

Quarterly Spanish National Accounts. Base 2000

First quarter of 2008

Quarterly National Accounts (GDP)

Latest data	Interannual Variation	Quarter-on-quarter Variation
First quarter 2008	2.7	0.3

Main results

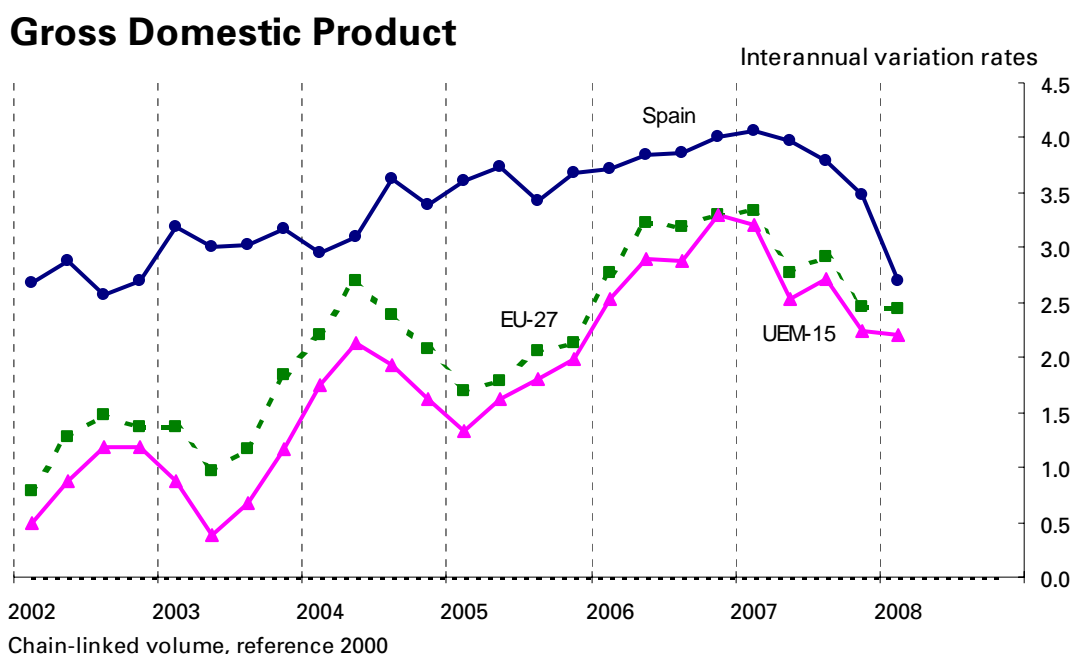
First quarter of 2008

- The Spanish economy registers a growth of 2.7% in the first quarter of 2008, eight tenths less than in the previous quarter.
- The quarter-on-quarter growth stands at 0.3%, five tenths less the growth registered the fourth quarter of 2007.
- The annual and quarter-on-quarter growth data coincides with that published in the Advance Estimate for the Quarterly National Accounts published last 14 May.
- Domestic demand slows its contribution to aggregate growth by nine tenths (from 3.9 to 3.0 points), while foreign demand reduces its negative contribution by one tenth (from -0.4 to -0.3 points).
- Employment in the economy grows at a 1.7% rate, indicating a net creation of almost 322 thousand full-time jobs in one year.
- Unit labour costs increased one tenth up to 2.9%, standing two tenths below that of the GDP deflator.

The Gross Domestic Product¹ (GDP) generated by the Spanish economy in the first quarter of 2008 registered a growth of 2.7% as compared with the same period of the previous year². This data, eight tenths lower than that estimated for the previous period, embarked upon in the second 2007.

Quarter-on-quarter growth was 0.3%, five tenths less than that registered in the previous quarter.

Despite the slowdown recorded this quarter, interannual growth of Spanish GDP continued to stand among the highest of the main European economies, although the difference estimated in previous quarters was reduced. In effect, with the exception of Holland (3.1%) and Austria (2.9%), Germany (2.6%), the United Kingdom (2.5%) and France (2.2%) all grew at below the Spanish GDP. In aggregate terms, the European Union slowed its growth by one tenth down to 2.4%, and the Eurozone remained at the same rate as the previous quarter, 2.2%.

