

Beat: Business

Spanish economy closed first year of recovery with year-on-year growth of 2%

After six years of crisis

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USPA NEWS - The Spanish economy grew in 2014 for the first time since the start of the crisis, and with accelerating growth. At the close of 2014, year-on-year growth stood at 2%, 0.4% higher than in the previous quarter and the fastest rate seen in the last six years.

Quarter-on-quarter progress stood at 0.7%, 0.2% higher than in the third quarter and the fastest rate seen since 2007. The year as a whole closed out with average annual growth of 1.4%, 2.6% higher than that posted for 2013. Internal demand improved its contribution, with seven consecutive quarters of quarter-on-quarter growth in household consumption. Employment recovered by 2.4% in the last quarter compared with one year ago, which is 0.7% higher than in the third quarter, and last year 392,000 equivalent full-time jobs were created.

Growth of the Spanish economy continues to be bolstered by solid domestic demand, with a 2.7% contribution to the year-on-year increase in the GDP in the fourth quarter, 0.1% higher than in the third quarter. In turn, net external demand also improved its contribution to GDP by 0.3% compared with the previous quarter, to stand at -0.7%. In a more detailed analysis of the trend in domestic demand, household expenditure on final consumption stepped up its rate of quarter-on-quarter growth to 0.9% (0.8% in the third quarter).

In turn, public authority expenditure on final consumption fell by 1%, compared with -0.1% in the previous quarter. Gross fixed capital formation posted a quarter-on-quarter increase of 1.4%, 0.3% higher than in the previous quarter. This heightened increase was down to greater dynamism in the investment in construction, which increased from 0.5% in the third quarter to 1.4% in the fourth quarter.

The slight downturn in the net external demand on year-on-year on GDP was as much due to the slowing of imports as the acceleration in exports. Imports grew by 7.7% in the fourth quarter, which was 0.9% less than the previous quarter, while exports increased by 4.7%, which is 0.2% higher than in the third quarter. In turn, there was a reduction in the trend of exported goods, with year-on-year growth of 5.3%, while exported services increased their rate of growth by 3.4%.

In terms of imports, year-on-year growth fell up to 7.7%, with a lower rate for imported goods which was partially offset by increased growth in imported services, to 8.7% year-on-year. In terms of supply, the Gross Added Value (GVA) of the services sector increased by 0.6% in the fourth quarter of last year, to post a year-on-year increase of 2.3%, while the GVA of the construction sector rose by 3.4% year-on-year. In turn, the GVA of the industrial sector rose by 2.1% year-on-year, while the GVA of the agricultural sector declined by 3.4% compared with the fourth quarter of the previous year.

The quarter-on-quarter rate of job creation, in terms of equivalent full-time jobs grew in the last quarter of 2014 by 0.2%, to stand at 0.7%, thus recording the fourth consecutive quarter of growth in quarter-on-quarter terms. In year-on-year terms, employment increased for the third consecutive quarter, posting an increase of 2.4%, a rate that had not been achieved since the first quarter of 2008. In turn, employee wages fell by 0.5%, 0.2% more than in the third quarter, such that unitary labour costs fell by 0.1%, 0.2% less than in the previous quarter.

The year-on-year rate of the GDP deflator stood at -0.6% in the fourth quarter of 2014, 0.3% less than that posted in the previous quarter and negative for the fourth consecutive quarter. This higher decline was mainly down to the considerable fall in the consumption deflator (-0.5%, compared with -0.2% in the previous quarter), according to a release from the Moncloa Palace.

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