

28 August 2014

Quarterly Spanish National Accounts. Base 2008

Second quarter of 2014

Quarterly National Accounts (GDP)

Latest data	Year-on-year growth rate	Quarter-on-quarter growth rate
Second quarter of 2014	1.2	0.6

Main results

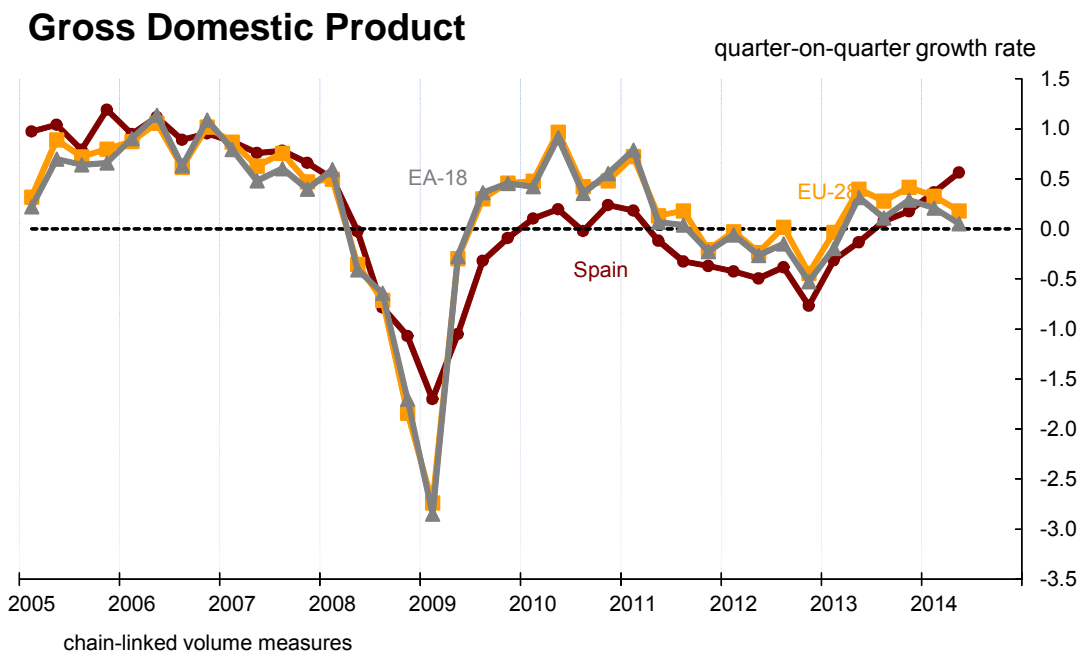
- The Spanish economy registers a **quarter-on-quarter increase in volume of 0.6%** in the second quarter of 2014, two tenths over that estimated in the first quarter of 2014.
- **GDP year-on-year growth** in the second quarter stands at **1.2%**, compared with **0.5%** registered in the previous quarter.
- The quarterly and annual growth figures are the same as those published in the flash estimate of the Quarterly GDP on 30th July.
- The contribution of **national demand** to aggregate growth is one point and two tenths over that registered in the previous quarter, turning from **0.7 points to 1.9 points**, whereas the contribution of **external demand** to quarterly GDP decreases five tenths as compared with the figure of the previous quarter (**from -0.2 to -0.7 points**).
- Full-time **employment** in the economy registers a **quarterly variation of 0.6%**. This rate is five tenths higher than that registered in the previous quarter.
- **In annual terms, employment increases at a rate of 0.8%**, that is, one point and two tenths higher than that estimated for the first quarter of 2014, indicating a net expansion of approximately 127 thousand full-time jobs in one year. This behaviour, together with the negative variation registered in the associated part-time working day, gave as a result a decrease in the actually worked hours annual rate of five tenths (from 0.1% to -0.4%).
- The annual growth in the **unit labour cost** stands at **0.0%** this quarter, four tenths over the implicit GDP deflator.

Gross Domestic Product (GDP) produced by the Spanish economy in the second quarter 2014¹, measured in terms of volume chain-linked indices (reference year 2008), registered a 0.6% quarterly growth. This rate was two tenths higher than that estimated for the previous quarter.

On an annual basis, the growth rate of GDP was 1.2% in the second quarter, seven tenths over that recorded for the previous period. This was mainly due to a greater contribution of the domestic demand to aggregate growth, partially compensated by a negative contribution of the external sector.

