BANCO DE ESPAÑA

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Abbreviations

AIAF	Association of Securities Dealers
BE	Banco de España
BIS	Bank for International Settlements
CNE	Spanish National Accounts
CNMV	National Securities Market Commission
CPI	Consumer price index
EAGGF	European Agricultural Guidance and Guarantee Fund
ECB	European Central Bank
ECOFIN	Council of the European Communities (Economic and Financial Affairs)
EDP	Excessive Deficit Procedure
EMU	Economic and Monetary Union
EONIA	Euro overnight index average
EPA	Official Spanish Labour Force Survey
ERDF	European Regional Development Fund
ESA 79	European System of Integrated Economic Accounts
ESA 95	European System of National and Regional Accounts
ESCB	European System of Central Banks
EU	European Union
EU15	The fifteen current European Union Member States
EUROSTAT	Statistical Office of the European Communities
FIAMM	Money market funds
FIM	Securities funds
GDP	Gross domestic product
GNP	Gross national product
GVA	Gross value added
HICP	Harmonised index of consumer prices
ICT	Information and communications technology
IMF	International Monetary Fund
INE	National Institute of Statistics
INVERCO	Association of Collective Investment Institutions and Pension Funds
LFA	Liquid financial assets
LIFFE	London International Financial Futures Exchange
MEFF	Financial Futures and Options Market
MEFF RF	Fixed-income derivatives market
MEFF RV	Equity derivatives market
MFIs	Monetary financial institutions
MMFs	Money market funds
MROs	Main refinancing operations
NCBs	National Central Banks
NPIs	Non-profit institutions
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing power parity
QNA	Quarterly National Accounts
SCLV	Securities Clearing and Settlement Service
SDRs	Special Drawing Rights
TARGET	Trans-European Automated Real-Time Gross Settlement Express Transfer system
TFP	Total factor productivity
ULCs	Unit labour costs
VAT	Value Added Tax

Countries

BE	Belgium
DK	Denmark
DE	Germany
GR	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
LU	Luxembourg
NL	Netherlands
AT	Austria
PT	Portugal
FI	Finland
SE	Sweden
UK	United Kingdom
US	United States

Currencies

ESP	Peseta
EUR	Euro
JPY	Japanese yen
USD	United States dollar

Conventions used

M1	Notes and coins held by the public + sight deposits.
M2	M1 + deposits redeemable at notice of up to three months + deposits with an agreed maturity of up to two years.
M3	M2 + repos + shares in money market funds and money market instruments + debt securities issued with an agreed maturity of up to two years.
bn	Billions (10^9).
m	Millions.
pp	Percentage points.
...	Not available.
—	Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth.
»	Less than half the final digit shown in the series.

Contents

Quarterly report on the Spanish economy

1. Overview

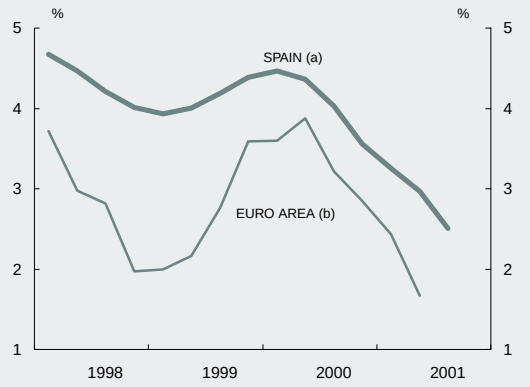
Amid heightening uncertainty, the year-on-year real growth rate of Spanish GDP during 2001 Q3 is estimated to have fallen to close to 2.5%, after having run at 3% the previous quarter and 4% a year earlier. These results are part of the process of deceleration in worldwide economic activity that began following the crisis in the US economy and spread through the various commodities and financial markets, posing serious difficulties for numerous emerging economies and exacerbating the critical situation of the Japanese economy. The euro area has also felt this deterioration in the external environment, showing less capacity than expected to pursue a process of independent and differentiated growth from the United States.

The dramatic events of 11 September have thus borne on an international economic situation which was already considerably depressed, further heightening the uncertainty over the intensity and length of the slowdown and, in general, over the conditions in which international and Spanish economic activity will unfold in the coming quarters. True, the shock caused by the terrorist attacks will have temporary effects on activity. But the onset and intensity of recovery will depend to some extent on the duration of the military response to the attacks and how it unfolds, as well as on the reaction by economic agents, i.e. consumers and corporations, to the situation of uncertainty. The rapid response of the economic authorities has contributed to overcoming the initial moments of heightened tension and, from a medium-term perspective, the fall in oil and other commodity prices and the subsequent improvement in inflationary expectations strike a positive note in these circumstances.

The reaction of the monetary authorities was initially intended to ensure the sound functioning of financial markets, supplying all the liquidity that might be needed. In this respect, on 12 September the Eurosystem conducted a very short-term fine-tuning operation to inject liquidity into the money markets, continuing the operation the following day. Moreover, the European Central Bank (ECB) entered into a swap operation with the Federal Reserve for USD 50 million to ensure the availability of the US currency on European financial markets, which at no time ceased to operate normally. A few days later, on 17 September, an extraordinary ECB Governing Council meeting agreed, in concert with a similar action by the Federal Reserve, to cut official interest rates by half a percentage point to 3.75%, at which level they currently remain. This decision was of an exceptional nature aimed at providing a secure environment that would mitigate, as far as possible, the deterioration in economic agents' expectations. It

CHART 1

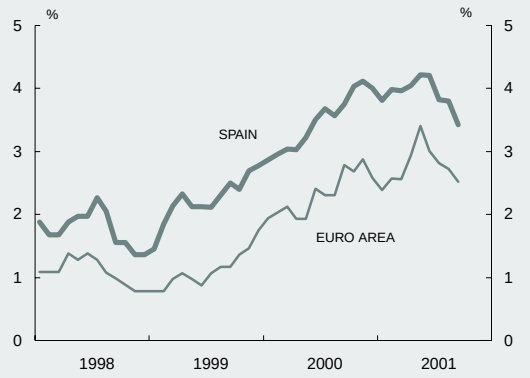
GDP



Sources: ECB, Instituto Nacional de Estadística and Banco de España.
(a) Non-centred annual rate of change calculated on the basis of the trend-cycle series.
(b) Non-centred annual rate of change calculated on the basis of the seasonally adjusted series.

CHART 2

Harmonised indices of consumer prices



Sources: Eurostat and European Central Bank.

thus squares with the application, in such particular circumstances, of the medium-term stability criteria governing the Eurosystem's monetary policy decisions.

As far as fiscal policy was concerned, the US authorities reacted rapidly, providing additional support for the economy via an increase in public spending. This bolstered the move by the Federal Reserve, which once again cut its federal funds target rate on 2 October to 2.5 %. In Europe, where some countries' public finances are in a less healthy position, the scope available for fiscal policy action is confined to the settings established in the Stability and Growth Pact. These arrangements allow the automatic stabilisers to operate in those economies that have attained a budgetary balance at least close to equilibrium, while in the remaining cases public finances must be managed in such a way as to ensure continuity in fiscal consolidation.

At present the closing figures for Q3 for the various economies are not available and the information on indicators after the attack on 11 September is scant. In the United States, the confidence indices data released point to a sharp slowdown in consumer spending in the coming months. This was the sole demand component which, along with public spending on house purchases, had retained a positive – albeit declining – growth rate compatible with an increase in the saving ratio. The foreseeable decline in this aggregate, along with the protracted deterioration in private investment and exports (and, in general, in all industrial activity), accentuates the downside risks to the US economy. With regard to the euro area economies, most indicators showed that a cyclical peak was reached midway through last year. Since then, and according to National Accounts information, it has been private consumption (along with government consumption) which has retained a relatively firm growth rate, as opposed to the progressive deterioration in private investment and exports. This is a similar pattern, therefore, to the US economy, although it has unfolded, naturally, with a lag and less intensely. The initial data emerging on consumer and business confidence in some of the major euro area economies following the terrorist attacks augur the continuity, at least in the short run, of these trends.

The growth rate of the harmonised index of consumer prices (HICP) in the euro area as a whole slowed by six-tenths of a point during Q3 to stand at 2.5% in September. Admittedly, the slowdown has so far been centred on the energy and processed food components, without the related rates for services and non-energy industrial goods having turned down yet. But the change in the domestic economic outlook and the favourable movements on commodities markets mean a progressive approximation to the levels of stability established for the area as a whole may be forecast. In these circumstances, and against the backdrop of the decelerating growth rate of the credit aggregates, the Eurosystem's monetary policy stance was gradually eased, irrespective of the measures applied in response to the shock caused by the terrorist attacks. Indeed, prior to these measures, the ECB Governing Council had agreed to benchmark interest rate cuts of 25 basis points in May and in August.

The Spanish economy is following the same trends in respect of slowing growth and the

turnaround in the inflation rate as the euro area; but the associated rates of change of both variables retain a positive spread. Thus, the Spanish growth rate continues to be higher than that of the euro area, furthering real convergence, even in this downturn. The maintenance of a positive growth differential with Europe had not been the case in other more recent cyclical downturns, which were marked, as is known, by sharp downward adjustments to redress the imbalances that had arisen during the upswing. The existence of this differential should largely be attributed to Monetary Union membership, which has protected the economy from certain factors (increases in long-term risk premia and exchange rate movements) that would have contributed to intensifying the slowdown. But belonging to a common monetary area also exacts its demands and, in this respect, retaining a positive inflation differential with the euro area countries may ultimately pose risks in terms of competitiveness, job creation and, in the final analysis, convergence itself.

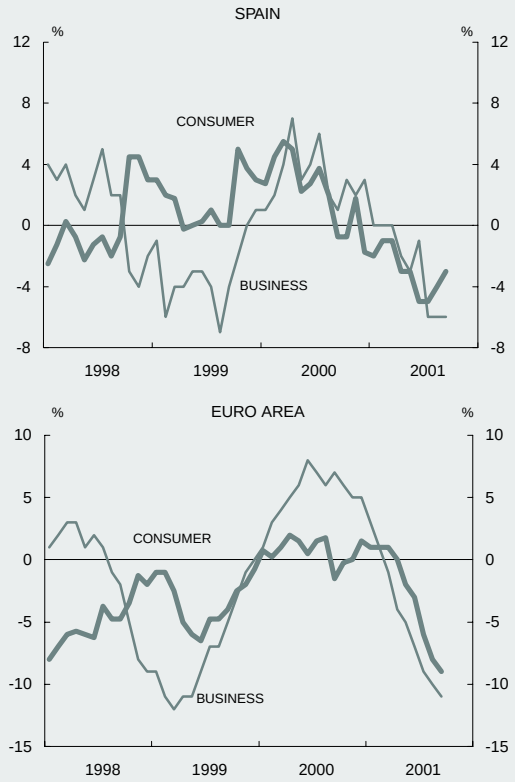
Exports and investment in capital goods are the two macroeconomic aggregates which, as in other areas that have been analysed, have proven most sensitive to the deterioration in the general economic outlook. Exports retained relatively high growth rates until the slowdown on markets affected the Community area. They have since been increasingly weaker, and the trend is spreading, albeit less intensely so far, to the tourism sector. The year-on-year growth rate of exports of goods and services during Q3 is estimated to be running slightly above 3%. As regards capital investment, the loss of momentum began much earlier and worsened once the change in the international environment affected business expectations. Foreseeably, this demand component will continue to post negative rates of change during Q3.

Consumption and investment in construction are therefore the two variables basically underpinning growth in the Spanish economy at present. But whereas the annual rate of increase of the former is slackening, the latter is holding firm. This is because the lesser buoyancy in the demand for housing is being offset by the resilience of civil engineering works. The growth rate of private consumption during Q3 may be marginally below 2.5% on average, while that of investment in construction will not differ significantly from the previous quarter (5.8%). And nor are considerable changes expected in the modest rate of increase posted by general government consumption in the first half of the year.

The factors determining household spending decisions (consumption and investment expenditure alike) are behaving differently. The key variable, disposable income, is running at a notable – albeit slowing – real growth rate. Other factors, such as losses in wealth or the deterioration in household confidence levels, have had an adverse bearing on real consumption, while house purchases have been boosted by the high returns they offer compared with other alternative financial investments. And this against a backdrop of low real interest rates that are conducive to indebtedness.

CHART 3

Confidence indicators

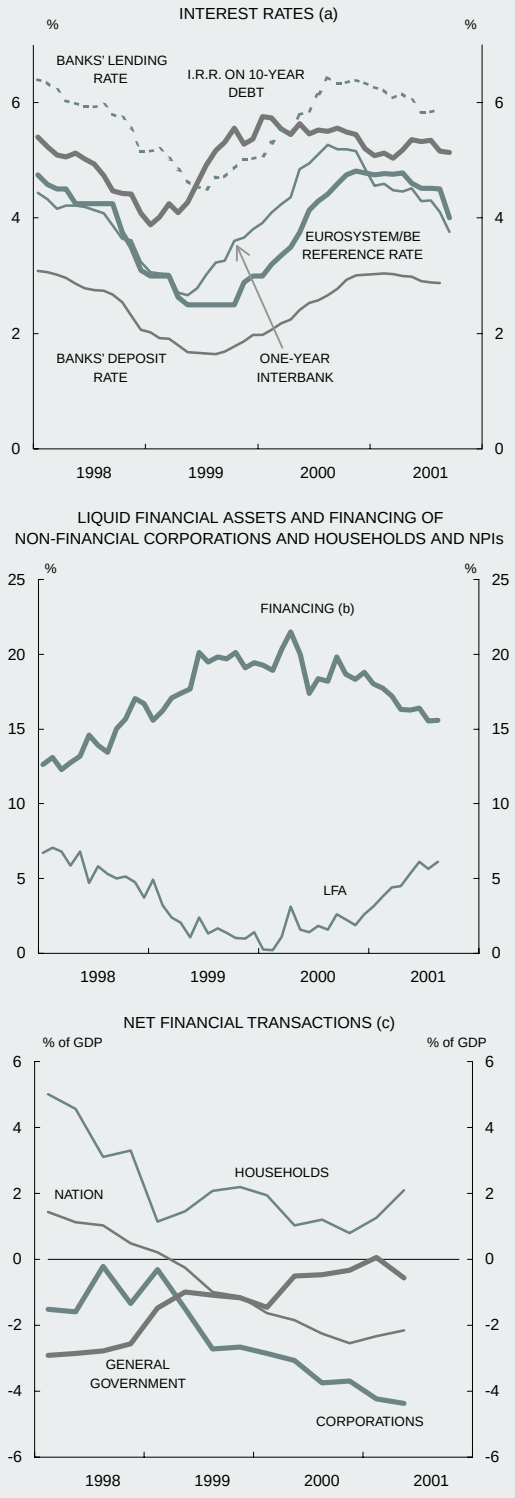


Source: European Commission.

As is known, the main component of household disposable income is employee compensation and, hereunder, the increase in employment is of particular importance. Maintaining a high growth rate in the creation of new jobs has thus been pivotal to sustaining household income, which tends to moderate as employment loses steam. But, in addition, consumers are trying to restore their saving ratios in the light of the decline in the value of their financial wealth and greater uncertainty as to the behaviour of their income in the future. This, combined with the onset of somewhat slacker in investment in housing, has led to an improvement in household lending capacity, which had fallen particu-

CHART 4

Financial indicators of the Spanish economy



Source: Banco de España.
(a) The series are averages of daily data.
(b) Financing includes bank loans extended by resident credit institutions, fixed-income securities, and financing through securitisation funds.
(c) Cumulative four-quarter data.

larly low last year. The preliminary data of the Quarterly Financial Accounts for 2001 Q2 show an increase in household saving confirming the foregoing and, along with the growing trend of general government saving, this has led the nation's net borrowing to fall (see Chart 4).

As a result of all these factors, the real growth rate of the Spanish economy has continued to moderate during Q3. The rate of increase of national demand is estimated to be around 2.6%, with the slowdown in final demand on a greater scale (as a result of the export performance). That, in turn, explains the lesser buoyancy of imports, whose real rate of increase may only be marginally above 3.5%. There thus appears to have been a change in the growth pattern of the Spanish economy in relation to previous quarters, since net external demand has ceased to be a driving force of growth and will have subtracted one or two-tenths of a percentage point from real annual GDP growth, the rate of which will, as anticipated, be close to 2.5%. There are virtually no data at present reflecting information after 11 September, and it is thus hazardous to predict the consequences these events may have had on the behaviour of economic agents. It may reasonably be expected that, as in other economies, consumer and business confidence levels will be dented. However, the relatively favourable behaviour of the securities markets in recent weeks might be a sign of a degree of calm within the inevitable uncertainty surrounding agents' decisions.

The data available on employment in the summer months match the behaviour of the various productive branches, where the trends observed in the two previous quarters continued: namely, the persistence of the slowdown in activity (and employment) in industry and services and greater firmness in the construction industry. A slight recovery in apparent labour productivity, particularly in industry, is discernible.

It is important, if the decelerating effects from abroad are not to be accentuated, that the Spanish economy should sustain the relative vigour of employment generation evident throughout the recent upturn, even though this must naturally be accommodated in a less favourable economic climate. The growth rate of wages must thus be tailored to companies' circumstances and cease to incorporate temporary increases in the inflation rate. Such a pattern of behaviour tends to widen the Spanish economy's cost and price differentials with our trading partners, with the subsequent squeeze on margins in the industries most exposed to competition. The current deceleration in the

growth rate of the consumer price index (CPI) and the discernible change in inflationary expectations should thus be reflected in wage bargaining, which must be attuned to the levels of price stability towards which the euro area economies are once more moving.

