

## Quarterly Spanish National Accounts. Base 2000

### Second quarter of 2007

Quarterly National Accounts (GDP)		
Latest data	Interannual Variation	Quarter-on-quarter Variation
Second quarter 2007	4,0	0,9

#### Main results

During the second quarter of 2007, the Spanish economy registers a 4% growth rate, one tenth less than the previous quarter.

- The estimated quarter-on-quarter growth is 0.9%.

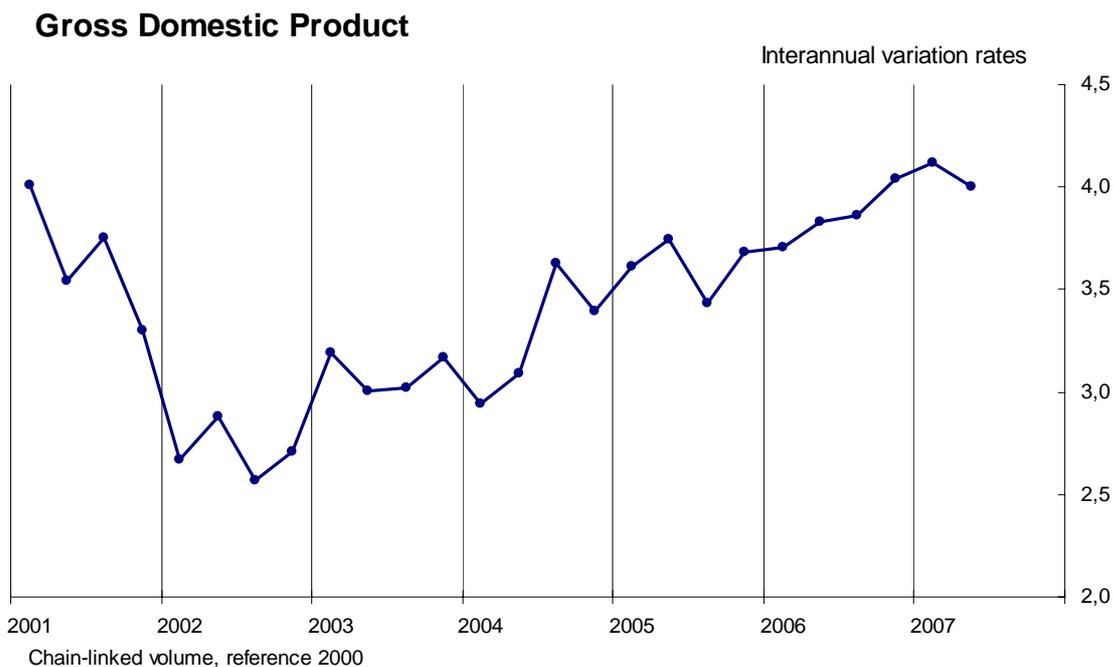
-The contribution of domestic demand to aggregate growth decreases (from 5 to 4.9 points), while the negative contribution of foreign demand to the GDP during this period stands immobile (-0.9 points).

-Employment grows at a rate of 3.2%, which indicates a net creation of more than 590 thousand full-time jobs in one year.

-Unit labour costs stabilise growth this quarter at 2.1%, remaining 1.1 points below the implicit deflator of the economy.

-This quarterly series includes the updating of the annual estimates of the Spanish National Accounts, base 2000, corresponding to the period 2003-2006, presented last 23 August.

The Gross Domestic Product<sup>1</sup> (GDP) generated by the Spanish economy during the second quarter of 2007 registered a 4% growth rate as compared with the same period for the previous year<sup>2</sup>, moderating its variation rate by one tenth. Quarter-on-quarter growth stood at 0.9%, one tenth less than in the first quarter.



