



BULLETIN OF EU AND US INFLATION AND MACROECONOMIC ANALYSIS

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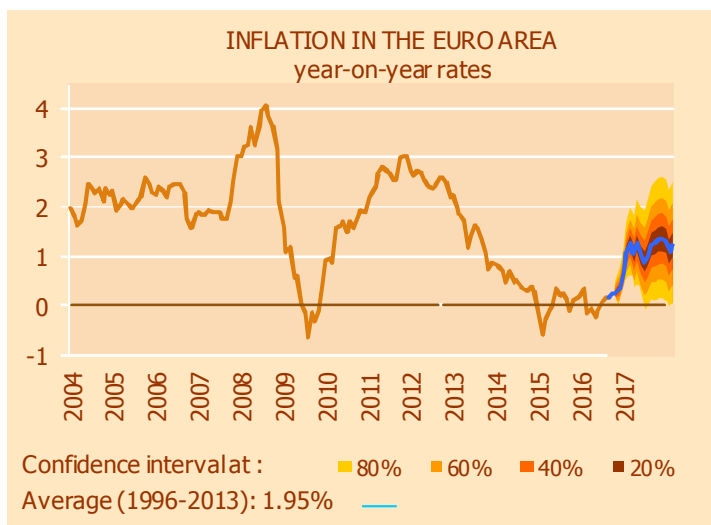
Second Phase

The Spanish GDP forecast has been revised upwards by 3.1% (±0.3) for 2016 and 2.1% (±1.4) for 2017.

MAIN VARIABLES AND INDICATORS IN SPAIN						
Annual average rates						
					Forecasts	
					2016	2017
GDP mp.¹					3.1	2.2
					(±0.3)	(±1.4)
Demand	Final consumption private	-3.5	-3.1	1.2	3.1	3.0
	Final consumption public	-4.5	-2.8	0.0	2.7	0.8
	Gross fixed capital formation	-7.1	-2.5	3.5	6.4	3.9
	Tangible fixed assets	-8.3	-3.4	3.7	7.2	4.3
	Construction	-8.3	-7.1	-0.2	5.3	2.1
	Capital goods and grown assets	-8.4	3.9	10.5	10.5	7.4
	Contribution domestic demand*	-4.7	-3.1	1.6	3.7	3.0
	Exports of goods and services	1.1	4.3	5.1	5.4	5.0
	Imports of goods and services	-6.2	-0.3	6.4	7.5	5.2
	Contribution foreign demand*	2.1	1.4	-0.2	-0.5	0.0
Supply GVA	Agriculture, livestock breeding, forestry,	-11.0	16.5	-3.7	1.9	1.8
	Industry	-4.9	-5.2	1.2	3.4	2.3
	Manufacturing Industry	-5.3	-1.4	2.2	3.7	3.3
	Construction	-14.3	-9.8	-2.1	5.2	1.1
	Services	-0.4	-0.6	1.9	3.1	3.6
	Market services	-0.2	-0.5	2.7	3.7	4.1
	Public administration, health and educ	-0.8	-1.1	-0.4	1.7	2.3
	Taxes	-4.4	-2.9	0.8	2.8	1.5

Source: INE & BIAM (UC3M)
Date: August 25, 2016

The forecast for inflation in the euro area for 2016 has been revised downwards by 0.1% (±0.17).



Source: EUROSTAT & BIAM (UC3M)
Date: August 18, 2016

Euro Area: Macroeconomic Forecasts and Inflation

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"The indicators published during August include up to the second quarter of 2016. In addition, on the 12th EUROSTAT published its first growth forecast for this period. Had the predicted 0.3% growth have been confirmed, this would have meant a significant deceleration, already predicted by BIAM. The available indicators for the period, however, are not exhaustive, and the signals are far from clear, although some signs seem to point towards a slowing down of private consumption.

Therefore, in general, confidence indicators, whose values had not changed significantly from the first quarter, did not clearly anticipate this deceleration. The economic sentiment index published by the European Commission reached 104.3 in the second quarter, which is 0.3 above the average during the first quarter. Confidence declined among consumers, by 0.4 to -7.8; the construction sector, by 0.6 to -18.4 and retail by 0.1 to 1.8. In contrast, confidence grew in the industrial sector, by 0.4 to -3.4 and services by 0.5 to 11.3.

The signs yielded by PMIs were also lacking in clarity. The compound PMI for the euro area has averaged 53.1 in the second quarter of 2016, 0.1 points below the average in the first quarter."