In September, the 12-month growth rate of the CPI stood at 3.4%, down from 4.2% in June at the end of Q2. The slowdown encompasses most groups, with the exceptions of processed food (whose rate of increase has quickened) and non-energy industrial goods (whose growth rate has remained unchanged between June and September). The biggest deceleration has been in the energy index, and it is moreover expected to continue. But there has been an equally notable slowdown in services, where methodological changes in the coverage of certain component items have increased their variability. The spread between the consumer price growth rates in Spain and in the euro area as a whole has been fluctuating for more than two years at around one percentage point, with changes among their various components. The latest data show that the differential is tending to narrow in the services component, while it is widening slightly in goods.

In any case, the most important event has been the favourable turnaround in international inflationary expectations. This is partly to do with oil and other commodity price developments, but a contributing factor has also been the slowdown in the growth rates of the various economies. We have already seen how the monetary authorities have reacted to this changed environment by setting more generous monetary conditions, especially in the wake of the terrorist attacks, whose influence still prevails. The Spanish economy shares these circumstances, but retains positive differentials in its growth rate and in its inflation rate vis-à-vis its trading partners. This means that the monetary conditions in force for the euro area countries may continue to be generous for the Spanish economy, where the growth rate of the credit aggregates, though tending clearly to turn down, remains relatively high. Although the risks posed by relatively easy monetary conditions are fewer in a context of slowing demand and falling inflation, the other realms of economic policy must still contribute to creating the appropriate environment for maintaining macroeconomic stability and the economy's competitiveness.

In this respect, the latest data on public finances (covering the first three quarters of the year) confirm that the balanced budget scheduled for the end of the year will be attained, albeit with certain differences in composition in respect of the agents involved. Specifically, there will be a bigger deficit in the State's accounts, where the change in the macroeconomic environment has affected certain taxes, and a bigger surplus in Social Security Funds.

The State budget for 2002 prolongs the fiscal policy strategy pursued in recent years. This strategy has provided for a balanced budget in the medium term, as established in the Stability and Growth Pact, and for regaining the necessary room for manoeuvre so that the automatic stabilisers may operate should the economic situation worsen. But this is to be achieved retaining a neutral fiscal policy stance, without adopting discretionary measures increasing the structural deficit and adding to the expansionary monetary impulse derived from the recent cuts in interest rates. Such fiscal conduct is of particular importance in the case of the Spanish economy, given the high inertia of certain public spending items in the past at times when the economy was slowing and the high cost of subsequently regaining a healthy fiscal position, which is vital for preserving an environment of macroeconomic stability and sustained growth.

2. The external environment of the euro area

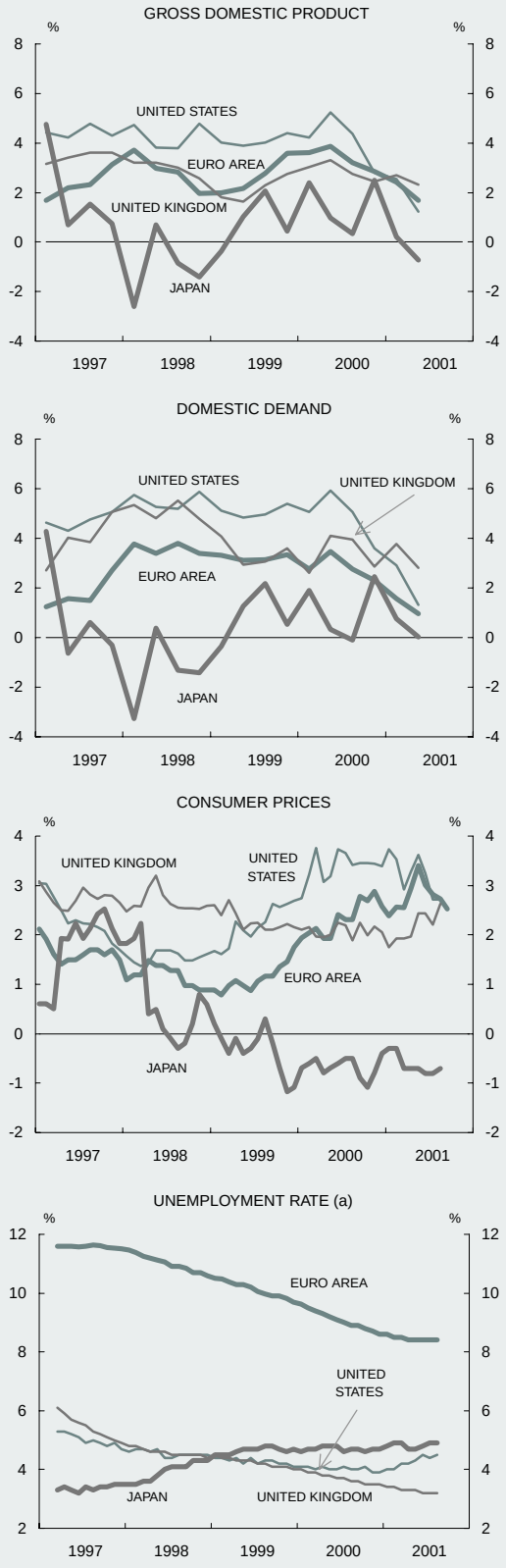
The information available on 2001 Q3 indicates that economic conditions in the external environment of the euro area have worsened significantly, particularly following the terrorist attack on 11 September. The attack and its as yet unknown consequences have heightened uncertainty considerably and have prompted a widespread retreat from risk by agents. The effects have been manifest in a lesser propensity to spend and a general increase in risk premia on private securities and in country risk. The latest indicators are emitting clearly recessionary signals in the United States and even more so in Japan. In this climate of greater risk aversion and slowing world trade, the growth expectations of the emerging countries have deteriorated substantially, especially in Latin America but also in Asia.

The final US data for Q2 showed an increase in GDP (at an annualised quarterly rate of 0.3%). This was largely thanks to the buoyancy of household consumption spending and investment in housing, the items that have been sensitive to the forceful reduction in interest rates, since productive investment spending trended very negatively. The pattern continued in August, when signs (such as the rise in industrial production and the improvement in the NAPM index) emerged that the recession in manufacturing might be touching bottom. However, subsequent indicators, especially those beginning partly to reflect the effects of the attack, painted a very different picture: corporations are cutting expenditure on staff (a decline in employment and a strong rise in the unemployment rate to 4.9%) and on capital (a fall in durable goods) and consumers are beginning to gear their financial positions more to saving, despite the tax refunds scheduled. As to corporations, their precarious financial position and surplus capacity suggest that the pick-up in productive investment will be slow.

Against such a backdrop of sluggish domestic and external demand, inflationary pressures have moderated. Testifying to this is the reduction in the private consumption deflator from 2.6% to 2.2% in the first two quarters of the year and, especially, the slowdown in producer prices, the 12-month growth rate of which has fallen from close to 5% at the start of the year to 1.6% in September. Moreover, certain index components, such as the underlying rate of intermediate goods and commodities, have been posting negative figures for four months. The CPI has also been more moderate, falling from 3.7% year-on-year in January to 2.6% in September, although the underlying rate has held at around 2.5% since January.

CHART 5

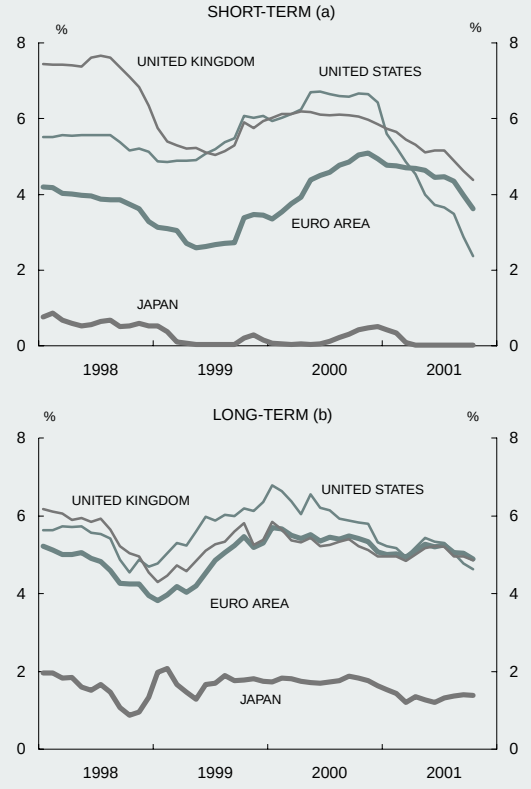
Main macroeconomic indicators. Annual rates of change



Sources: Banco de España, national statistics and Eurostat.
(a) As a percentage of the labour force.

CHART 6

Interest rates

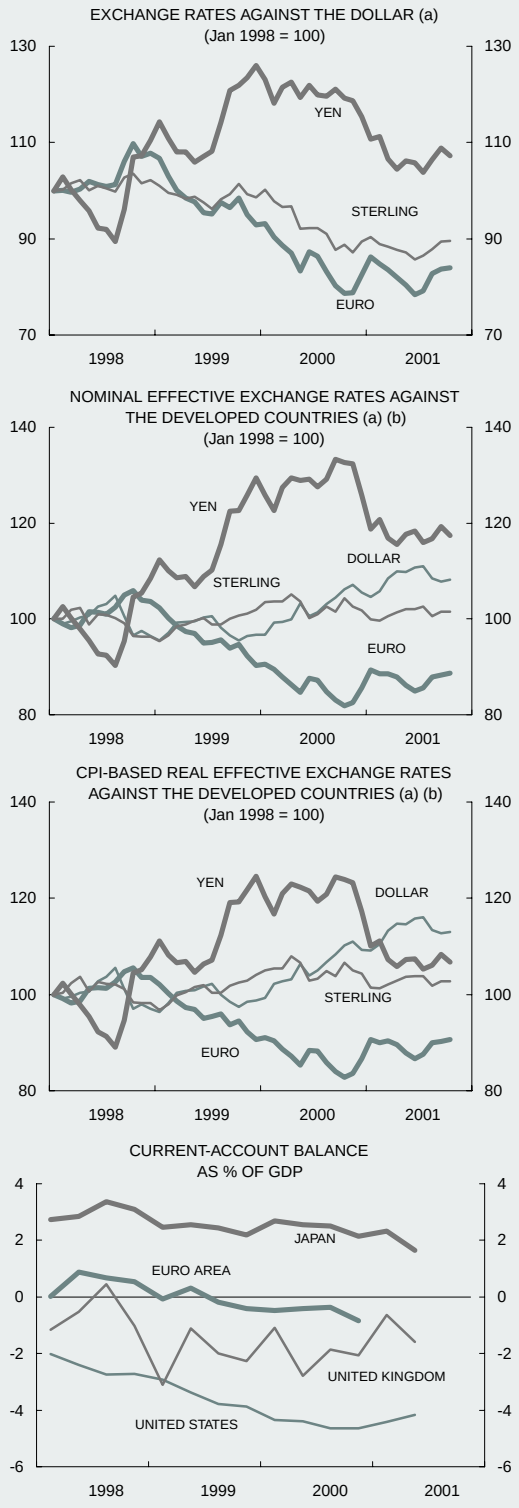


Source: Banco de España.
(a) Three-month interbank market interest rate. Euro area: until December 1998, weighted average of the eleven euro-area countries; thereafter, three-month EURIBOR.
(b) Ten-year government bond yields. Euro area: until December 1998, weighted average of the eleven euro-area countries.

The slowdown in prices gave the Federal Reserve additional leeway for further measures against recession and heightening uncertainty, and the US monetary authority seized the opportunity. The federal funds target rate was lowered by 0.25 points in August and twice by 0.5 points after the terrorist attacks, taking it to 2.5%. This is not only the lowest level since 1964, but also one of the most aggressive cuts seen, since rates stood at 6% at the beginning of the year. In the days following the attacks the Federal Reserve, in concert with the main central banks, injected sufficient liquidity into the markets to prevent pressures. This expansionary monetary policy conduct was accompanied by a demand-boosting fiscal package which will very likely be of the order of 1.5% of GDP in 2002. Along with the worsening economic outlook for next year, that would eliminate the envisaged fiscal surplus. US long-term government bond yields have fallen, but much less than proportionately, whereby the yield curve has steepened substantially.

CHART 7

Exchange rates and current-account balances



Sources: Banco de España, BIS and national statistics.

(a) A fall in the index denotes a depreciation of the currency against the dollar or the rest of the currencies making up the grouping and vice versa.

(b) Before 1999 the euro is represented by an approximate indicator devised by the BIS on the basis of the effective exchange rates of the euro-area countries.

The reduction in interest rates and a fiscal package whose approval is expected shortly have had a positive effect on financial market expectations and have contributed to stabilising stock exchanges following the slump after 11 September. After depreciating heavily against the main currencies owing to the widespread uncertainty induced by the attacks, the dollar has picked up against the euro to a level close to USD 0.90/euro.

In Japan, real GDP fell in 2001 Q2 (for the first time this year) by 0.8% in non-annualised quarterly terms and by 0.7% year-on-year, as a result of both external and domestic demand. The main factors behind this fall were the quarterly declines in private investment (3.9%) and exports (2.9%), while private consumption remained relatively slack with a minor quarterly increase (0.5%). The main indicators of activity in Q3 fared even worse, overall, than in the previous quarter, auguring a fresh fall in real GDP. Mention should be made of the ongoing fall in the composite index of activity, industrial output, productive capacity and orders for industry. Likewise, the business confidence indices (the Tankan survey) continue to decline, especially in large manufacturing corporations. Unemployment climbed to 5% in August, a very high level compared to what the country is accustomed to. Consumer prices posted year-on-year falls of 0.8% and 0.7% in July and August.

Turning to monetary policy, the new strategy implemented in March by the Bank of Japan held short-term market interest rates at levels very close to zero and marginally raised the year-on-year growth of the money supply. But this has failed either to rid Japan of deflation, which was the implicit aim of the strategy, or to re-launch private-sector credit, which has continued falling at a rate of 3%. Ten-year bond yields have increased slightly. Deflation has placed real interest rates -although they are very low- at excessive levels for the current recession. Expectations worsened on the equity market, leading the Nikkei index to fall by 20% between June and October. The yen rose temporarily in August and in the first half of September due largely to the influx of capital as companies sought to close half-yearly balance sheets and, after 11 September, to the weakness of the dollar. The Japanese currency subsequently stabilised at around Y120 per dollar in the first fortnight of October.

In the United Kingdom, the resilience of private consumption (boosted by low interest rates), the rise in house prices and low unemployment have kept British GDP close to its trend growth rate, despite the global slowdown and the recession in the industrial sector. How-

ever, signs are emerging that the slowdown is spreading from industry to the rest of the economy. In particular, recent indicators of the service sector can be seen to be clearly decelerating, which would lead to lower growth and to higher unemployment. Inflation, for its part, has slowed. Although retail prices accelerated slightly in relation to the opening months of the year, they are below the Bank of England target, standing at 2.3% in September, excluding mortgage interest payments, and at 1.3% in terms of the harmonised rate. Moreover, producer prices, running at -0.2% year-on-year in September, show clear signs of slowing. The most serious inflationary threat is the buoyancy of wages, which continue to grow at rates in excess of 4%. The Bank of England has exercised prudence in lowering its rates, cutting its base rate twice by 0.25 points in August and September to 4.75% (compared with 6% at end-2000).

As regards the transition economies, the stagnation of the world economy, along with the rapid appreciation in real terms of certain currencies, has thwarted hopes of an export-led recovery this year. The latest data on economic activity point to a widespread slowdown in the region. Monetary and fiscal conditions have sustained domestic demand in the area, albeit at the expense of bigger fiscal and current-account deficits. Russian growth is proving resilient and could exceed 5% by the end of year, underpinned by appreciable public-sector and current-account surpluses and by high currency reserves.

During 2001 Q2 and Q3, the slowdown in external demand in the south-east Asian economies (except China) became more acute. That accentuated the negative trend initiated at the end of last year, as a result of the progressive decline in the US and Japanese growth rate. The process has accelerated as from 11 September, especially in the more open economies (Hong Kong and Singapore in particular, although also South Korea), which had already posted quarterly declines in real GDP in Q2. These developments have forced the governments of most countries in the area to ease their economic policies.

In Latin America, the deterioration in the world economy and the events of 11 September have had a marked effect, but one which has differed in each country depending on the prevailing channel of transmission (whether trade-related or financial). Argentina has remained beset during the quarter by serious domestic problems, which led to a heavy fall in deposits and reserves in July and August. Following the legally approved commitment to adhere strictly to a balanced budget and the IMF bail-out package, the situation stabilised, although doubts over fiscal compliance and the proximity of elections prompted a fresh widening of spreads along with deposit withdrawals and a loss of reserves in October. In addition, the main credit rating agencies downgraded Argentine debt once again. In Brazil, the new global environment has prompted a reduction in capital flows. The Brazilian central bank has sustained interest rates and has attempted to combat downward pressure on its currency via foreign exchange market interventions and liquidity-tightening measures. The Mexican economy has been very affected by the slowdown in the United States via the trade channel. Industrial activity, which is closely linked to the export sector, continues to post negative growth trades (-4.2% between June and August). This situation will foreseeably worsen in the wake of the effects of the terrorist attacks on US economic activity and international trade. The strong correlation between exports and imports (owing to the assembly of imported raw materials that are then exported to the United States) has meant that the US slowdown has not translated into an excessive worsening of the trade imbalance, as both imports and exports have moderated.

