

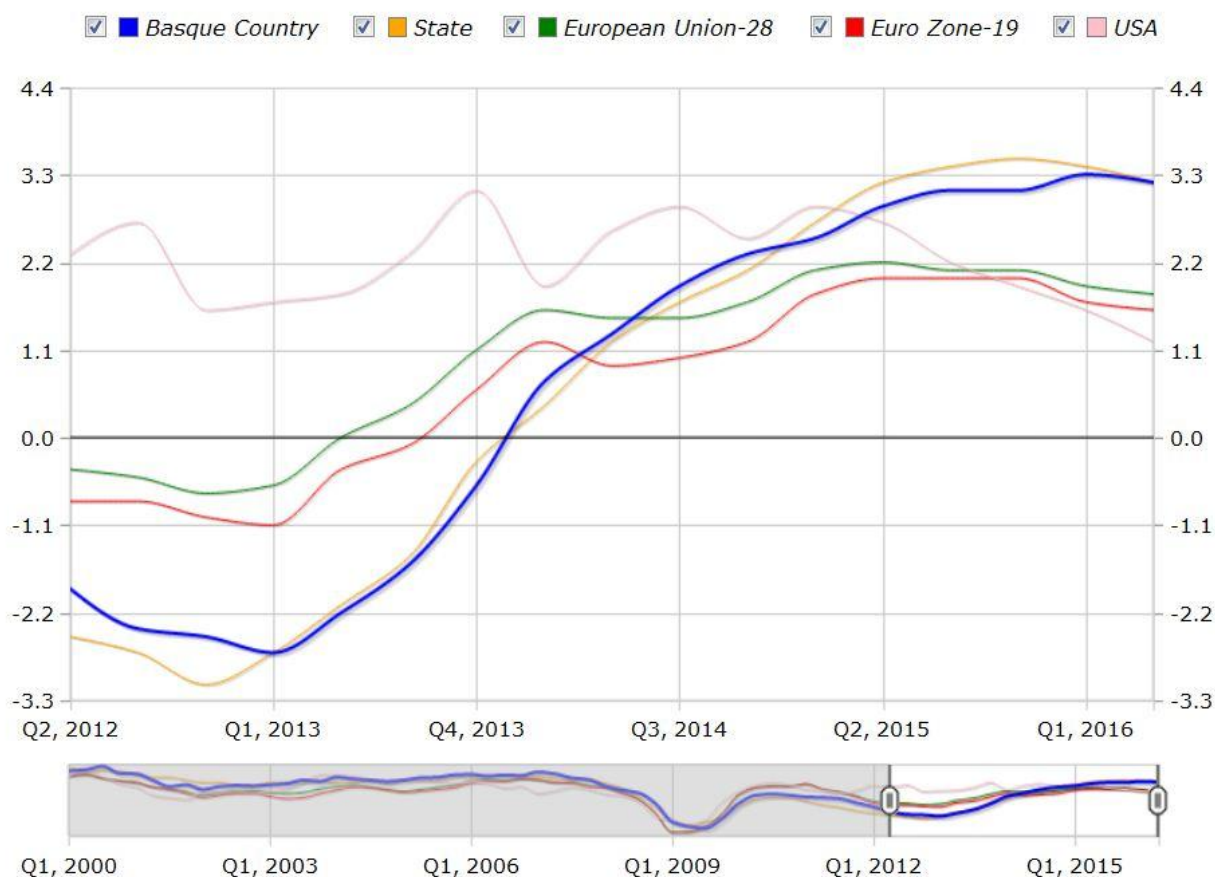
The GDP of the Basque Country posted a 3.2% year-on-year growth in the second quarter of 2016

Growth was 0.8% compared to the previous quarter

The GDP of the Basque Country posted growth of 3.2% in the second quarter of 2016, compared to the same quarter of the previous year, according to Eustat data. With regards to the previous quarter, the variation was 0.8%. This is an improvement of two tenths and one tenth, respectively, over the year-on-year and quarter-on-quarter rates provided in the Advance Accounts for 27 July. The good performance of service activities and construction indicators, issued this September, have been responsible for this improvement in GDP performance estimates in these second six months of 2016.

Growth of the Basque economy in the second quarter of 2016 has equalled that registered by the Spanish economy, both in year-on-year and quarter-on-quarter rates, doubling the year-on-year growth of the Eurozone-19 (+1.6%).

Year-on-year variation rates of the GDP. (%)
Corrected for seasonal and calendar effects



Source: Eustat. Quarterly accounts

From the point of view of supply, the year-on-year growth in GDP was the result of the positive performance of all activity sectors. There was growth in both the Primary sector and in Industry, but both showed a more gradual rate of growth in relation to that registered in the first quarter of 2016. By contrast, the Construction sector registered a positive variation rate in this quarter, a slight improvement on the previous quarter. The services sector overall showed the greatest dynamism, with an increased year-on-year growth rate which was also higher than that seen in the previous quarter. The same is applicable to all services sub-sectors, being more pronounced in those that come under Trade, Hotel Management & Catering and Transport.

