Article

Spanish imports during the recovery

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A typical phenomenon in recovery phases, and this one is no exception, is for households and companies to take consumption and investment decisions that had been postponed during the crisis. The main areas affected by such decisions tend to be consumer durables and investment in capital goods, especially transport. Given that such goods have a larger import content, it comes as no surprise that they lie behind part of the current increase observed in imports in the Spanish economy.[1] As we will see, the growth prospects of both variables point to imports continuing to increase more than is usual.[2]

Investment in capital goods grew by 23.2% between 2013 and 2015 after falling by 38.2% between 2007 and 2012 and, in spite of the strong growth seen recently, it is still below its pre-crisis level so it still seems to have a long way to rise. A slightly more accurate estimate of the margin for growth can be obtained based on the difference between the underlying trend in capital stock for the main components of capital goods and the estimated capital stock for 2015. To this end, we have broken down the stock of capital goods into transport and other goods (machinery and other capital goods). Regarding transport goods,[3] the estimated level of capital stock for 2015 was 5.8% lower than the underlying trend in stock. Therefore, if investment in transport goods grows by 7% annually over the next two years, a figure that seems reasonable, capital stock will reach the level of its underlying trend in 2017. For the rest of capital goods, the gap between the underlying trend and the estimated stock in 2015 is similar, namely 5.5%.[4] However, its rate of recovery is slower and it will therefore take more than two years to close the gap.

Growth in consumer durables also seems to have plenty of room to continue. Specifically, after falling by 38.2% between 2007 and 2012, consumption of durables grew considerably between 2014 and 2015 (by 27.7%). By way of a benchmark, if the rate of growth in the last two years continued (12.6%), 2007's level would be reached by 2017.[5] The monthly survey by the European Commission used to produce the consumer confidence index also points to the consumption of durables continuing to grow at a good pace over the coming quarters. The percentage of households with a higher expectation of buying consumer durables in the next 12 months has increased considerably and now exceeds the historical average, as shown in the second graph.

The implication of this analysis for the trend in non-energy imports is clear: we should not be surprised if they grow at a faster rate than usual over the next few years. Specifically, they could increase by around 10% compared with a historical average of 7%.

1. Spain imports around two thirds of the durables consumed and one third of the capital goods acquired. Imports of durables and of capital goods accounted for 12.1% and 9.5% of all non-energy imports, respectively.

2. In 2015, imports of goods grew by 7.5% in real terms.

3. The latest figure available is from 2013. We have estimated the stock in 2014 and 2015 based on the depreciation rate for each kind of good and the investment flows.

4. These account for 78% of the total capital stock in capital goods.

5. The room to grow is even greater if we take into account the fact that part of the stock of consumer durables has depreciated over the last few years.