

26 August 2010

Quarterly Spanish National Accounts. Base 2000

Second quarter of 2010

Quarterly National Accounts (GDP)

Latest data	Year-on-year growth rate	Quarter-on-quarter growth rate
Second quarter of 2010	-0.1	0.2

Main Results

- The Spanish economy registers an interannual decrease of 0.1% in the second quarter of 2010, that is, 1.2 points less than the previous quarter.
- Quarter-on-quarter growth stands at 0.2%, one tenth higher than that recorded the previous quarter.
- The annual growth data is one tenth higher that published in the Advance Estimate of the Quarterly National Accounts published on 13 August this year. The figure for quarter-on-quarter growth coincides with that published in the aforementioned preview estimate.
- The negative contribution of domestic demand to aggregate growth decreases two points and three tenths (from -2.8 to -0.5 points), while foreign demand lessens its contribution to quarterly GDP one point and one tenth (from 1.5 to 0.4 points).
- Employment in the economy drops at a rate of 2.5%, indicating a net reduction of almost 450 thousand full-time jobs in one year. In terms of hours actually worked, the rate of decrease stands at 1.0%.
- Unit labour cost growth quickens three tenths to -1.0%, still remaining one point and three tenths below the GDP deflator.
- This quarterly series includes the updating of the annual estimates corresponding to the period 2006-2009 of the Spanish National Accounts, base 2000, presented on Wednesday 25 August this year.

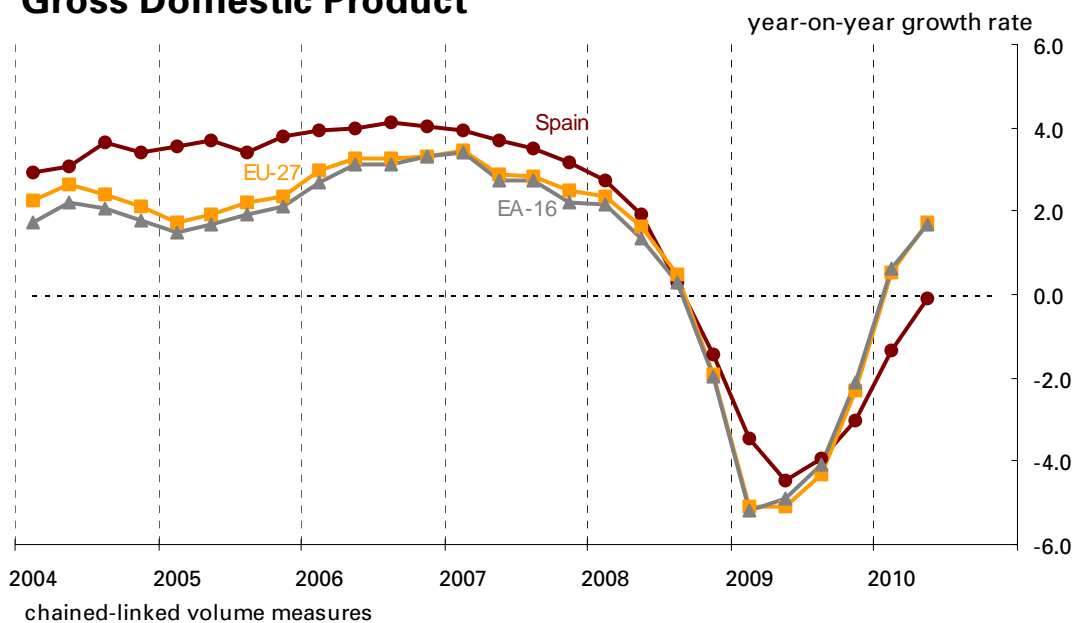
Gross Domestic Product¹ (GDP) generated by the Spanish economy during the second quarter of 2010 registered a 0.1% decrease, as compared with the same period the previous year², one point and two tenths lower than that estimated for the previous period. Therefore the rate of contraction of the Spanish economy continued to slow down and now presented a very similar volume to one year ago.

In quarter-on-quarter terms, GDP grew at a rate of 0.2%, one tenth higher than that recorded the previous quarter.

