CaixaBank

Flash Note 22/03/2019
Spain · GDP growth set to remain robust in 1Q 2019

Data

- The CaixaBank Research GDP forecast model predicts **qoq growth of 0.59%** in 1Q 2019.

Assessment

- Should the model forecast prove accurate, the pace of GDP growth would stand slightly below the 4Q 2018 figure (0.7% qoq).

- **The combined balance of indicators over the month was positive**. More specifically, the majority of indicators came in higher than anticipated by the model, with the exception of manufacturing PMI, cement production and goods exports. It is worth pointing out that although industrial production was far higher than anticipated by the model, this was due to a rebound after the indicator had declined during the previous two months. Thus, upbeat trends from the labour market and services sector indicators more than offset impairment of indicators for the manufacturing sector and foreign sector. A similar trend has been observed in recent months, due at least in part to the challenges facing the automobile sector to adapt to new European vehicle emissions standards.

- The growth anticipated by the model in 1Q stands slightly higher than anticipated by our forecast scenario (0.5%). Thus, **the risks to the full-year 2019 forecast (currently 2.1% yoy) are slightly on the downside**.

- Over the coming quarters we expect the economy to continue to grow at a solid rate, albeit easing compared to recent years due to the economy moving into a mature stage of the cycle, as well as slight impairment of the international scenario.

Performance of main model indicators

yoy change (%), unless specifically stated otherwise

Period	Variable	Previous month's estimate	Reported figure	Change
February	Services PMI (level)	54.3	54.5	↑ 0.2
February	Manufacturing PMI (level)	52.6	49.9	↓ -2.7
February	Consumer sentiment (level)	-7.2	-5.4	↑ 1.8
February	Social security affiliates (*seasonally adjusted*)	2.7	2.9	↑ 0.2
February	Card spending (*seasonally adjusted*)	11.6	12.4	↑ 0.8
January	Industrial production (*seasonally adjusted*)	-4.6	2.4	↑ 7.2
January	Cement production (*seasonally adjusted*)	0.9	0.7	↓ -0.2
January	Retail sales (*seasonally adjusted*)	1.8	3.0	↑ 1.2
January	Exports (*seasonally adjusted*)	2.2	1.3	↓ -0.9

1Q 2019 GDP forecast

qoq change (%)

Forecast based on previous month's data	0.51%
Forecast based on latest figures	0.59%

Source: CaixaBank Research.

![CaixaBank]

Spain: GDP

qoq change (%)
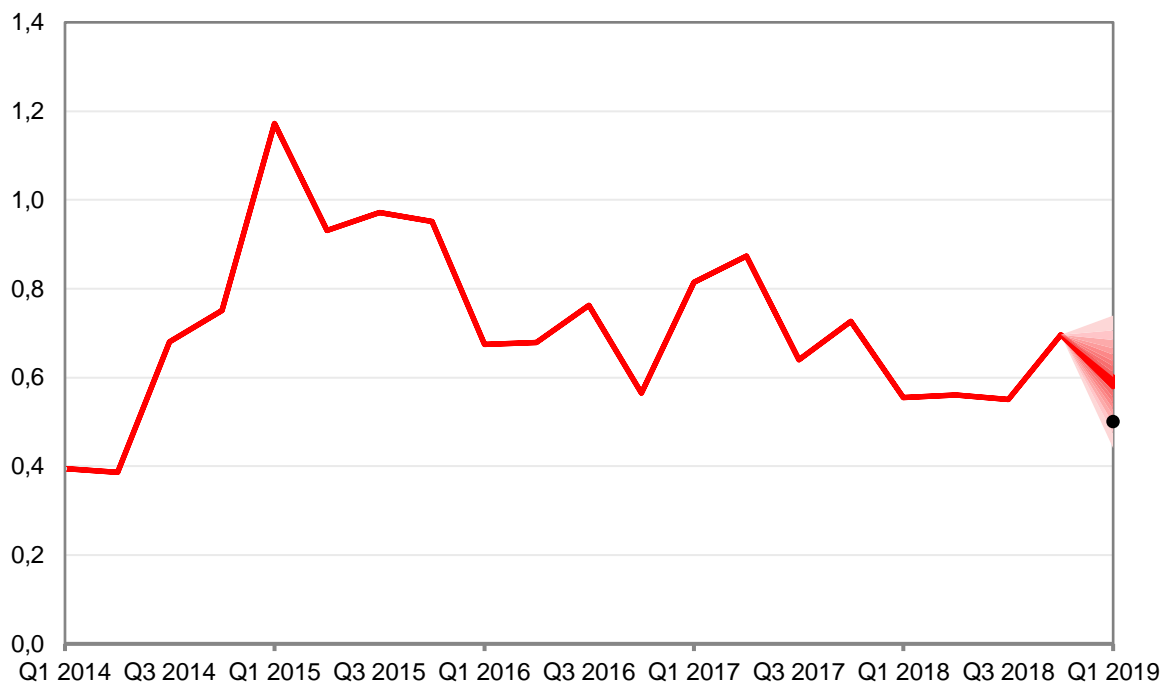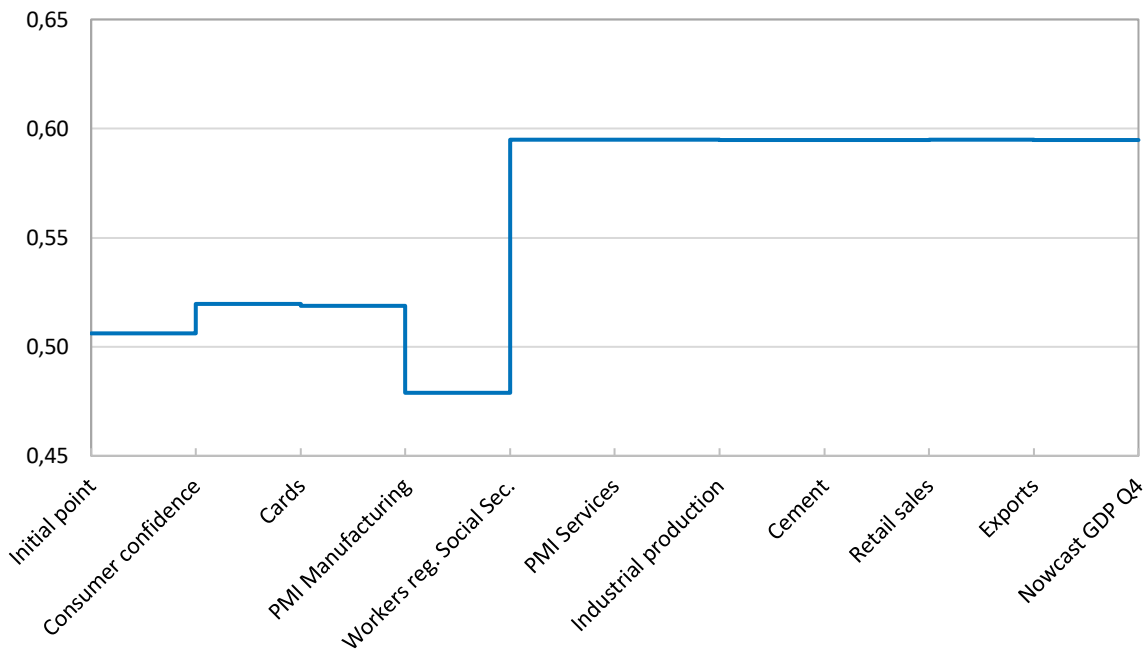

