



GDP Observatory

December 23, 2009

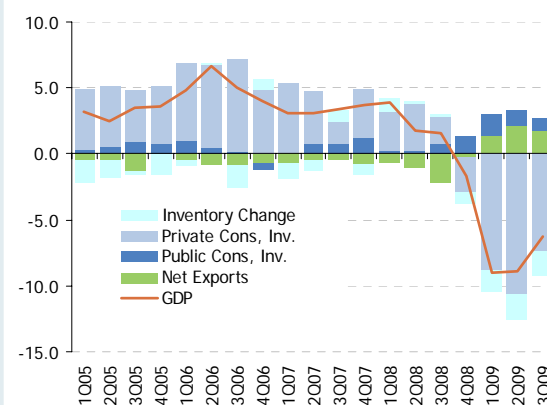
The intense growth in 3Q09 responded to the improvement of the foreign sector, the recovery of household disposable income and, to a lesser extent, of public spending

- As stated at the time, the growth in GDP in the third quarter in real seasonally-adjusted terms was positive at 2.9% q/q (compared with -0.3% in 2Q09). This marked the start of the recovery after the economic recession of the previous three quarters. Given the fall in the level of aggregate output in the first quarters of the year, the annual change continued to be negative in 3Q09, although less so (-6.3% compared with -8.9% in 2Q09).
- In the aggregate components of demand (domestic and external) and supply (imports), there was a notable positive change in all the components except private investment, both in its component of machinery and capital goods and construction. In the case of construction, with the information available it appears that the sub-sector of housing construction is showing some delay in recovery given the levels of public investment, basically in infrastructures.
- Particularly notable has been the improvement in components linked to foreign demand: exports of goods and services, which grew at a quarterly 1.1% (3.8% a quarter earlier), as well as the strong growth in imports of goods and services, with a rise of nearly 10% in the quarterly rate. It is worth mentioning that according to the official information on the balance of trade, imports of goods grew, particularly those linked to exports (intermediate goods) and to a lesser extent capital goods (linked to investment) and consumption goods. The positive contribution of net exports was lower than expected (expected: 3 pp, observed: 1.8 pp).
- Private consumption confirmed the relative improvement in its figures (+1.9% in the quarterly rate, -5.5% in the year-on-year rate), as already suggested by indicators such as consumer confidence and retail sales. The improvement in private consumption was linked to the recovery in employment, particularly private formal employment, in recent months. This was in turn supported by improved foreign demand and lower inflation.
- Finally, the components linked to demand in the public sector continued to make a positive contribution to quarterly growth, although at a lower rate than in previous quarters.
- We estimate that economic activity has continued to improve in the final months of 2009, although not at the exceptionally high rate of 3Q09, favored by a certain rebound effect after the flu episode and the strong earlier falls. With these temporary effects corrected, the rate and size of the recovery will be closely linked to foreign demand, and in 4Q09 growth will probably finally register at close to 1%.

GDP: Supply & Demand (qoq%, SA)						
	jun-08	sep-08	dic-08	mar-09	jun-09	sep-09
GDP	-0.4	0.1	-2.4	-6.4	-0.3	2.9
Total Demand	0.7	1.0	-5.6	-8.3	-1.8	5.5
Internal	1.3	-1.5	-2.3	-4.9	-0.9	1.7
Private Cons.	0.2	-1.8	-2.0	-5.6	0.3	1.9
Public Cons.	0.9	0.2	0.4	2.1	-1.7	1.7
Investment	4.9	-1.5	-4.1	-6.3	-4.0	1.3
Private	4.9	-5.3	-9.3	-4.5	-6.5	-1.0
Public	5.8	13.3	7.8	0.2	1.1	1.4
Exports	-0.4	-3.7	-8.4	-9.9	-3.7	1.1
Imports	1.5	2.4	-13.3	-14.4	-3.8	9.8

SA: Seasonally Adjusted

GDP & Contributions to Growth*
(yoy % & pts)



GDP: Supply & Demand (yoy%, SA)						yoy chge.	Contribution to growth
	2008	sep-08	dec-08	mar-09	jun-09	sep-09	
GDP	3.3	1.5	-1.7	-9.0	-8.9	-6.3	-6.3
Total Demand	4.2	3.2	-3.2	-12.0	-14.1	-10.3	-12.0
Internal	0.8	2.9	-0.8	-7.3	-9.3	-6.3	-6.3
Consumption	0.8	1.5	-1.1	-7.4	-7.7	-4.5	-3.4
Private	2.1	1.7	-1.3	-9.0	-8.9	-5.5	-3.7
Public	3.9	0.2	0.0	3.7	1.0	2.5	0.3
Investment	5.0	7.8	0.4	0.9	-7.1	-7.9	-2.8
Private	2.0	5.0	-10.1	-14.0	-23.3	-19.8	-3.4
Public	13.2	16.4	30.5	29.7	23.9	10.9	0.6
Exports	-42.0	1.4	-9.1	-20.8	-23.5	-19.7	-5.7
Imports	7.0	7.7	-7.5	-22.9	-27.0	-21.6	-7.5
Net Exports	0.0	n.c.	n.c.	n.c.	n.c.	n.c.	1.8

SA: Seasonally Adjusted

Change in inventories are not considered.