

27 August 2009

Quarterly Spanish National Accounts. Base 2000

Second quarter of 2009

Quarterly National Accounts (GDP)

Latest data	Year-to-year rate of growth	Quarter-to-quarter rate of growth
Second quarter of 2009	-4.2	-1.1

Main results

- The Spanish economy registers a decrease of 4.2% in the second quarter of 2009, as compared with the same period of 2008.
- Quarter-on-quarter growth stands at -1.1%, five negative tenths lower than that recorded the previous quarter.
- The annual and quarterly growth data is one tenth below that published in the Advance Estimate of the Quarterly National Accounts published on 14 August this year.
- The contribution of national demand to aggregate growth decreases 1.2 points (from -6.1 to -7.3 points), while foreign demand increases its contribution to quarterly GDP two tenths (from 2.9 to 3.1 points).
- Employment in the economy drops at a rate of 7.1%, indicating a net decrease of almost 1.369 million full-time jobs in one year.
- Unit labour costs increase growth to 1.4%, standing at 1.3 points above the implicit GDP deflator.
- This quarterly series incorporates the updating of the annual estimates corresponding to the corresponding to the 2005-2008 period of the Spanish National Accounts, base 2000, presented yesterday, 26 August.

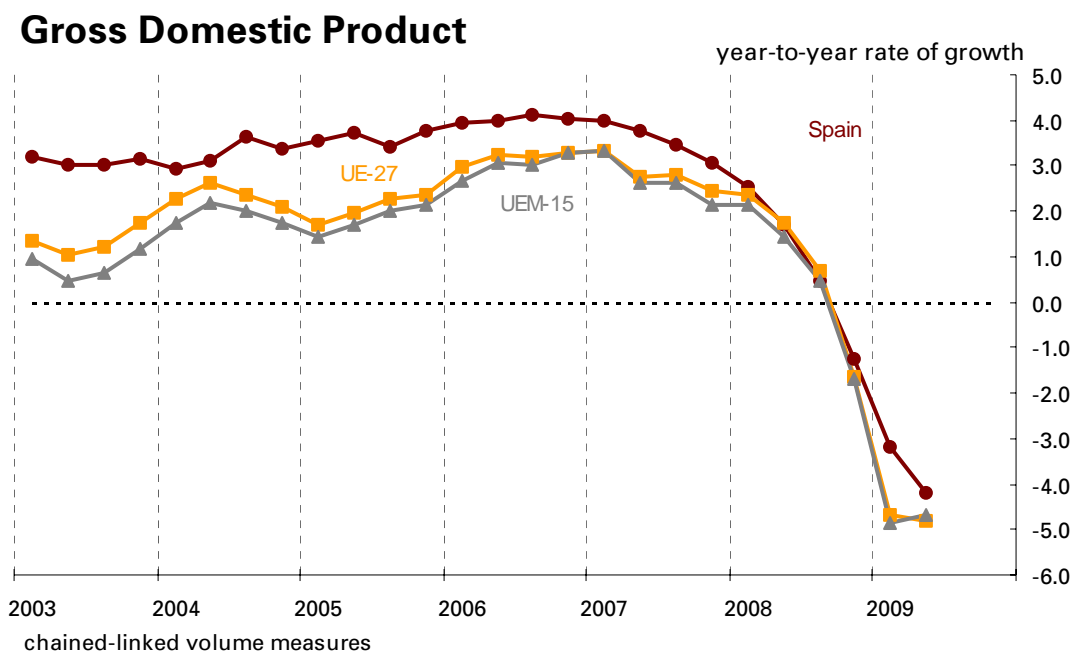
Gross Domestic Product¹ (GDP) generated by the Spanish economy in the second quarter of 2009 registered a 4.2% decrease, as compared with the same period the previous year², a result one point lower than that estimated for the previous period.

In quarter-on-quarter terms, GDP decreased its level by 1.1%, five negative tenths lower than that of the first quarter of 2009.

