CaixaBank

Flash Note 19/12/2018

Spain · GDP ends the year on a more upbeat note

Data

- The CaixaBank Research GDP forecast model predicts **QoQ growth of 0.61%** in 4Q 2018.

Assessment

- Should the model forecast prove accurate, the pace of GDP growth would be similar to the 3Q 2018 figure (0.6% QoQ).

- **The reading for the indicators a whole is positive**, driving an improvement to the growth forecast according to our model over the month. More specifically, in the last 30 days there has been an upturn from soft indicators (manufacturing PMI, consumer confidence), as well as activity indicators for the manufacturing sector (industrial production) and the consumer sector (retail sales). This positive trend was not tarnished by slowing growth in exports or card expenditure. In fact, the more sluggish expansion from the latter indicator came amid sharp inflationary easing, and therefore in real terms the dip posted by the indicator was far more restrained.

- The growth anticipated by the model in 4Q stands in line with our forecast scenario (0.6%). Thus, **the model indicates that the risks surrounding our full-year 2018 growth forecast (of 2.5% YoY) are balanced**.

- Over the coming quarters we expect the economy to maintain a solid growth rate, albeit short of that posted in recent years due to the dissipation of tailwinds and slackening cyclical momentum.

Performance of main model indicators

YoY change (%), unless specifically stated others

Period	Variable	Previous month figure	Reported figure	Change
November	Services PMI (level)	54.0	54.0	=
November	Manufacturing PMI (level)	51.8	52.6	↑ 0.8
November	Consumer confidence (level)	-7.5	-6.6	↑ 0.9
November	Social security affiliates (seasonally adjusted)	2.8	2.7	↓ -0.1
November	Card spending (*seasonally adjusted*)	14.4	10.6	↓ -3.8
October	Industrial production (*seasonally adjusted*)	-0.2	0.8	↑ 1.0
October	Cement production (*seasonally adjusted*)	9.3	2.1	↓ -7.2
October	State spending (*seasonally adjusted*)	0.6	1.2	↑ 0.6
October	Retail sales (*seasonally adjusted*)	1.5	4.5	↑ 3.0
September	Exports (*seasonally adjusted*)	5.0	3.0	↓ -1.9

4Q 2018 GDP forecast
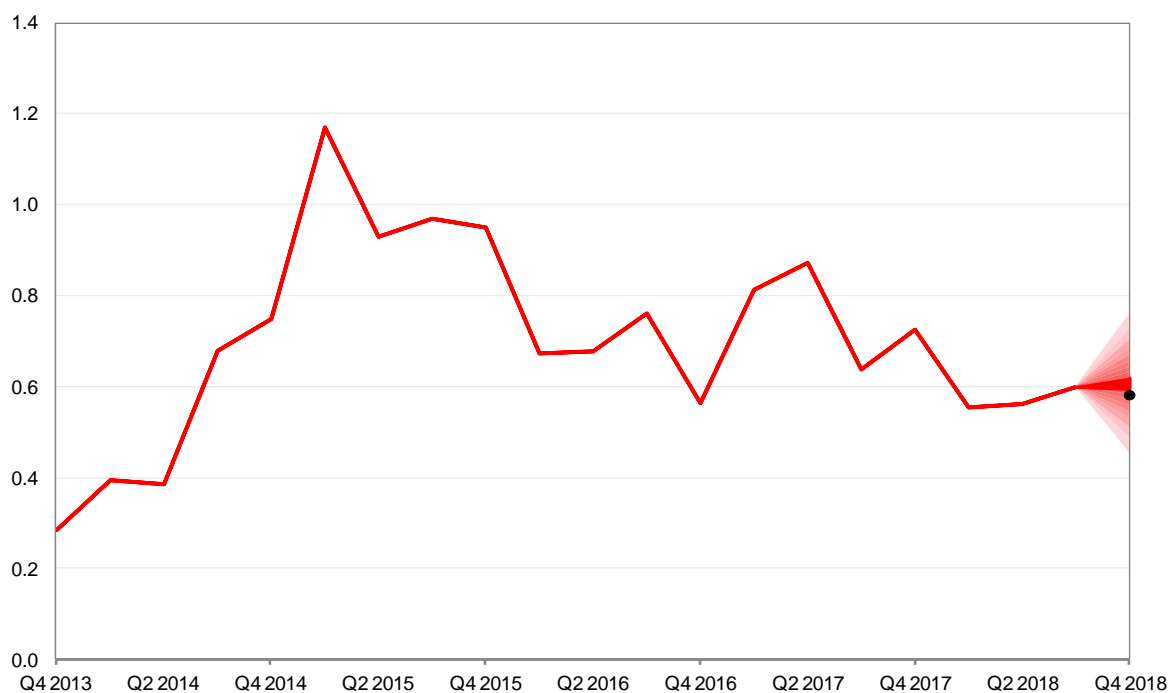*QoQ change (%)*

Forecast based on previous month's data	0.57%
Forecast based on latest figures	0.61%