Regarding the European area, in the second quarter of 2014 the European Union (EU-28) as a whole registered a positive quarterly growth (0.2%), one tenth lower than that registered the previous quarter. In turn, the Economic and Monetary Union (EMU-18) registered a variation of 0.0%, two tenths lower as compared with the previous quarter.

The main European economies presented mixed performances. On the one hand, the Netherlands registered a 0.5% increase (against the -0.4% of the previous quarter), while France and the United Kingdom continued on their growth path, as compared to the previous quarter (0.0% and 0.8%, respectively). On the other hand, Italy and Germany registered decreases as compared with the previous quarter (Italy decreased from -0.1% to -0.2%, and Germany did so from 0.7% to -0.2%).



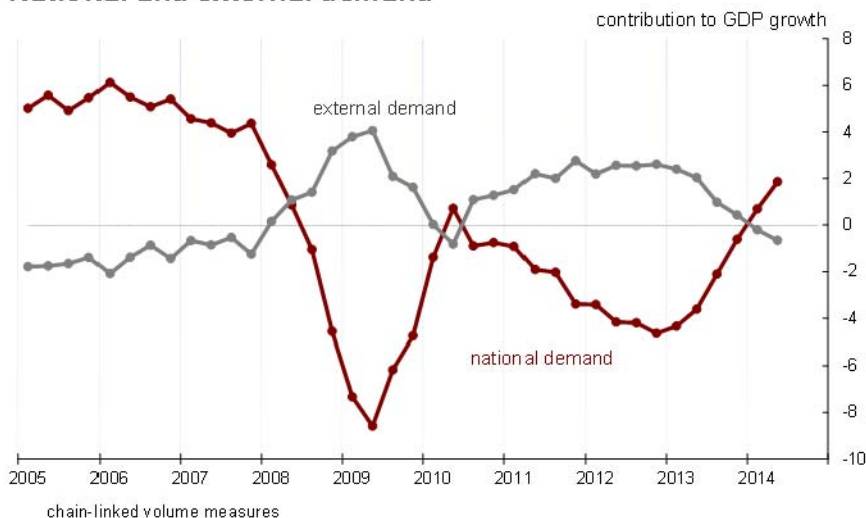
¹ All the information presented in this press release corresponds to data adjusted for seasonal and calendar effects, unless stated otherwise.

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

	2013				2014	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-0.3	-0.1	0.1	0.2	0.4	0.6
Household final consumption expenditure	-0.4	0.1	0.5	0.5	0.5	0.7
Final consumption expenditure of NPISHs	-1.0	1.9	0.2	-0.2	-1.2	1.2
Final consumption expenditure by government	1.0	-1.1	0.6	-3.9	4.4	0.1
Gross fixed capital formation	-1.2	-1.9	0.7	0.7	-0.7	0.5
- Tangible fixed assets	-1.9	-1.5	0.3	0.6	-1.1	1.3
• Construction	-3.3	-4.6	-0.9	-0.1	-3.2	0.9
• Equipment and cultivated assets	0.9	4.2	2.4	1.7	2.2	2.0
- Intangible fixed assets	5.4	-5.3	4.6	1.5	3.2	-6.4
Exports of goods and services	-4.5	7.0	0.6	0.8	-1.0	1.3
Imports of goods and services	-4.6	6.1	2.1	-0.6	0.9	1.5
GROSS DOMESTIC PRODUCT at market prices	-0.3	-0.1	0.1	0.2	0.4	0.6
Agriculture, forestry and fishing	0.6	1.5	-1.3	3.3	3.8	-5.9
Industry	-0.8	0.6	0.6	0.0	-0.6	1.1
- Manufacturing industry	0.6	0.8	-0.1	-0.1	0.9	0.7
Construction	-1.9	-4.3	-1.3	-0.4	-2.3	0.9
Service activities	-0.2	0.1	0.4	0.4	0.1	0.6
- Wholesale and retail trade	0.3	0.8	0.7	-0.5	0.8	1.7
- Information and communication	-0.2	1.6	-3.4	2.1	-0.1	1.4
- Financial and insurance activities	2.4	-0.3	-5.0	0.6	2.7	-0.5
- Real estate activities	-2.2	1.1	1.3	0.5	-1.8	1.9
- Professional activities	-0.1	-1.0	2.1	1.0	-0.9	0.5
- Public administration, health and education activities	-1.0	-1.1	1.1	0.8	-0.6	-0.8
- Arts, entertainment and other services	1.3	-0.9	-0.3	0.4	2.8	-1.2
Taxes less subsidies on products	1.3	0.3	-1.6	-1.2	5.4	0.5

Analysing the annual growth of Spanish GDP in the second quarter of 2014 as compared with the same period of the previous year from expenditure perspective, a more positive contribution of national demand was observed (1.9 points as compared with 0.7 points registered in the previous quarter). In turn, a negative contribution of the external demand was registered (-0.7% as compared with the -0.2%).

