

Flash Note 01/02/2019

Spain · The goods balance again undermines the current account surplus

Data

- The **current account** balance stood at **0.88% of GDP in November** (1.02% in October and 1.81% in November 2017).
- The **trade balance of goods** was down to **-2.7%** of GDP (-2.6% in October and -2.2% in November 2017).
- The **trade balance of services** stood at **4.6%** of GDP (4.6% in October and 5.0% in November 2017).
- The **balance of income** stood at **-1.1%** of GDP (-1.0% in October and -1.0% in November 2017).

Note: All figures 12-month accumulated.

Assessment

- The **current account balance** stood at 10,538 million euros in November 2018 (0.88% of GDP), down 0.9 pp compared to November 2017 (1.81% of GDP). This difference, amounting to -10,446 million euros, was chiefly due to the worsening of trade balance of goods and, to a lesser degree, a smaller services surplus.
- The **trade balance of non-energy goods** expanded further, largely as a result of slowing exports growth, which stood at 2.5% YoY in November (12-month accumulated), while in October they grew 3.2%. In contrast, imports slowdown in a lesser extent, with an increase of 4.0% (4.1% in October). This decline was not offset by the minor relief brought by cheaper **oil** to the **energy goods trade balance** (see accumulated performance of the various components in millions of euros in the chart on the following page).
- Deterioration of the **services trade balance over the last year** came in the **non-tourism services balance**, which saw exports post nil growth (12-month accumulated) in November, and a lower tourism balance, in this case chiefly due to import increased (Spanish tourists travelling abroad). Non-tourism services include vital sectors such as business services, consultancy, engineering and intellectual property, which had been among the key factors shoring up the foreign sector in 2016 and 2017.
- The **balance of income** was practically unchanged thanks to loose financing conditions, which saw the cost of foreign debt remain under control.
- 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 oil prices**.
- In the light of this data, **the risks in terms of our full-year 2019 current account forecast** of 0.6% of GDP **look balanced**.

Current Account Components in November 2018

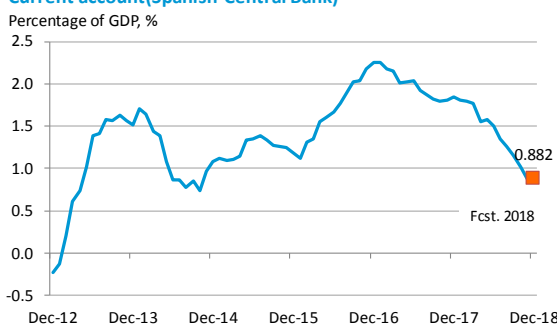
Percentage of GDP (%)

	November 2017	October 2018	November 2018	difference from last year	difference from last month
Current account balance	1.81	1.02	0.88	-0.93	-0.15
Trade balance	2.8	2.0	1.9	-0.9	-0.1
Trade balance of goods	-2.2	-2.6	-2.7	-0.5	-0.1
non energy goods	0.1	-0.1	-0.2	-0.3	-0.1
energy goods	-2.3	-2.5	-2.5	-0.2	0.0
Trade balance of services	5.0	4.6	4.6	-0.4	0.0
Tourism services	3.5	3.4	3.3	-0.2	0.0
Non tourism services	1.5	1.3	1.3	-0.2	0.0
Income balance	-1.0	-1.0	-1.1	0.0	-0.1

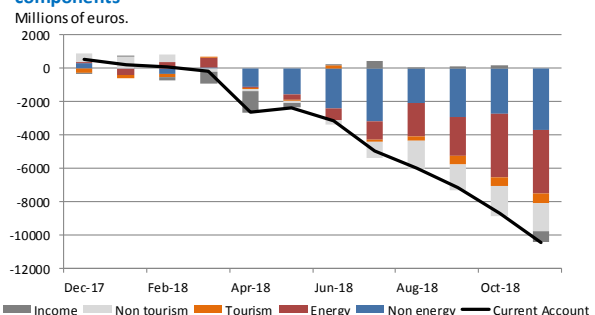
Note: Data always corresponds to the last 12 months.

Source: CaixaBank Research, from data from INE.

Current account(Spanish Central Bank)



Cumulative evolution of current account in the last year by components



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