This quarterly series incorporated the updating of the annual estimates corresponding to the corresponding to the 2005-2008 period of the Spanish National Accounts, base 2000, presented yesterday, 26 August. **The final section of this press release summarises the revisions carried out of the quarterly GDP growth.**

Regarding Europe, different behaviour is observed between the different countries, which published results for the second quarter. Thus, whereas Germany (-5.9%), France (-2.6%), Italy (-6.0%) or Portugal (-3.7%) maintained or improved their year-on-year growth (eight tenths in the case of the first two), others such as Holland (-5.1%), Austria (-4.4%) or the United Kingdom (-5.6%) presented a sharper decreasing pattern in their GDP than in the previous period, in a similar manner to Spain.

Consequently, total aggregate GDP of the European Union decreased 4.8%, one tenth more than the previous quarter, whereas in the case of the Eurozone, the GDP recovered three tenths, coming to stand at -4.6%.

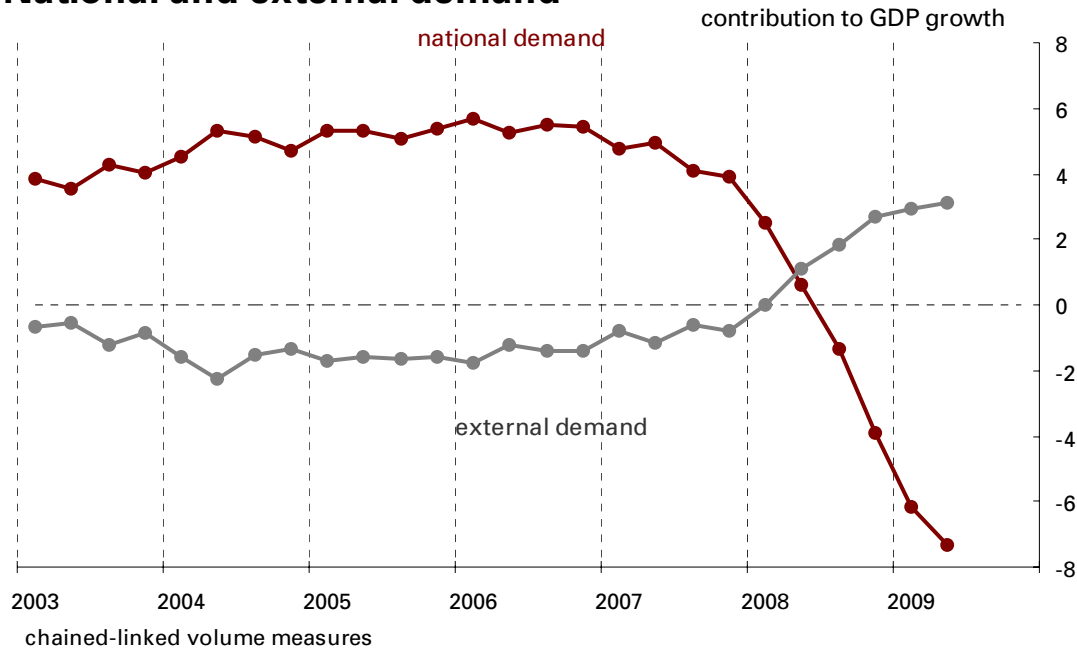


On analysing the two large components of GDP from the perspective of expenditure, on the one hand, national demand increased its negative contribution to GDP during this quarter, from -6.1 to -7.3 points, and in contrast, foreign demand stabilised its positive contribution to aggregate growth, from 2.9 to 3.1 points.

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

²Data adjusted for seasonal and calendar effects.

National and external demand



Demand. Chained-linked volume measures. Year-to-year rates of growth

	2008				2009	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	2.5	1.7	0.5	-1.2	-3.2	-4.2
Household final consumption expenditure	2.1	0.2	-1.3	-3.3	-5.1	-5.9
Final consumption expenditure of NPISHs	1.6	0.6	-0.3	1.1	1.6	3.4
Final consumption expenditure by government	4.6	5.1	5.8	6.3	6.4	5.1
Gross fixed capital formation	1.3	-1.9	-6.0	-10.9	-15.2	-17.0
- Equipment	5.0	2.9	-3.0	-11.6	-24.2	-28.9
- Construction	-0.5	-4.2	-7.2	-10.3	-11.5	-12.0
- Other products	2.4	-1.2	-6.1	-11.8	-14.0	-15.9
Changes in inventories and acquisitions less disposals of valuables (*)	0.1	0.2	0.2	0.1	0.1	-0.1
NATIONAL DEMAND (*)	2.5	0.6	-1.4	-3.9	-6.1	-7.3
Exports of goods and services	3.9	2.4	-2.9	-7.1	-17.6	-15.7
Imports of goods and services	3.1	-1.3	-7.6	-13.5	-22.9	-22.3