National and external demand



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

	2013				2014	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-1.9	-1.6	-1.1	-0.2	0.5	1.2
Household final consumption expenditure	-4.2	-3.0	-1.8	0.7	1.7	2.4
Final consumption expenditure of NPISHs	-1.0	-0.4	0.1	0.9	0.7	0.0
Final consumption expenditure by government	-2.3	-3.4	0.2	-3.5	-0.2	1.1
Gross fixed capital formation	-7.2	-5.8	-5.3	-1.7	-1.2	1.2
- Tangible fixed assets	-7.9	-6.1	-5.6	-2.5	-1.8	1.1
• Construction	-9.8	-10.1	-9.8	-8.6	-8.6	-3.4
• Equipment and cultivated assets	-4.1	1.7	2.2	9.5	10.9	8.6
- Intangible fixed assets	-0.3	-3.3	-2.9	6.0	3.8	2.7
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	-0.1	-0.1	0.0	0.0	0.0
NATIONAL DEMAND (*)	-4.3	-3.6	-2.1	-0.6	0.7	1.9
Exports of goods and services	2.9	9.5	3.5	3.7	7.4	1.7
Imports of goods and services	-4.9	3.2	0.6	2.7	8.6	3.9

(*) Contribution to GDP growth

National demand

Regarding the two main components of the national demand, both final consumption expenditure and investment in fixed capital registered a greater annual variation in the second quarter of 2014 as compared with the previous quarter.

Household final consumption expenditure registered an annual increase of 2.4%, seven tenths over that registered in the first quarter of 2014. This behaviour was due to the general improvement in the behaviour of every component, both goods and services, except for durable goods that, although still registered high growth rates, lowered their increase as compared with the previous quarter.

Final consumption expenditure of the Public Administrations registered an annual variation of 1.1%, one point and three tenths over that registered in the previous quarter, as a result of a better behaviour by all of their components.

Gross formation of fixed capital registered a growth rate of 1.2%, two points and four tenths higher than that corresponding to the previous quarter. Considering the different types of assets, tangible assets registered 1.1% rate, two points and nine tenths higher than in the previous quarter. In turn, investment in intangible assets showed a variation of 2.7%, one point and one tenth lower as compared with that registered in the previous quarter.

Investment in **construction** assets decreased five points and two tenths its reduction, from – 8.6% to –3.4%, due to the evolution of both investment in housing and civil engineering and other constructions.

Demand for **capital goods** assets registered this quarter an increase of 8.7% (compared to the 11.0% registered in the previous quarter), in line with the evolution of industrial production indicators, value of its turnover and imports of this kind of goods. The rate of increase of investment in transport equipment assets (12.9%) was more intense than that registered by investment in machinery (6.9%).

External demand

The contribution of the net external demand of the Spanish economy to quarterly GDP decreased five tenths in this period as compared with that registered in the previous quarter (from -0.2% to -0.7%). Both exports and imports registered lower growth rates than in the previous quarter; nevertheless, the decrease is more noticeable for exports.

Exports of goods and services registered a decrease of five points and seven tenths, from 7.4% to 1.7%. Regarding exports of goods, a seven points deceleration of growth rates (from 7.2% to 0.2%) was registered. Exports of non-tourism services registered an increase of 5.8%, that is, three points and four tenths below that registered in the previous quarter (9.2%). Finally, purchases by non-residents in the Euro economic area registered a decrease of one point and six tenths in its growth rate (from 5.9% to 4.3%).

Finally, **imports** of goods and services registered decrease of four points and seven tenths in their economic growth rate (from 8.6% to 3.9%). Regarding its components, imports of goods registered a decrease in their growth rate as compared with the previous quarter, and its annual variation rate decreased from 10.1% to 4.0%. Imports of non-tourism services registered a 2.4% growth rate, nine tenths lower than the variation in the previous quarter (3.3%). However, purchases by residents in economic areas other than the European Union registered an increase in their growth rates this quarter (from 4.1% to 10.5%).

