

## Spain: Industrial production picks up

Industrial production growth was stronger-than-expected in November. But this follows a particularly weak October and survey indicators do not suggest a continued pick up



Industrial production in November grew by 2.1% year-on-year, the highest since January 2019. The activity stems mainly from capital goods (6.2% year-on-year) and non-durable consumer goods (1.5% year-on-year).

For most of 2019, industrial production growth hovered around 1% year-on-year, but in October it contracted 1.3%. So the good performance in November merely reflects a bounce back from that decline.

The PMI for the manufacturing sector remains under 50, coming in at 47.4 in December. Confidence remains low and is weighing on hiring and employment. On a positive note, the index did stabilise during the last two months after falling to a low of 46.8 in October.

We expect GDP growth for the fourth quarter to come in at 0.4% quarter-on-quarter, as in the third quarter of 2019. The annual growth rate, in that case, would be equal to 2% compared to 2.4% in 2018. For 2020, we expect a weaker domestic labour market and weaker global environment to slow activity. We forecast 1.4% growth this year.