3. The euro area and the monetary policy of the European Central Bank

The information on economic activity in the euro area in Q3 points to sluggish growth in this period, along with signs of a significant deterioration following the terrorist attacks on 11 September. The sharp and protracted slowdown in international trade is holding back exports and tempering expectations of demand and, therefore, of investment. In turn, worsening consumer confidence, the cumulative decline in stock market prices and less buoyant employment appear to be influencing consumption adversely, despite the boost provided by recent tax cuts and lower oil prices. Consequently, the lack of data pointing to a significant pick-up in activity prior to 11 September, along with the foreseeable effects of the attacks and of the military response, has led to a downward revision of the GDP growth rates forecast by many official agencies for this year and, especially, for 2002. However, if the conflict were to unfold as expected, it is unlikely these events will have a lasting effect on economic activity in view of the strength of the euro area's fundamentals. In any event, the weakness of demand and the progressive slackening of the effects on prices of the supply shocks arising from dearer oil and the problems in the meat industry have resulted in an improved inflationary outlook. Against this background, the ECB twice cut its official interest rates in Q3 by a total amount of 0.75 percentage points. The interest rate on its main refinancing operations thus currently stands at 3.75%.

3.1. Economic developments

According to the second euro-area National Accounts estimate for 2001 Q2, GDP grew by 0.1% in relation to Q1, the lowest rate observed since the second half of 1995. In relation to the same quarter a year earlier, the loss of momentum translated into a GDP increase of 1.7%, seven-tenths of a point down on the previous quarter (see Chart 8). Behind this moderate quarter-on-quarter growth is a slowdown in consumption, in investment and, especially, in net external demand, as a result of a sharper fall in exports than in imports. The bigger contribution of stockbuilding to GDP partly offset the foregoing effects.

The country-by-country National Accounts data for 2001 Q2 generally show the same pattern of slowing output as in the euro area aggregate data. Notable amongst the biggest economies is the greater weakness of activity in Germany and Italy, where growth was zero in quarter-on-quarter terms. Significantly, private consumption in these two countries was relatively resilient, while gross fixed capital formation, especially in Germany, slipped most con-

siderably. Output was somewhat more buoyant in France and Spain, while the deterioration was particularly notable in smaller countries such as Belgium and Finland.

The slowdown in economic activity in 2001 Q2 markedly affected industry (including energy), construction, and retail and wholesale, transport and communications services. In other services, however, the trend was similar to that of the preceding quarter. The moderation in productive activity in Q2 translated into a reduction in the growth rate of employment, which increased by around 0.2% on Q1, or by 1.5% on the same quarter a year earlier, i.e. almost half a point below the rate the previous quarter. These developments in output and employment mean virtually zero growth in apparent labour productivity in Q2.

The information on the economic situation in the euro area for 2001 Q3 points to continuing weakness in the growth rate of economic activity in the region. After some positive signs in July and August, the latest available data are more unfavourable. This is particularly so in the case of the European Commission's confidence surveys for industry and services, which worsened in August and September despite not reflecting the effects of the terrorist attacks. And more recently, the purchasing managers' index for manufacturing, compiled after 11 September, has shown a most marked decline. Despite the favourable figure for August, the average of the industrial production index shrank slightly in July and August compared with Q2.

As can be seen in Chart 9, the economic indicators of private consumption show a further loss of momentum in this aggregate in relation to the first half of the year. This would be consistent with the adverse impact on household wealth of the fall in equity prices and with the climate of heightened uncertainty, which may be leading households to save for precautionary motives. As to disposable income, the tax cuts during the year are being partly offset by the ongoing moderation of job creation. Moreover, according to the European Commission's survey, consumers' confidence about their financial position over the coming months has diminished in Q3.

The available indicators of investment and exports show both these final demand components to be moving sluggishly in Q3. Hence, export expectations, the degree of capacity utilisation and both total and foreign orders for industry fell once more in this period. In addition to the impact of lower demand expectations on investment, the uncertainty surrounding international developments may delay investment de-

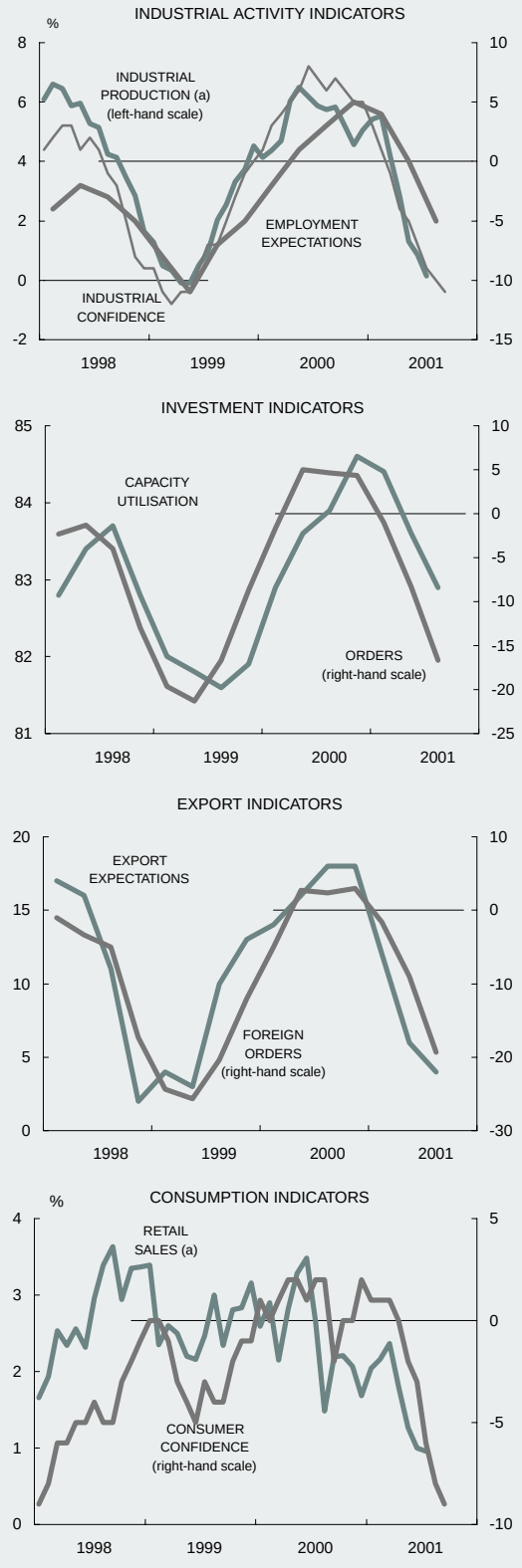
CHART 8

GDP in the euro area

Sources: Eurostat and national statistics.

CHART 9

Euro area. Real indicators



Sources: Eurostat and European Commission.
(a) Non-centred annual percentage changes calculated on the basis of the quarterly moving average of the seasonally adjusted series.

cisions and, therefore, entail a further deterioration in this variable.

As regards the labour market, the employment indicators drawn from surveys broadly show unfavourable developments in Q3. However, these are not yet manifest in the unemployment figures. The unemployment rate in the euro area stood in July and August at 8.3 %, one-tenth of a point down on Q2.

In sum, the foregoing developments point to growth in GDP close to zero in what remains of the year. This is largely as a result of the considerable deterioration in the international environment following the terrorist attacks, but is also due to the greater than initially expected effects of the slowdown in the US economy on the euro area. In any event, and with all due caution, it is likely that the euro area economy will move onto a path of recovery as from the end of this year.

The various euro area price indicators reveal an easing of inflationary pressures during Q3. Such moderation is largely due to the gradual disappearance of the effects of the supply shocks derived from the increase in oil and food prices last year. In respect of domestic prices, information is only available on the unit labour costs of certain EU member states to 2001 Q2. According to this information, unit labour costs grew by around 2% year-on-year, slightly up on the rate for Q1. Consequently, since the GDP deflator increased by 2.5% in the same period, business margins may have widened somewhat after having been moderately squeezed for two consecutive quarters (see Chart 10).

Turning to consumer prices, euro-area inflation in September 2001 measured in terms of the 12-month growth rate of the HICP stood at 2.5%, six-tenths of a point below the June figure. The favourable trend of consumer prices during Q3 was due to a considerable slowdown in the more volatile components, especially energy, the growth rate of which turned negative. By contrast, the rate of increase of the remaining components edged up during Q3, prompting a small rise in underlying inflation (measured by the IPSEBENE index, which excludes energy and unprocessed food) to 2.4% in September. Although the behaviour of prices has improved in most countries between June and September, the spread between the countries running the highest and lowest inflation rates (the Netherlands and France, respectively) has increased from 2.9 to 3.8 percentage points.

The producer price index also trended favourably in July and August, standing at 1.7% in the latter month, 1.5 points below the June

figure. Behind this improvement is the appreciable slowdown in intermediate-good and energy prices and, to a lesser extent, in consumer goods. The slackening of inflation in the case of industrial goods intended for consumption augurs an easing of final consumption prices in the coming months. Elsewhere, the foreseeable weakening of import prices, owing to the absence of any further depreciations and, as set out in Box 1, to lower energy costs, will help the euro area inflation rate hold on its downward trajectory. Provided, that is, that moderate wage settlements are agreed in the new bargaining rounds envisaged for next year.

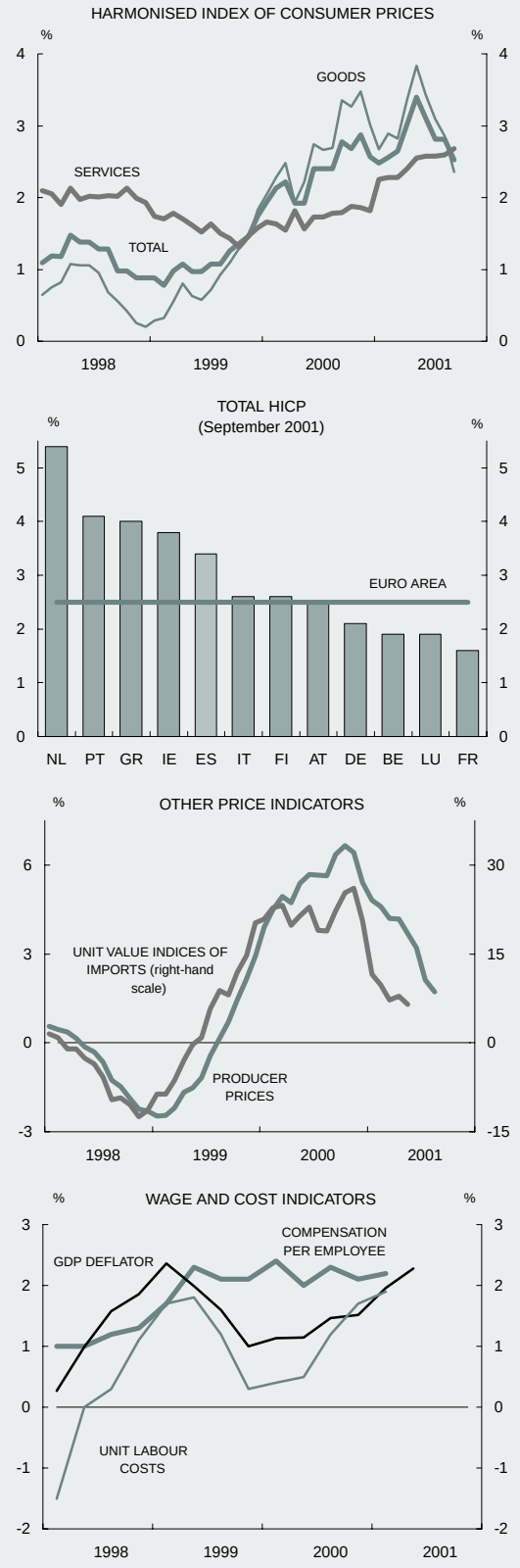
On ECB estimates, the current-account deficit for the area narrowed in the first seven months of 2001 to EUR 15.3 billion, EUR 23.2 billion less than in the same period in 2000. This reduction is mainly due to the considerable increase in the surplus on the merchandise balance (from EUR 18.2 billion to EUR 34.7 billion), which was greater than the EUR 7.6 billion increase in the income-balance deficit. The cumulative deficits on the balances of services and of current transfers increased only marginally. The growing cumulative surplus on the merchandise balance was attributable to a bigger increase in exports than imports (12.9% against 10.1%, respectively).

According to the information available on budget outturns in the period to date this year, it is likely that many countries will not attain the budget deficit targets established in their stability programmes (see Table 1). Such slippage is largely the outcome of the unfavourable trend both of expenditure and, in particular, of revenue, derived above all from the impact of the greater than expected slowdown in economic activity. However, on the revenue side, there may possibly have been an underestimation of the effects on takings of the tax reforms applied at the start of the year. On the expenditure side, the foreseeable deviations this year are combining with the recurrent slippage recorded in certain countries in recent years.

In Italy, the draft budget for the year 2002 retains last year's stability programme target of a deficit of 0.5% of GDP. To achieve this, the draft envisages an across-the-board cut in spending, along with increases in revenue stemming, among other sources, from a partial tax amnesty. In France, by contrast, the deficit in the year 2002 would, according to the draft budget, amount to 1.4% of GDP instead of the figure of 0.6% projected in the stability programme unveiled in December 2000. The budget includes measures not previously foreseen, such as direct aid to industries affected by the crisis and cuts in taxes on the lowest incomes

CHART 10

Euro area. Price, wage and cost indicators
Twelve-month percentage change



Sources: Eurostat and ECB.

TABLE 1

General government financial balances of euro area countries (a)

% of GDP

	1997	1998	1999	2000	2001 (b)
Belgium	-1.9	-0.9	-0.7	0.1	0.2
Germany	-2.7	-2.2	-1.6	-1.3	-1.5
Greece	-4.0	-2.5	-1.8	-1.0	0.5
Spain	-3.2	-2.6	-1.2	-0.4	0.0
France	-3.5	-2.6	-1.6	-1.4	-1.0
Ireland	0.7	2.1	3.9	4.5	4.3
Italy	-2.7	-2.8	-1.8	-1.5	-0.8
Luxembourg	3.6	3.3	2.3	4.1	2.6
Netherlands	-1.1	-0.8	0.4	1.5	0.7
Austria	-1.7	-2.3	-2.1	-1.1	-0.8
Portugal	-2.6	-1.9	-2.0	-1.8	-1.1
Finland	-1.5	1.3	1.9	6.9	4.7
MEMORANDUM ITEM:					
Euro area					
Primary balance	2.5	2.6	3.0	3.2	3.3
Total balance	-2.7	-2.2	-1.3	-0.8	-0.6
Public debt	74.7	73.1	72.7	70.2	67.7

Source: IMF.
(a) As a percentage of GDP. Proceeds from the sale of UMTS licences not included. Deficit (-) / surplus (+).
(b) Stability programme targets unveiled between September 2000 and January 2001.

and in corporate income tax (in the form of exceptional depreciation for the amount of 30% of the investment made before the end of 2002 Q1). Lastly, in Germany, the adaptation of macroeconomic forecasts to the new scenario has meant a delay in the presentation of the budget for the coming year.

The change in the macroeconomic environment has highlighted the advantages arising from the pursuit of fiscal policies consistent with maintaining a budgetary position close to balance or in surplus, on average, throughout the economic cycle. Thus, countries enjoying a healthy fiscal position at the time the economic slowdown struck will now have far greater scope for giving free rein to the automatic stabilisers than others which still had high deficits at the start of the new cyclical phase. In the case of the latter countries, the necessary continuity of the fiscal consolidation process will no doubt constrain the stabilising capacity of budgetary policy. In any event, the application of expansionary discretionary measures is, in general, inappropriate insofar as this may adversely affect European fiscal policy credibility, the attainment of which has required so much effort in recent years. In addition, such measures limit the capacity to face the challenges posed for public finances by population ageing.

1.2. Monetary and financial developments

Insofar as the loss of momentum in activity had, as set out in the preceding paragraph, translated into a gradual improvement in the inflationary outlook, the Governing Council of the ECB lowered interest rates by 25 basis points on 28 August. Subsequently, heightened uncertainty about the future course of the world economy and the negative repercussions of the terrorist attacks on agents' confidence led the ECB, in step with a similar measure by the Federal Reserve taken hours earlier, to shave another half-point off interest rates, lowering them to their current level of 3.75% (see Chart 11). Prior to this measure, the Eurosystem stated it would give priority after the attacks to ensuring the sound functioning of financial markets. It showed its readiness to provide whatever the liquidity needed to credit institutions, conducting two fine-tuning operations on the money market. In parallel, it entered into a swap with the US Federal Reserve so as to be able to provide dollar funds to those European banks that needed them to settle dollar-denominated operations in the immediate wake of the terrorist attacks.

During Q3, money market interest rates have been stable, swiftly adapting to the two successive cuts in official interest rates. Both

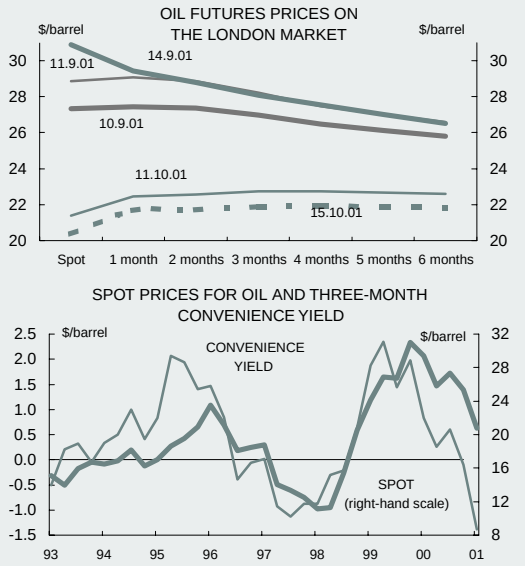
BOX 1

The outlook for oil prices

In the immediate aftermath of the terrorist attack in the United States on 11 September, oil prices in all trading segments surged, markedly so in the case of spot prices. The rise was, however, short-lived. Indeed, by 17 September prices had resumed their pre-attack levels. There was subsequently a sudden drop in prices, which placed London-traded Brent crude at around USD 20-21 per barrel, i.e. 20% below the average level in August. Insofar as the maintenance of the oil price at current levels over a sufficiently lengthy period would contribute to moderating the contractionary effects of the demand shock caused by the terrorist attacks and to containing consumer prices, it is well worth analysing the current situation of and outlook for the oil market.