Supply

The analysis of the macroeconomic table, from the supply perspective, showed that *Industry*, *Construction* and *Service activities*, in the aggregated level, presented a more positive behaviour regarding the first quarter. In turn, *Agriculture* worsened.

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

	2013				2014	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-1.9	-1.6	-1.1	-0.2	0.5	1.2
Agriculture, forestry and fishing	-4.1	3.9	0.9	4.1	7.4	-0.5
Industry	-2.5	-2.1	-0.8	0.3	0.5	1.1
- Manufacturing industry	-2.5	-1.2	-0.8	1.2	1.5	1.4
Construction	-7.0	-8.3	-7.8	-7.7	-8.1	-3.1
Service activities	-1.1	-0.9	-0.6	0.5	0.9	1.5
- Wholesale and retail trade	-1.9	-0.2	0.2	1.3	1.8	2.6
- Information and communication	-0.7	1.0	-1.6	-0.1	0.0	-0.1
- Financial and insurance activities	-3.7	-4.1	-2.7	-2.4	-2.1	-2.3
- Real estate activities	-0.3	-0.6	-0.7	0.6	1.0	1.8
- Professional activities	-0.8	-0.7	-0.5	1.9	1.1	2.6
- Public administration, health and education activities	0.4	-2.0	-0.8	-0.2	0.2	0.4
- Arts, entertainment and other services	-2.7	-0.6	-0.7	0.5	1.9	1.7
Taxes less subsidies on products	-2.0	-1.0	-0.8	-1.2	2.9	3.0

The gross added value of the **industrial branches** registered an increase of six tenths higher than that expected in the first quarter, from 0.5% to 1.1%. In the case of **manufacturing industry**, the annual rate decreased one tenth (from 1.5% to 1.4%), in line with the evolution of the national demand for durable goods and capital goods.

Also in line with the demand for employment assets in the branch of **Construction**, the gross added value of the said sector registered a five-point increase, from -8.1% to -3.1%.

In turn, the added value of the **Services branches** increased its growth rate this quarter from 0.9% to 1.5%. This evolution is observed in most of the activity branches, except for information and communication, financial and insurance activities and arts, entertainment and other services.

Lastly, the primary branches decreased by -0.5% while the variation for the previous quarter stood at 7.4%.

Employment

Employment, measured in terms of full-time equivalent jobs, registered a quarterly variation of 0.6%, that is, five tenths higher than that registered in the previous quarter.

In annual terms, employment registered a 0.8% growth rate, one point and two tenths higher than that registered in the first quarter (-0.4%). This annual rate indicated a net expansion of around 127 thousand full-time equivalent jobs in one year.

On an aggregate scale, *Industry*, *Construction* and *Services* registered a better behaviour in terms of employment. Nevertheless, *Agriculture* registered a worse annual variation in this quarter than that estimated in the previous quarter.

Thus, the primary branches registered an annual variation of -1.1%, eight points and four tenths below that of the previous quarter. In turn, *Industry* registered a variation of -0.2%, as compared with the -2.6% variation registered in the first quarter. Regarding *Construction*, this variation was -3.8%, four points and six tenths higher than that registered in the previous quarter. Finally, employment in *Services* registered an increase of one point and two tenths as compared with the previous quarter, standing at 1.5%.

This improvement in occupied employment also remained in wage employment, whose variation rate increase from -0.2% to 1.2%. In turn, non-wage employment registered in the second quarter a rate of -1.6%, four tenths below that registered in the previous quarter (-1.2%).