This quarterly series includes the updating of the annual estimates corresponding to the period 2006-2009 of the Spanish National Accounts, base 2000, presented on Wednesday 25 August. **The final section of this press release summarises the revisions carried out for the quarterly GDP growth.**

On analysis of the European sphere, both the European Union and the Euro zone presented positive interannual growth in the second quarter (1.7%), derive from the favourable performance of their largest economies, all of which experienced positive growth, except Spain. The greatest growth was in Germany (3.7%), Holland (2.1%), Austria (2.0%), France (1.7%), United Kingdom (1.6%) and finally Italy (1.1%).

Gross Domestic Product

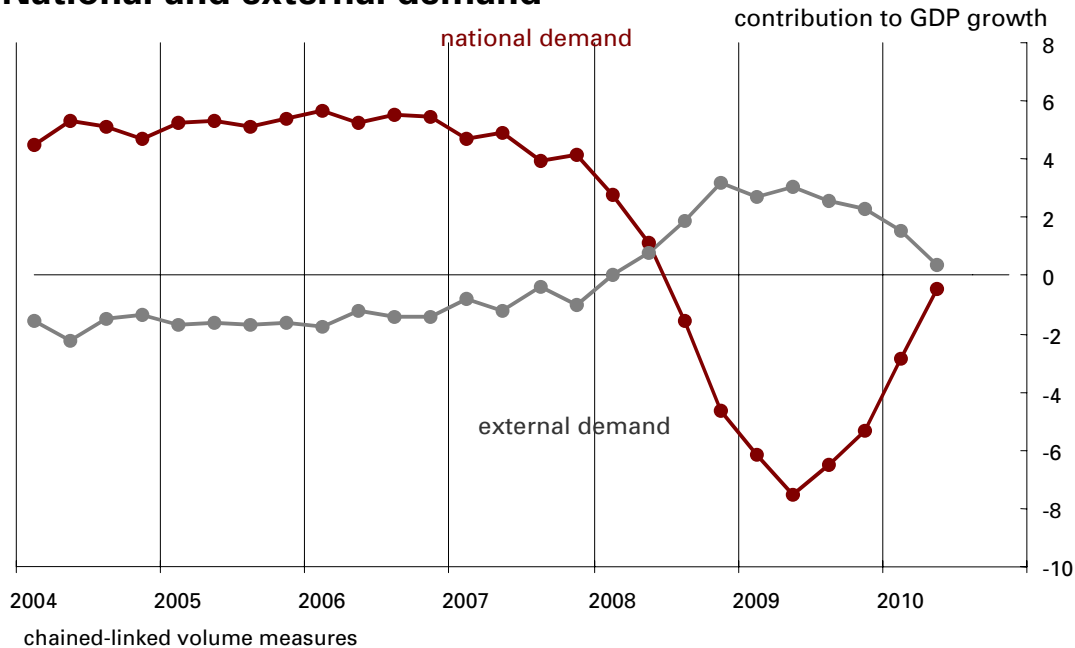


On analysing the two large components of Spanish GDP from the perspective of expenditure, a similar pattern of performance could be observed as in the previous quarter. Thus, on the one hand, the negative contribution of domestic demand to GDP decreased two points and three tenths in this quarter, from -2.8 to -0.5 points. Whereas, in contrast, foreign demand decreased its positive contribution to the aggregate growth one point and one tenth, from 1.5 to 0.4 points.

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

	2009				2010	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-3.5	-4.4	-3.9	-3.0	-1.3	-0.1
Household final consumption expenditure	-5.0	-5.5	-4.2	-2.6	-0.3	2.0
Final consumption expenditure of NPISHs	0.9	1.0	1.2	0.8	0.9	1.3
Final consumption expenditure by government	5.9	4.3	2.7	0.2	-0.2	0.4
Gross fixed capital formation	-15.3	-18.0	-16.4	-14.0	-10.5	-7.0
- Equipment	-24.2	-31.5	-25.5	-16.9	-4.8	8.7
- Construction	-12.2	-12.0	-11.7	-11.9	-11.4	-11.4
- Other products	-12.1	-16.9	-18.7	-17.2	-15.4	-12.4
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	0.0	0.0	-0.1	0.0	0.1
NATIONAL DEMAND (*)	-6.2	-7.5	-6.5	-5.3	-2.8	-0.5
Exports of goods and services	-16.5	-15.8	-11.0	-2.1	8.8	10.5
Imports of goods and services	-21.5	-22.2	-17.2	-9.2	2.0	8.1