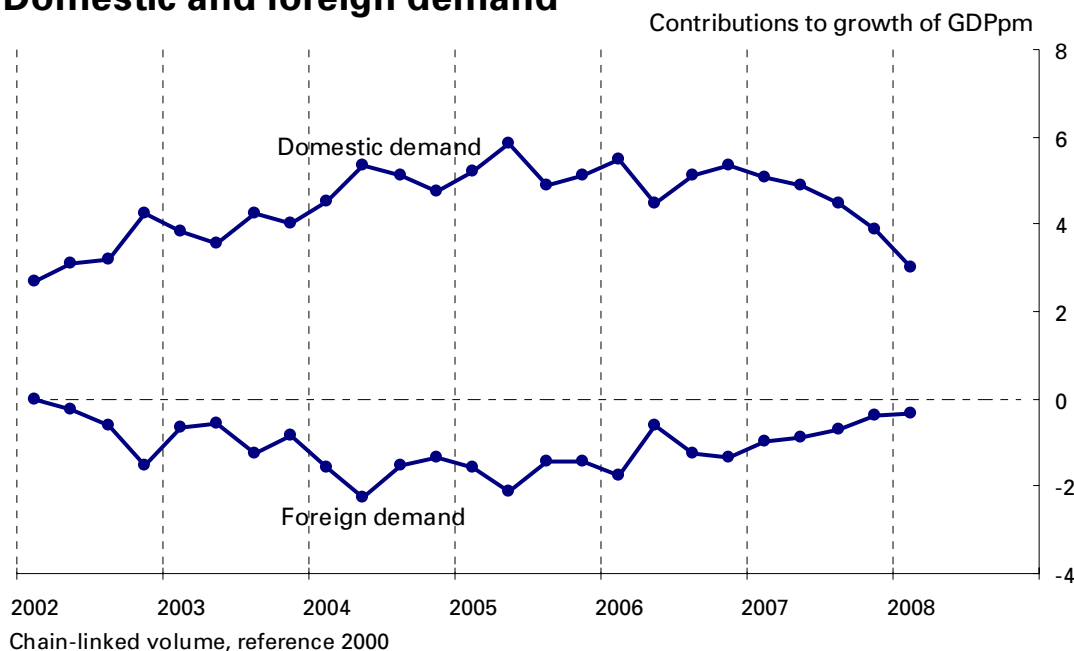


The curbing of the growth rate of the Spanish economy during the first quarter originated mainly in the slowdown of domestic demand, which reduced its contribution to aggregate growth by nine tenths (from 3.9 to 3.0 points). Nevertheless, the lesser negative contribution of the foreign sector (from -0.4 to -0.3 points) partially compensated the said behaviour.

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

² Data corrected for seasonal and calendar effects.

Domestic and foreign demand



Demand. Chain-linked volume reference 2000. Interannual Variation Rates

Operations	2006				2007				2008
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	3.7	3.8	3.9	4.0	4.1	4.0	3.8	3.5	2.7
Household final consumption expenditure	4.1	3.5	3.7	3.7	3.5	3.4	3.1	2.7	1.8
NPISH final consumption expenditure	6.5	6.7	7.3	6.3	5.1	4.3	4.1	4.0	3.0
Public Administration final consumption expenditure	4.9	4.0	4.8	5.7	6.1	5.0	5.1	4.4	4.7
Gross formation of fixed capital	7.8	5.7	6.8	7.0	6.3	6.7	5.8	4.8	3.2
- Capital goods	10.0	7.4	11.0	13.0	13.1	13.1	11.6	8.6	6.3
- Construction	7.1	5.5	5.9	5.5	4.9	4.6	3.8	2.9	1.3
- Other products	7.1	3.8	3.7	3.8	1.9	4.7	4.3	6.1	5.2
Variation in stocks (*)	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.1
Domestic demand (*)	5.5	4.5	5.1	5.3	5.1	4.9	4.5	3.9	3.0
Exports of goods and services	5.7	4.9	4.2	5.7	3.6	4.7	7.7	5.1	5.0
Imports of goods and services	10.6	6.1	7.5	9.0	6.0	6.7	8.4	5.4	5.0

(*) Contribution to the growth of the GDP at market prices

Expenditure on final consumption by households slowed its growth nine tenths, down to 1.8%. This result was obtained due to the evolution of the main follow-up indicators of this aggregate, which show less favourable records this quarter than in the previous one (level of employment in the economy, disposable income for households, motor car sales, retail trade, turnover and availability of consumer goods, orders portfolio, sales of consumer products in large companies,).

