

The Spanish economy grew 0.8% and creates over half a million jobs

In the first quarter

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USPA NEWS - The Spanish GDP increased in the first quarter 3.4% year on year, nearly two points higher than the average of the Euro zone. The composition of growth is more balanced, with a contribution of domestic demand of 3.8 points.

The Spanish economy grew in the first quarter of 2016 quarter growth of 0.8%, as in the previous two quarters and higher in the Euro zone by three tenths. In annual terms, GDP increased 3.4%, one tenth less than in the previous quarter and nearly two points higher than the Euro area (1.5%). Job creation grew 0.9% in the quarter and 3.2% from a year ago, resulting in the creation of 533,000 jobs full-time equivalents over the last twelve months. The composition of growth is more balanced, with a contribution of domestic demand to annual GDP growth of 3.8 percentage points, three points less than in the previous quarter and a contribution of net external demand of -0.4 points, two tenths less than the previous quarter.

In quarterly terms, between the components of domestic demand emphasizes the greater rate of growth of final consumption expenditure of households, one-tenth to 0.9%, while gross fixed capital formation slows seven tenths, scoring rate 0.4%. The slowdown in investment by the slowdown in investment in equipment and intellectual property products, which have reduced their growth rate six tenths and one point explained, respectively, to 1.3% and 0.2%, and by falling construction investment (-0.2%), after nearly two years of consecutive increases (0.6% in the fourth quarter of 2015).

Meanwhile, the final consumption expenditure of Government, increased in the first quarter by 0.8%, four percentage points more than in the previous quarter. The smaller negative net foreign demand to annual GDP growth is explained by a slowdown in higher than exports imports. Thus, exports increased 3.7% from the first quarter of 2015, 1.6 points less than in the previous quarter, and imports advanced by 5.4% year on year, 2.3 percentage points less than in the last quarter last year.

In quarterly terms, exports in the first quarter decreased 0.5%, after more than two years of continuous increases (0.9% in the fourth quarter of 2015) and imports maintained the growth rate stabilized at 0.3%. In turn, the decline in exports was due to the contraction in exports of services, which fell 1.7%, while exports of goods recorded a rate of zero variation. The quarterly pace of job creation, in terms of jobs equivalent to full-time work rose three tenths in the first quarter to stand at 0.9%. In annual terms, employment accelerated two-tenths to 3.2%, the highest rate since the second quarter of 2007. This represents a net increase of 533,000 full-time equivalent jobs in the last twelve months.

As a result of the evolution of GDP and employment, productivity per employee moderated three tenths the pace of growth to 0.2%. Meanwhile, compensation per employee is reduced by 0.3%, following an increase of 0.9% in the fourth quarter of last year, so that unit labor costs fell by 0.5% compared to an increase of 0.4% the previous quarter. The annual rate of GDP deflator stood in the first quarter of 2016 in negative territory (-0.2%), after four consecutive quarters of increases. This drop is mainly explained by the decrease in consumption deflator (-0.7%) and exports (-1.7%).

Nominal GDP slowed more than one point in the first quarter to score an annual rate of 3.2% versus 4.3% advance in the previous quarter. Regarding the primary distribution of income, the slowdown is due to the evolution of its three main components. The compensation of employees grew by 3.2% (1.1 points less than in the previous quarter), gross operating surplus / mixed income slowed point, scoring a growth of 2.5%, and taxes net of subsidies on production and imports moderated the pace nine-tenths to 6.4%.

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