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

	2013				2014	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
Total	-4.7	-4.0	-3.3	-1.6	-0.4	0.8
Agriculture, forestry and fishing	-5.5	1.4	-1.1	-0.6	7.3	-1.1
Industry	-5.6	-5.5	-6.3	-4.8	-2.6	-0.2
- Manufacturing industry	-5.7	-5.2	-5.7	-4.5	-2.5	-0.2
Construction	-13.7	-14.2	-11.0	-7.8	-8.4	-3.8
Service activities	-3.6	-3.1	-2.2	-0.6	0.3	1.5
- Wholesale and retail trade	-4.6	-2.3	-1.3	0.8	0.7	1.9
- Information and communication	-4.8	-5.5	-3.0	-1.2	-1.5	-0.5
- Financial and insurance activities	-1.4	1.3	4.2	4.3	3.6	0.8
- Real estate activities	-9.0	-11.9	-5.2	-6.8	2.3	3.3
- Professional activities	-2.7	-3.9	-3.7	-2.0	-0.4	3.3
- Public administration, health and education activities	-3.2	-4.5	-2.9	-2.0	-0.1	0.3
- Arts, entertainment and other services	-1.8	0.1	-2.2	0.0	0.4	0.8
Employees	-5.7	-5.0	-3.8	-1.9	-0.2	1.2
Agriculture, forestry and fishing	-9.8	1.4	-2.0	-0.6	15.8	2.0
Industry	-5.4	-5.0	-6.2	-4.9	-2.5	-0.2
- Manufacturing industry	-5.5	-4.6	-5.8	-4.7	-2.4	-0.2
Construction	-15.2	-15.8	-12.0	-8.5	-8.0	-3.1
Service activities	-4.7	-4.3	-2.7	-0.8	0.3	1.8
- Wholesale and retail trade	-6.3	-3.7	-1.5	0.9	1.3	3.0
- Information and communication	-5.3	-6.5	-3.1	-1.8	-1.6	-1.3
- Financial and insurance activities	-1.9	0.9	4.3	4.5	3.8	0.9
- Real estate activities	-7.2	-14.5	-7.8	-8.6	-0.8	2.4
- Professional activities	-5.6	-6.7	-5.5	-3.0	-1.5	3.6
- Public administration, health and education activities	-3.1	-4.6	-3.1	-2.1	-0.2	0.3
- Arts, entertainment and other services	-3.8	-1.4	-2.6	0.4	0.8	1.9

The increase of one point and two tenths in the annual rate of full-time equivalent jobs, together with the negative variation of one point and six tenths in the associated part-time working day (from 0.4% to -1.2%), had as a result a decrease in the annual rate of actually worked hours of five tenths in this quarter (from 0.1% to -0.4%).

Using the joint consideration of the growth of quarterly GDP and the occupied employment data, it was possible to deduce that the annual variation of the apparent productivity by equivalent job post decreased four tenths, from 0.8% to 0.4%, whereas the growth of the apparent productivity per hour actually worked increased one point and two tenths, reaching a 1.6% rate.

GDP at current prices and implicit deflator

The annual variation of the GDP valued at current prices was 0.8% in the second quarter of 2014, that is, nine tenths higher than that registered in the previous quarter. As a result of the evolution of the GDP, in terms of both current prices and volume, the implicit deflator of the economy registered a variation of -0.4%, two tenths higher than that registered in the previous quarter (-0.6%).

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

	2013				2014	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-0.8	-0.9	-0.7	0.0	-0.1	0.8
Household final consumption expenditure	-2.1	-1.5	-0.5	1.1	1.7	2.5
Final consumption expenditure of NPISHs	-0.1	0.2	0.5	1.1	0.2	0.1
Final consumption expenditure by government	-1.3	-3.2	0.6	-0.1	-0.4	1.3
Gross fixed capital formation	-10.6	-9.5	-8.5	-4.1	-3.3	-0.3
- Tangible fixed assets	-11.7	-10.2	-9.1	-5.1	-4.1	-0.6
• Construction	-14.2	-14.8	-13.3	-10.9	-10.6	-4.7
• Equipment and cultivated assets	-6.8	-1.3	-1.2	6.0	7.7	6.2
- Intangible fixed assets	0.8	-2.5	-2.4	6.4	4.1	3.0
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	0.0	-0.1	0.0	0.0	0.0
NATIONAL DEMAND (*)	-3.6	-3.4	-1.8	-0.2	0.3	1.7
Exports of goods and services	3.3	9.1	2.1	1.4	4.5	0.4
Imports of goods and services	-5.6	1.4	-1.3	0.9	6.2	3.4
GROSS DOMESTIC PRODUCT at market prices	-0.8	-0.9	-0.7	0.0	-0.1	0.8
Agriculture, forestry and fishing	3.2	11.9	1.8	-1.3	0.9	-7.5
Industry	-1.2	-1.6	0.2	0.3	-0.5	1.2
- Manufacturing industry	-0.9	-0.8	-0.7	-0.1	0.4	1.0
Construction	-8.7	-11.0	-9.3	-8.8	-9.3	-3.7
Service activities	-0.1	-1.5	-0.7	0.2	0.5	1.5
- Wholesale and retail trade	1.0	1.6	1.7	1.0	2.0	3.1
- Information and communication	-3.6	-3.6	-7.2	-8.7	-7.1	-5.6
- Financial and insurance activities	-7.3	-15.6	-11.4	-15.5	-1.9	-1.1
- Real estate activities	1.7	0.2	0.5	-1.0	0.8	1.5
- Professional activities	-0.3	0.0	0.0	-0.1	0.2	2.1
- Public administration, health and education activities	0.2	-3.6	-1.3	5.9	0.5	0.9
- Arts, entertainment and other services	0.4	2.4	1.7	0.9	2.2	2.2
Taxes less subsidies on products	1.0	10.7	4.3	6.5	3.1	1.1