The growth in final Public Administration consumption expenditure increased three tenths to 4.7%, due to an increase in purchasing of goods and services by these administrations.

Gross formation of fixed capital slowed its growth rate from 4.8% down to 3.2% in this first quarter. This evolution is shared by its three large components: capital goods (from 8.6% to 6.3%), construction (from 2.9% to 1.3%) and other products (from 6.1% to 5.2%).

The demand for investment in capital goods continued to be the most dynamic domestic demand aggregate; nevertheless, both industrial production and imports of this type of goods gradually continued to record more moderate rates of growth, behaviour which can also be seen in the turnover indicator. On analysis of the components of this aggregate, both investment in transport equipment (7.0%) and in machinery (5.9%) showed commonly slowed trends.

The rate of progress of investment in construction slowed by 1.6 points in the first quarter of 2008, a pattern shared by both residential construction and other types of construction, according to the production, intermediate consumption and employment indicators in this activity.

In the case of residential construction, and as a result of the gradual decrease in demand for dwellings by households, the flow of dwellings on which work was started was increasingly reduced. In this way, the volume of construction, and therefore, investment in this type of work showed increasingly less favourable records. Specifically, growth in investment in dwellings was reduced from 1.8% to -0.2% this quarter.

Conversely, investment in non-residential buildings and in infrastructure maintained positive growth, although it too showed a decreasing trend (from 4.0% to 3.0%). In the case of civil works, both the construction of roads and particularly that of railway infrastructure have continued to show more of a growth increase.

The net foreign demand of the Spanish economy improved its negative contribution to the quarterly GDP this period by one tenth. Both imports and exports presented a more moderate evolution than in the previous quarter, which was more intense in the case of the latter, and which, linked to its greater relative weight, determined the aggregate behaviour.

Exports of goods and services reduced their annual growth rate from 5.1% to 5.0%, although opposite patterns could be seen in the evolution of their two components. In this way, exports of goods, in accordance with Customs data, increased five tenths up to 5.1%, while exports of services, consistent with the Balance of Payments information, moderated their rate of progress from 6.3% to 5.0%. Nevertheless, in this slowed evolution of services, it should be noted that tourist expenditure by non-residents increased its rate one tenth (from 0.3% to 0.4%).

Finally, imports of goods and services experienced a decrease in growth from 5.4% to 5.0%. As in the previous case, the goods component increased (from 4.7% to 5.9%), whereas imports of services slowed their growth, from 8.2% to 1.3%.

Supply. Chain-linked volume, reference 2000. Interannual variation rates

Operations	2006				2007				2008
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	3.7	3.8	3.9	4.0	4.1	4.0	3.8	3.5	2.7
Agricultural and Fishing branches	-0.1	2.3	-2.4	10.1	6.8	2.8	2.8	2.9	3.0
Industrial and Energy branches	1.8	2.5	3.9	2.3	3.5	3.6	2.0	1.9	0.4
- Energy branches	3.7	1.4	4.1	-3.2	-3.6	3.4	0.0	4.5	4.0
- Industrial branches	1.4	2.7	3.9	3.4	5.0	3.6	2.4	1.4	-0.3
Construction	5.8	5.3	5.1	3.9	4.5	4.2	3.8	2.8	1.4
Services branches	4.0	4.2	4.2	4.1	4.2	4.2	4.3	4.2	3.7
- Market services	4.1	4.1	4.3	3.8	4.1	3.9	4.0	3.9	3.5
- Non-market services	3.6	4.5	3.8	5.2	4.3	5.2	5.3	5.0	4.2
Net taxes on products	4.1	3.2	2.4	4.5	3.2	3.5	4.1	2.9	2.0

From the supply perspective, a general decrease in growth rates was recorded.

In effect, in the case of industrial activity and in line with the evolution of industrial production and turnover indices, added value of the manufacturing industry reduced its level by 0.3% this quarter. Consistent with the analysis of demand, industrial production of consumer goods and, in particular, of durable consumer goods appeared less favourable. On the other hand, industrial production of capital goods showed more favourable behaviour.

As far as the energy branches are concerned, their gross added value slowed their growth five tenths down to 4.0%. The main indicators which determined this result were, on the one hand, the slowdown in global activity, and on the other, last winter's mild weather, which translated as a lower amount of energy being produced.