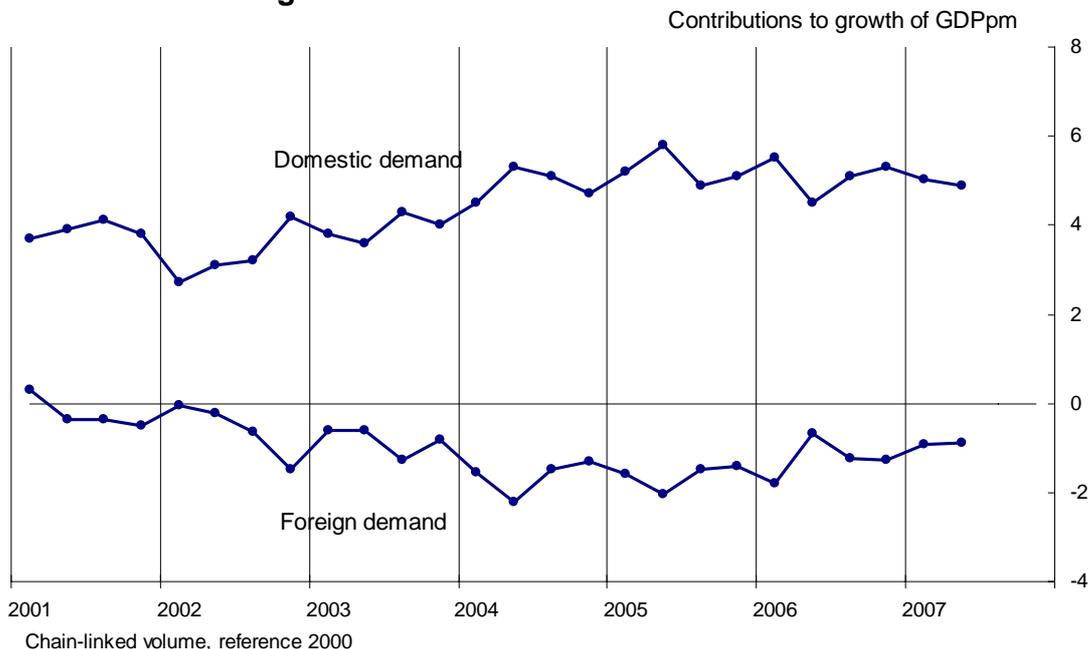
This quarterly series includes the updating of the annual estimates of the Spanish National Accounts, base 2000, corresponding to the period 2003-2006, presented last 23 August. **The final section of this press release summarises the revisions carried out of the quarterly GDP growth.**

The slump shown by the GDP during the second quarter of 2007 was exclusively due to the reduced contribution of domestic demand (4.9 points, down from the 5 points registered the previous period), given that foreign demand maintained its negative contribution to the GDP (-0.9 points).

<sup>1</sup> Chain-linked volume measures, referring to the year 2000.

<sup>2</sup> Data corrected for seasonal and calendar effects.

**Domestic and foreign demand**



**Demand. Chain-linked volume measures. Reference year 2000. Year-on-year**

Operations	2005				2006				2007	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
<b>GROSS DOMESTIC PRODUCT at market prices</b>	<b>3,6</b>	<b>3,7</b>	<b>3,4</b>	<b>3,7</b>	<b>3,7</b>	<b>3,8</b>	<b>3,9</b>	<b>4,0</b>	<b>4,1</b>	<b>4,0</b>
Household final consumption expenditure	4,4	4,5	4,0	3,8	4,1	3,5	3,7	3,7	3,4	3,3
NPISH final consumption expenditure	5,0	6,8	4,2	6,5	6,5	6,7	7,3	6,3	5,4	4,7
Public Administration final consumption expenditure	5,6	5,9	5,1	5,4	4,9	4,0	4,8	5,7	5,7	5,5
Gross formation of fixed capital	6,0	8,0	6,3	7,2	7,8	5,7	6,8	7,0	6,6	6,6
- Capital goods	6,3	12,0	7,3	11,1	10,0	7,4	11,0	13,0	13,3	13,0
- Construction	5,8	6,4	6,1	6,0	7,1	5,5	5,9	5,5	5,2	4,6
- Other products	6,4	7,9	5,6	5,6	7,1	3,8	3,7	3,8	2,3	4,3
Variation in stocks (*)	0,0	-0,1	-0,1	-0,1	0,0	0,0	0,1	0,1	0,1	0,0
Domestic demand (*)	5,2	5,8	4,9	5,1	5,5	4,5	5,1	5,3	5,0	4,9
Exports of goods and services	0,2	3,1	3,7	3,4	5,7	4,9	4,2	5,7	3,7	4,8
Imports of goods and services	5,4	9,7	8,0	7,7	10,6	6,1	7,5	8,9	5,9	6,7

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

The reduced contribution of domestic demand to the GDP in this second quarter was caused by the moderation of the growth of final consumption expenditure, given that the variation rate of the gross formation of fixed capital remained stable.

