Flash Note 30/11/2018

Spain · The current account surplus shrinks due to an impaired balance of goods

Data

- The **current account** balance stood at **1.11% of GDP in September** (1.20% in August and 1.82% in September 2017).
- The **trade balance of goods** amounted to **-2.5%** of GDP (–2.4% in August and -2.1% in September 2017).
- The **trade balance of services** stood at **4.7%** of GDP (4.7% in August and 5.0% in September 2017).
- The **balance of income** was at **-1.0%** of GDP (-1.0% in August and -1.1% in September 2017).

Note: All figures 12-month accumulated.

Assessment

- The **current account balance** stood at 13,339 million euros in September (1.11% of GDP), lower than in September 2017 (1.82% of GDP). Said difference of -€7,680 Mn was mainly caused by impairment of the trade balance of goods over the last year, chiefly due to trends from non-energy goods in September and, to a lesser degree, a slowdown from non-tourism services exports.
- The **trade balance of non-energy goods** again played a key role in shrinking the current account surplus, following poor customs figures in September (see the chart on the following page showing the accumulated performances of various components in millions of euros). The **energy goods deficit** also explained some of the impairment, although in light of the recent **oil price** decline the downside trend should ease over the coming months.
- The **trade balance of services** showed diverging trends. On the one hand, **the balance of non-tourism services declined** compared to a year ago, due to a sharp slowdown from exports, which grew 0.8% YoY compared to growth of 5.7% a year ago (12-month accumulated). Non-tourism services include vital sectors such as business services, consulting, engineering and intellectual property. These were the buttresses of the foreign sector in 2016 and 2017. Meanwhile, the **tourism balance held stable**, indicating consolidation of industry levels despite easing tourist number growth, following an exceptionally good 2017.
- The **balance of income** had a minimal impact on current account impairment, thanks to loose financing conditions keeping the cost of foreign debt reined in.
- Over the coming months the trade deficit of non-energy goods will continue to undermine the current account balance, but the latter may find support from cheaper oil.
- In the light of this data, **the risks in terms of our full-year 2018 current account forecast** of 0.8%/ GDP look balanced.

Current account balance components September 2018

Percentage of GDP (%)

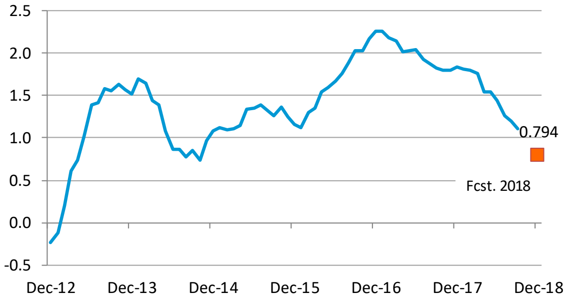
	September 2017	August 2018	September 2018	Change vs. previous year	Change vs. previous month
Current account balance	**1.82**	**1.20**	**1.11**	**-0.71**	**-0.08**
Trade balance	**2.9**	**2.2**	**2.1**	**-0.7**	**-0.1**
Trade balance of goods	**-2.1**	**-2.4**	**-2.5**	**-0.4**	**-0.1**
Non-energy goods	0.1	-0.1	-0.1	-0.3	-0.1
Energy goods	-2.2	-2.4	-2.4	-0.2	0.0
Trade balance of services	**5.0**	**4.7**	**4.7**	**-0.3**	**0.0**
Tourism services	3.5	3.4	3.4	-0.2	0.0
Other services	1.4	1.3	1.3	-0.1	0.0
Income balance	**-1.1**	**-1.0**	**-1.0**	**0.0**	**0.0**

Note: All data is 12-month accumulated.

Source: CaixaBank Research, based on National Statistics Institute data.

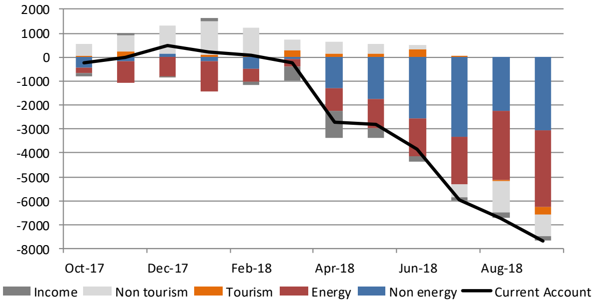
Current account(Spanish Central Bank)

Percentage of GDP, %



Cumulative evolution of current account in the last year by components

Millions of euros.



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