In tune with the evolution of gross formation in construction, gross added value in this branch of activity slowed its growth rate this quarter down to 1.4%, as compared with 2.8% the previous quarter. The indicators which determined this result were the same as mentioned previously for demand, in other words, moderated growth in civil works, and in particular, contraction in the level of production in the construction of dwellings.

Activity in the services branches registered a reduction in growth of half a point, from 4.2% down to 3.7%. This evolution is shared both by market services (from 3.9% down to 3.5%) and by non-market services (from 5.0% down to 4.2%).

As far as market services are concerned, the greater part of the branches of activity recorded a slowdown, in tune with the results of the service sector activity indicator. By intensity of growth, activities linked to business services were those which, together, were more dynamic, followed by IT services, wholesale trade and some services linked to tourism (air transport and accommodation).

The slowdown in the rate of added value of non-market services commonly occurred both in public administrations and in private, non-profit institutions and in household personnel.

Finally, the primary branches experienced a slight increase in the growth of added value (from 2.9% to 3.0%), in line with the evolution of both agricultural and livestock breeding activities.

Employment, measured in terms of full-time equivalent jobs, stood at 1.7%, eight tenths less than the previous quarter. This rate indicated the creation of 322 thousand net full-time jobs in one year.

Employment. Full-time equivalent jobs. Interannual variation rates

	2006				2007				2008
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
Employed persons	3.4	3.6	2.7	3.1	3.3	3.1	3.0	2.5	1.7
Agricultural and Fishing branches	-3.4	-2.5	-6.8	-7.4	0.4	-3.4	-2.6	-1.7	-5.2
Industrial and Energy branches	0.5	1.0	0.0	1.0	0.1	-0.2	-0.2	-0.7	1.7
Construction	4.7	5.1	5.6	6.3	7.4	6.9	5.3	3.3	-1.1
Services branches	4.4	4.4	3.5	3.8	3.5	3.6	3.7	3.5	2.8
- Market services	4.2	3.7	2.5	2.6	2.9	3.2	3.2	3.0	2.5
- Non-market services	5.0	6.2	6.0	6.7	4.7	4.7	4.9	4.7	3.6
Wage earners	3.9	3.8	3.1	3.5	3.8	3.7	3.3	2.8	1.9
Agricultural and Fishing branches	1.0	0.3	-3.9	-5.1	7.6	0.2	-1.3	0.3	-6.1
Industrial and Energy branches	0.8	1.0	0.0	0.9	-0.2	-0.4	-0.2	-0.7	1.8
Construction	5.1	5.0	6.0	6.5	7.9	7.7	5.7	3.4	-1.7
Services branches	4.7	4.5	3.8	4.1	4.0	4.1	3.9	3.7	3.0
- Market services	4.6	3.7	2.7	2.8	3.6	3.8	3.5	3.2	2.8
- Non-market services	5.0	6.2	6.0	6.7	4.7	4.7	4.9	4.7	3.6

The two most remarkable features observed in the employment analysis from this quarter were: on the one hand, the level for construction branches decreased (-1,1%) and, on the other, the recovery seen in energy and industrial branches (1.7%), after three consecutive quarters with negative records.

Of the joint analysis of quarterly GDP growth and full-time employment, the interannual variation in apparent productivity from the work factor obtained is 1.0%, one tenth higher than the rate for the previous period.

The GDP at current prices registered an interannual increase of 5.8% during the first quarter of 2008, slowing its rate of progress by six tenths. Thus, the implicit deflator growth rate of the economy recovered to 3.1%, two tenths above that for the previous quarter.