Thus, the growth of household final consumption expenditure slowed to 3.3%, fundamentally due to the less expansive tendency of expenditure on durable goods and services, within a context in which consumer confidence also worsened slightly as compared with the previous quarter.

Likewise, the group expenditure of Public Administrations reduced its real growth by two tenths to 5.5% consistently, in particular, with a less expansive tendency in the net purchases of goods and services by said administrations.

The gross formation of fixed capital stabilised its variation rate at 6.6%. Nonetheless, considering the evolution of the different products, diverse performances were observed among them. Therefore, investment in both construction and capital goods displayed less dynamism than in the previous quarter, more pronounced in the former than in the latter (4.6% as opposed to 5.2%), which nevertheless continued to exhibit very high growth rates (13% as compared to 13.3%). Meanwhile, the growth rate of the gross formation of fixed capital in other products accelerated noticeably (4.3% as opposed to 2.3%).

Net foreign demand of the economy maintained its negative contribution to aggregate growth at -0.9 points, as a result of the acceleration common to both exports and imports of goods and services.

Thus, on the one hand, exports of goods and services increased their growth rate by 3.7% during the first quarter, and by 4.8% during the second. This acceleration was shared with practically the same intensity, by both the goods component (4.8% as compared with 3.6% from the previous quarter) and the services component (4.9% from 4%), although the drop experienced by the latter in non-resident expenditure in the economic territory (-2.3% as opposed to the 1.5% registered the previous quarter) is noteworthy, and a result of the unfavourable tourism trends of the period.

Finally, imports of goods and services experienced an increase in growth from 5.9% to 6.7%. Even though this acceleration was less intense than that of exports, its greater weight meant that the final contribution of foreign demand to the GDP did not vary as compared with the first quarter of 2007. Considering its components, imports of goods increased from 5.6% to 6.3%, while services increased from 6.8% to 8.5%.

From the supply perspective, the added values of the agricultural, manufacturing, construction and market services branches, on an aggregate level, exhibited a common slow-down in growth. Only the energy and non-market services branches presented accelerations in growth of added value.

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

Operations	2005				2006				2007	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
<b>GROSS DOMESTIC PRODUCT at market prices</b>	<b>3,6</b>	<b>3,7</b>	<b>3,4</b>	<b>3,7</b>	<b>3,7</b>	<b>3,8</b>	<b>3,9</b>	<b>4,0</b>	<b>4,1</b>	<b>4,0</b>
Agricultural and Fishing branches	-11,0	-9,0	-4,1	-10,1	-0,1	2,3	-2,4	10,1	8,8	5,5
Industrial and Energy branches	1,2	1,0	0,8	3,4	1,7	2,4	3,9	2,4	3,9	4,6
Construction	5,5	5,5	5,7	5,5	5,8	5,3	5,1	3,9	4,4	4,0
Services branches	4,2	4,8	4,0	3,4	4,0	4,1	4,2	4,2	4,1	3,9
- Market services	4,2	4,6	4,3	3,5	4,1	4,1	4,3	3,9	4,1	3,8
- Non-market services	4,5	5,3	2,7	3,3	3,6	4,5	3,8	5,2	4,2	4,5
Net taxes on products	7,1	4,6	4,6	8,2	4,1	3,2	2,4	4,5	3,0	3,1

Industrial activity saw moderated growth during this period, after a recovery from the previous quarter (4.8% from 5.5%), in line with the evolution presented by both the Industrial Production Index (IPI) and the Industry Turnover Index.

On the other hand, the growth of the gross added value of construction dropped fourth tenths as compared to the first quarter, standing at a rate of 4%. Analysing the different types of construction, this slowed performance was evident in both building and civil engineering.

Activity in the services branches registered a 3.9% growth during the second quarter of the year, indicating a decrease of two tenths in comparison with the previous quarter. Market services presented a descending trend (3.8% as compared to 4.1%), shared by most of its components, in tune with the services activity indicators. On the other hand, and in line with the evolution of the remuneration of Public Administration employees, non-market services saw an increase in growth of three tenths, reaching 4.5%.

Finally, the primary branches experienced a slow-down in the growth of added value, from 8.8% to 5.5% during this second quarter.

Employment, as measured in full-time equivalent jobs, showed an interannual growth rate that stood at 3.2%, one tenth less than the estimate for the previous quarter. This rate indicates the creation of more than 590 thousand net jobs in one year.