Since mid-September there has been a downward shift and a flattening of the curve relating prices and terms in the oil market, contrasting with the negative slope it showed in the days following the terrorist attack (see top panel of the accompanying chart). The reduction in the level and the slope of this curve denotes significant changes in market operators' perceptions of the foreseeable course of prices. In fact, three basic components can be identified in the price of oil futures: expectations, storage costs and the convenience yield. The latter is a non-observable variable that measures the economic value attributed to the desirability of having a sufficient volume of crude stored to meet production and consumption requirements over a period of time. The convenience yield is positively correlated to the degree of uncertainty, since the more uncertain the regularity of supplies, the greater their value will be.

London oil market



Source: International Petroleum Exchange.

The reduced expectations about oil price movements, as indicated by the correction of future prices between mid-September and mid-October in the upper panel of the chart, can be explained by a conjunction of supply and demand factors. On one hand, the global economic slowdown will tend significantly to curb the demand for oil. The International Energy Agency (IEA), which has been scaling back its growth forecasts for world demand for crude in 2000 and 2002 since the beginning of the year, has again revised them downwards in its first report following the terrorist attack. And on the supply side, the information available suggests that, in the current circumstances, medium-term considerations are bearing significantly on OPEC decisions. Two of OPEC's objectives, namely to maintain market share and not to hold back a rapid and enduring recovery in world economic activity (on which its economies are highly dependent), could be jeopardised if it were to force prices back up to the reference level of USD 25 per barrel[1] established by the organisation in very different economic circumstances. Current OPEC production is estimated to be 5% above the maximum quota set at its July meeting and, although the price of its reference basket has been persistently below the intervention floor price of USD 22 per barrel, it has not triggered the 500,000 barrel-per-day cut in production designed to stabilise the market. Moreover, the various efforts by certain member countries to forge a common response to the situation[2], involving also certain non-OPEC producers such as Mexico, Norway and Russia, have proven unsuccessful. Consequently, supply and demand factors are in step with a perception that the oil price will remain moderate in the near future.

Furthermore, the estimated course of the convenience yield suggests there is little uncertainty over the availability of crude in the coming months. The lower panel of the chart plots, from end-1993, the quarterly average of spot crude prices and the implicit value of the convenience yield[3], calculated assuming fixed storage costs. The same chart reveals a high correlation between both variables and, indeed, evidence that the turning points of the convenience yield tend to lead those of spot prices. Hence, for example, as from 1996 the implicit average quarterly value of the convenience yield trended downwards, bottoming out in 1998 Q2, ahead - certain oscillations excepted - of the cycle of average crude prices. This relationship is equally visible in the subsequent upturn and, more recently, in the phase of moderation that began in mid-2000. Note that the current value is even below the 1998 trough.

Consequently, arguments can be drawn from the foregoing analysis that would warrant oil prices being maintained at around current or, perhaps, slightly lower levels in the near future. In any event, the internal cohesion of OPEC, though it may have been dented recently, might be restored with some speed against a backdrop of falling prices. Moreover, the non-OPEC oil-producing countries have already demonstrated their intention to avoid a collapse in prices similar to that in 1998. Both arguments make a persistent decline in crude prices far below current levels highly unlikely. In any case, the impossibility of anticipating at present how the political and military response to the terrorist attacks will unfold advises treating these conclusions with the utmost caution.

(1) This is the price of its reference basket, which usually hovers between USD 1 and 2 below the London Brent price.

(2) That might entail production adjustments or a downward revision of the reference band, maintaining or not its current width. The second option would be consistent with the foreseeable trend of the main determinants of oil prices.

(3) The figure for 2001 Q4 corresponds to the average of the daily data for the first fortnight in October.

TABLE 2

Monetary and financial situation in the euro area and Spain

%

	1999	2000	2001					
	DEC	DEC	MAY	JUN	JUL	AUG	SEP	OCT (c)
MONETARY VARIABLES (a):								
EURO AREA								
M3	6.3	4.8	5.1	6.3	6.5	6.7	7.6	
M1	10.7	5.2	2.9	4.0	3.5	3.7	5.2	
Credit to private sector	10.3	10.1	8.5	8.4	8.1	7.6	6.9	
SPAIN								
Liquid financial assets	1.4	2.6	5.4	6.1	5.6	6.3	6.5	
Cash and cash equivalents	12.7	4.4	3.6	4.6	3.5	3.5	3.5	
Financing to the private sector	19.4	18.8	16.3	16.4	15.5	15.9	14.2	
FINANCIAL MARKETS (b):								
EONIA	3.04	4.83	4.65	4.54	4.51	4.49	3.99	3.83
Three-month EURIBOR	3.44	4.94	4.64	4.45	4.47	4.35	3.98	3.62
Public debt								
Euro area ten-year bond yields	5.32	5.07	5.26	5.21	5.25	5.06	5.04	4.89
US-euro area ten-year bond spread	1.04	0.25	0.18	0.12	0.05	-0.03	-0.26	-0.29
Spain-Germany ten-year bond spread	0.22	0.31	0.31	0.33	0.33	0.34	0.31	0.29
Spanish bank interest rates								
Synthetic deposit rate	1.98	3.02	2.98	2.91	2.88	2.87	2.67	
Synthetic lending rate	5.03	6.35	6.04	5.84	5.83	5.89	5.55	
USD/EUR exchange rate	1.011	0.897	0.874	0.853	0.861	0.900	0.911	0.913
Equities (d)								
Dow Jones EURO STOXX Broad Index	39.5	-5.9	-6.5	-10.4	-13.4	-19.7	-30.5	-28.2
Madrid Stock Exchange General Index	16.2	-12.7	3.8	-2.2	-6.0	-8.2	-18.0	-13.9

Sources: European Central Bank and Banco de España.
(a) Annual percentage change.
(b) Monthly averages.
(c) Monthly average to 16 October 2001.
(d) Cumulative percentage change during the year. End-of-month data. Latest month: to 15 October 2001.

the EONIA and EURIBOR rates at various terms have fallen by about 75 basis points since early July (see Table 2 and Chart 11). The gradual deterioration in the international environment and its feed-through to real activity in the euro area mean that expectations of official interest rate cuts for the region have remained in place, despite the adjustments made. This can be seen in the downward shift in the yield curve, though its slope has not changed substantially. In particular, the markets appear to be expecting another cut in rates of one-quarter of a point in the short term, and a similar-sized cut at the beginning of next year. As regards ten-year bond yields, these were at slightly less than 5% in the first half of October, some 30 basis points below the end-June level. Over this same period US bond yields fell even more, from levels of around 5.3% to 4.6%. That entails a change in the sign of the spread vis-à-vis European debt, which seems more related to the course of real interest rates than to changes in inflationary expectations (see Box 2).

Euro area credit institutions' lending and deposit interest rates to customers have continued on the declining trajectory initiated in December 2000, mirroring the lower interbank rates in force in this period. On information to August, interest rates on credit for house purchases and on credit to companies at over one year fell in the euro area by 20 basis points from the June level. In Spain, where the information to September is available, there was a further, significant reduction in credit institutions' lending and deposit rates that month. As Table 2 shows, the reduction in the synthetic rate between June and September amounted to 30 basis points in the case of asset-side instruments, and to somewhat less on the liabilities side.

BOX 2

Explanatory factors of recent long-term interest rate developments in the United States and the euro area

In recent years there has been a positive spread between US and euro-area long-term interest rates. However, in mid-2000, as expectations of a US economic slowdown began to become patent, this spread has narrowed, even turning negative recently. While similar trends were seen in the past, worthwhile consequences may be drawn from analysis of the recent course of long-term interest rates on both sides of the Atlantic.

Nominal interest rates can be broken down into the sum of three components: real interest rates, expected inflation and a risk premium related to the uncertainty surrounding the prediction of future inflation. Although this risk premium may have been important in periods of high inflation rates, its influence on long-term rates in an environment of price stability such as that at present is not very relevant.

The accompanying chart shows long-term interest rates since 1999 along with their two fundamental components: the real interest rate and expected inflation. The latter variable has been proxied by the difference between the interest rates on long-term public debt and the real interest rates on French and US indexed bonds. According to this chart, the average positive long-term interest rate spread between the United States and the euro area in the period under study appears mainly to respond to the different rates of expected inflation in the two areas. In recent months, however, this divergence in expected inflation rates has not changed substantially; consequently, as the bottom panel of the chart shows, the bigger slowdown in US real interest rates appears to have caused the change in the sign of the nominal interest rate spread.

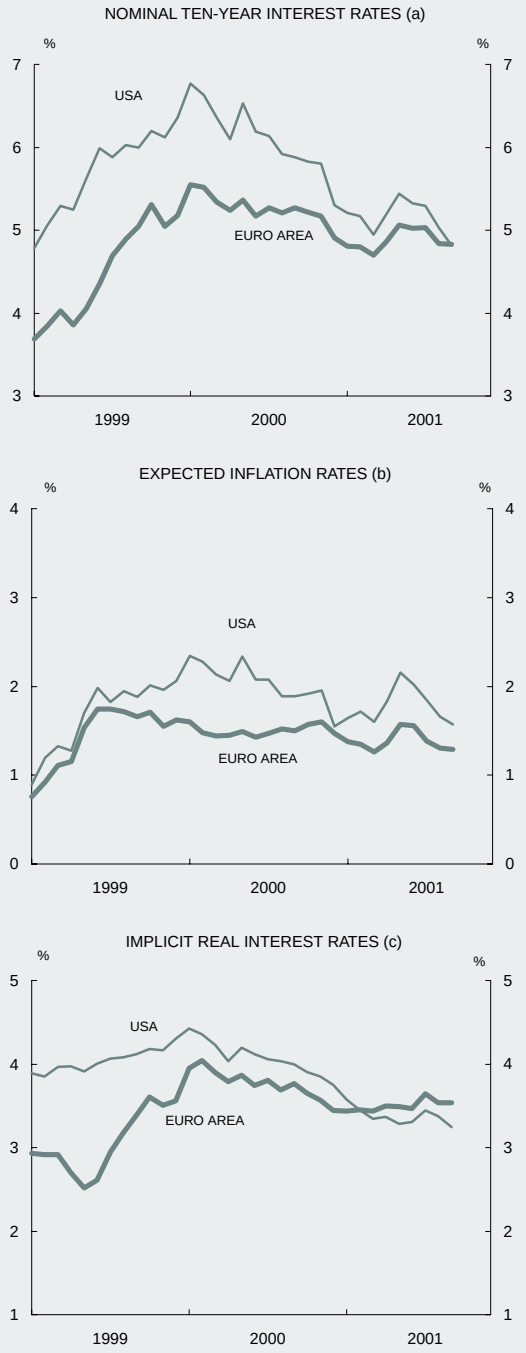
Under certain assumptions, real long-term interest rates should trend in accordance with the economy's long-term capital productivity, so that an investor would be indifferent to real investment in that economy or obtaining the yield on its public debt. However, the public debt market undergoes supply-side changes (derived, for instance, from greater fiscal discipline) that alter the price of such instruments irrespective of economic expectations.

The optimistic assessment of the scope of the New Economy and its positive effects on productivity and sustainable growth in the economy may thus have been toned down recently. The delay in setting in place projects connected with this phenomenon and the course of the shares of companies engaged in new technologies would point in this direction. In this respect, this correction may have affected Europe less than the United States, where the effect of the New Economy on economic growth appears more evident. This might therefore help explain the bigger decline in real rates in the US economy as from mid-2000.

As to changes in the public debt market that may have impacted long-term public debt assets yields, US fiscal consolidation figures to the fore. Indeed, the latest budget surpluses in the United States have led the traded volume of public debt to fall from 62.8% of GDP in 1998 to 56.9% in 2000. The effect of this factor in Europe has been in the same direction as in the United States: in fact, the public debt/GDP ratio in the euro area has dipped from 73.7% in 1998 to 70.1% in 2000. However, the still-high level of this ratio means that the likely impact of the scarcity premium is less relevant than for the US case.

In sum, it is admittedly difficult to pinpoint the explanatory factors of long-term interest rate developments. But both the changes in growth prospects over this horizon and, to a lesser extent, the reduction in supply in the public debt market appear to have contributed to the bigger decline in long-term bond yields in the United States than in Europe. In the recent period, it is significant that, following the terrorist attacks on 11 September and the fiscal expansion announced in the United States, the downward trend of long-term interest rates should not have been reversed. That would be consistent with the hypothesis that the incidence of revisions of economic growth potential explains much of the recent trend of US long-term interest rates.

Long-term interest rates in the United States and the euro area



Sources: ECB, French Treasury and Reuters.

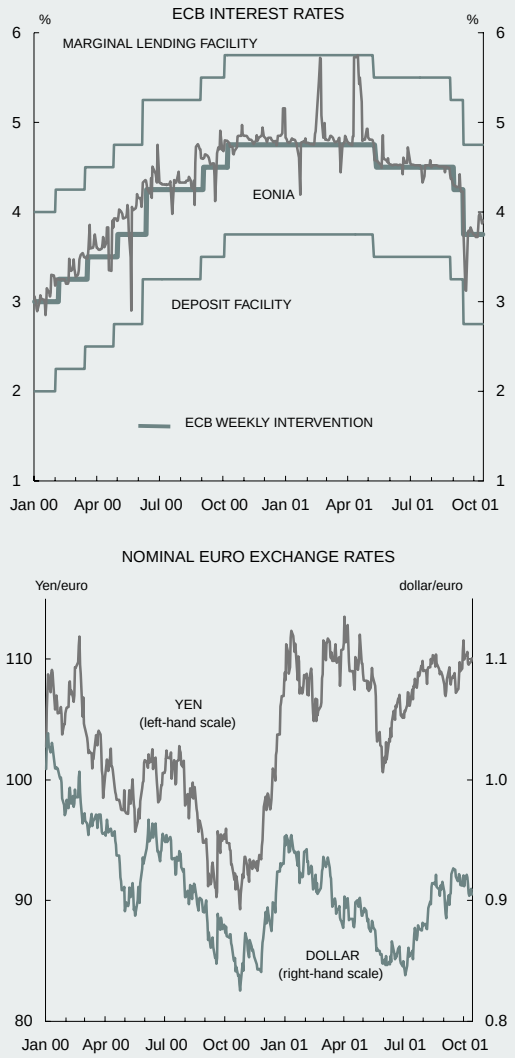
(a) Ten-year government bond yields in Germany and the United States.

(b) Implicit inflation rate on ten-year French and US indexed bonds.

(c) Difference between the nominal interest rate and the expected inflation rate.

CHART 11

ECB interest rates and euro exchange rates



Sources: Banco de España and ECB.

Heightening expectations of a slowdown in the US economy in the summer months led the euro to appreciate against the dollar between June and end-September to USD 0.92 per euro, 7% above its value in June. During October, the euro has stabilised at slightly lower values close to 0.90. Against the yen, the euro strengthened by about 5% in Q3. As this Bulletin went to press, the nominal effective exchange rate of the euro against the developed countries stood at 6.8% above its early-July level.

During Q3, euro area bourses were dragged downwards in the wake of bad news on developments in the US economy. These corrections became more acute after the attacks on 11 September, and stock markets reached a low on 21 September. Subsequently, prices rallied, coming to stand by mid-October above the levels observed before the attacks. Thus, profit warnings by US corporations (not only high-tech companies but also those in more traditional industries) were compounded as from 11 September by heavy falls in the share value of companies linked to air transport, tourism, and insurance and financial services, and these were mirrored in the shares of these industries traded on European bourses. By contrast, telecommunications and defence-industry corporations have, in principle, benefited from the events. The stock market turbulence translated into a fall of more than 30% in the Dow Jones EURO STOXX index in the period between end-June and the immediate aftermath of the attacks. The subsequent recovery, however, places the decline in this index at the time of this Bulletin going to press at around 17%. In Spain's case, the fall in the Madrid Stock Exchange general index has not been as sharp (11% since the end of June).

The euro area M3 monetary aggregate quickened notably in the summer months. By September it was running at an annual rate of 7.6%, one point above the related June figure. The three-month average of the annual growth rate of M3 rose from 5.9% in the period from May to July 2001 to 6.9% in the three months from June to September. Behind this marked expansion in M3 are changes in the composition of private investors' portfolios. After a period of uncertainty and falling equity prices, investors have opted to replace long-term equity or bonds with other short-term instruments included in M3. In addition, the ECB has announced a distortion in the M3 figures owing to the fact that money market instruments and short-term debt securities held by non-residents in the euro area are included in the aggregate. Stripping out these holdings could lower the annual growth rate of M3 by 75 basis points compared with the official figure released. The growth rate of the narrow aggregate M1 held firm in the period under study, despite the notable reduction still apparent in the demand for cash in the run-up to the euro coins and banknotes launch date.

As to the counterparts of the monetary aggregates, credit extended to the resident private sector in the euro area, which is the aggregate most closely linked to spending decisions, has for some months been slowing. In September it ran at a rate of 6.9%, more than one point below the related June figure. In respect of credit developments, therefore, the

effect of the slowdown in output seems to prevail over that of the reduction in borrowing costs stemming from lower interest rates. According to the data on credit by end-use to the end of Q2, credit restraint is due both to the behaviour of non-financial corporations and of households. In Spain, the slowdown in financing to the private sector has been similar to that of the euro area as a whole, although it continues to expand at a substantially greater pace (14.2% in September, against 16.4% in June). Credit extended by resident institutions (the main component of financing received by the non-financial private sector) grew at a year-on-year rate of 12.4% in September, compared with 15% in June.