(*) Contribution to GDP growth

Domestic Demand

As was the case in previous quarters, the least contracting behaviour of **domestic demand** in this period was shared by its two main aggregates, final household consumption expenditure and gross fixed capital formation, although the former now presents positive interannual growth rates.

In fact, **household final consumption expense** accelerated its growth this quarter to 2.0%, which it had not reached since the beginning of 2008 and following seven consecutive quarters of contraction. The main resource of the disposable income of households, employee remuneration, continued to reduce its slowdown, fundamentally due to the less unfavourable data for employment, this fact having had a positive impact on the increase in expenditure by households.

The indicators for approximating the volume of consumption expenditure showed a more favourable performance than in previous quarters, especially in those linked to goods, a fact to which advance purchases made by households as a result of the increase in VAT as of the third quarter may have contributed.

Therefore, although components of expenditure by households experienced positive growth, of note due to its dynamism was consumption expenditure on goods and, within the latter, that of durable goods (above 13%) in particular.

Final consumption expenditure of the Public Administrations quickened its growth six tenths to 0.4% in this second quarter, in line with the rate of progress both of employee remuneration of the Public Administrations, and with the amount of purchases of goods and services for the sector and of social transfers of products acquired on the market for directly supplying households.

Gross formation of fixed capital slowed its interannual decrease three points, from -10.5% to -7.0%. By its main components, a notable recovery was observed for capital goods, which now registered positive rates in this quarter. On the other hand, improvement was experienced in investment in other products and, lastly, stabilisation in the contraction of gross formation in construction.

Investment in **capital goods** registered positive growth rates in this period, following seven quarters of contraction (from -4.8% to 8.7%), in line with the information that we conclude from practically all of its monitoring indicators (industrial production, imports of this type of goods, turnover and industrial new orders for equipment, etc.), which registered more favourable evolution than in the previous quarter, some of which even experienced interannual rates of more than 20%, such as registration of vehicles mainly designed for freight.

Conversely, the decrease in the gross formation in **construction** remained the same in the second quarter, at -11.4%, although there was a smaller decrease in investment in housing (from -21.1% to -19.3%) which still continued to register very negative records. The Rest of construction, both of non-residential buildings and infrastructure, receded once again this quarter (from -4.1% to -5.7%).

Lastly, the gross formation of fixed capital in **other products** reduced its decrease three points in the second quarter (from -15.4 to -12.4%).

Foreign demand

The contribution of the net **foreign demand** of the Spanish economy to quarterly GDP decreased one point and one tenth, from 1.5 to 0.4 points. Both exports and imports of goods and services accelerated their positive growth this quarter, albeit more intensely in the case of imports.

Exports of goods and services accelerated their growth, from 8.8% to 10.5%, in line with the improved evolution of domestic demand of the countries to which these exports are sent, that is, fundamentally the European Union. In the case of the export of goods, growth rates reached 16.0%, and in the export of services, 2.1%. Lastly, tourist expenditure of non-residents receded from -0.7% to -1.3%.

Lastly, **imports** of goods and services also accelerated their interannual growth, from 2.0% to 8.1%. As with exports, the goods component was the most dynamic (9.5%), whereas imports of services reached 3.7% in the case of non-tourist services and 3.0% in the case of purchases by residents in the rest of the world.

Supply

From the perspective of supply, contrasting performances were observed in the added value of the different branches of activity. Thus, whereas the industrial and services branches registered positive growth rates, for the first time since contracting, agriculture and construction still continued to register negative interannual rates.