(*) Contribution to GDP growth

National demand

As with the previous periods, the increase in the negative contribution of national demand this quarter was due to the greater contraction of final household consumption expenditure and of investment in fixed capital. Nevertheless, the quarter-on-quarter slowing of both aggregates is less than in the previous period. Conversely, expenditure of the Public Administrations slowed during this quarter, although it continued to register significantly positive growth rates.

Final household consumption expenditure continued its decrease, from -5.13% to -5.9%, albeit less sharply than the previous quarter. The essential factor in this behaviour is the reduction in employment in the economy, determining a decrease in the level of income of

families by means of salaries. Specifically, in this second quarter, remuneration of employees decreased 2.6%.

Household expenditure monitoring indicators continued to present markedly negative growth rates, although it was observed that some of them recovered this quarter, such as for example, sales of automobiles and the retail trade index, in tune with a less negative perception of the economy by families.

On analysing the different component of expenditure, a slowdown was observed in the rate of decrease in expenditure on food and on durable goods, whereas in other goods and in services, the decrease continued to be greater than that of the first quarter.

Final consumption expenditure of Public Administrations slowed during the second quarter, from 6.4% to 5.1%, as a result of the decrease in the growth rate of purchases of goods and services partially compensated by the increase in employee remuneration of Public Administrations.

Gross formation of fixed capital increased its drop during the second quarter, from -15.2% to -17.0%, common to all its products. Nevertheless, as with household expenditure, this drop occurred less sharply than in the previous quarter.

The demand for capital goods continued to present the most negative growth rates, in tune with the weak pulse both of industrial production and of turnover and imports of this type of goods. Thus, in this quarter it went from -24.2% to -28.9%. Investment in machinery (-31.7%) presented a greater drop than that of transport equipment (-22.2%).

Investment in **construction** decreased 12.0% in the second quarter, a rate half-a-point more negative than the previous period. Infrastructure projects continued to register positive growth rates (1.2%), particularly in that linked to the area of local corporations and that linked to high-speed railway lines, whereas the investment in housing continued its downward trend (-25.5% as compared with -24.3% for the previous quarter), as a result of the increasingly weaker rate of the beginning of residential projects.

Lastly, the formation of fixed capital in **other products** decreased 15.9% in the second quarter, almost two points higher than the first quarter.

Foreign demand

Net foreign demand of the Spanish economy increases its positive contribution to the aggregate growth of the second quarter of the year two tenths, from 2.9 to 3.1 points. Both exports and imports registered less negative year-on-year growth rates than in the previous quarter.

Exports of goods and services recovered almost two points, from -17.6% to -15.7%, fundamentally due to the improved evolution in national demand of countries for which the former were intended, particularly those of the European Union. By components, corresponding improvements were estimated both for the export of goods (from -20.9% to -17.0%) and for the tourist expenditure of non-residents (from -14.5% to -9.7%). Conversely, exports of non-tourist services continued their downward trend, from -7.2% to -15.7%.

Similarly, imports of goods and services slowed their contraction this quarter, although less sharply than exports, from -22.9% to -22.3%. As occurred with the former, improvements were seen in the importing of goods (from -24.9% to -24.0%) and in purchases by residents in the rest of the world (from -19.8% to -12.9%), whereas imports of non-tourist services continued their decreasing pattern (from -14.1% to -16.1%).

Supply

From the perspective of supply, and with the exception of the primary branches, all branches of activity, on an aggregate level, registered more negative growth than the previous quarter.

Hence, in tune with the evolution of both industrial production and the intermediate consumption of these activities, gross added value of the **industrial branches** intensified its drop to -16.8% during this quarter, three points more than in the previous period. In the case of the **manufacturing industry**, the drop was steepest (-18.1%), with the most adverse results corresponding once again to the durable consumer goods and capital goods industry, as occurred the previous quarters. In turn, the **energy branches** presented a decrease of -9.7%.

