

# Spain

## Spanish recession intensified in Q1

### Key findings

- GDP fell at increased pace in Q1...
- ... but PMI data indicate a possible easing in the rate of decline in April.

### Sharp contraction of Spanish GDP

Today's initial estimate of Q1 2009 GDP from the National Statistics Institute (INE) signalled an intensification of the recession, as GDP fell by 1.8% from the previous quarter, compared with a 1.0% drop in Q4. On an annual basis GDP was down by 2.9%, following a 0.7% reduction in Q4.

PMI data for Spain, compiled by Markit, likewise pointed to a substantial decline in output during Q1 2009. The Markit Composite Business Activity Index registered contractions that were broadly similar to the series record seen in November 2008 (see chart 1).

### PMI data suggest slower reductions at the start of Q2

April PMI data showed that activity in Spain continued to fall at a considerable pace. The data remain historically weak, with the Markit Composite Business Activity Index still well below the 50.0 no-change mark which separates expansion from contraction. That said, the rate of decline eased in April to its weakest since last August, with slower reductions particularly seen in the service sector (see chart 2).

This indicates that the worst of the Spanish recession may have been seen in Q1, and that the pace of decline of GDP could moderate during Q2.

Chart 1: Spanish GDP

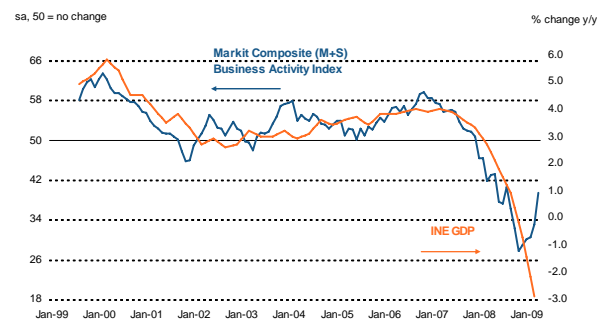
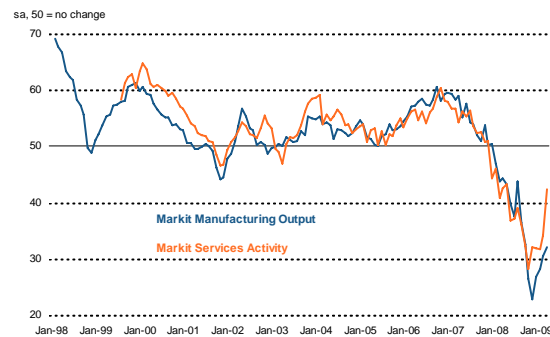


Chart 2: Manufacturing and Services PMI data



Sources: Markit, INE

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