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

	2009				2010	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-3.5	-4.4	-3.9	-3.0	-1.3	-0.1
Agriculture and fishing	0.4	0.7	1.6	1.5	-2.2	-3.5
Energy and industry	-11.5	-14.3	-13.5	-10.2	-1.9	1.8
- Energy	-5.5	-6.5	-7.3	-6.3	0.1	0.2
- Industry	-12.7	-15.9	-14.8	-11.0	-2.3	2.2
Construction	-6.1	-6.3	-7.1	-5.4	-6.3	-6.4
Service activities	-0.8	-1.6	-0.9	-0.9	-0.4	0.4
- Market services	-1.8	-2.6	-1.7	-1.6	-0.7	0.3
- Non-market services	2.5	2.2	2.0	1.6	0.6	0.7
Taxes less subsidies on products	-5.7	-6.8	-6.5	-4.8	-1.2	1.7

The gross added value of the **industrial branches** accelerated its growth in this quarter, from -1.9% to 1.8%, in line with the evolution of both industrial production and the intermediate consumption of these activities. On analysing the different industrial branches, it could be observed that this improvement was produced in the manufacturing branches. Thus, in the case of the **manufacturing industry**, the significant improvement in demand for consumer goods, in particular durable consumer goods, and for capital goods determined that the added value of these activities slow their decrease, from -2.3% to 2.2%. In turn, the added value of the **energy branches** accelerating their growth one tenth to 0.2%.

Along the lines of the evolution of production and of intermediate consumption of the activity, gross added value of **construction** accelerated its contraction one tenth, from -6.3% to -6.4%. The main factors leading to this result were the same as those mentioned above in the section on demand, that is, the more unfavourable situation of construction in infrastructures and residential construction, slightly compensated for by the improvement in residential construction.

As in the case of industry, activity in the **service branches** registered positive growth in this quarter, for the first time since a year-and-a-half ago. Thus, its added value grew at a rate of 0.4%, less intensely in the case of market activities (0.3%) than in that of non-market branches (0.7%).

On an aggregate level, practically all branches of market services presented an evolution that was more favourable than in the previous quarter, even though many of them still registered negative growth rates in their added value, in line with the results of the services sector activity indicators. As in previous quarters, the most dynamic performance continued to be in trade branches, particularly referring to sales of motor cars and motorcycles, in line with the demand for this type of goods. Also worth noting, due to its intensity, was the growth in transport and storage activity. At the other end of the scale, information and communications technologies activities, as well as services provided to companies and support services, continued to register negative year-on-year growth rates.

Lastly, the primary branches once again accelerated their contraction this quarter, with their added value decreasing 1.3 points more than the previous period (from -2.2% to -3.5%), in line with the evolution of agricultural and livestock activity, which registered an especially negative impact as a result of the unfavourable short-term weather conditions during the quarter.

Employment

Employment, measured in terms of full-time equivalent job posts, slowed its decrease one point and two tenths, from -3.7% to -2.5%. This result indicated a decrease of almost 450 thousand net full-time jobs in one year.

On an aggregate level, the industrial and market services branches registered less intense decreases in this quarter than in the previous one.

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

	2009				2010	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
Total	-6.2	-7.1	-7.2	-6.0	-3.7	-2.5
Agriculture and fishing	-2.6	-2.8	-3.8	-2.7	-0.3	-0.5
Energy and industry	-11.0	-13.4	-14.5	-11.1	-7.7	-4.8
Construction	-23.8	-24.2	-23.5	-18.9	-16.0	-11.8
Service activities	-1.6	-2.5	-2.8	-2.9	-1.1	-0.8
- Market services	-2.7	-4.0	-4.5	-4.5	-2.1	-1.7
- Non-market services	1.2	1.4	1.5	1.4	1.3	1.5
Employees	-6.1	-7.2	-7.3	-5.6	-3.7	-2.4
Agriculture and fishing	2.0	0.9	-1.2	-3.7	2.9	1.8
Energy and industry	-11.1	-13.8	-14.8	-10.9	-7.7	-4.3
Construction	-25.6	-25.4	-24.6	-19.5	-16.8	-13.4
Service activities	-1.2	-2.3	-2.5	-2.2	-1.0	-0.6
- Market services	-2.3	-4.0	-4.4	-3.8	-2.1	-1.6
- Non-market services	1.2	1.4	1.5	1.4	1.3	1.5

The rate of decrease of the number of hours actually worked by employed persons in the economy was lower, dropping from -3.1% to -1.0%.