Gross added value of **construction** activity decreased at a rate of 6.0%, three tenths more than in the first quarter, in accordance with production and intermediate consumption (production of construction materials, apparent consumption of cement and sub-hired construction), of the different types of construction.

As regards the **services branches**, gross added value decreased almost one point in its growth rate, from -0.2% to -1.1%, in the second quarter. Its two largest components showed opposing trends. Thus, market services decreased their slowdown, from -1.0% to -2.3%, whereas non-market services accelerated their growth rate six tenths, from 2.6% to 3.2%.

Within market services activities, those linked to trade and tourism experienced a slight recovery this quarter, in accordance with the lesser drops observed both in automobile sales, in the retail trade index and in the tourist expenditure of non-residents. Even so, their year-on-year records continued to be negative. Conversely, real estate, services provided to companies and financial intermediation activities were those registering a sharper contraction

Supply. Chained-linked volume measures. Year-to-year rates of growth

	2008				2009	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	2.5	1.7	0.5	-1.2	-3.2	-4.2
Agriculture and fishing	-0.1	-0.1	-0.1	-3.0	-2.3	-1.0
Energy and industry	2.3	0.0	-2.2	-6.2	-13.8	-16.8
- Energy	3.8	4.0	2.4	-2.4	-7.3	-9.7
- Industry	2.1	-0.7	-3.0	-6.9	-15.0	-18.1
Construction	0.6	-0.2	-1.5	-4.3	-5.7	-6.0
Service activities	3.5	2.9	1.8	0.7	-0.2	-1.1
- Market services	3.2	2.3	1.2	-0.1	-1.0	-2.3
- Non-market services	4.5	5.1	4.2	3.6	2.6	3.2
Taxes less subsidies on products	0.1	-0.4	-1.8	-2.0	-1.8	-2.4

in this quarter.

Lastly, the added value of the **primary branches** registered a less negative growth rate this quarter (-1.0% as compared with -2.3% from the previous quarter), in line with the evolution estimated for agricultural and livestock production.

Employment

Employment, measured in terms of full-time equivalent job posts, decreased 7.1% during the second quarter of the year, eight tenths more than that of the first quarter. This result indicated a decrease of almost 1.369 million net full-time jobs in one year.

On analysis by branch of activity, it was observed that all market activities, on an aggregate level, continued to register negative growth rates. The most pronounced rates continued to appear in construction, which, nevertheless, recovered by one tenth during this period, offering symptom of having reached the minimum in the first quarter of year.

From the joint consideration of the growth of quarterly GDP and of full-time employment, we deduced that the interannual variation of the apparent **productivity** of the work factor was 3.2%, one tenth lower than the figure from the previous period.

Employment. Full-time equivalent jobs. Year-to-year rates of growth

	2008				2009	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
Total	1.5	0.3	-1.0	-3.2	-6.3	-7.1
Agriculture and fishing	-4.1	-3.1	-2.5	-3.3	-3.0	-3.6
Energy and industry	0.7	0.8	-0.8	-4.9	-10.2	-12.3
Construction	-1.0	-6.4	-12.3	-20.2	-25.4	-25.3
Service activities	2.6	1.8	1.4	0.7	-1.7	-2.7
- Market services	3.4	2.2	1.9	0.3	-2.9	-4.3
- Non-market services	0.3	0.7	0.3	1.6	1.5	1.8
Employees	1.5	0.2	-1.1	-3.6	-6.3	-6.9
Agriculture and fishing	-3.8	-1.3	-1.5	0.6	0.7	-0.8
Energy and industry	0.8	1.0	-0.7	-5.0	-10.1	-12.3
Construction	-1.0	-7.1	-12.9	-22.1	-27.6	-26.4
Service activities	2.4	1.6	1.2	0.4	-1.2	-2.1
- Market services	3.4	2.0	1.7	-0.1	-2.5	-3.8
- Non-market services	0.3	0.7	0.3	1.6	1.5	1.8

GDP valued at current prices and the implicit deflator

GDP valued at current prices contracted -4.1% the second quarter of 2009, slowing its growth rate 2.2 points.

As a result, the implicit **deflator** of the economy grew 0.1%, 1.2 points lower than that for the previous quarter.

