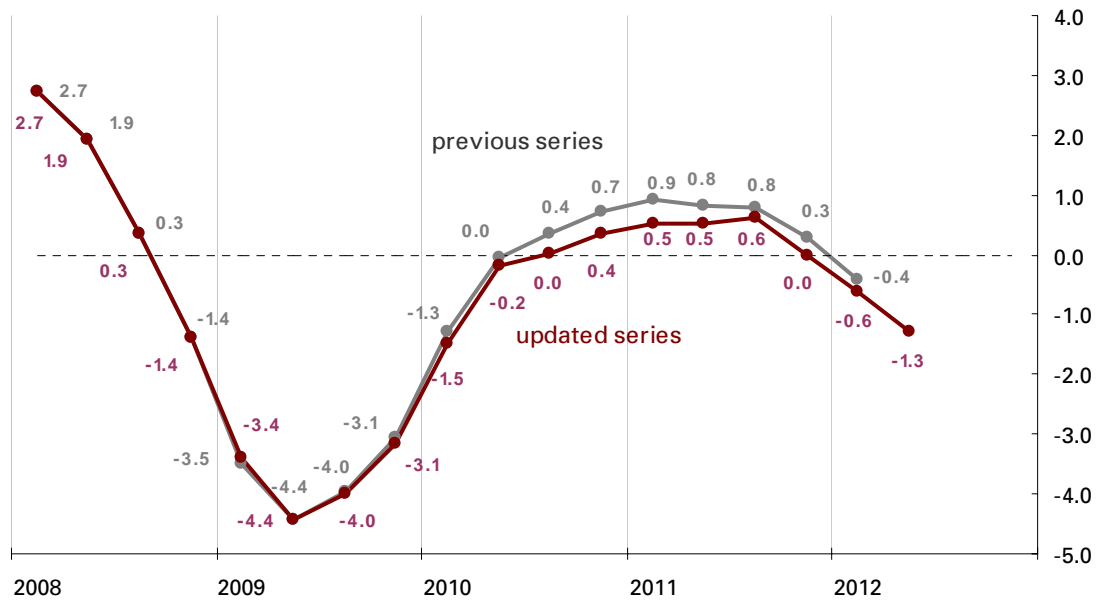
The following graphs show the revisions made to the quarter-on-quarter and year-on-year growth of GDP in the 2008-2011 period, as well as the contributions of national and external demand:



chain-linked volume measures, reference 2008

Gross Domestic Product

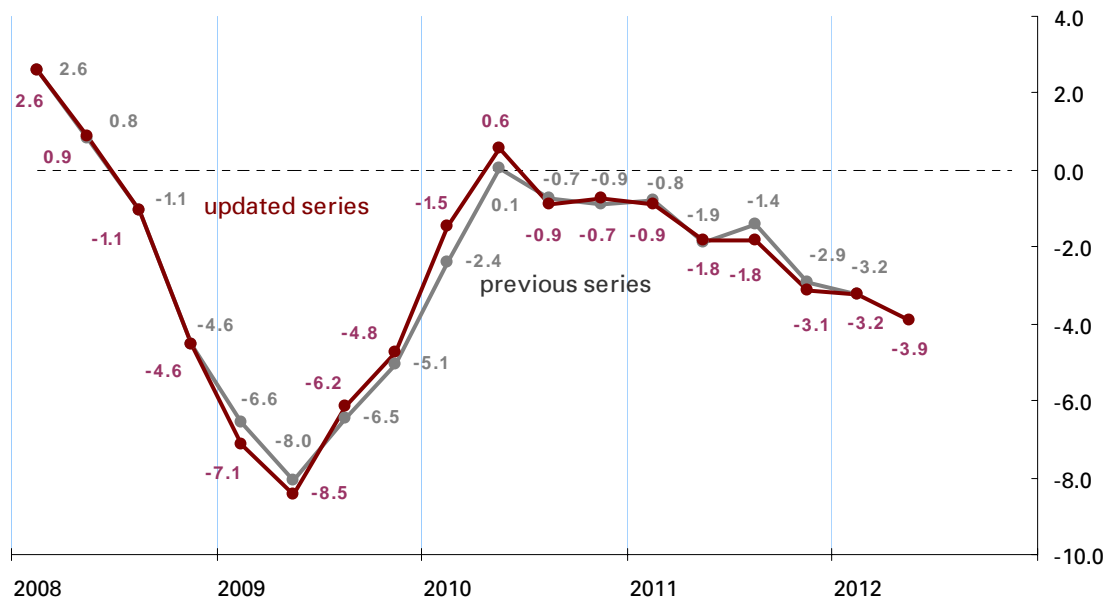
year-on-year growth rate



chain-linked volume measures, reference 2008

National demand

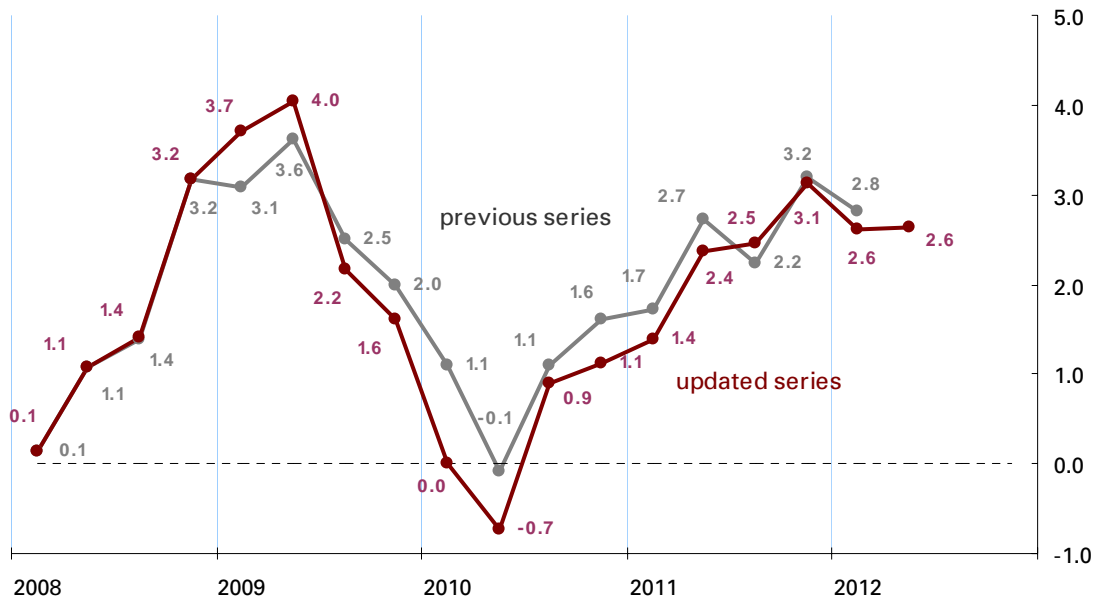
contribution to GDP growth



chain-linked volume measures, reference 2008

External demand

contribution to GDP growth



chain-linked volume measures, reference 2008

For further information see [INEbase-\[www.ine.es/en/welcome_en.htm\]\(http://www.ine.es/en/welcome_en.htm\)](http://www.ine.es/en/welcome_en.htm) All press releases at: www.ine.es/en/prensa/prensa_en.htm

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