The joint consideration of the growth of quarterly GDP, and the data on employed persons, yielded that the year-on-year growth rate of **apparent productivity per equivalent job post** remained at 2.5%, whereas the growth of **apparent productivity per hour actually worked** dropped from 1.8% to 0.9%.

GDP at current prices and implicit deflator

GDP valued at current prices accelerated its interannual growth by 0.2% in the second quarter of 2010, a positive rate for the first time in five quarters. As a result, the growth of the implicit **deflator** of the economy reached 0.3%, two tenths lower than the previous quarter.

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

	2009				2010	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-2.3	-3.7	-3.8	-2.7	-0.9	0.2
Household final consumption expenditure	-4.2	-5.8	-4.7	-2.0	1.3	4.5
Final consumption expenditure of NPISHs	1.3	1.2	0.7	0.3	2.1	2.4
Final consumption expenditure by government	8.3	6.6	4.2	1.0	0.4	0.9
Gross fixed capital formation	-17.0	-21.4	-20.2	-16.7	-11.2	-5.8
- Equipment	-24.2	-32.2	-26.5	-17.6	-4.5	10.8
- Construction	-14.6	-17.0	-16.9	-15.8	-12.7	-11.1
- Other products	-14.3	-19.7	-21.9	-18.8	-15.0	-8.9
Changes in inventories and acquisitions less disposals of valuables (*)	0.0	0.0	0.0	-0.1	0.0	0.1
NATIONAL DEMAND (*)	-5.8	-8.3	-7.6	-5.5	-2.0	1.4
Exports of goods and services	-18.1	-18.0	-15.2	-5.8	9.7	12.6
Imports of goods and services	-25.0	-28.3	-24.3	-14.3	4.1	16.4
GROSS DOMESTIC PRODUCT at market prices	-2.3	-3.7	-3.8	-2.7	-0.9	0.2
Agriculture and fishing	-2.0	-1.8	-2.8	-1.5	-4.0	-8.6
Energy and industry	-10.1	-12.9	-13.3	-9.7	-2.5	0.0
Construction	-5.9	-6.1	-9.2	-7.0	-7.5	-8.3
Service activities	2.5	2.0	1.4	0.9	0.6	-0.8
- Market services	1.9	0.9	0.5	0.1	0.3	-1.2
- Non-market services	4.8	5.7	4.8	3.7	1.4	0.5
Taxes less subsidies on products	-18.2	-26.3	-19.5	-13.3	0.0	27.7

(*) Contribution to GDP growth

Income

Considering the primary distribution of income, employee remuneration decreased its negative growth rate one point, from -2.0% to -1.0%, as a result of the slowdown in the decrease in number of employees (from -3.7% to -2.4%), somewhat compensated by the slowdown in average remuneration (from 1.8% to 1.4%). Thus, the labour cost per product unit (CLU) decreased at a rate of -1.0%, three tenths below the previous period and one point and three tenths below the implicit deflator of the economy.

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

	2009				2010	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	-2.3	-3.7	-3.8	-2.7	-0.9	0.2
Compensation of employees	-1.6	-3.0	-3.7	-2.7	-2.0	-1.0
Unit Labor Cost (ULC)	1.9	1.7	0.3	0.0	-0.7	-1.0
Compensation per employee	4.8	4.5	3.9	3.2	1.8	1.4
Productivity per worker	2.9	2.8	3.6	3.1	2.5	2.5
Salary rate	0.0	-0.1	0.0	0.4	0.0	0.1
Gross operating surplus / Gross mixed income	0.2	0.1	-1.5	-1.0	0.0	-2.9
Net taxes on production and imports	-17.7	-26.5	-16.9	-11.8	1.7	29.5

Gross operating surplus and mixed income decreased to -2.9%, and lastly, taxes on production and net imports of subsidies slowed their rate of increase to 29.5%.

