CaixaBank

Flash Note 20/06/2019

Spain · GDP eases slightly, but holds at solid levels

Data

- The CaixaBank Research GDP forecast model predicts **qoq growth of 0.56%** in 2Q 2019.

Assessment

- Should the model prove accurate, the pace of GDP growth would stand slightly below the 1Q 2019 figure (0.7% qoq).

- **The combined balance of indicators over the month was mix**. More specifically, although the majority of indicators stood below the levels forecast by the model, those items that came in higher than expected had a more significant impact. It is worth pointing out that although industrial production was far higher than anticipated by the model, this was due to a rebound, following a decline from the indicator in the previous months. Thus, improvements seen in labour market indicators (Social Security affiliation) and consumer sentiment indicators more than offset the deterioration from business sentiment indicators (which remain in expansive territory) and foreign sector data. This is similar to the trend observed in recent months, due at least partially to international trade conflicts.

- The growth indicated by the model in 2Q stands in line with our anticipated scenario (0.56%). Thus, **the risks to our forecast for 2019 as a whole (currently 2.3% yoy) look balanced**.

- 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 deterioration of the international scenario.

Performance of main model indicators

yoy change (%), unless specifically stated otherwise

Period	Variable	Previous month's estimate	Reported figure		Change
May	PMI manufacturing (level)	51.9	50.1	▼	-1.8
May	PMI services (level)	53.4	52.8	▼	-0.6
May	Workers reg. Social Sec. (seasonally adjusted)	2.6	2.7	▲	0.1
May	Consumer confidence (level)	-6.5	-3.7	▲	2.8
April	Cement (seasonally adjusted)	15.5	9.6	▼	-5.9
April	Industrial production (seasonally adjusted)	-1.8	1.7	▲	3.5
April	Retail sales (seasonally adjusted)	2.5	1.1	▼	-1.4
March	Exports (seasonally adjusted)	2.2	1.7	▼	-0.5

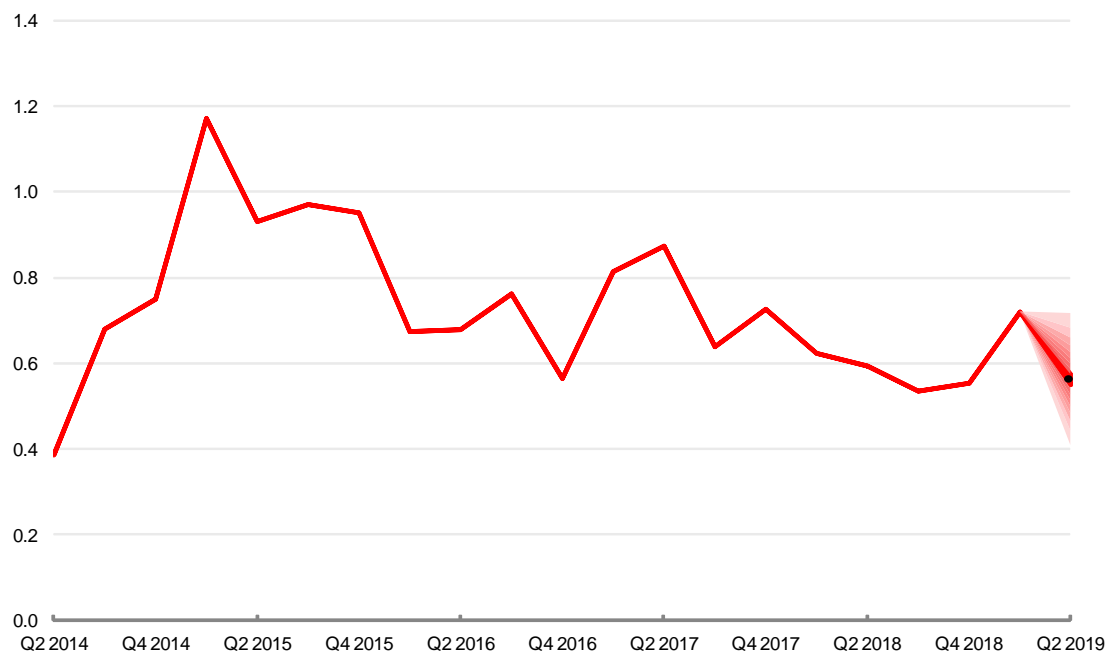**2Q 2019 GDP forecast**

qoq change (%)

Forecast basewd on previous month's data	0.52%
Forecast based on latest values	0.56%

