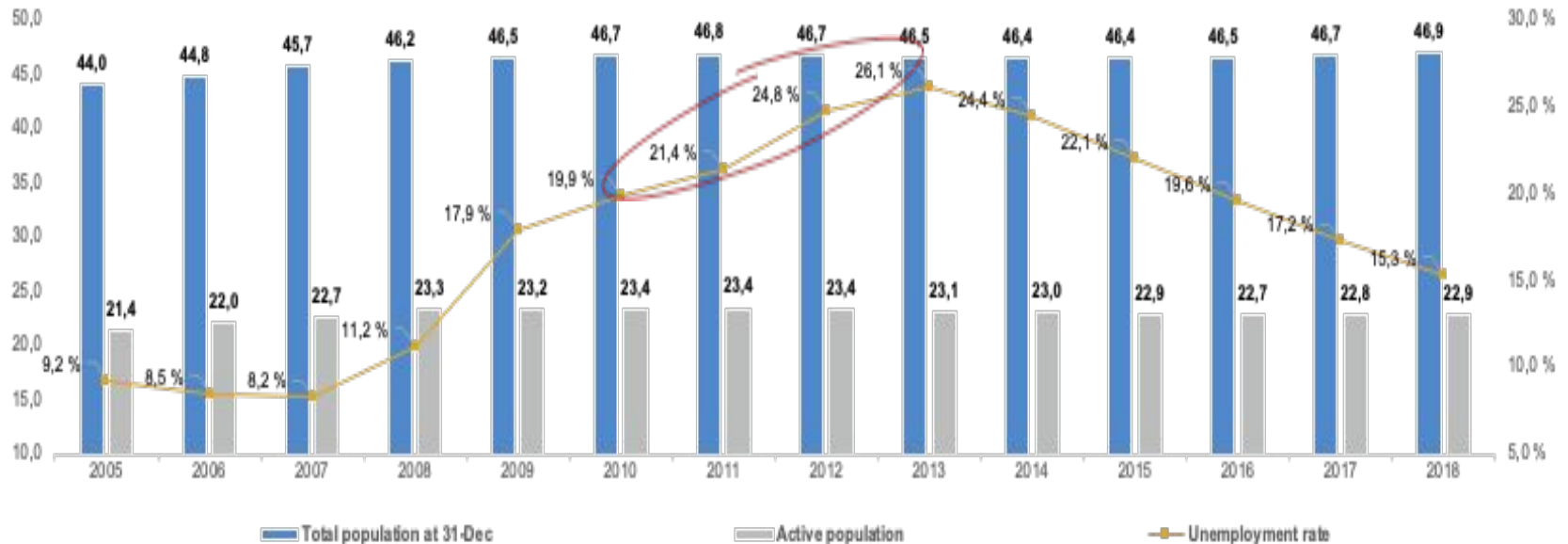

How could we anticipate to an increase in Spain's unemployment rate?