Regarding the contributions of these operations to the growth of the implicit GDP deflator, it was observed in the following table, net taxes on production and imports contributed two points to the growth of said index, whereas both employee remuneration (-0.5 points) and the operating surplus and mixed income (-1.2 points) had negative contributions to the growth of the GDP deflator.

Income. Components of the GDP deflator. Contributions

	2009				2010	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
GROSS DOMESTIC PRODUCT at market prices	1.2	0.8	0.1	0.3	0.5	0.3
Compensation of employees	1.0	0.8	0.1	0.2	-0.3	-0.5
Unit Labor Cost (ULC)	1.0	0.8	0.1	0.0	-0.3	-0.5
Compensation per employee	2.4	2.2	1.9	1.5	0.9	0.7
Productivity per worker	-1.4	-1.4	-1.8	-1.5	-1.2	-1.2
Salary rate	0.0	-0.1	0.0	0.2	0.0	0.1
Gross operating surplus / Gross mixed income	1.6	2.0	1.1	0.9	0.6	-1.2
Net taxes on production and imports	-1.4	-2.0	-1.1	-0.7	0.2	2.0

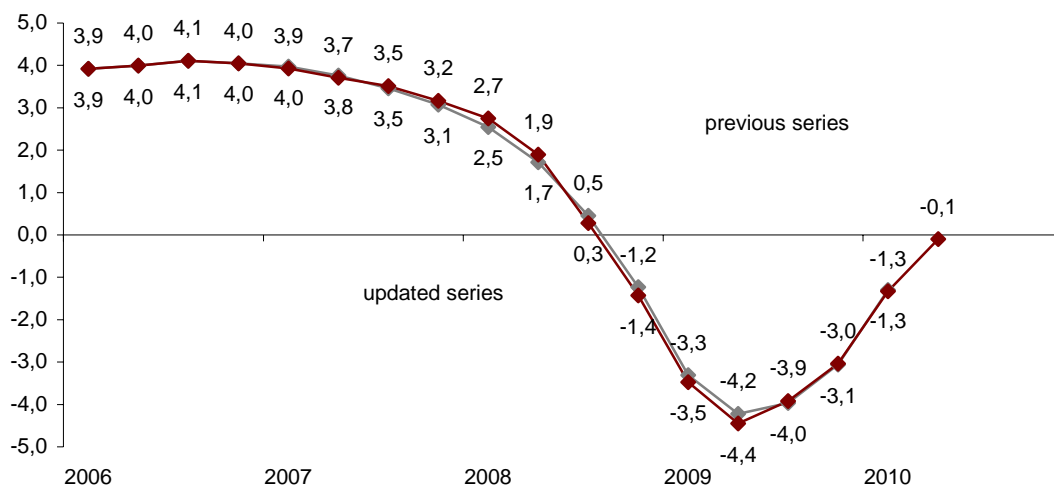
Updating of the Quarterly National Accounts series.

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 2006-2009, base 2000, presented on Wednesday 25 August this year.