4. The Spanish economy

To date in 2001, certain macroeconomic aggregates (productive investment, exports and, to a lesser extent, consumption) have been less buoyant as a result of the Spanish economy's position in the cycle and the deterioration in the international – and, in particular, European – economic environment described in the preceding sections. Nonetheless, the macroeconomic policy stance, marked by the Eurosystem's decisions and by sound public finances resulting from budgetary consolidation, has tended overall to counter the economic deceleration. Against this backdrop, the change in the political and economic scenario wrought by the terrorist attacks in the United States on 11 September, and the subsequent military conflict, have considerably heightened uncertainty. That said, data providing for evaluation of the effects on growth are not yet available. Specifically, the projections made for 2001 Q3 have scarcely been affected by these events.

On QNA data, the pace of the slowdown in national demand in Q2 was checked. The real growth of this variable was 2.8% on a year earlier, and it is estimated to have eased further to 2.6% in Q3 (see Chart 14). Developments in aggregate spending were very similar to those in final household consumption, the growth rate of which was mildly cut, while the notable loss of momentum seen in gross capital formation since 2000 Q1 was interrupted. Albeit with rates of change that differ notably, the growth of both investment in capital goods and construction has stabilised, the former at negative rates (despite the somewhat irregular figure for Q2, as can be seen in Chart 14) and the latter retaining notable momentum. The contribution of net external demand to growth has been the combined outcome of the slowdown in exports, offset only in part by that of imports, whereby following a period of positive contributions, the sign of the contribution would have turned slightly negative in 2001 Q3. As a result of the mild loss of steam in domestic demand and of the change in the contribution of the external sector, annual GDP growth, which was 3% in Q2, three-tenths of a point down on Q1, dipped to a rate close to 2.5% in Q3, continuing on the slowing path witnessed since mid-2000.

The slowdown in GDP in 2001 Q2 corresponded to a more or less sharp loss of buoyancy in the value added of all the productive sectors, except energy. No doubt this trend has stepped up in Q3, especially in industry and market services. Although specific information is not yet available, it is possible that these industries began to see some of their activities paralysed in September as a result of the attacks in the United States. Employment, measured in terms of the number of full-time equiva-

lent jobs, eased in Q2, growing at a year-on-year rate of 2.6%, four-tenths of a point down on the previous quarter. However, the high intensity of job creation that has characterised the recent economic upturn remains in place: apparent labour productivity increased very modestly, having grown 0.4% year-on-year in Q2 compared with 0.3% in Q1. It is estimated that both the downtrend in employment growth and the slight recovery in productivity have continued in Q3.

Lower growth in activity has been accompanied by an easing of inflationary pressures. Although unit labour costs quickened at the beginning of 2001, as a result of bigger wage settlements in the current round of collective bargaining and of the triggering of the inflation-adjustment clauses for the year 2000, import prices have tended to exert a moderating effect. This influence has stemmed both from the course of oil and other commodity prices and from the appreciation of the euro. These factors, along with less demand pressure, explain the change in the inflation rate, measured by the 12-month change in the CPI; after peaking at 4.2% in May and June, inflation stood in September at 3.4%.

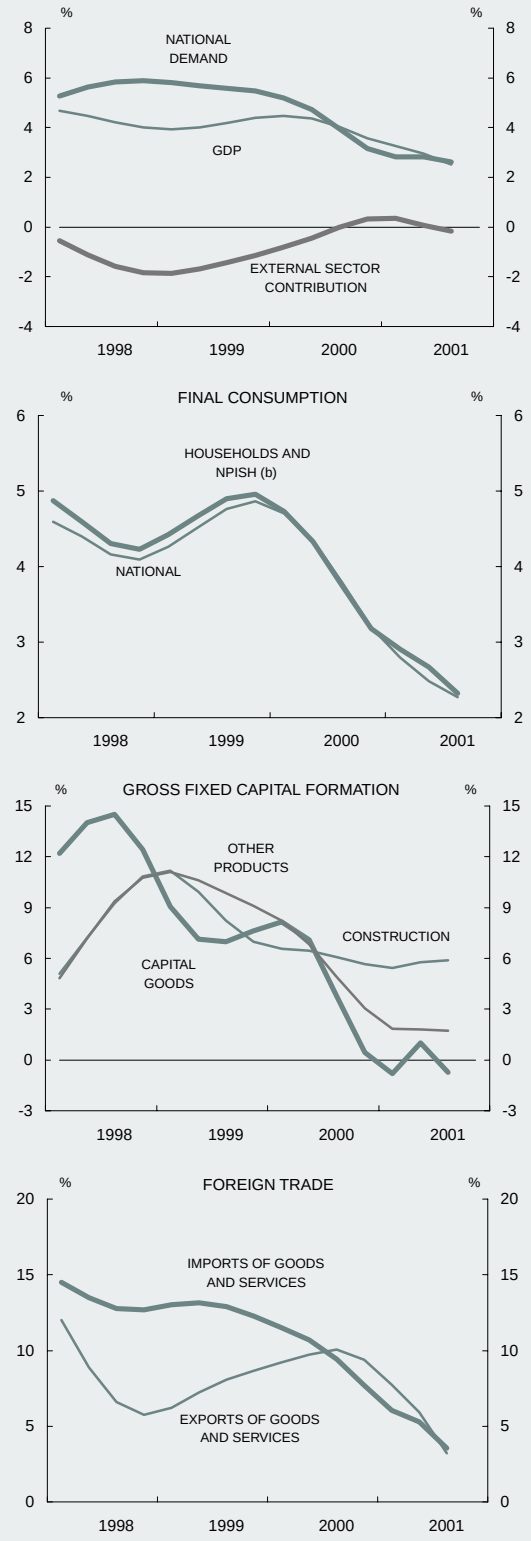
4.1. Demand

During the first half of the year, the real growth rate of household final consumption expenditure continued falling, standing at 2.7% in Q2. On the basis of the as yet incomplete information available for the summer months, it is forecast that this trend will have also continued in Q3. The moderation of consumption would be compatible with a recovery in the household saving ratio (which, having fallen to very low levels in historical terms, would be drawing close now to levels consistent with the recent trend of household financial wealth, adversely affected by changes in financial asset prices) and with a less optimistic economic and employment outlook than some months ago.

Drawing on the itemised information from the indicator of the apparent consumption of goods and services (see Chart 15), weaker consumption has been manifest mainly in durable goods purchases other than cars and in expenditure on certain consumer services. The notable declines in the goods component recorded at the beginning of the year have tended to moderate owing to the expansionary course of cars and the pick-up in the apparent consumption of food. This information is similar to that provided by the general retail sales index, which has also shown a strong increase in food sales. Albeit with a greater lag, the household

CHART 14

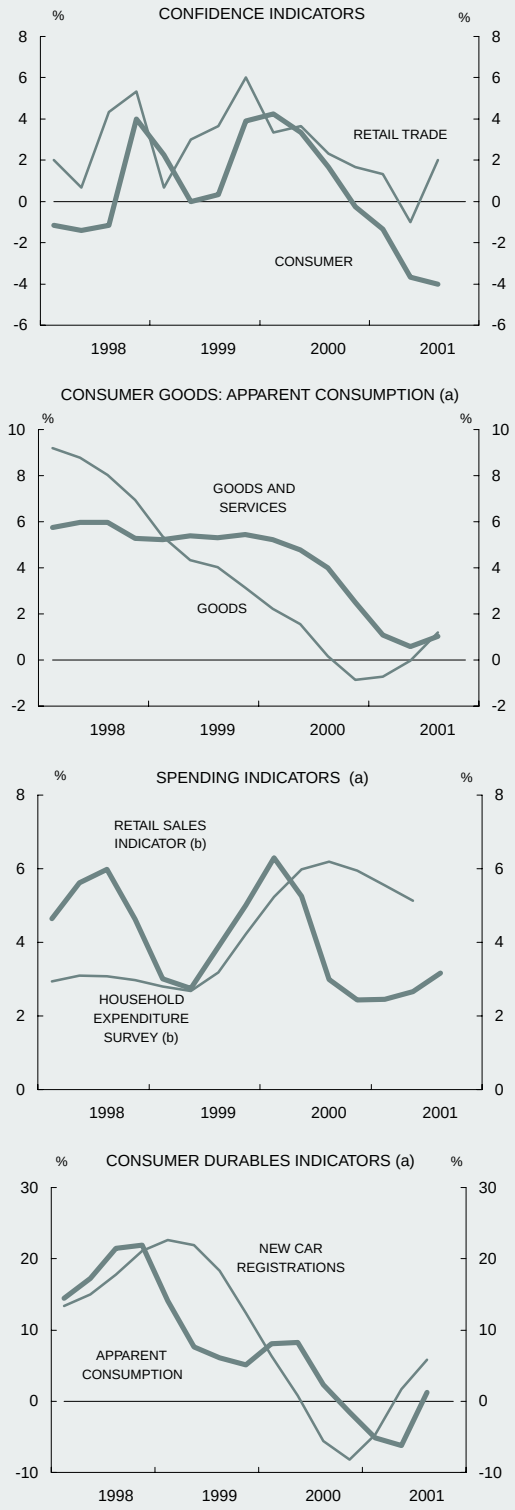
Main macroeconomic aggregates (a)



Sources: Instituto Nacional de Estadística and Banco de España.
(a) Non-centred annual percentage change, based on trend-cycle components.
(b) Non-profit institutions serving households.

CHART 15

Private consumption indicators



Sources: Instituto Nacional de Estadística, European Commission, Dirección General de Tráfico and Banco de España.

(a) Non-centred annual percentage change, based on the trend of the indicator.

(b) Deflated by the CPI.

expenditure survey indicates a slowdown in total expenditure in Q2, and a reduction in the percentage of Spanish households viewing the economic situation favourably. Along the same lines, the consumer confidence indicator stood, in Q3, at around the same level as in Q2. Among the series making up this indicator, there has been a slight deterioration in the outlook for the overall economic situation and for unemployment, against a background of lower inflation expectations.

As indicated previously, the slowdown in household consumption in 2001 can be attributed to the main determinants of this variable. On available estimates, the growth of real disposable income for spending can be seen to have moderated: on one hand, the bigger increase in compensation per employee is being offset by the diminished pace of employment; and on the other, net general government transfers are contributing less expansively than in previous years to sustaining income, since fiscal drag has led to a bigger increase in direct tax payments. Against this backdrop of slowing income, the loss of value of financial wealth has dampened spending and propelled saving, for precautionary motives. Against this, the increase in household real estate net worth and interest rate cuts have contributed only to checking somewhat the slowdown in household expenditure.

General government final consumption in 2001 Q2 ran at a real growth rate of 1.9% year-on-year, five-tenths of a point down on Q1. This figure, which has risen after a notable revision of the profile of this aggregate for the preceding quarters, is difficult to explain if the strong increase in employment in market services (3.4% in Q2) is taken into account. The information available for Q3, obtained from the changes in State revenue and expenditure and from the budgetary plans drawn up for the year as a whole, points to a slight acceleration, without departing from the line of containment characterising government consumption in recent years.

Gross fixed capital formation posted a real year-on-year growth rate of 3.7% in 2001 Q2, eight-tenths of a point up on the previous quarter. This interrupted the strongly slowing trajectory this aggregate had followed throughout 2000 and in the opening months of the current year. Such developments were the outcome of the estimated recovery in investment in capital goods, the rate of increase of which climbed to 1% after having fallen 0.8% in Q1 (see Chart 14). Construction expenditure quickened by four-tenths of a point to 5.8%. Lastly, investment and other products, mostly including

spending on services related to construction, held at a growth rate of 1.8%.

The indicators available on investment in capital goods in Q2 have not attested to the shift in this aggregate. The information relating to the summer months appears to show that, in this period, this aggregate followed a contractionary course. In particular, the indicator of apparent investment in capital goods held at a very negative rate of change in July and August, although the deterioration it had been evidencing appeared to be being contained somewhat (see the upper panel of Chart 16). The confidence of capital goods producers, which had held quite firm until 2001 Q1, worsened significantly from April, accompanied by a sharp fall in orders and a simultaneous increase in stocks. This would be indicative of a decline in the demand – both foreign and domestic – for these products.

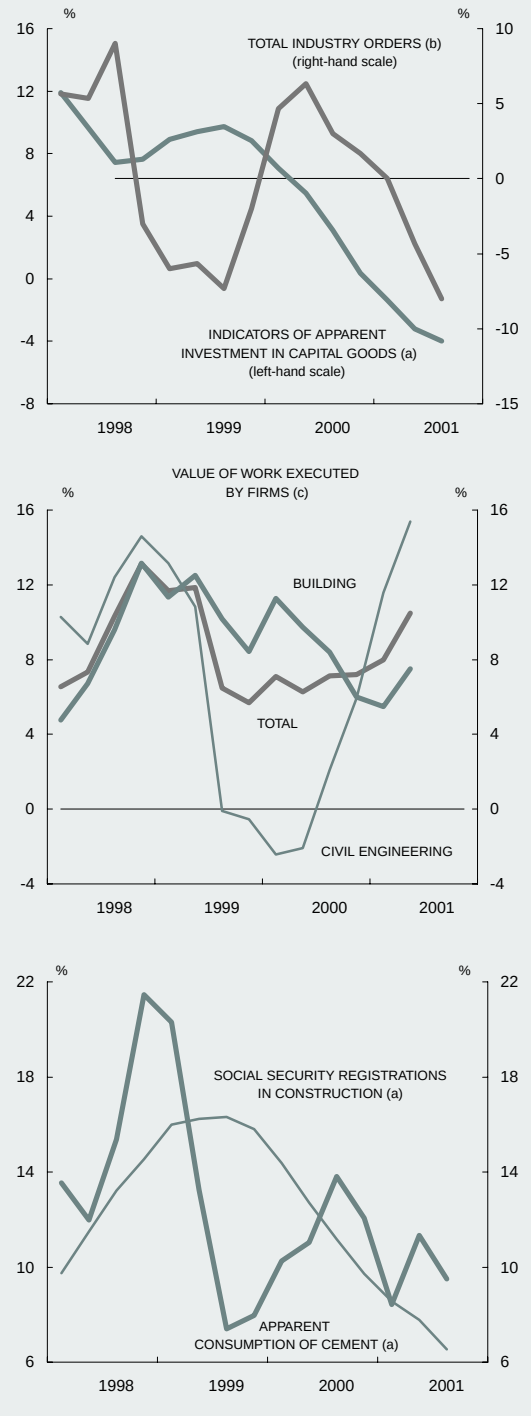
The declining path of productive investment in the first three quarters of 2001 is in step with the deceleration in final demand and with the perception that this slowdown may steepen in the coming months. Indeed, although final demand, contained as it has been, has held at what are still relatively high growth rates, current and foreseeable orders in the industry (a proxy for expected demand) have proven markedly contractionary, as can be seen in Chart 16. Furthermore, the information on non-financial corporations compiled by the Banco de España Central Balance Sheet Data Office confirms the slowdown in business activity. However, the financial position of corporations remains healthy, despite their greater debt, and the spread between the return on net assets and interest on borrowed funds (the leverage ratio) has widened slightly. Therefore, corporations remain in a sound position to re-launch their investment plans once the uncertainty surrounding the international economic context has abated.

Investment in construction continued to be the most dynamic component of domestic demand in the first half of the year. Indeed, it accelerated in Q2, growing at a year-on-year rate of 5.8%, four-tenths of a point up on Q1. According to ECIC (Construction Industry Survey) data, which are available to Q2 for the major aggregates and to Q1 in the case of more itemised information, the buoyancy of this variable was underpinned by the firmness of civil engineering works and non-residential building, which offset the slowdown in residential building.

The economic data relating to the summer months confirms the resilience of construction activity and, therefore, of construction spending in this period. That said, growth rates can be

CHART 16

Gross fixed capital formation indicators



Sources: Instituto Nacional de Estadística, European Commission, Ministerio de Fomento, OFICEMEN, Instituto Nacional de Empleo and Banco de España.

(a) Non-centred percentage change on same quarter a year earlier, based on the trend of the indicator.

(b) Level of original series.

(c) Obtained from the quarterly construction industry survey and deflated by the construction costs indicator. Four-quarter rate of change based on original series.

seen to be beginning to ease slightly, as augured by the new works variable in the ECIC survey. Among the indicators of inputs, the apparent consumption of cement, which is more intensively used in civil engineering works, points to a marginal weakening (see bottom panel of Chart 16), while the industrial production of construction materials ran at a negative growth rate in August. The employment indicators have also continued to slow in Q3.

The indicators relating to construction starts also project something of a slowdown in the coming quarters. In the case of private-sector building, the pace of growth of surface area to be built, whether according to local-government authorisations or to architect association approvals, has fallen on the related rates for the year 2000 as a whole, with the residential building component also declining. Government civil engineering tenders, with data for the January-March period, declined significantly, although the scale of the infrastructure projects still on order books (the development of which remains a budgetary priority) presages a more favourable performance than that suggested by this indicator for the coming months.

Consequently, it may be concluded that the buoyancy of investment in construction has extended into both Q3 and the subsequent months, underpinned by the gradual materialisation of public works investment plans (by general government and state-owned firms) and by non-residential investment. Conversely, against a background of slowing employment and disposable income, the expansion of the demand for housing for residential purposes has petered out, and only the demand for housing for investment motives, still spurred by price growth, is sustaining this type of expenditure.

On QNA data, the contribution of investment in stocks to GDP growth was positive in 2001 Q2, at one-tenth of percentage point. The monthly business survey showed a decline in stocks in July and August from the desired level, which could entail a lower – and even negative – contribution to GDP growth in Q3. This decline has been extensive to all types of goods (capital, intermediate and consumer goods).