(*) Contribution to GDP growth

Income

Regarding the primary distribution of income, compensation per employee went from -0.3% to 1.6%. This was the result of the increase of one point and four tenths in the annual variation rate of the number of employees (from -0.2% to 1.2%) and the increase of four tenths in the average compensation per employee (from -0.1% to 0.3%).

In this way, the growth of the product unit labour cost (ULC) stood at 0.0%, four tenths over the value of the implicit deflator of the economy (-0.4%).

In turn, gross operating surplus and mixed income increased its slowdown by one tenth, passing from -0.3% to -0.4%. Finally, taxes on production and net imports of subsidies registered an increase in their rate of 2.5%.

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

	2013				2014	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-0.8	-0.9	-0.7	0.0	-0.1	0.8
Compensation of employees	-6.1	-5.1	-3.3	0.8	-0.3	1.6
Unit Labor Cost (ULC)	-3.2	-2.5	-1.6	1.2	-0.9	0.0
Compensation per employee	-0.5	-0.1	0.5	2.7	-0.1	0.3
Productivity per worker	2.9	2.5	2.2	1.5	0.8	0.4
Salary rate	-1.1	-1.1	-0.5	-0.2	0.1	0.4
Gross operating surplus / Gross mixed income	5.3	1.2	1.2	-2.4	-0.3	-0.4
Net taxes on production and imports	-1.4	10.8	3.4	8.4	1.5	2.5

Regarding the contributions of these operations to the growth of the implicit GDP deflator, the compensation per employee contributed by 0.2 points to the aforementioned index. The contribution of the gross operating surplus and mixed income was -0.7 points, and that of net taxes on production and imports was one tenth.

Income. Components of the GDP deflator. Contributions

	2013				2014	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	1.2	0.7	0.4	0.2	-0.6	-0.4
Compensation of employees	-2.1	-1.7	-1.0	0.5	-0.4	0.2
Unit Labor Cost (ULC)	-1.6	-1.2	-0.8	0.6	-0.4	0.0
Compensation per employee	-0.2	0.0	0.2	1.2	-0.1	0.2
Productivity per worker	-1.4	-1.2	-1.0	-0.7	-0.4	-0.2
Salary rate	-0.5	-0.5	-0.3	-0.1	0.1	0.2
Gross operating surplus / Gross mixed income	3.1	1.2	1.0	-1.0	-0.3	-0.7
Net taxes on production and imports	0.1	1.1	0.4	0.8	0.1	0.1

Change of the Spanish National Accounts base. Base 2010

As explained in the press release published by the INE last 12 June, from September on the Spanish National Accounts will change its methodological base in order to include the new methodology included in the European System of Accounts (ESA 2010), approved by Regulation (EU) No. 549/2013 of the European Parliament and of the Council of 21 May 2013.

As a consequence, all the releases of the quarterly and annual national accounts, as well as the regional accounts, will be prepared according to the new methodological base from that date on. In this regard, according to the schedule of release of statistical operations available on the INE website, the first results of base 2010 will be published on 25 September and will refer to the complete series of the annual national accounts from 1995 to 2013.

Next publications of the Quarterly Spanish National Accounts and the Advanced estimate of the quarterly GDP, corresponding to the third quarter of 2014, will be compiled within the framework of the new base according to the schedule of the Short-term Statistical Operations availability:

- Advanced estimate of the quarterly GDP: 30 October 2014.
- Quarterly Spanish National Accounts: 27 November 2014.