Table 1. GDP m/p. Supply. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2014	2015	2015			2016	
			II	III	IV	I	II
AGRICULTURE, FORESTRY AND FISHING	-19,8	13,4	5,8	13,1	24,3	11,6	2,8
INDUSTRY AND ENERGY	2,0	3,9	4,4	4,5	4,9	4,8	2,4
Manufacturing industry	2,4	4,7	5,3	5,4	5,7	4,7	2,6
CONSTRUCTION	-1,7	0,5	0,6	0,2	-0,2	-0,3	2,7
SERVICES	1,7	2,9	2,8	3,1	2,8	3,0	3,4
Trade, accommodation & food services and transport	1,9	4,5	4,7	4,9	3,8	3,1	3,9
Public administration, education, health and social services	2,6	2,5	2,6	2,4	2,2	2,2	2,4
Other services	1,0	2,0	1,8	2,3	2,4	3,4	3,6
GROSS ADDED VALUE at basic prices	1,4	3,1	3,1	3,3	3,2	3,3	3,1
NET TAXES ON PRODUCTS	3,8	1,1	0,8	1,2	2,0	3,2	3,2
GROSS DOMESTIC PRODUCT at market prices	1,6	2,9	2,9	3,1	3,1	3,3	3,2

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

In more detail, the **Industry** sector has slowed this quarter and posted a year-on-year growth rate of 2.4%. This year-on-year growth shows a growth rate of 0.7% compared to the previous quarter.

After an estimated year-on-year drop of 0.3% in the first quarter of 2016, the **Construction** sector improved considerably, achieving 2.7% growth in the second quarter. This higher year-on-year growth rate implies an upturn of 0.1% on the previous quarter.

Services, as a whole, maintained the momentum of previous quarters for a further quarter, with positive variations both in year-on-year and quarter-on-quarter terms: 3.4% and 1.0%, respectively.

Year-on-year growth of 3.4% in **Services** is the result of the positive performance of all sub-sectors. The branches of both **Trade, Hotel Management & Catering and Transport** and **Other Services**, which includes, amongst others, professional, financial and insurance activities, showed the highest growth rate, of 3.9% in the first case and 3.6% in the second. Moreover, in both branches the year-on-year rate of this second quarter was an improvement on the rate achieved in the first. The branch of **Public Administration, Education, Health and Social Services** posted a positive rate in year-on-year terms of 2.4%, two tenths lower than the previous quarter.

Regarding quarter-on-quarter variation, all subsectors registered positive growth rates, with services linked to **Public Administration, Education, Health and Social Services** registering the highest quarter-on-quarter growth rate, at 1.6%. The branches of both **Trade, Hotel Management & Catering and Transport** and **Other Services** also posted positive rates, of 0.8% and 0.9% respectively.

Table 2. GDP m/p. Supply. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2015			2016	
	II	III	IV	I	II
AGRICULTURE, FORESTRY AND FISHING	1,1	3,6	-5,5	12,8	-6,9
INDUSTRY AND ENERGY	3,1	0,9	0,7	0,1	0,7
Manufacturing industry	1,8	1,0	0,3	1,5	-0,2
CONSTRUCTION	-2,8	0,6	4,6	-2,5	0,1
SERVICES	0,6	0,8	0,3	1,3	1,0
Trade, accommodation & food services and transport	-0,1	0,7	1,6	0,7	0,8
Public administration, education, health and social services	1,3	0,3	-1,9	2,4	1,6
Other services	0,7	1,0	0,5	1,1	0,9
GROSS ADDED VALUE at basic prices	1,0	0,8	0,6	0,9	0,8
NET TAXES ON PRODUCTS	1,0	0,9	0,9	0,4	1,0
GROSS DOMESTIC PRODUCT at market prices	1,0	0,8	0,6	0,8	0,8

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

From the point of view of Demand, the positive growth rates of **Internal Demand** were consolidated with growth of 3.3% in year-on-year terms, an increase of two tenths on the previous quarter. Furthermore, this positive performance is reflected in its two components, Final Consumption Expenditure and Gross Capital Formation. With regards to the foreign sector, its contribution to GDP growth this quarter has been slightly negative, with a slightly higher increase in levels of imports than exports.

The annual growth rate of **Final Consumption Expenditure of Households(Private Consumption)** accelerated slightly. Growth in this quarter was 3.4%, one tenth higher than the previous quarter, placing the quarter-on-quarter rate at 1.8%.