In 2001 Q2, the net contribution of external demand to GDP growth remained positive, but fell to 0.1 percentage points, three-tenths of a point less than in Q1, thus interrupting the recovery discernible in the second half of the previous year. During this period, exports of goods and services began to decelerate slowly. The slowdown intensified in the first half of 2001, against a backdrop of notably sluggish world trade, taking the real growth rate of these exports to 5.9% in Q2. Imports of goods and services, which had been losing steam since the start of the year 2000, following the easing of domestic demand and the diminished thrust of industrial activity, grew in 2001 Q2 at a real rate of 5.3%. The as yet very incomplete information for Q3 points to a fresh reduction in the contribution of external demand, which may have turned negative owing to the strong deceleration in sales abroad.

According to Customs figures, the notably weakening trend of real goods exports became further entrenched in July; they declined at a rate of –2.9% compared with growth of 3.2% the previous quarter. During the first seven months of the current year, foreign sales grew by only 5.1% compared with 12% in the same period a year earlier (see Chart 17). This profile is consistent with the trend of the determinants of exports, fundamentally; with the sharp slowdown in world trade; and, to a lesser extent, with the losses in competitiveness – against a background of recovery not exempt from fluctuations in the euro – that are reflected by the relative prices and costs of Spanish products. In terms of regions, the nominal rate of exports to the EU in the January-July period eased to 9.7%, against 15.6% in the same period in 2000. There was a notable deterioration in exports to Germany and France, which is analysed in greater detail in Box 3. The slowdown in non-EU exports initiated in mid-2000 intensified. They grew at a nominal rate of 9.2% year-on-year between January and July as the crisis spread to various international markets. Mention should be made of the marked slackness of sales to the United States and of those to the NICs, in addition to the moderation of exports to Latin America. Sales to the central and eastern European markets, meanwhile, remained highly buoyant. In terms of product groups, capital goods fell back (–1.8% on average in the first seven months of 2001), consumer goods moderated (5.8%) partly as a result of the fall in the foreign demand for cars, and exports of intermediate goods were somewhat firmer (7%).

In 2001 Q2, the growth of tourism receipts stabilised at around 7.8%, marking a break in the sustained path of recovery they had shown since the end of the previous year. This pattern is similar to that of the real indicators of tourists entering Spain at borders and foreign visitors lodged in hotels, which slowed during this period. Nonetheless, tourism picked up in July and August. In the January-August period, and in terms of countries of origin, numbers of German and British tourists, who account overall for more than 50%, were contained, especially the former, while French tourists, by contrast, were up 19.7%. Among non-European countries,

BOX 3

Trade with France and Germany

Foreign trade with France and Germany accounts for a sizeable proportion of Spanish trade; namely, over 30% of its exports and imports. Analysis of recent trade developments with these two countries is therefore significant. Of the information provided in the accompanying table and chart, the following may be highlighted:

— The slowdown in Spanish exports to both markets is proving notable. It began to become apparent in the German economy and then extended to the French economy, where the loss of momentum of car sales, which account for almost 25% of Spanish exports to this country, has played an important role. It thus seems that, in the slowdown in exports to France and Germany (and as in the rest of the euro area), a significant demand component is at play.

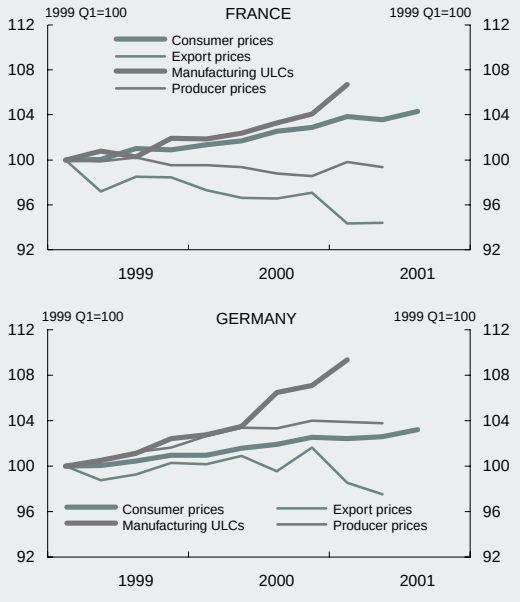
— The slowdown in exports to France and Germany is running in parallel to the deceleration in imports from these countries, although this is of much less significance given the greater dynamism of the Spanish economy. The slowdown in imports of French products began earlier and is much more intense. In this respect, the exceptional sustained buoyancy of imports of German consumer goods until very recently (largely associated with the demand for cars, especially those at the top of the range) is relevant. In the deceleration in imports from France, the slowdown in capital goods and intermediate goods (and, hereunder, those relating to transport equipment) has been prominent. Perhaps the falling off of sales of cars towards the lower end of the range (i.e. those made in Spain), both at home and in the rest of Europe – with the exception to date of the United Kingdom – may be related to this phenomenon, given the significance of trade within the car industry.

— The accompanying chart plots a set of variables that might be indicative of how the competitiveness of Spanish products may fare against that of the two economies considered. The four variables are relative consumer, ex-factory and goods-export prices, and relative unit labour costs. The cumulative rates of change of these variables have been depicted from the beginning of 1999 up to the time of the latest available information. A notable increase can be seen in the cumulative differential in consumer price growth rates, something not generally seen when the comparison is made with export or manufacturing prices. But the pivotal factor regarding competitiveness might be the notable differential building up in unit labour cost growth. Taken together, these two factors – holding producer and export prices at competitive levels and the growing imbalance in the behaviour of ULCs – may ultimately affect output and employment growth, especially at times like the present when foreign markets are contracting strongly.

	Structure	Annual percentage change				
	2000	2000	2001 (a)	Q1	Q2	JULY
EXPORTS:						
FRANCE-GERMANY	**31.8**	**15.6**	**6.7**	**12.2**	**5.8**	**-7.1**
France	**19.4**	**18.4**	**9.5**	**14.4**	**9.3**	**-4.1**
Consumer goods	9.1	18.5	10.2	20.0	6.3	-4.3
Cars	*4.7*	*24.9*	*4.9*	*23.0*	*-4.1*	*-12.8*
Capital goods	2.8	13.7	-0.4	-0.9	0.7	-2.1
Intermediate goods	7.6	20.2	12.1	13.6	16.2	-4.5
Transport	*1.0*	*26.8*	*-18.6*	*-16.3*	*-19.8*	*-21.7*
Germany	**12.4**	**11.5**	**2.2**	**8.8**	**0.2**	**-12.4**
Consumer goods	5.0	2.9	1.5	5.3	1.4	-11.7
Cars	*2.0*	*-1.2*	*-8.7*	*8.4*	*-15.1*	*-30.9*
Capital goods	1.6	17.0	0.9	20.8	-12.0	-14.3
Intermediate goods	5.8	18.7	3.3	9.1	2.6	-12.6
Transport	*0.5*	*17.3*	*-19.1*	*-11.3*	*-15.5*	*-53.1*
IMPORTS:						
FRANCE-GERMANY	**32.0**	**15.4**	**5.2**	**10.0**	**5.2**	**-7.8**
France	**17.1**	**15.3**	**0.2**	**3.7**	**-2.1**	**-2.9**
Consumer goods	4.6	10.3	12.1	6.8	18.5	8.3
Cars	*2.2*	*17.2*	*9.0*	*1.8*	*16.5*	*9.0*
Capital goods	3.4	15.9	-26.6	-1.9	-37.6	-48.0
Intermediate goods	9.2	17.6	3.8	3.8	1.6	11.1
Transport	*2.5*	*24.5*	*-36.5*	*-43.7*	*-38.3*	*-6.6*
Germany	**14.9**	**15.5**	**11.2**	**17.8**	**14.1**	**-12.7**
Consumer goods	3.6	11.0	19.1	37.7	42.5	-46.9
Cars	*2.0*	*9.7*	*15.9*	*39.9*	*44.8*	*-64.3*
Capital goods	3.4	15.0	5.5	9.4	0.2	12.6
Intermediate goods	7.8	18.0	9.9	12.7	9.3	4.1
Transport	*0.6*	*22.5*	*8.2*	*11.7*	*7.5*	*0.4*

Source: Departamento de Aduanas.
(a) The data for 2001 are to July.

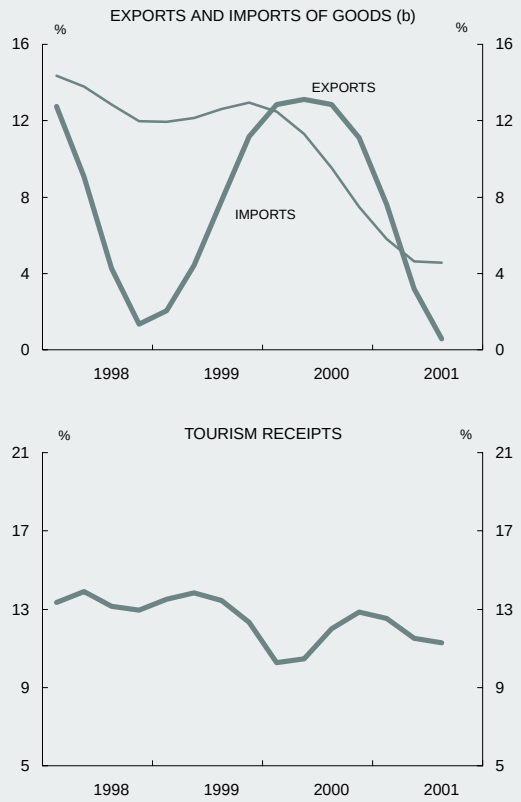
Relative prices and costs



Sources: Eurostat and Banco de España.

CHART 17

Foreign trade (a)



Sources: Ministerio de Economía, Ministerio de Hacienda and Banco de España.
(a) Non-centred percentage change on same quarter a year earlier, based on the trend of the indicator.
(b) Series deflated by the corresponding unit value indices.

there was a heavy fall in tourists from the United States and Latin America. Initial assessment of the impact that the events in September may have had on the tourist sector point to a significant contraction in receipts in the closing months of the present year. Services other than tourism, which were already slowing in Q2, in line with goods exports and tourism, will also be affected. So too will financial services, as a result of the diminished momentum of cross-border investment flows.

On customs figures, goods imports posted a negative rate of 4.6% in real terms in July, confirming the slightly slowing path it had been moving on previously. In the first seven months as a whole, imports grew at a real rate of 5%, down from 9.7% over the whole of the previous year. As indicated, this is consistent with the diminished momentum of final demand and industrial activity, in a context of falling relative prices, offset in part by a possible substitution of imports for domestic output. In terms of product groups in the January-July period, purchases of capital goods declined (–4% in real terms), while consumer imports accelerated in relation to the average for the previous year, underpinned by firm private consumption and, especially, car purchases. However, purchases of non-energy intermediate goods slowed considerably, in keeping with the deceleration in the industrial output of this type of good, after having been buoyant early in the year. Energy purchases grew by 2.6%, in volume, after increasing strongly in 2000 and despite the marked easing in the growth of energy prices.

Lastly, imports of services grew sustainedly throughout the first half of the year by around 7.8% in real terms. There was a notable surge in tourism expenditure, which ran at a rate of 13.1% in Q2. This may be due to the greater stability of the euro, following its substantial weakness the previous year, and to the high levels of consumer confidence apparent up to the early months of this year.

4.2. Output and employment

As indicated in the introduction to the section, activity has tended to slow in most productive industries in the period to date in 2001. In the primary sector, value added grew at a rate of 1.3% year-on-year in Q2, four-tenths of a point down on the first three months of the year according to QNA estimates (see Chart 18). Thus, despite the buoyancy of livestock farming (once the cattle market problems were largely behind), the contraction in agricultural output bore on the overall performance of this sector. Indeed, virtually all crops produced lower yields than in the year 2000. On this occasion, the poor results are apparently due to the adverse consequences of heavy rainfall this year, which did not coincide with the particular periods in which crops were maturing.

Against the background of a decelerating international economy, with increasingly gloomier expectations about domestic demand and with possible losses in competitiveness, industrial activity increased at a rate of 2.7% year-on-year in 2001 Q2, three-tenths of a point less than the QNA estimate in the opening months of the year. That said, energy activity quickened slightly. The loss of steam was particularly concentrated in the metal transforming industry, where the output of high-technology products such as electronic equipment and office machinery slipped appreciably, in line with the lesser momentum of these same industries internationally. The latest information maintains the prospect of slowing growth in both industrial and energy activity. Of note was the perform-

ance of the industrial production index, the slowing profile of which steepened at the start of 2001 Q3, although it ceased in August to post negative growth rates as it had in the previous six months. Nonetheless, the business confidence indicator fell again that month, as the decline in both orders and in the trend of output heightened. These factors, along with the high level of stocks of finished products, suggest that the slowdown in this activity may have steepened in Q3. In addition, the growth rate of social security registrations fell by nine-tenths of a point in Q3 compared with the previous quarter.

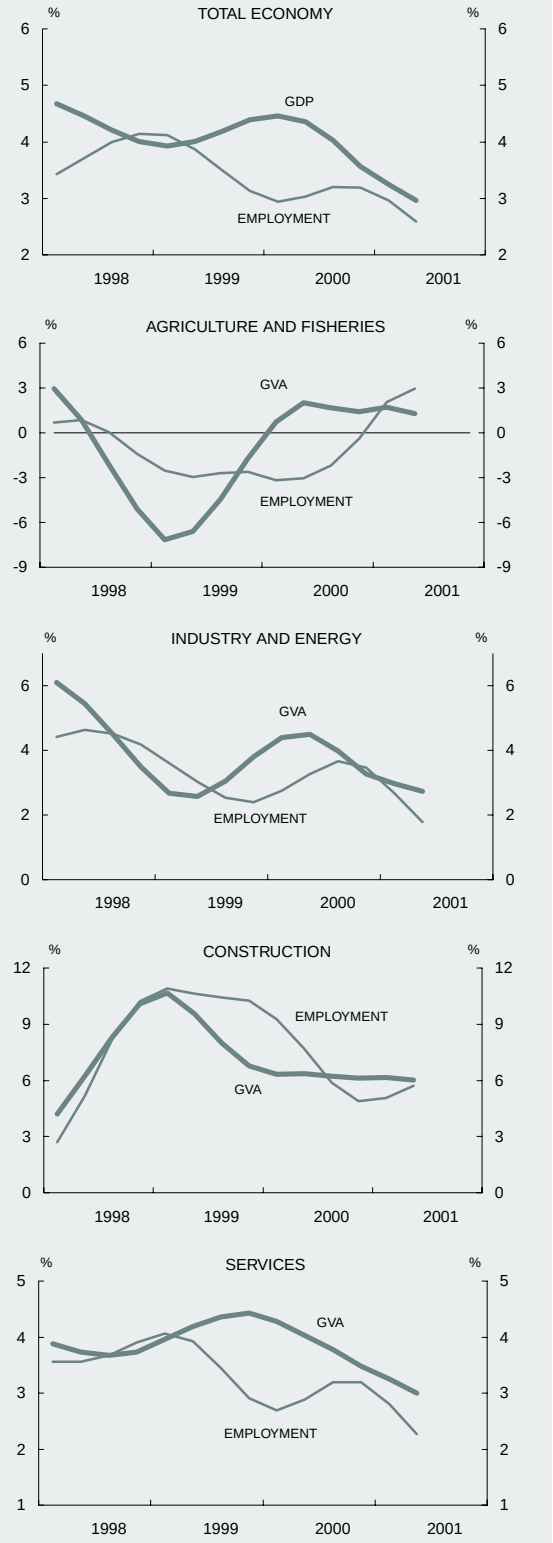
On the latest QNA estimates, value added in construction held at a steady growth rate throughout the year 2000 and in the first two quarters of 2001, progressing at around 6% year-on-year. As indicated on analysing investment in construction, the performance of this industry in recent quarters has been underpinned by the thrust of civil engineering works, since residential building has moved into a slowing phase. Information for Q3 shows that activity in the industry may have decelerated slightly.

Tertiary-sector activities slowed by three-tenths of a point to 3% in 2001 Q2. As in the opening months of the year, a lower rate of increase was common both to market and non-market services. In the case of the former, this was due to the lesser buoyancy progressively shown by consumption and demand in industry. The information available reveals that, in Q3, the loss of momentum of the different activities in this sector was not uniform. Wholesale trade and activities relating to vehicle maintenance and repair were quite stable, having regard to social security registrations to July. The retail trade confidence indicator picked up in Q3 after several very negative months. The retail sales index, which had slackened slightly in July, also picked up once more in August. Part of the momentum lost in the hotel and catering trade in Q2 was regained, although social security registrations have not reflected this recovery. This activity, like transport and, generally, all activities encompassed by market services, may have noted to a greater extent the effects of the September terrorist attacks in the United States.

On QNA figures, the growth rate of employment in 2001 Q2, measured in terms of full-time equivalent jobs, was 2.6%, 0.4 percentage points down on the previous quarter. Thus, for the first time since the current phase of economic deceleration began, the rate of the slowdown in employment exceeded the rate of GDP. The lesser vigour in the employment generation process is also discernible in other

CHART 18

Gross value added and employment by branch of activity (a)



Source: Instituto Nacional de Estadística.
(a) Non-centred percentage change on same quarter a year earlier, based on the trend-cycle series published by INE. Employment refers to full-time equivalent jobs.

statistics which, moreover, show that the deceleration may have intensified in Q3. The Spanish Labour Force Survey (EPA), which had evidenced far higher increases in employment than QNA estimates during 2000, showed a year-on-year growth rate in numbers employed of 1.8% in Q2, compared with the 2.8% rise in the January-March period. Social security registrations, which had grown at a rate of 4.3% in the spring, ran at 3.4% year-on-year in Q3. Lastly, registered unemployment declined at a year-on-year rate of 1.8% during the summer period, almost half the rate in the first half of the year, while new employment contracts increased only modestly (1.5%).