Source: CaixaBank Research.
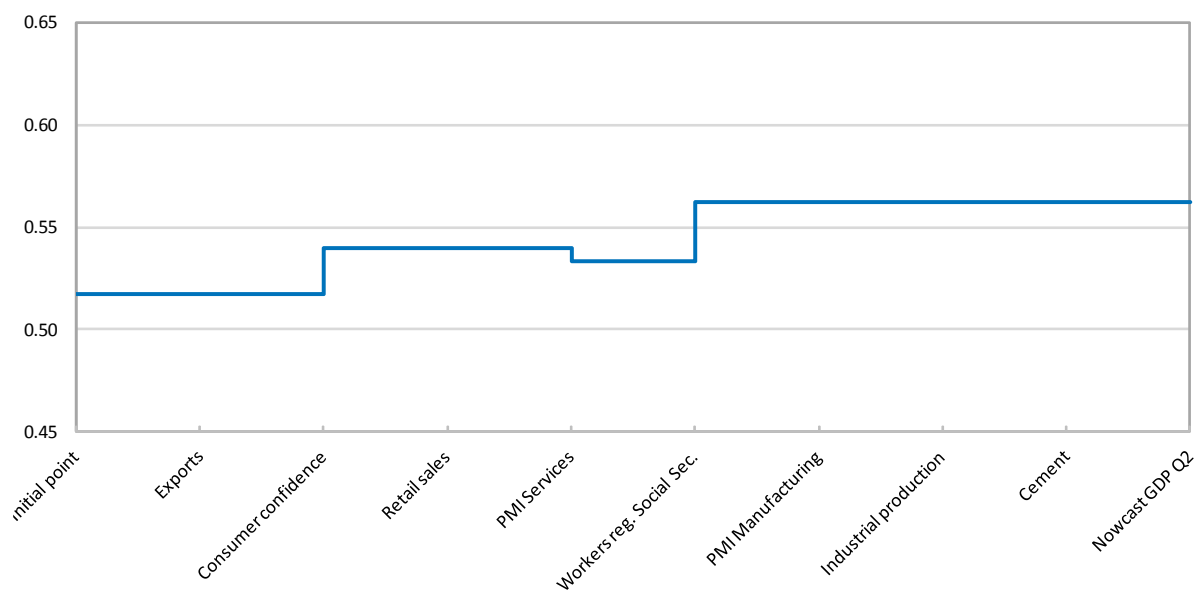
Spain: GDP

Quarter-on-quarter change, %

Note: 90% confidence band.

Source: CaixaBank Research, based on data from INE.
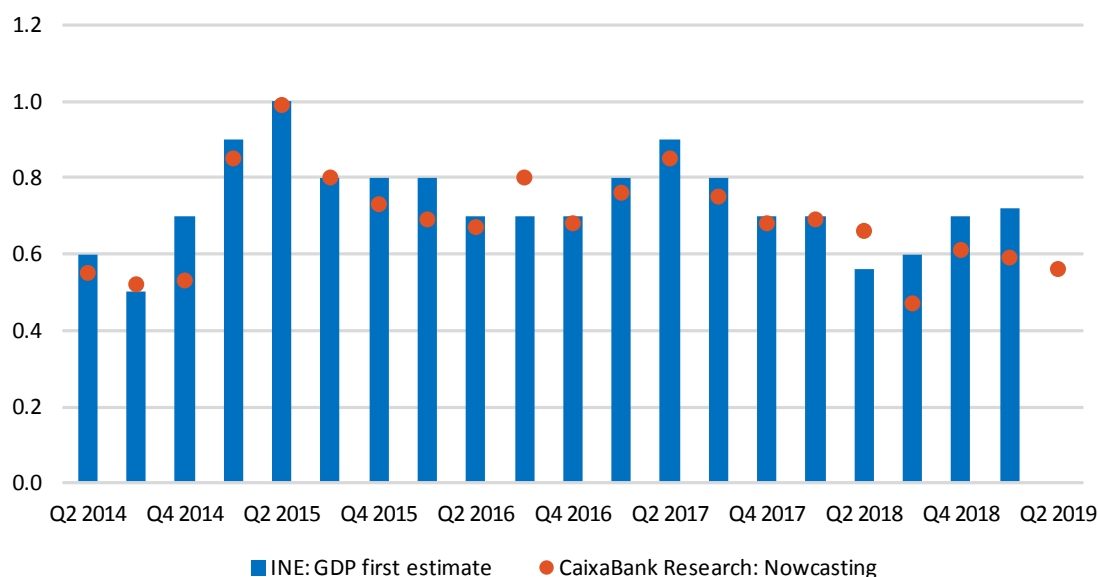
Evolution of nowcasting estimate

% quarter-on-quarter

Source: Caixabank Research, based on data from INE.

GDP growth and Nowcasting

% quarter-on-quarter

- ◼ INE: GDP first estimate
- ● 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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