Public Consumption (Final Consumption Expenditure of Public Administrations) grew by 2.7% in year-on-year terms (three tenths more than in the previous quarter), which means a quarter-on-quarter decline of 3.7%.

The overall performance of the **Final Consumption Expenditure of Public Administrations** combined with the **Final Consumption Expenditure of Households** led to a upturn of 3.2% in **Final Consumption Expenditure**. With regards to the previous quarter there was an upturn of 0.7%.

Table 3. GDP m/p. Demand. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2014	2015	2015			2016	
			II	III	IV	I	II
FINAL CONSUMPTION EXPENDITURE	1,9	2,8	2,9	3,2	2,7	3,1	3,2
Household and NPISHs final consumption expenditure	2,2	3,1	3,3	3,1	2,9	3,3	3,4
Public administrations final consumption expenditure	0,7	1,8	1,3	3,4	2,0	2,4	2,7
GROSS CAPITAL FORMATION	-0,5	2,8	2,7	2,8	2,8	3,4	3,7
Gross fixed capital formation in equipment goods	3,3	6,5	5,8	7,4	8,8	10,7	7,0
Rest of gross capital formation	-2,0	1,2	1,3	0,7	0,3	0,2	2,2
INTERNAL DEMAND	1,4	2,8	2,8	3,1	2,7	3,1	3,3
EXPORT OF GOODS AND SERVICES	5,8	0,6	1,5	-2,9	2,3	4,2	3,0
IMPORT OF GOODS AND SERVICES	5,3	0,6	1,3	-2,8	1,6	3,9	3,2
GROSS DOMESTIC PRODUCT at market prices	1,6	2,9	2,9	3,1	3,1	3,3	3,2

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

Gross Capital Formation (Investment) grew at a positive year-on-year rate of 3.7%, three tenths more than that registered in the previous quarter. The quarter-on-quarter growth rate stood at 1.1%. It should be pointed out that this overall performance of investment was based on the positive trend of its two components. The variation of investment in capital goods is improved, with a year-on-year growth rate of 7.0%, which equates to a quarterly increase of 0.6%. The rest of Gross Capital Formation, which is more closely related to trends in the construction sector, posted a year-on-year growth rate of 2.2%, which meant a positive quarter-on-quarter rate of 1.3%.

Table 4. GDP m/p. Demand. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2015			2016	
	II	III	IV	I	II
FINAL CONSUMPTION EXPENDITURE	0,5	0,6	0,1	1,8	0,7
Household and NPISHs final consumption expenditure	1,7	0,6	0,4	0,5	1,8
Public administrations final consumption expenditure	-3,9	0,7	-1,1	7,0	-3,7
GROSS CAPITAL FORMATION	0,8	1,0	1,7	-0,2	1,1
Gross fixed capital formation in equipment goods	4,1	3,9	-0,1	2,4	0,6
Rest of gross capital formation	-0,6	-0,3	2,6	-1,4	1,3
EXPORT OF GOODS AND SERVICES	7,2	-0,7	-0,9	-1,2	5,9
IMPORT OF GOODS AND SERVICES	6,3	-0,8	-1,1	-0,3	5,5
GROSS DOMESTIC PRODUCT at market prices	1,0	0,8	0,6	0,8	0,8

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

As regards the level of employment (measured in **Full-Time Equivalent Jobs**), there was an overall increase in the level of employment of 1.8% in year-on-year terms. This year-on-year rate means a 0.6% growth with respect to the first quarter of 2016.

Employment grew in all activity sectors except Construction, where it dropped by 0.1%. The Services sector stands out for its total volume of employment, whose annual rate grew by 2.1%. The Primary sector also grew at a rate of 1.0%. The Industry annual rate grew for a third consecutive quarter, by almost 1.4% in this quarter.

Compared to the previous quarter, three of the four major sectors posted positive rates. The Primary sector stands out with a positive variation of 7.0%; Industry, for its part, grew by 0.4% and the Services sector by 0.6%. Construction maintained the same level of employment as in the previous quarter, for which its growth rate was nil (0.0%).

In terms of the variation of **GDP by Province**, Álava and Bizkaia posted the largest growth in year-on-year terms, 3.2% in both cases, whilst Gipuzkoa grew by 3.0%. In quarter-on-quarter terms Álava and Gipuzkoa were up by 0.8%, and Bizkaia reached 0.9% growth.

Methodological note: Definitive data from 2014 and advance data from 2015 from the Economic Accounts of the Basque Country have been incorporated into the Quarterly Accounts by Eustat, which has meant re-estimating the quarterly series.

For further information:

Eustat - Euskal Estatistika Erakundea / Instituto Vasco de Estadística

C/ Donostia-San Sebastián, 1 01010 Vitoria-Gasteiz

Press Service: servicioprensa@eustat.eus Tlf: 945 01 75 62

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