Demand and supply. Current prices. Year-to-year rates of growth

	2008				2009	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	5.6	4.6	3.1	0.5	-1.9	-4.1
Household final consumption expenditure	6.3	4.3	2.6	-0.7	-5.0	-7.1
Final consumption expenditure of NPISHs	5.7	4.2	3.2	4.6	4.8	6.5
Final consumption expenditure by government	9.5	9.6	9.0	8.4	7.9	7.1
Gross fixed capital formation	3.6	0.3	-4.5	-10.8	-17.2	-21.2
- Equipment	7.6	5.0	-1.4	-10.6	-24.0	-29.8
- Construction	1.9	-1.8	-5.8	-10.9	-15.1	-18.2
- Other products	3.8	0.4	-4.5	-11.0	-13.9	-17.8
Changes in inventories and acquisitions less disposals of valuables (*)	0.1	0.2	0.2	0.2	0.1	-0.1
NATIONAL DEMAND (*)	6.6	4.5	2.0	-2.0	-6.3	-8.8
Exports of goods and services	6.3	5.5	1.1	-4.3	-17.6	-17.1
Imports of goods and services	7.9	4.1	-2.5	-10.6	-27.1	-28.1
GROSS DOMESTIC PRODUCT at market prices	5.6	4.6	3.1	0.5	-1.9	-4.1
Agriculture and fishing	6.7	7.7	-5.4	-10.3	-2.8	-5.1
Energy and industry	7.5	5.6	2.9	-2.2	-11.3	-16.3
Construction	4.2	3.0	3.0	-3.1	-5.1	-6.8
Service activities	8.3	7.8	6.8	5.3	3.7	2.1
- Market services	8.1	7.5	6.5	4.7	3.2	1.0
- Non-market services	9.1	9.0	7.9	7.4	5.4	6.2
Taxes less subsidies on products	-11.2	-14.3	-16.7	-18.9	-19.6	-23.7

(*) Contribution to GDP growth

Income

As regards the primary distribution of income, employee remuneration contracted to -2.6%, as a result of the reduction in paid employment (-6.9%), partially compensated by average remuneration, which accelerated three tenths to 4.6%. As a result, growth of the labour cost per product unit recovered four tenths to 1.4%, standing 1.3 points above the implicit deflator of the economy.

Gross operating surplus and gross mixed income slowed their growth almost four points, recording a negative growth rate for the first time (-1.6%). Lastly, taxes on production and net imports of subsidies decreased 23.8%.

Income. Current prices. Year-to-year rates of growth

	2008				2009	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	5.6	4.6	3.1	0.5	-1.9	-4.1
Compensation of employees	7.6	6.6	5.0	2.1	-2.3	-2.6
Unit Labor Costs (ULC)	4.9	5.0	4.7	3.8	1.0	1.4
Compensation per employee	6.0	6.4	6.2	6.0	4.3	4.6
Productivity per worker	1.1	1.4	1.4	2.1	3.3	3.2
Salary rate	0.0	-0.1	-0.1	-0.4	0.0	0.2
Operation surplus, gross / Mixed income, gross	7.6	6.7	6.1	2.8	2.2	-1.6
Net taxes on production and imports	-10.2	-12.2	-17.0	-20.1	-18.1	-23.8

In terms of the contributions of these transactions to the growth of the implicit deflator of GDP, operating surplus continued to be the operation that most contributed to the inflation rate of the economy (1.2 points), followed by employee remuneration (0.8 points). The sum of both contributions has practically been compensated by that of the net taxes on production and imports (–1.9 points).

Income. Components of the GDP deflator. Contributions

	2008				2009	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	3.0	2.8	2.6	1.7	1.3	0.1
Compensation of employees	2.3	2.3	2.2	1.7	0.5	0.8
Unit Labor Costs (ULC)	2.3	2.4	2.3	1.9	0.5	0.7
Compensation per employee	2.8	3.0	2.9	2.8	2.1	2.2
Productivity per worker	-0.5	-0.7	-0.7	-1.0	-1.6	-1.5
Salary rate	0.0	-0.1	-0.1	-0.2	0.0	0.1
Operation surplus, gross / Mixed income, gross	2.0	2.0	2.3	1.8	2.3	1.2
Net taxes on production and imports	-1.4	-1.5	-1.9	-1.7	-1.5	-1.9