Javier Pradera Carazo

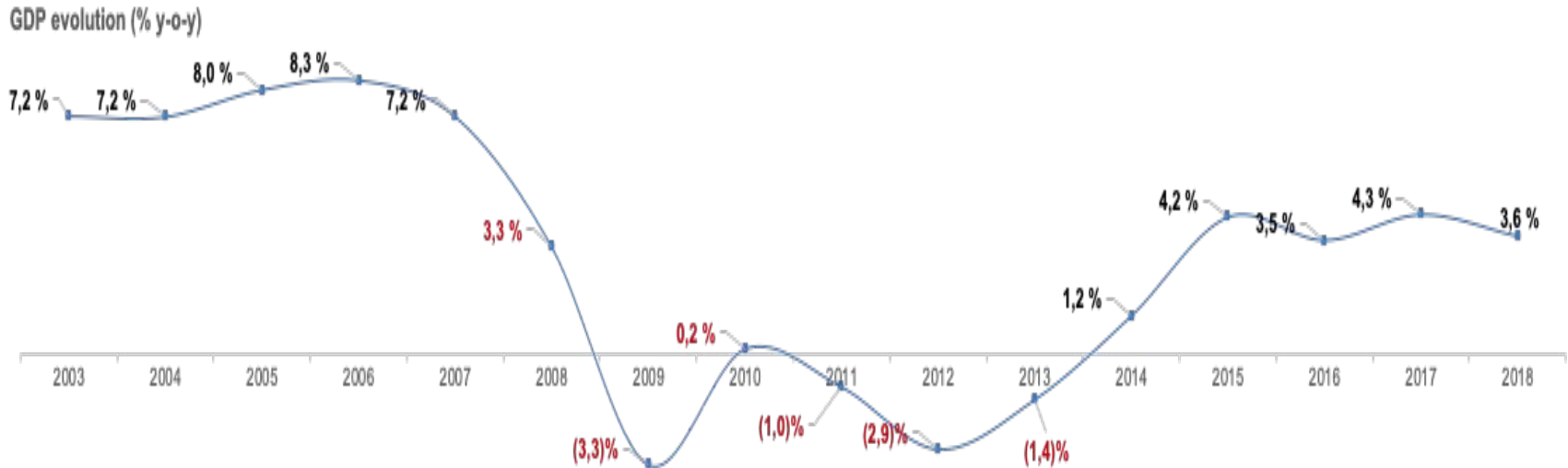
Unemployment, a big issue in Spain

Spain's main concern during the last few decades, especially during crises, has been its sharp increases in the unemployment rate.



GDP as the main economic indicator

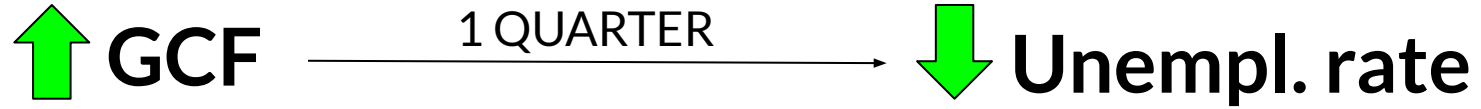
The GDP (Gross Domestic Product) is the main indicator that measures countries' economic performance, and is calculated as follows: Internal Consumption + Gross Capital Formation + Exports - Imports



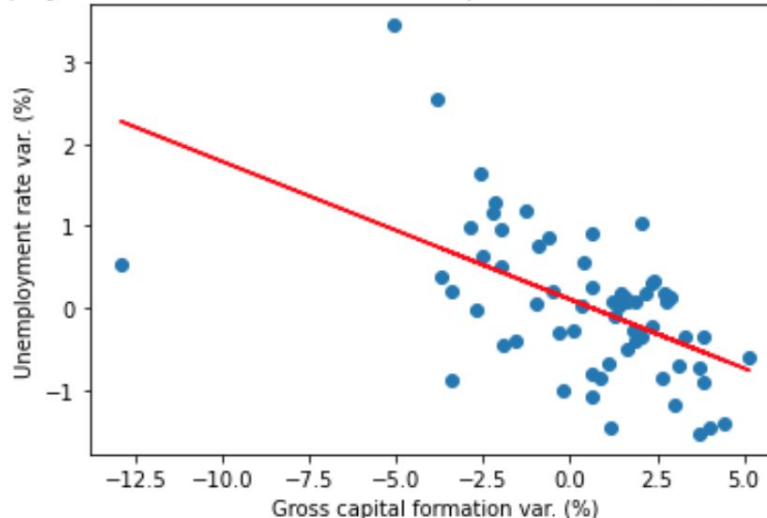
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Could we anticipate to variations in the unemployment rate **by looking at the GDP main variables?**

Determination of the unemployment rate with GDP main variables



Unemployment rate variation vs. Gross Capital Formation (1 Quarter difference)



Gross capital formation, the main employment driver

- Gross capital formation (i.e. net investments) is the key driver to having low unemployment rates.
- Spain's main challenge is to attract big companies to invest in the country and create employment (e.g. tax incentives, innovation culture and a strong education system).
- Which type of investments have a strongest impact?