This evolution was the result of the lower momentum in the creation of jobs in the primary, industrial and construction branches, partially compensated by the rising trajectory that the market services branches experienced.

**Employment. Full-time equivalent jobs. Interannual variation rates**

	2005				2006				2007	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
<b>Employed persons</b>	<b>2,6</b>	<b>3,1</b>	<b>3,7</b>	<b>3,5</b>	<b>3,4</b>	<b>3,6</b>	<b>2,7</b>	<b>3,1</b>	<b>3,3</b>	<b>3,2</b>
Agricultural and Fishing branches	-4,4	-2,1	-0,4	0,3	-3,4	-2,5	-6,8	-7,4	0,4	-3,2
Industrial and Energy branches	0,3	0,1	0,9	0,3	0,5	1,0	0,0	1,0	0,1	-0,3
Construction	7,7	7,4	7,0	6,0	4,7	5,1	5,6	6,3	7,8	7,7
Services branches	2,9	3,5	4,1	4,1	4,4	4,4	3,5	3,8	3,4	3,6
- Market services	3,2	3,9	4,8	4,8	4,2	3,7	2,5	2,6	2,8	3,2
- Non-market services	2,1	2,5	2,4	2,5	5,0	6,2	6,0	6,7	4,7	4,5
<b>Wage earners</b>	<b>2,7</b>	<b>3,4</b>	<b>4,1</b>	<b>4,1</b>	<b>3,9</b>	<b>3,8</b>	<b>3,1</b>	<b>3,5</b>	<b>3,9</b>	<b>4,0</b>
Agricultural and Fishing branches	-6,9	-1,3	1,8	4,5	0,9	0,3	-3,9	-5,1	8,0	0,6
Industrial and Energy branches	0,7	0,9	1,6	0,9	0,8	1,0	0,0	0,9	-0,2	-0,4
Construction	8,0	7,8	7,8	7,0	5,1	5,0	6,0	6,5	8,9	8,8
Services branches	2,8	3,5	4,3	4,4	4,7	4,5	3,8	4,1	3,9	4,3
- Market services	3,1	4,0	5,2	5,4	4,6	3,7	2,7	2,8	3,5	4,2
- Non-market services	2,1	2,5	2,4	2,5	5,0	6,2	6,0	6,7	4,7	4,5

Consequently, considering the joint growth of the quarterly GDP and occupied employment, the interannual variation of the apparent productivity of the work factor stood at 0.8%, a rate similar to that registered the previous period.

The GDP at constant prices registered an interannual growth of 7.4% during the second quarter of 2007, which indicated a 3.2% growth of the implicit deflator, that is, two tenths less than the previous quarter.

## Supply and demand. Current prices. Interannual variation rates

Operations	2005				2006				2007	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
<b>GROSS DOMESTIC PRODUCT at market prices</b>	<b>7,9</b>	<b>8,1</b>	<b>7,9</b>	<b>8,1</b>	<b>8,1</b>	<b>8,1</b>	<b>7,9</b>	<b>7,9</b>	<b>7,6</b>	<b>7,4</b>
Household final consumption expenditure	7,6	7,8	7,8	7,7	7,9	7,3	7,0	6,9	6,1	5,9
NPISH final consumption expenditure	11,0	12,0	9,3	11,5	7,9	8,2	8,8	8,3	8,3	7,9
Public Administration final consumption expenditure	9,4	9,6	8,9	9,5	9,4	8,4	8,6	8,4	8,3	8,0
Gross formation of fixed capital	12,3	14,6	12,3	13,1	13,4	11,1	11,7	11,2	11,0	10,5
- Capital goods	8,9	16,0	10,2	14,6	11,8	9,4	13,7	15,2	16,9	16,3
- Construction	13,8	14,6	13,8	13,6	15,0	12,9	12,0	10,5	9,4	8,2
- Other Products	12,2	13,0	10,1	9,3	10,2	7,6	7,8	8,4	8,4	10,2
Variation of stocks (*)	0,0	-0,1	-0,1	-0,1	0,0	0,1	0,1	0,1	0,1	0,0
Domestic demand (*)	9,5	10,2	9,5	9,8	10,1	9,1	9,2	9,0	8,4	8,0
Exports of goods and services	5,1	6,8	8,5	7,6	10,7	9,4	7,9	9,5	6,3	6,8
Imports of goods and services	9,9	12,9	12,4	11,9	15,5	10,9	10,7	11,5	7,6	7,6
<b>GROSS DOMESTIC PRODUCT at market prices</b>	<b>7,9</b>	<b>8,1</b>	<b>7,9</b>	<b>8,1</b>	<b>8,1</b>	<b>8,1</b>	<b>7,9</b>	<b>7,9</b>	<b>7,6</b>	<b>7,4</b>
Agricultural and Fishing branches	-3,8	-13,4	3,1	-6,7	-8,1	-4,5	-3,5	4,9	6,6	12,6
Industrial and Energy branches	5,7	6,0	6,2	9,3	6,4	6,3	7,5	4,7	6,7	8,0
Construction	16,9	16,3	17,4	16,7	15,4	14,6	12,8	9,9	9,1	7,8
Services branches	6,6	7,3	7,1	6,7	7,0	7,3	7,7	7,1	7,4	7,4
- Market services	6,3	7,0	6,9	6,5	6,7	6,9	7,7	6,7	7,5	7,4
- Non-market services	7,4	8,3	7,5	7,7	7,8	8,6	7,5	8,5	7,2	7,5
Net taxes on products	15,6	16,7	8,4	10,5	15,2	12,4	7,9	16,1	8,8	4,8

