

Flash Note 04/03/2019

Spain · The balance of goods again undermines the current account surplus**Data**

- The **current account** balance stood at **0.84% of GDP in December** (0.88% in November and 1.84% in December 2017).
- The **trade balance of goods** was down to **-2.8%** of GDP (-2.7% in November and -2.1% in December 2017).
- The **trade balance of services** stood at **4.6%** of GDP (4.6% in November and 5.0% in December 2017).
- The **balance of income** stood at **-1.0%** of GDP (-1.1% in November and -1.0% in December 2017).

Note: All figures 12-month accumulated.

Assessment

- The **current account balance** stood at 10,145 million euros in December 2018 (0.84% of GDP), down 1.0 pp compared to December 2017 (1.84% of GDP). This difference, amounting to 11,365 million euros, was chiefly due to impairment of the goods trade balance and, to a lesser degree, a smaller services surplus.
- The **trade deficit of nonenergy goods** expanded again, largely due to slowing exports, with growth standing at 2.0% yoy in December 2018 (12-month accumulated) compared with 2.5% in November and 7.1% in full-year 2017. In contrast, imports slowed to a lesser degree, showing expansion of 3.7% compared to 4.0% in November and 7.3% full-year 2017. Meanwhile, the **trade deficit of energy goods** grew again after some fairly stable months (see chart on the following page showing the accumulated performance from the various components in millions of euros).
- Deterioration of the **trade balance of services over the last year** was far more moderate than that of the balance of goods, due to two factors. On the one hand, slight deterioration from the tourism balance, caused by the combination of a rising number of Spanish tourists travelling abroad, together with a gradual easing in the number of foreign tourists visiting Spain. Secondly, the trend reflects deterioration of the **non-tourism services balance**. Thus, despite an uptick in exports during December (12-month accumulated) to 3.2%, imports expanded far more vigorously (9.5%). Non-tourism services include vital sectors such as business services, consultancy, engineering and intellectual property, and 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 nonenergy goods will continue to erode the current account balance.
- 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 December 2018

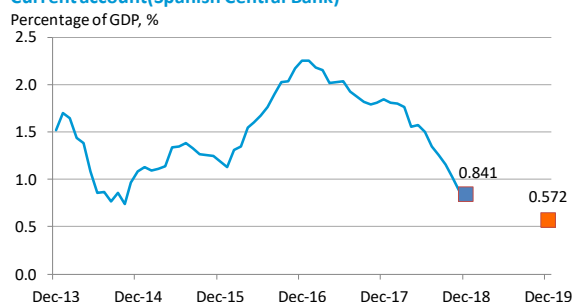
Percentage of GDP (%)

	December 2017	November 2018	December 2018	difference from last year	difference from last month
Current account balance	1.84	0.88	0.84	-1.00	-0.03
Trade balance	2.9	1.9	1.8	-1.1	-0.10
Trade balance of goods	-2.1	-2.7	-2.8	-0.7	-0.09
non energy goods	0.1	-0.2	-0.3	-0.4	-0.04
energy goods	-2.2	-2.5	-2.6	-0.3	-0.06
Trade balance of services	5.0	4.6	4.6	-0.4	0.00
Tourism services	3.5	3.3	3.4	-0.1	0.01
Non tourism services	1.5	1.3	1.3	-0.2	-0.01
Income balance	-1.0	-1.1	-1.0	0.0	0.06

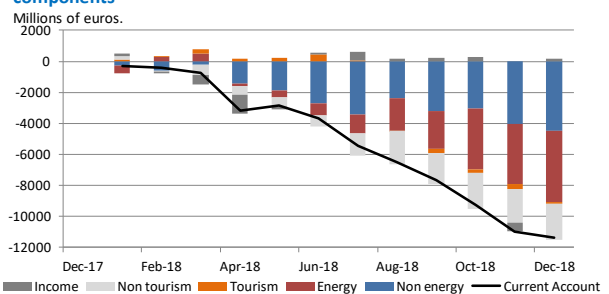
Note: Data always corresponds to the last 12 months.

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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