Supply and demand. Current prices. Interannual variation rates

Operations	2006				2007				2008
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	8.1	8.1	7.9	7.9	7.6	7.3	6.8	6.4	5.8
Household final consumption expenditure	7.9	7.3	7.0	6.9	6.2	5.9	5.3	6.6	6.2
NPISH final consumption expenditure	7.9	8.2	8.8	8.3	8.1	7.7	7.5	7.5	6.7
Public Administration final consumption expenditure	9.4	8.4	8.6	8.4	8.9	7.9	8.2	8.2	8.7
Gross formation of fixed capital	13.4	11.1	11.7	11.2	10.5	10.4	9.2	7.9	6.1
- Capital goods	11.8	9.4	13.7	15.2	16.6	16.5	14.6	11.5	8.8
- Construction	15.0	12.9	12.0	10.5	8.7	7.9	6.8	5.3	3.6
- Other Products	10.2	7.6	7.8	8.4	8.1	10.3	9.7	11.7	10.4
Variation of stocks (*)	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1
Domestic demand (*)	10.1	9.1	9.2	9.0	8.4	8.0	7.4	7.8	7.1
Exports of goods and services	10.7	9.4	7.9	9.5	6.4	6.9	10.1	7.4	7.9
Imports of goods and services	15.5	10.9	10.7	11.5	7.6	7.9	9.9	10.1	10.3
GROSS DOMESTIC PRODUCT at market prices	8.1	8.1	7.9	7.9	7.6	7.3	6.8	6.4	5.8
Agricultural and Fishing branches	-8.1	-4.5	-3.5	4.9	4.7	7.7	10.3	12.5	11.2
Industrial and Energy branches	6.4	6.3	7.5	4.7	6.8	6.9	6.0	6.6	6.0
Construction	15.4	14.6	12.8	9.9	9.7	8.6	8.0	7.0	5.4
Services branches	7.0	7.3	7.7	7.1	7.7	7.8	8.0	7.8	8.2
- Market services	6.7	6.9	7.7	6.7	7.6	7.5	7.7	7.4	8.1
- Non-market services	7.8	8.6	7.5	8.5	7.9	8.9	9.2	9.0	8.3
Net taxes on products	15.2	12.4	7.9	16.1	7.4	3.3	-1.0	-2.7	-7.7

(*) Contribution to the growth of the GDP at market prices

Considering the primary distribution of income, employee remuneration reduced its growth rate by eight tenths down to 5.9%, as a result of the slowdown of nine tenths in paid employment, partly compensated by an increase by one tenth in average remuneration. This fact implies an increase in the labour cost per product unit up to 2.9% (compared with 2.8% the previous quarter), two tenths lower than the implicit deflator of the economy.

Income. Current prices. Interannual variation rates

Operations	2006				2007				2008
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	8.1	8.1	7.9	7.9	7.6	7.3	6.8	6.4	5.8
Employee remuneration	7.2	6.6	6.1	6.9	7.4	7.2	7.0	6.7	5.9
Unitary Labour Cost (ULC)	2.8	2.4	1.7	2.3	2.6	2.6	2.7	2.8	2.9
Remuneration per employee	3.1	2.7	2.9	3.2	3.4	3.4	3.5	3.8	3.9
Productivity per worker	0.3	0.3	1.2	0.9	0.8	0.8	0.8	0.9	1.0
Salary rate	0.5	0.2	0.4	0.4	0.5	0.5	0.3	0.3	0.2
Gross operating surplus / Gross mixed income	8.0	9.6	10.6	7.2	8.5	8.6	8.8	8.8	9.5
Net taxes on production and imports	12.5	8.9	4.7	14.8	5.2	2.3	-2.1	-3.5	-8.3

Gross operating surplus and mixed income increased their growth rate to 9.5% during this quarter, and finally, taxes on net production and net imports of subsidies decreased 8.3%.

The following table shows contributions by primary distribution of income to growth of the implicit GDP deflator. The operating surplus was the operation which contributed the most this quarter to the growth in the rate of inflation of the economy (2.8 points), followed by employee remuneration (1.4 points). On the other hand, net taxes on production and imports contributed negatively to the deflator (by -1.2 points).

Income. GDP deflator breakdown. Contributions

Operations	2006				2007				2008
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I
GROSS DOMESTIC PRODUCT at market prices	4.3	4.1	3.9	3.7	3.4	3.2	2.9	2.9	3.1
Employee remuneration	1.6	1.3	1.0	1.3	1.5	1.5	1.4	1.5	1.4
Unitary Labour Cost (ULC)	1.3	1.2	0.8	1.1	1.2	1.2	1.3	1.3	1.4
Remuneration per employee	1.5	1.3	1.4	1.5	1.6	1.6	1.6	1.8	1.8
Productivity per worker	-0.1	-0.1	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5
Salary rate	0.2	0.1	0.2	0.2	0.3	0.3	0.1	0.1	0.1
Gross operating surplus / Gross mixed income	1.7	2.3	2.7	1.3	1.8	1.9	2.1	2.2	2.8
Net taxes on production and imports	0.9	0.5	0.1	1.1	0.1	-0.2	-0.6	-0.8	-1.2

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