

Spain: First GDP contraction in 15 years (-0.2% q/q in Q3 2008)

- In Q3 2008, GDP contracted by 0.2% from the previous quarter (+0.1%). It is the first contraction in GDP since 1993. The year-on-year rate decelerated to 0.9% in Q3, from 1.8% in Q2.
- In line with the fall in industrial production and data surveys, these preliminary results confirm that Spain has entered into recession. In 2009, GDP is expected to decrease by 1.5% (after +1.3% in 2008).
- The international financial crisis, coupled with the slowdown in the economy, is likely to amplify the collapse of the housing market and the construction sector (which accounted for nearly 13% of total employment).
- Spain, which growth model was built largely on households' indebtedness and the dynamism of the construction sector, should particularly suffer in this context. In 2009, investment in construction is expected to fall dramatically (-17.2%) and the unemployment rate is likely to reach 15%.

Spain – Gross Domestic Product

Changes in %	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008
q/q, swda	0.7	0.8	0.3	0.1	-0.2
y/y	3.8	3.5	2.7	1.8	0.9

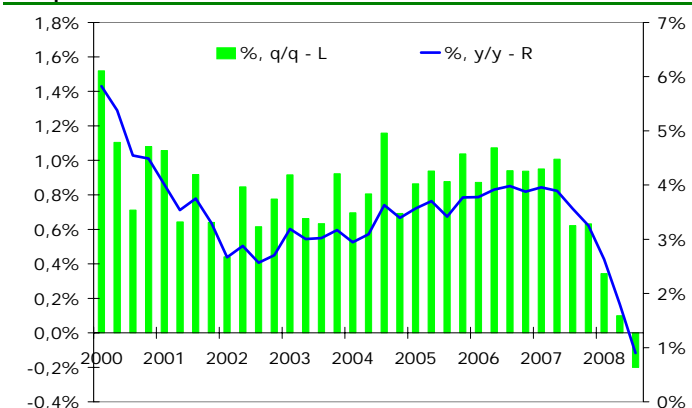
Source : INE -- * flash estimate

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1. Spain - GDP



Source : INE

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