Employment growth lost steam in 2001 Q2, especially in manufacturing and in the tertiary sector, with apparent labour productivity gains increasing in both cases. In construction and in agriculture (the latter undergoing job destruction in the two previous years), the growth rate of job creation increased (see Chart 18). In agriculture, the employment profile estimated by QNA trend-cycle figures is relatively out of step with that of activity, while EPA estimates have shown a trend closer to that of value added. Numbers employed in manufacturing decelerated notably in Q2, with growth of 1.8% against 2.7% in Q1. This was in line with the EPA and with the figures on general-regime social security registrations. Employment in construction increased by 5.7% year-on-year, six-tenths of a point more than at the beginning of the year, seemingly pointing towards a concentration in labour-intensive activities. Finally, numbers employed in services increased by 2.3% in the April-June period, compared with 2.8% in the first half of the year. And once again, the slowdown was more intense in the market-oriented activities.

Dependent employment according to QNA data increased by 2.8% in Q2, six-tenths of a point lower than the previous quarter, maintaining a different pattern to self-employment, which continued to recover (1.7%). Among the different forms of hiring, there was a notable increase, according to INEM figures, in permanent hiring in Q2. Above all, this was as a result of a significant reduction in temporary-to-permanent-contract conversions in the same period in 2000, when they were not subsidised. However, the vigour of permanent contracts subsided in Q3, showing that the response to the new regulatory amendments in March in respect of stable contract arrangements has been relatively muted. In any event, according to EPA temporary employment slowed to a greater extent than permanent employment, with the proportion of the former to the latter standing at 31.5% in Q2, eight-tenths of a point less than a year earlier. With the figures available to date, the regulatory amendments to part-time hiring, which have added greater flexibility, especially in the case of permanent contracts, have not yet significantly affected the labour market either. Indeed, part-time in proportion to total employment contracts remained at 8.2%, unchanged on the same period in 2000. The increase in part-time wage-earners was predominantly among temporary employees, with the weight of the permanent segment diminishing.

The growth rate of the labour force according to EPA once again moderated in 2001 Q2, running at 0.6% year-on-year. Behind this was the flat participation rate, which held at 51.3%, a similar level to a year ago. Considering solely the population aged 16-64, the participation rate was 65.6%, easing the rising trajectory of this rate in recent years. The lesser dynamism of the labour force was propitious to a fresh decline in unemployment (75,000 people in the quarter) and in the unemployment rate, which fell four-tenths of a point to 13%. Notwithstanding, the reduction in the number of unemployed continued to lose impetus in year-on-year terms, and registered unemployment to September exhibited a similar trend. The fall in the unemployment rate was more marked among men and, by age group, among the young. As to long-term unemployment, its weight continued to lessen in Q2 (42.9%), increasing among the over-55s.

4.3. Costs and prices

In the first half of 2001, unit labour costs quickened both in the economy as a whole and in market-economy industries, rising to a rate close to 3% in both cases in Q2. The source of this acceleration lay in developments in compensation per employee (calculated in terms of full-time equivalent jobs), which increased by 3.5% across the whole economy, three-tenths of a point above growth in Q1. The modest pick-up in the rate of increase of value added per employee to 0.5% was unable to offset this rise. In the market economy, the growth of compensation per employee was somewhat higher, standing at 4% (see Chart 19). It should be recalled that this figure includes not only wage settlements for 2001 but also the effect of the inflation-adjustment clauses in collective agreements in the year 2000.

Among the indicators relating to wage developments, the labour costs index (which has replaced the Wage Survey) posted a year-on-year increase, for actual hours worked, of 4% in Q2, the outcome of a 3.2% rise in wage costs and a 6.7% increase in other costs. The labour costs index increased by 4.8% in manufacturing,

4.9% in construction and 3.7% in services. The monthly growth figures per employee were somewhat lower: 3.6% for labour costs and 2.9% for wage costs. Although the wage increases reflected by this indicator are clearly higher than those given by the Wage Survey in 2000, the fact spliced series between both surveys are not available prevents any analysis based on these results. Moreover, the increase in wage settlements in collective agreements registered to 30 September was 3.4%, four-tenths higher than in 2000 (without including the inflation-adjustment clauses). The agreed increase to that point in revised agreements was 3.4%, and in newly signed agreements, 3.6%. The increase in construction was 4.2%, higher than that in services (3.2%), agriculture (3.8%) and manufacturing (3.4%). The effect of the inflation-adjustment clauses, triggered as a result of inflation in 2000 exceeding the official forecast, is estimated at seven-tenths of a point.

The gross surplus per unit of value added grew at slightly below the rate for the previous quarter. However, the strong rate of expansion of this aggregate (close to 7% for the economy as a whole, and somewhat higher for the market economy) means that margins have continued to widen in the first half of 2001. The higher growth of labour costs per unit of value added in 2001 Q2 and the behaviour of margins account for the growth rate of the gross value added deflator rising by one-tenth of a point to 4.3% in this period.

Chart 20 depicts the behaviour of the value-added deflators and of unit labour costs in the market economy and in three industries: manufacturing, construction and market services. Coinciding with the release of data for 2000 Q2, INE revised some of the aggregates that determine price formation in the market economy, whereby their profile is now more in keeping with what other related indicators had suggested. In the market economy, the growth of both the gross value added deflator and unit labour costs increased by one-tenth of a point in Q2 to 4.5% and 2.9%, respectively. As indicated, the surplus per unit of value added continued to grow sharply.

Across industry, the behaviour of prices and margins was uneven. In manufacturing, the value added deflator quickened sharply to 4.5%, while unit labour costs slowed as a result of the pick-up in productivity; consequently, the unit gross operating margin held on a path of recovery. In construction, the rising course of unit labour costs steepened, while the deflator, though growing at a high rate, continued to ease. As a result, the gap between both increases closed significantly, reflecting containment in the widening of unit operating margins. Lastly, the market services deflator grew slightly more than in the previous quarter, in line with the acceleration in unit labour costs, and the unit margin continued to grow.

CHART 19

Wages and labour costs (a)

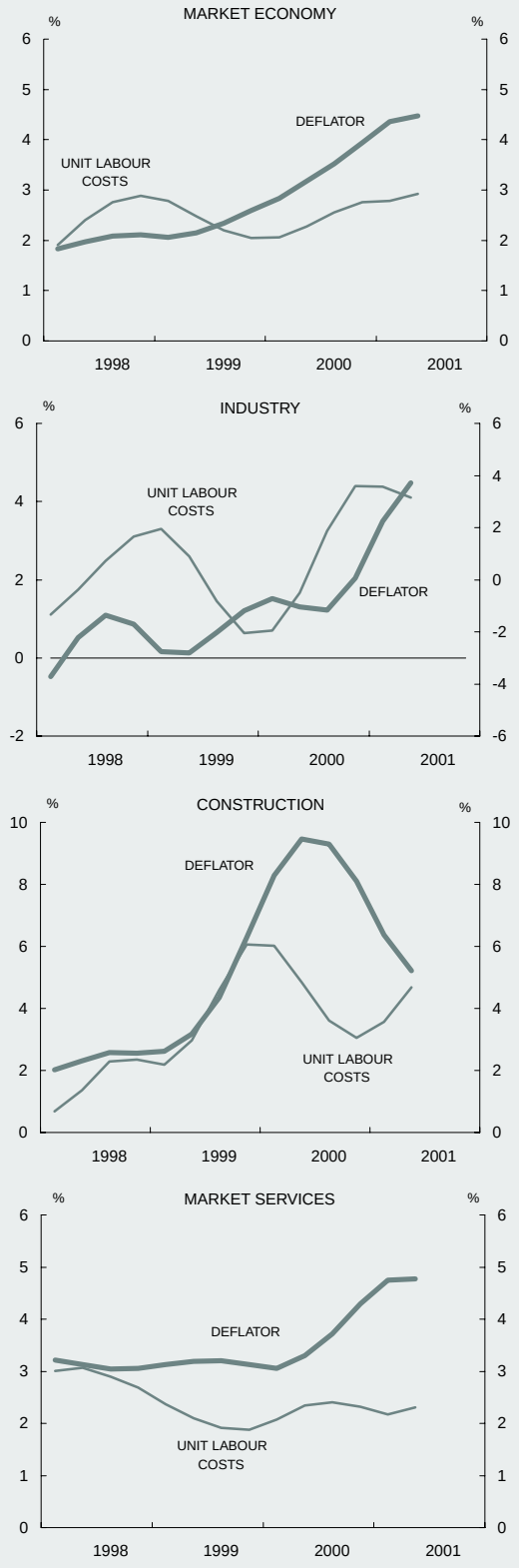
Sources: Instituto Nacional de Estadística and Ministerio de Trabajo y Asuntos Sociales.
(a) Percentage change on same quarter a year earlier.
(b) Rates based on QNA trend-cycle series.
(c) Total earnings.
(d) Average wage increase for the current year, up to the reference month (excluding the effects of inflation-adjustment clauses).

In 2001 Q2, the growth rate of the final demand deflator declined by seven-tenths of a point to 3.6%, a lower rate than the GDP deflator (4%). This difference was the outcome of the renewed moderation of the imports deflator, the rate of increase of which fell back by 3.1 percentage points to 2.4%. Behind this behaviour is the significant slowdown in international prices, particularly energy (the price of oil imports in dollars fell by 2.1% in the period) and commodity prices. Nonetheless, these cuts did not pass through in full to import prices, since the euro depreciated slightly in Q2.

In Q3, the upward momentum that the CPI – the main indicator of final prices in the Spanish

CHART 20

Prices and costs by branch of activity (a)



Source: Instituto Nacional de Estadística.
(a) Non-centred annual percentage changes based on the QNA trend-cycles series.

economy – had shown in the first half of 2001 was reversed. It moved onto a decelerating path which placed its 12-month growth rate at 3.4% in September, seven-tenths of a point below the rate posted at the end of Q2 (see Chart 21). However, the IPSEBENE index (one of the habitual measures of core inflation) continued to hover around a growth rate close to 3.5%.

Within the CPI, the growth rates of both the goods and services components declined. In the case of goods, this was due to unprocessed food prices, whose high growth rate diminished, and to the successive falls in energy prices, as a result of the cuts in natural gas and, especially, liquid fuel prices. The latter are benefiting from the favourable performance of international oil prices, against the background of the euro's relative stability. Processed food prices, however, rose significantly in Q3. This mainly reflects the bigger increases in olive oil and tobacco prices; the growth of non-energy industrial goods prices held stable at around 2.6% during the summer. Services prices improved in September, growing – for the first time in 2001 – at a 12-month growth rate below 4%. This moderation was mostly due to the easing of prices of services relating to tourism (hotels and other accommodation) and transport services.

The slowdown in consumer prices in Spain during Q3 (measured by the HICP) was sharper than in the euro area as a whole. As a result, Spain's inflation spread with the area narrowed by three-tenths of a point from June to 0.9 points in September. This reduction has been extensive to all components with the exception of processed food, the related differential of which has become unfavourable to Spain (see Chart 22).

The slowing trajectory evident in the producer price index since the end of last year ran to August. That month its 12-month growth rate was 1.6%, more than a percentage point below the rate posted in May. The favourable behaviour of the producer prices of intermediate and, especially, energy goods (which fell in both month-on-month and year-on-year terms) more than offset the upward slippage in the prices of non-durable consumer goods. The prices of consumer durables and capital goods remained stable. Lastly, the declining course in prices received by farmers evident since the start of the year was interrupted, and the related 12-month growth rate stood at 8.6% in August.

4.4. The State budget

The draft budget for the year 2002 includes an official estimate of the State revenue and ex-

BOX 4

Social security budget outturn

The Social Security System ran a non-financial surplus of ESP 912 billion to July 2001, according to budget outturn data, ESP 122 billion (15.4%) higher than in the same period of 2000 (see table below). This improvement contrasts with the reduction in the surplus projected in the initial budget for 2001 relative to the 2000 outturn. Revenue grew by 8.4% to July (somewhat less than to April, but well above budget), while expenditure increased by 7.7% (also exceeding the budget projection).

The high growth rate of receipts of social security contributions edged down to 9.5% to July, well above the 2.1% rate in the budget[1]. That was due, above all, to the buoyancy of the total number of persons registered, which grew at a year-on-year rate of 4.1% in the first nine months of 2001 (5% during 2000). The other major source of revenue, current transfers from the State, increased by 5.5%, in line with the budget.

As for expenditure, that on contributory pensions increased by 6.9% to July, as against 3.7% to April and the 3.9% rate in the initial budget for 2001. However, it should be taken into account that the comparison between the budget for 2001 and the outturn for 2000 is distorted by the fact that the latter includes both the payment to compensate for the deviation in the CPI in 1999 and that corresponding to 2000 itself. The number of contributory pensions rose by 1.1% to August 2001, in line with projections and with the growth recorded in 2000. Meanwhile, the growth rate of expenditure on sickness benefit stood at 14.5%, also above budget.

As regards INEM (National Employment Office) expenditure, spending on unemployment benefits increased by 10.4% to August 2001, as against a rise of 3.1% in 2000. This outcome was the result of the behaviour of the number of beneficiaries, which rose by 5.2% to July, as against an average reduction of 2.7% in 2000. The increase in the number of beneficiaries and the decline in the number of registered unemployed (0.8% to September, as against 4.5% in 2000 as a whole) gave rise to a further increase in the eligibility ratio, which stood at 68.4% in July (64.7% in 2000).

Meanwhile, contributions received by INEM rose by 9.8% to April, as against the 6.2% rate projected in the budget, while concessions to promote employment fell by 11.1% to April, in contrast to the 3% increase projected in the budget.

(1) However, the Social Security System's draft budget for 2002 contains a projected outturn that entails an increase of 6.5% in Social Security contributions for 2001 as a whole.

Social Security System (a)
(Transfers to regional governments allocated) (b)
(Current and capital transactions, in terms of recognised entitlements and obligations)

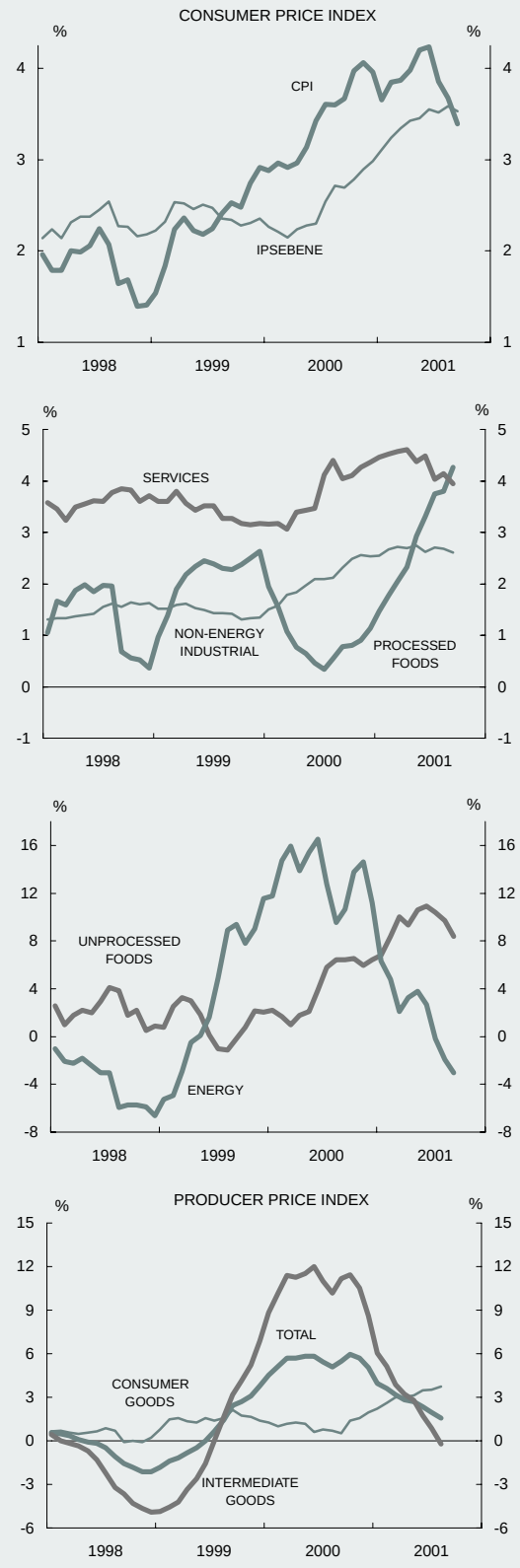
ESP bn and %

	Outturn	Budget		Outturn JAN-APR	Outturn JAN-JUL		
	2000	2001	% change	% change	2000	2001	% change
	1	2	3=2/1	4	5	6	7=6/5
1. Revenue	**15,364**	**15,736**	**2.4**	**9.1**	**9192**	**9962**	**8.4**
Social security contributions (c)	10,204	10,419	2.1	10.6	5879	6439	9.5
Current transfers	4,866	5,124	5.3	6.8	3204	3380	5.5
Other (d)	294	193	-34.1	6.5	109	143	31.9
2. Expenditure	**14,755**	**15,352**	**4.0**	**6.0**	**8402**	**9050**	**7.7**
Wages and salaries	2,264	2,388	5.5	6.8	1383	1465	6.0
Goods and services	1,426	1,492	4.6	9.4	820	887	8.2
Current transfers	10,854	11,233	3.5	5.2	6119	6602	7.9
Benefits	10,783	11,158	3.5	4.6	6111	6552	7.2
Contributory pensions	*8,499*	*8,826*	*3.9*	*3.7*	*4764*	*5095*	*6.9*
Sickness	*630*	*592*	*-6.0*	*18.8*	*320*	*367*	*14.5*
Other	*1,654*	*1,740*	*5.2*	*4.5*	*1027*	*1091*	*6.2*
Other current transfers	71	75	5.7	149.7	7	50	—
Other (e)	211	238	12.8	13.8	81	96	18.5
3. Balance	**609**	**384**	**-36.9**	**26.3**	**790**	**912**	**15.4**

Sources: Ministerio de Hacienda, Ministerio de Trabajo y Asuntos Sociales and Banco de España.
(a) Only data relating to the System, not to the entire social security funds sector, are given. This is because the figures for other social security funds are only available to March.
(b) Transfers to regional (autonomous) governments to finance the health-care and social-services responsibilities they have assumed have been distributed among the various expenditure captions on the basis of the percentages resulting from the general government accounts for 1997.
(c) Including surcharges and fines.
(d) Excluding surcharges and fines.
(e) Reduced by the disposal of investments.