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

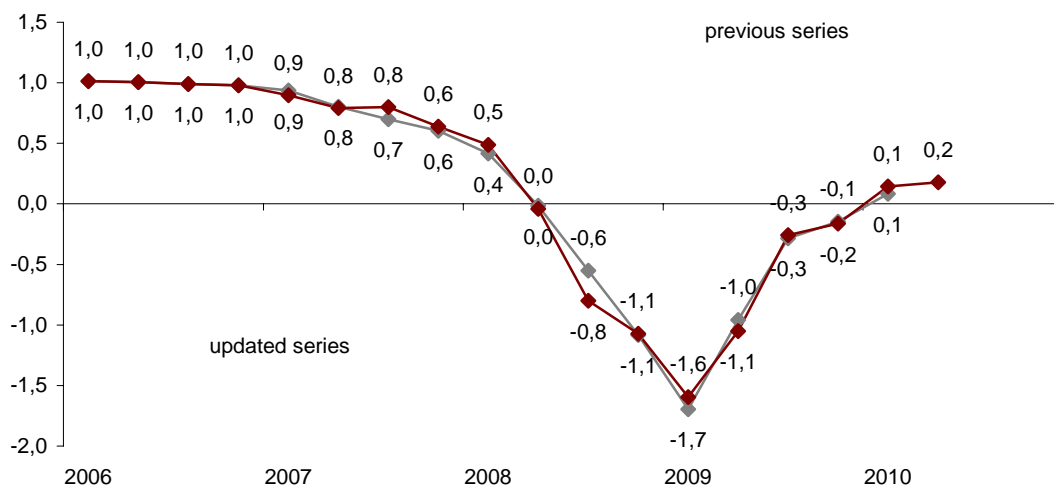
Gross Domestic Product

Year-on-year growth rates



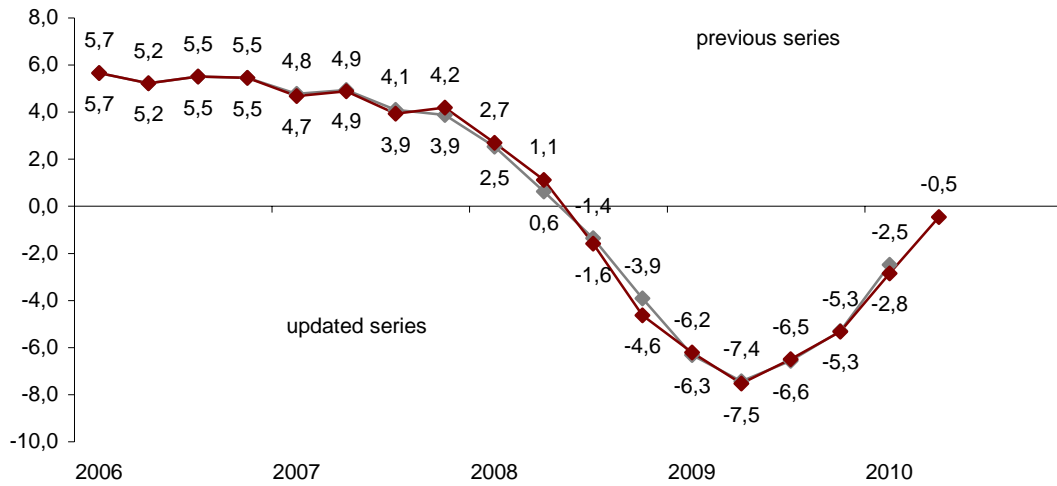
Gross Domestic Product

Quarter-on-quarter growth rates



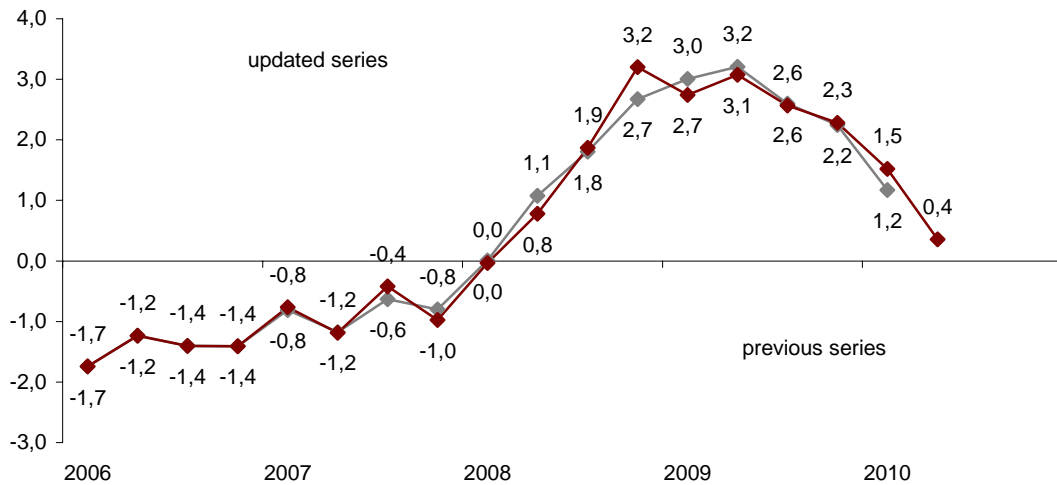
Domestic Demand

Contribution to GDP growth



Foreign Demand

Contribution to GDP growth



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