

Spain Keeps Climbing With A New Economic Growth Forecast For 2016

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The acting Spanish government has revised upward its forecast for economic growth this year from 2.7 percent to 2.9 percent. Presenting the figures Friday, the government adjusted its growth estimate for 2017 to 2.3 percent, down from 2.4 percent.

The National Statistics Institute also confirmed preliminary estimates that the economy grew by 0.7 percent in the second quarter compared with the previous three months, and 3.2 percent on the year. Spain emerged from recession in late 2013 and is now one of the European Union's fastest-growing economies although its unemployment rate of about 20 percent remains the EU's second-highest after Greece.

Acting conservative Prime Minister-Mariano Rajoy, in office since 2015, on Thursday agreed to try to form a government and end seven months of deadlock following two inconclusive elections. The preliminary growth figures give an early indication of the recent health of the eurozone economy. Economists had estimated that growth eased but didn't stall in the currency area after a stronger first-quarter, when Italy and France-fueled the rebound.

Increase In Jobs .

Data released on Thursday showed a rise of 271,400 people with jobs in the second quarter taking the number of employed workers in Spain to 18.3m — still almost 2.5m below the heights reached in 2007 before the country entered its long economic crisis. Almost two-thirds of the new jobs were temporary contracts.

The job growth and the fall in unemployment to the psychological barrier of 20 per cent are good news for the caretaker government of Prime Minister Mariano-Rajoy, which has highlighted the Spanish economy's improving health as Mr Rajoy tries to negotiate a coalition that will allow him to continue as prime minister following a second round of inconclusive national elections held in June. In a tweet on Thursday Mr Rajoy used the jobs data to bolster his case: "The unemployment rate fell to 20 per cent, the lowest since 2010. We need stability to continue strengthening job creation."

Marcel Jansen, a professor of economy at Madrid's Autónoma University, said: "In general, I'd say the figure is a clear reflection of positive momentum in the Spanish economy. Quarter after quarter we're adding employment. But when we look forward, there are reasons to expect it won't be easy to maintain this rhythm without further reforms."