Note: Confidence interval of 90%. The dot signifies the CaixaBank Research growth forecast.
Source: CaixaBank Research, based on National Statistics Institute data

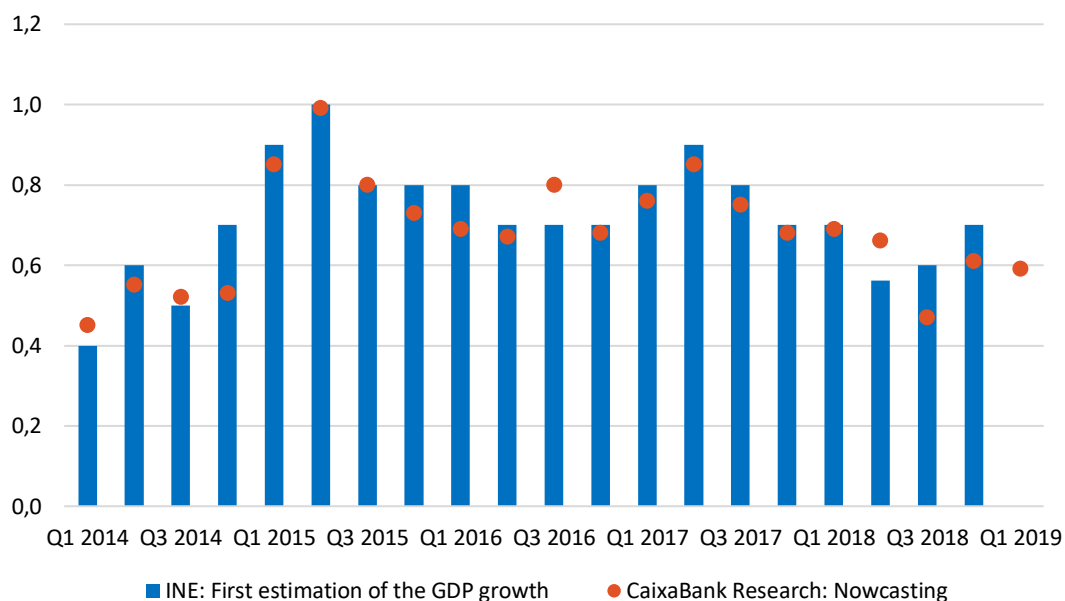## Nowcasting: performance in last 30 days

qoq change (%)

Source: CaixaBank Research.

GDP growth and Nowcasting

% quarter-on-quarter

■ INE: First estimation of the GDP growth   ● CaixaBank Research: Nowcasting

Note: *GDP growth denotes the first estimate published by the INE one month after the end of the quarter.*
Source: *CaixaBank Research, based on data from INE.*

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