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

Considering the primary distribution of income, the interannual growth of employee remuneration stood at 7%, two tenths more than the previous quarter. This recovery was the result of both the higher rate of progress of paid employment (from 3.9% to 4% this quarter), and the increase in average remuneration per employee (from 2.8% to 2.9%). This performance implies a growth of labour costs per product unit of 2.1%, one tenth more than the previous period.

On the other hand, the gross operating surplus and mixed income accounts slowed their rate of progress to 8.1% this quarter, one tenth less than the previous period.

Finally, taxes on the production and net import of subsidies also experienced a moderation in growth, dropping from the 8.7% registered during the first quarter of the year to 6.3% in the second quarter.

## Income. Current prices. Interannual variation rates

Operations	2005				2006				2007	
	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II	Q. III	Q. IV	Q. I	Q. II
<b>GROSS DOMESTIC PRODUCT at market prices</b>	<b>7,9</b>	<b>8,1</b>	<b>7,9</b>	<b>8,1</b>	<b>8,1</b>	<b>8,1</b>	<b>7,9</b>	<b>7,9</b>	<b>7,6</b>	<b>7,4</b>
Employee remuneration	5,6	7,1	6,5	7,0	7,1	6,4	6,3	7,0	6,8	7,0
Unitary Labour Cost (ULC)	1,9	2,9	2,5	2,6	2,7	2,3	1,9	2,4	2,0	2,1
Remuneration per employee	2,8	3,6	2,3	2,8	3,0	2,5	3,1	3,4	2,8	2,9
Productivity per worker	1,0	0,6	-0,3	0,2	0,3	0,2	1,2	0,9	0,8	0,8
Salary rate	0,1	0,3	0,4	0,6	0,5	0,2	0,4	0,4	0,6	0,8
Gross operating surplus / Gross mixed income	8,3	7,0	9,6	8,9	8,2	9,7	10,4	7,0	8,2	8,1
Net taxes on production and imports	17,0	17,4	8,2	9,9	12,5	8,9	4,7	14,8	8,7	6,3

**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 2003-2006, base 2000, presented last 23 August.

The following table shows the revisions carried out on the growth of the quarterly GDP during said period:

		Updated series	Previous series
2003	tr 1	3,2	2,9
	tr 2	3,0	3,2
	tr 3	3,0	3,1
	tr 4	3,2	3,0
<b>Year 2003</b>		<b>3,1</b>	<b>3,0</b>
2004	tr 1	2,9	3,2
	tr 2	3,1	3,2
	tr 3	3,6	3,3
	tr 4	3,4	3,4
<b>Year 2004</b>		<b>3,3</b>	<b>3,2</b>
2005	tr 1	3,6	3,4
	tr 2	3,7	3,5
	tr 3	3,4	3,6
	tr 4	3,7	3,6
<b>Year 2005</b>		<b>3,6</b>	<b>3,5</b>
2006	tr 1	3,7	3,7
	tr 2	3,8	3,8
	tr 3	3,9	3,8
	tr 4	4,0	4,0
<b>Year 2006</b>		<b>3,9</b>	<b>3,9</b>
2007	tr 1	4,1	4,1
	tr 2	4,0	-

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