

Flash Note 31/05/2019

## Spain · Deterioration of the non-energy balance of goods continues to undermine the current account surplus

### Dato

- The **current account** balance stood at **0.74% of GDP in March** (0.77% in February and 1.77% in March 2018).
- The **trade balance of goods** stood at **-3.0% of GDP** (-2.9% in February and -2.1% in March 2018).
- The **trade balance of services** stood at **4.8% of GDP** (4.7% in February and 4.9% in March 2018).
- The **balance of income** stood at **-1.0% of GDP** (-1.1% in February and -1.1% in March 2018).

Note: All figures 12-month accumulated.

### Assessment

- The **current account balance** stood at 0.74% in March 2019 (€9.0 bn), **down 1.03 pp** compared to March 2018 (1.77% of GDP). Looking at the breakdown, **9 tenths of the decline was driven by impairment of the goods balance**, of which 5 tenths were accounted for by non-energy goods and 4 by rising oil prices. **The shrinking services surplus undermined the figure by 2 tenths**, attributable near entirely to tourism. Non-tourism services had no impact, while **improvements to the balance of income offset the general decline by 1 tenth**.
- The **trade deficit for non-energy goods** (-0.44% of GDP) slipped to levels seen in December 2011, with exports expanding 1.8% yoy in March (12-month cumulative), well below the 4.3% from imports. Meanwhile, the **trade deficit of energy goods** was stable against the previous month (see chart on the following page showing the cumulative performances of the various components in millions of euros).
- Deterioration of the **trade balance of services has been more moderate over the last year** than that of goods. Tourist exports decelerated very gradually, but the sector is being penalised by rising imports<sup>1</sup> (10.1% yoy). Meanwhile, the **non-tourism balance of services** marked the positive tone for the month, holding at very similar levels to a year ago thanks to rising exports, which expanded 5.1% yoy (3.9% in February). 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.
- The current account balance excluding energy goods and tourism (which are more volatile) was slightly negative in March (-0.04% of GDP, 12-month cumulative), standing at September 2012 levels.
- Over the coming months we expect the trade deficit of non-energy goods to 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**.

<sup>1</sup> Spaniards travelling abroad.

**Current Account Components in March 2019**

March-19

Percentage of GDP (%)

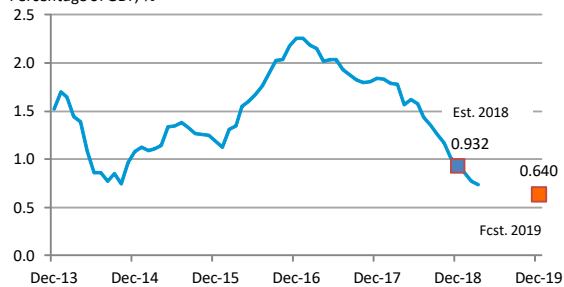
	March 2018	February 2019	March 2019	difference from last year	difference from last month
<b>Current account balance</b>	<b>1.77</b>	<b>0.77</b>	<b>0.74</b>	<b>-1.03</b>	<b>-0.03</b>
<b>Trade balance</b>	<b>2.9</b>	<b>1.8</b>	<b>1.8</b>	<b>-1.1</b>	<b>-0.1</b>
<b>Trade balance of goods</b>	<b>-2.1</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-0.9</b>	<b>-0.1</b>
non energy goods	0.1	-0.3	-0.4	-0.5	-0.1
energy goods	-2.2	-2.5	-2.5	-0.4	0.0
<b>Trade balance of services</b>	<b>4.9</b>	<b>4.7</b>	<b>4.8</b>	<b>-0.2</b>	<b>0.1</b>
Tourism services	3.5	3.3	3.3	-0.1	0.0
Non tourism services	1.5	1.4	1.4	0.0	0.1
<b>Income balance</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-1.0</b>	<b>0.0</b>	<b>0.0</b>

Note: Data always corresponds to the last 12 months.

Source: CaixaBank Research, from data from INE.

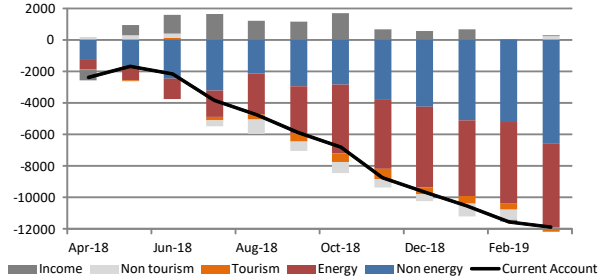
**Current account (Spanish Central Bank)**

Percentage of GDP, %



**Cumulative evolution of current account in the last year by components**

Millions of euros.



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