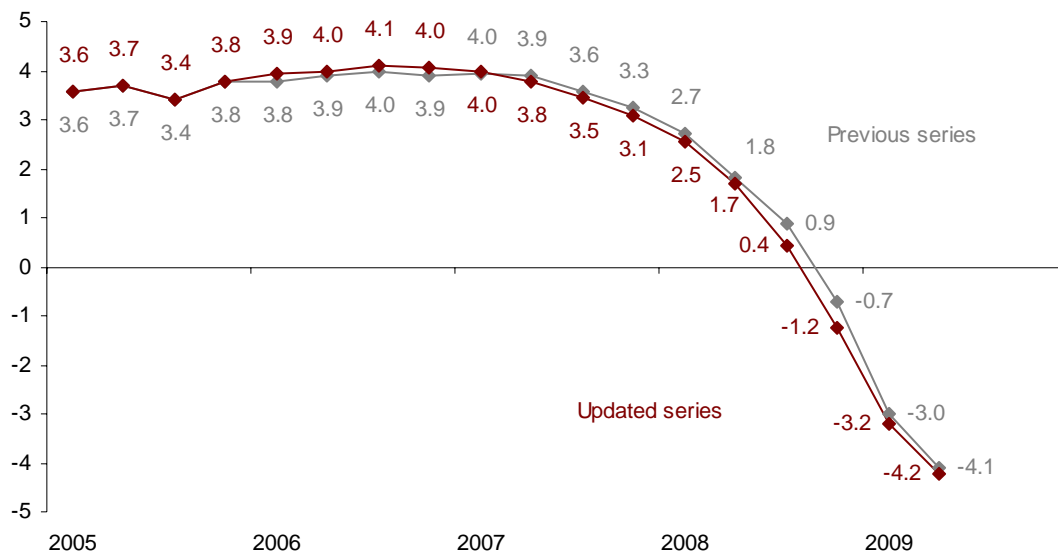
Updating of the Quarterly National Accounts series

As mentioned at the beginning of this press release, the quarterly series of the GDP presented here includes the updating of the annual estimates of the Spanish National Accounts corresponding to the period 2005-2008, base 2000, presented last 26 August.

The following graphs show the revisions carried out during the aforementioned period to year-on-year and quarter-on-quarter growth of GDP, as well as contributions of national and foreign demand:

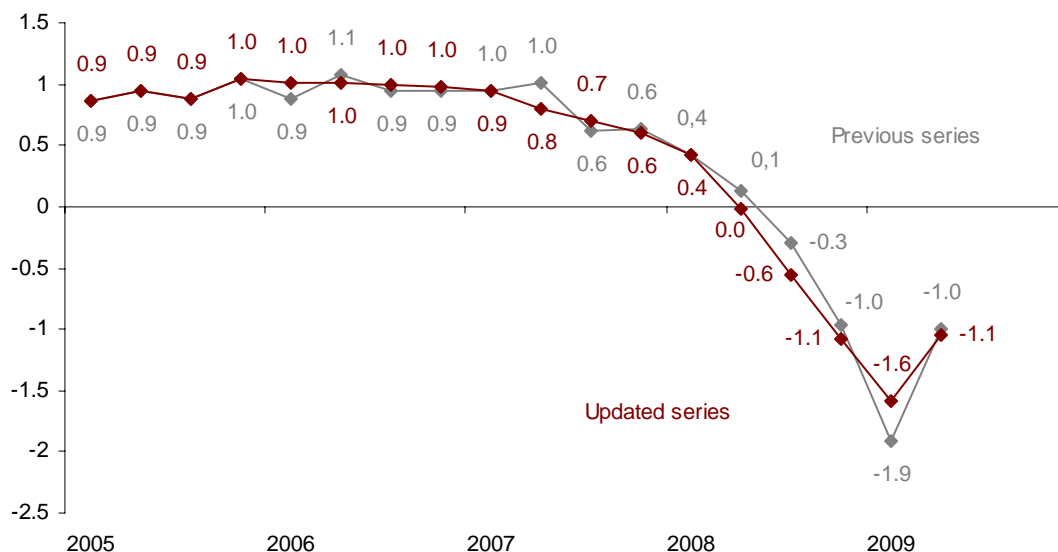
Gross Domestic Product

Year-on-year growth rates



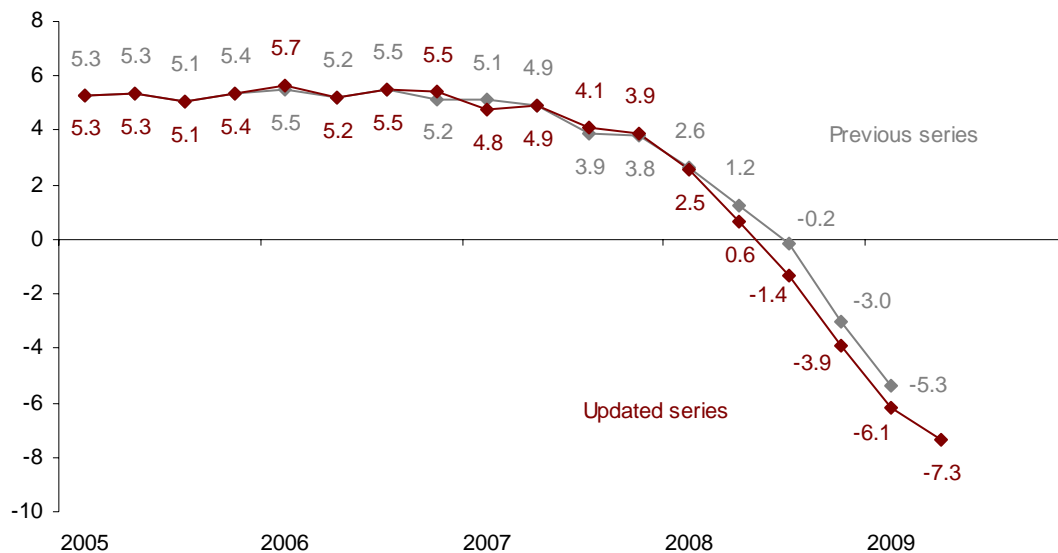
Gross Domestic Product

Quarter-on-quarter growth rates



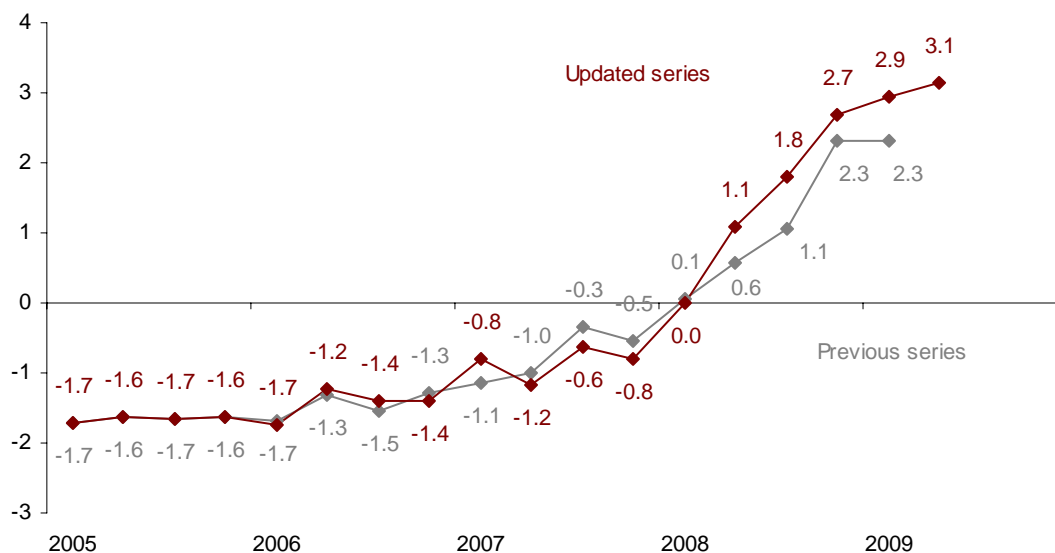
National demand

Contribution to GDP growth



Foreign demand

Contribution to GDP growth



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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/infoine