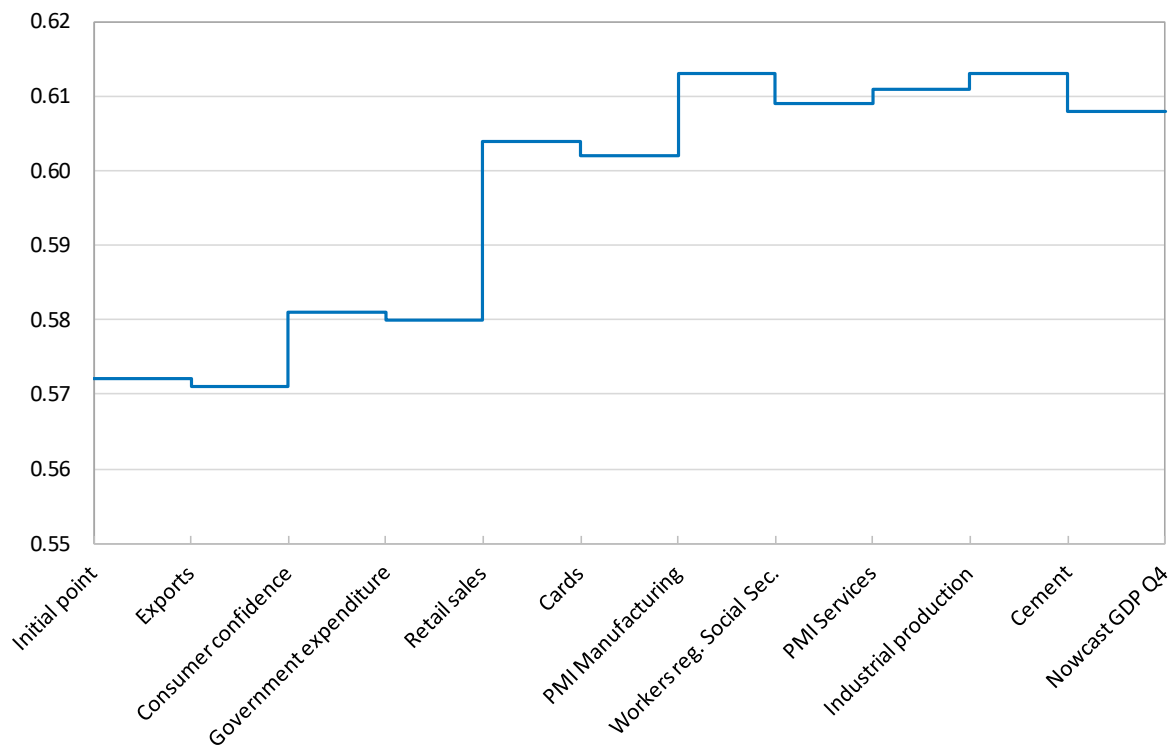*Source*: CaixaBank Research.

Spain: GDP
QoQ change (%)

Note: Confidence interval of 90%. The dot signifies the CaixaBank Research growth forecast.
Source: CaixaBank Research, based on National Statistics Institute data
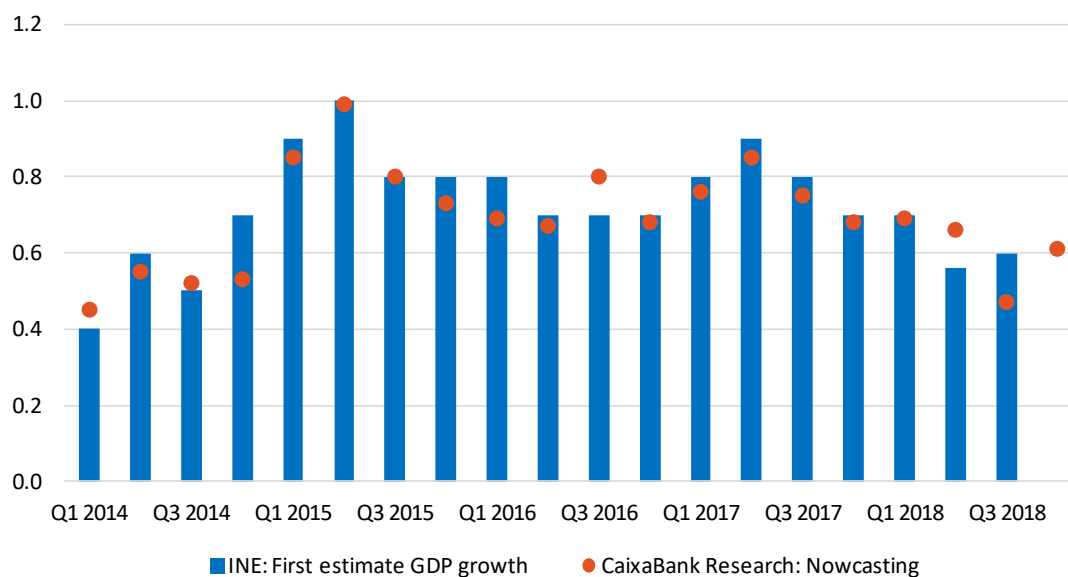
Nowcasting: performance in last 30 days
QoQ change (%)

Source: CaixaBank Research.

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GDP growth and Nowcasting
QoQ change (%)

■ INE: First estimate GDP growth   ● CaixaBank Research: Nowcasting

Note: *GDP growth corresponds to the initial estimate published by the National Statistics Institute one month after the quarter close.*
Source: *CaixaBank Research, based on National Statistics Institute data.*

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