
Recession reports - Spanish Q2 GDP contracted by 1pct QoQ

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AFP reported that Spain's economy shrank for a fourth quarter in the three months to June 2009 but the rate of contraction slowed, even as other European economies rebounded from the recession.

National Statistics Institute said that gross domestic product in Spain contracted by 1% QoQ in the second quarter. Compared to the same period last year, GDP was off by 4.1% YoY.

If confirmed by final figures on August 27th 2009, it would be the fourth shrinkage in a row after a fall of 1.9% in the first quarter, 1% in the last quarter of 2008 and 0.3% in the third quarter of 2008.

The latest figure was worse than an estimate of 0.9% contraction issued by the Bank of Spain last month. The central bank also said that the rate of contraction in the economy would continue to slow.

Spain's economy has proved especially vulnerable to the global credit crunch because growth relied heavily on credit fueled domestic demand and a property boom boosted by easy access to loans. While the recession has not been as deep as in many other major economies, most economists forecast Spain will take longer to recover.

(Sourced from AFP)

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