CHART 21

Price indicators (a)
Spain



Source: Instituto Nacional de Estadísitica.
(a) Twelve-month percentage change based on the original series.

penditure outturn for the year 2001 according to National Accounts methodology. The State deficit would, according to this estimate, be 0.5% of GDP this year, an improvement of only one-tenth of a point on the previous year, compared with the target of 0.3% in the Stability Programme. The reduction in the deficit would be less than in the year 2000 owing, above all, to the slowdown in tax revenue. That reflects in turn the fact that real GDP growth in the year 2001 will be less than initially foreseen (3%, according to the Government's updated forecast, against 3.6% initially). The result, which is worse than expected for the State, would be offset by a better outturn for Social Security, which might run a surplus of up to 0.5% of GDP, against a target of 0.3%, while the territorial government accounts would be balanced. Hence, the overall general government accounts would attain the balanced-budget target established in the Stability Programme for this year.

The draft State budget also includes an initial projection of revenue and expenditure in cash-basis terms for the year 2001 (see Table 3, columns 3 and 4). According to this projection, the State will raise and spend 1.9% more (ESP 356 billion) than initially budgeted. The cash-basis deficit will, therefore, be equal to the amount budgeted, i.e. ESP 241 billion. The spending overrun is similar to that the previous year, while the increase in revenue above budget is significantly less than in the year 2000. The surplus revenue raised is attributable to personal income tax and to other revenue, the latter relating basically to Banco de España profits. By contrast, indirect tax revenue is lower than budgeted. As to expenditure, current payments increase more than budgeted, while capital payments grow less. Under current spending, all items post bigger-than-forecast increases, including most notably current transfers and interest payments, the deviation in which is due to debt conversion transactions. Of note under capital payments is the low outturn percentage forecast for investment.

In Q3 on National Accounts methodology, the State budget outturn to September 2001 resulted in a cumulative deficit of ESP 676 billion (0.6% of GDP) in respect of net borrowing, against a deficit of ESP 545 billion (0.5% of GDP) in the period January-September a year earlier (see Table 3). Revenue began to pick up significantly, with a growth rate of 3.8%, compared with 0.3% in the first half of the year, but still far off the 6.1% increase in revenue forecast in the initial projection. Expenditure slowed slightly in Q3, posting growth of 4.6% to September. The initial projection envisages an acceleration in expenditure to 5.5% for the year 2001 as a whole.

In cash-basis terms, the State budget outturn to September 2001 resulted in a deficit of ESP 1.65 billion, 22% higher than in the same period a year earlier, compared with the 35% increase in the cash-basis deficit in the period January-June. This slowdown in the deficit (which is still far from the 40% decline forecast in the initial projection for the year 2001 as a whole) was due to the pick-up in revenue, which ran at a growth rate of 3.4% to September (compared with the decline of 0.3% in the first six months of the year), since the growth rate of expenditure increased to 5.1%, against 3% to June. For the rest of the year, official estimates foresee a significant acceleration in revenue to 5.4%, and a slight reduction in the rate of increase of expenditure to 4.4%.

Tax revenue quickened considerably in Q3, driven by the continuing correction of the effect of having brought forward refunds for excess tax (personal income tax and corporate income tax alike) paid the previous year. Nonetheless, the growth rates of both taxes are still lower than foreseen in the initial projection for the year 2001. Excise duties also accelerated, rising to a great rate similar to that envisaged in the initial projection, while corporate income tax slowed considerably to a growth rate of only 0.3%, far below the figure of 5% forecast for the whole year. The decline in other net revenue slackened, but it is still greater than envisaged in the initial projection.

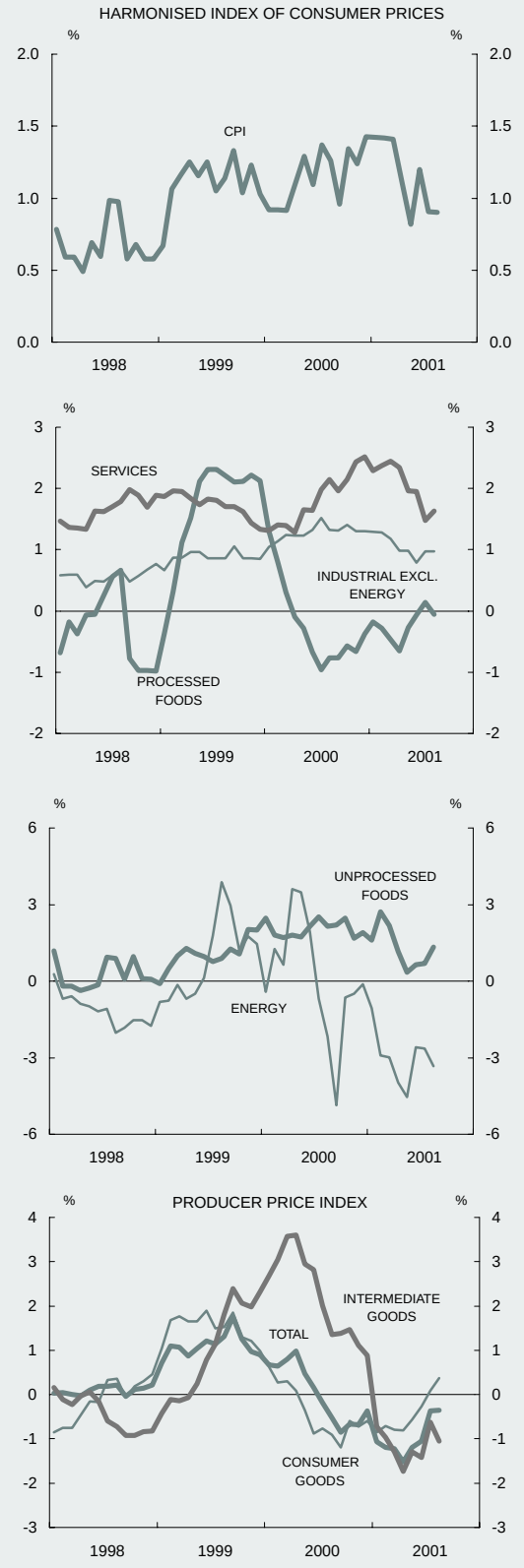
Turning to spending, current expenditure accelerated overall in relation to the first half of the year, driven by goods and services, interest payments (which continue to be affected by a greater concentration of public debt redemptions than in the same period a year earlier) and transfers. Capital payments, for their part, slowed. Official estimates foresee a slowdown during the rest of the year under all headings of current expenditure, except wages and salaries, and capital transfers. Conversely, investment should accelerate slightly, although it would still be running at a negative rate at the end of the year according to the initial projection, in contrast to the 9.1% increase initially budgeted.

4.5. The Spanish balance of payments and capital account

In the period from January to July 2001, the overall current- and capital-account balance ran a deficit of EUR 4.82 billion, EUR 1.02 billion less than in the same period a year earlier. The improvement is due both to the favourable performance of the current-account balance, the deficit on which declined by EUR 155 million in the January-July period compared with the

CHART 22

Price indicators
Differential vis-à-vis the euro area (a)



Sources: Eurostat and Banco de España.
(a) Twelve-month percentage change based on the original series.

TABLE 3

State Budget outturn

ESP m and %

	Outturn	Percentage change 2000/1999	Initial proj.	Percentage change 2001/2000	Outturn JAN-JUN Percentage change 2001/2000	Outturn		
	2000		2001			2000 JAN-SEP	2001 JAN-SEP	Percentage change
	1	2	3	4=3/1	5	6	7	8=7/6
1. Revenue	**19,749**	**7.5**	**20,809**	**5.4**	**-0.3**	**13,847**	**14,323**	**3.4**
Direct taxes	8,557	9.5	9,302	8.7	-0.4	5,979	6,325	5.8
Personal income tax	*5,350*	*4.9*	*5,979*	*11.8*	*-0.6*	*3,881*	*4,213*	*8.6*
Corporate income tax	*2,863*	*17.5*	*3,007*	*5.0*	*4.8*	*1,808*	*1,814*	*0.3*
Other (b)	*345*	*21.8*	*316*	*-8.3*	*-13.8*	*290*	*298*	*2.8*
Indirect taxes	8,532	7.3	8,903	4.3	1.5	6,418	6,614	3.1
VAT	*5,557*	*8.7*	*5,833*	*5.0*	*1.2*	*4,181*	*4,310*	*3.1*
Excise duties	*2,672*	*4.1*	*2,751*	*3.0*	*1.8*	*2,013*	*2,071*	*2.9*
Other (b)	*304*	*12.4*	*319*	*5.1*	*4.0*	*224*	*233*	*4.2*
Other net revenue	2,659	2.4	2,604	-2.1	-7.2	1,451	1,384	-4.6
2. Expenditure (c)	**20,153**	**3.8**	**21,050**	**4.4**	**3.0**	**15,197**	**15,972**	**5.1**
Wages and salaries	2,706	-9.2	2,794	3.2	2.6	1,978	2,031	2.6
Goods and services	395	-9.5	400	1.4	1.7	279	288	3.5
Interest payments	2,948	-7.3	2,997	1.7	-4.0	2,656	2,762	4.0
Current transfers	12,117	12.1	12,897	6.4	5.0	8,892	9,491	6.7
Investment	1,004	4.9	957	-4.7	0.9	726	675	-7.1
Capital transfers	985	-7.4	1,005	2.1	12.6	666	725	9.0
3. Cash-basis balance (3=1-2)	**-404**	**-61.7**	**-241**	**-40.4**	**34.9**	**-1,350**	**-1,649**	**22.2**
MEMORANDUM ITEM: NATIONAL ACCOUNTS:								
Revenue	19,835	7.6	21,039	6.1	0.3	13,985	14,519	3.8
Expenditure	20,461	4.7	21,583	5.5	4.9	14,530	15,196	4.6
Net borrowing (-) or lending (+) (d)	**-626**	**-43**	**-544**	**-13.1**	**—**	**-545**	**-676**	**24.1**

Source: Ministerio de Hacienda.
(a) Includes the revenue from the tax on the income of non-residents.
(b) Includes taxes on insurance premiums and tariffs.
(c) Includes unclassified expenditure.
(d) The annual figures (columns 1 and 3) are from the Spanish Finance Ministry's reply to the Excessive Deficit Protocol, for 2000, and from the initial projection for 2001.

same period the previous year, and – essentially – to the better performance of the capital-account balance, the surplus on which climbed by EUR 867 million above the amount for the related period in 2000.

During the first seven months of 2001, the cumulative deficit on the trade balance improved by EUR 228 million in relation to the level in the same period the previous year. In terms of year-on-year rates, the deficit declined by 1.2%, compared with the 30.3% increase observed in 2000 as a whole. The strong containment of the trade deficit observed in the opening months of the year moderated during Q2, owing to the notable weakening in exports in real terms. In July, however, the slide in foreign purchases prompted a significant reduction in the deficit. Overall, in the January-July period the reduction in the nominal trade deficit was due to the sharp improvement in the terms of trade, given the easing in the prices of energy imports and, to a lesser extent, in the prices of non-energy purchases. In services, the cumulative positive balance amounted to EUR 15.36 billion, against EUR 13.2 billion in the same period a year earlier, signifying growth of 16.4%. Behind this increase is the 12.5% growth of the

surplus on tourism and travel, and the 11.8% reduction in the deficit on other services. Nominal tourism receipts grew by 13.1% in the January-July period. Although they had eased during Q2, they rose anew in July, in line with the better performance in tourist arrivals between July and September. Nominal tourism expenditure grew by 16.1% in the first seven months of 2001, indicating a moderation in recent months in step with weakening consumer confidence (see Table 4).

The deficit on the income balance increased by EUR 2.15 billion in the January-July period compared with the negative balance in the same period a year earlier. Revenue continued to grow at a burgeoning rate (42.2%), as had occurred the previous year. That reflected the strong investment abroad in recent years, which has been interrupted in the course of the current year. Expenditure also grew at a high rate (41.9%), double the average rate for the year 2000. This is likewise attributable to the strong momentum of foreign investment in Spain the previous year, which has also weakened this current year.

The surplus on the balance of current transfers stood at EUR 2.02 billion in the first seven months of 2001, slightly down, by around EUR 83 million, on the balance in the same period a year ago. Revenue fared well, with increases in flows from the EU in respect of both the EAGGF-Guarantee fund and the European Social Fund. Payments, however, rose essentially as a result of a notable increase in outflows relating to emigrants' remittances. Finally, the capital-account surplus improved significantly by EUR 867 million in relation to the amount posted in the first seven months of 2000. This year-on-year growth of 25.8% is due to the pick-up in structural funds from the EU, which would be including lags originating in the previous year.

The nation's net borrowing fell slightly in 2001 Q2 owing to the altered patterns of expenditure and saving of the economy's various sectors. General government fiscal consolidation made further headway and the financial capacity of households and NPISH improved since their saving ratio increased more sharply than their investment. It is only in the corporate sector where net borrowing may have stepped up, despite the notable moderation of private productive investment.

TABLE 4

Balance of payments: summary table (a)

EUR m

	JAN-JUL	
	2000	2001
	Receipts	Receipts
Current account	**121,072**	**137,144**
Goods	71,508	78,643
Services	32,069	36,384
Tourism	18,487	20,907
Other services	13,582	15,477
Income	9,017	12,824
Current transfers	8,478	9,292
Capital account	**3,968**	**4,750**
	Payments	Payments
Current account	**130,282**	**146,198**
Goods	90,810	97,717
Services	18,868	21,025
Tourism	3,177	3,689
Other services	15,691	17,336
Income	14,227	20,183
Current transfers	6,377	7,273
Capital account	**603**	**519**
	Balance	Balance
Current account	**-9,210**	**-9,054**
Goods	-19,302	-19,074
Services	13,201	15,359
Tourism	15,309	17,218
Other services	-2,109	-1,859
Income	-5,210	-7,358
Current transfers	2,101	2,019
Capital account	**3,365**	**4,232**

Source: Banco de España .
(a) First provisional results.

5. Financial flows in the Spanish economy

5.1. Financial flows in the economy as a whole

In 2001 Q2, the net balance of financial transactions of the nation, at –2.2% of GDP, in cumulative four-quarter terms, was close to the level of the previous quarter. This figure involves a decline in the financial requirements of the Spanish economy relative to 2000 (–2.6% of GDP), which was distributed unevenly across the various sectors (see Table 5). The saving of households and NPIs recovered considerably from its level in 2000, while the financial requirements of non-financial corporations and of general government increased. Meanwhile, the net balance of the financial transactions of financial institutions held at a similar level to that recorded in 2000.

These changes in the net financial transactions of the various sectors took place against a background of moderate tightening of the monetary and financial conditions of the Spanish economy in 2001, which is apparent in the deceleration of the financing obtained by the non-financial private sector and, in particular, in the deceleration of bank lending. On provisional data, the annual growth of loans granted by resident credit institutions to the non-financial private sector fell to 12.4% in September, having stood at 18% at end-2000. The deceleration of bank lending is largely attributable to the slowdown in lending by the commercial banks, although, in Q2, it was the savings banks that moderated their loan growth most. Nonetheless, the slower growth of financing has not prevented rises in the debt ratios of corporations and households, both in terms of GDP and, in particular, of available financial assets.

There were a few changes in net inter-sectoral flows (lower part of Table 5) in the first half of 2001 relative to the situation in previous quarters. Institutional investors regained importance in the channelling of household savings, owing to the recovery of investment in money market funds (FIAMM), as described in greater detail in the next section of this chapter. By contrast, in 2001 Q2, the net financial transactions of general government with financial institutions changed sign, owing to the increase in the portfolio of government securities held by the latter. This increase, which amounted to a significant change from the declining trend of this variable in recent years, may be related to the need for a larger volume of collateral to participate in the liquidity tenders that the Treasury began to conduct in 2001 Q1.

5.2. Financial flows of households

The trend in the net financial transactions of households and NPIs during 2001 Q2 con-

TABLE 5

Net financial transactions and inter-sectoral flows
(Cumulative data for the last four quarters)

% GDP

	NET FINANCIAL TRANSACTIONS								
	1996	1997	1998	1999	2000			2001	
					Q2	Q3	Q4	Q1	Q2
Total economy	**1.2**	**1.6**	**0.5**	**-1.1**	**-1.8**	**-2.3**	**-2.6**	**-2.3**	**-2.2**
Non-financial corporations and households and NPIs	**5.1**	**4.0**	**1.9**	**-0.5**	**-2.0**	**-2.5**	**-2.9**	**-3.0**	**-2.3**
Non-financial corporations	-0.1	-0.5	-1.3	-2.7	-3.1	-3.7	-3.7	-4.2	-4.4
Households and NPIs	5.2	4.5	3.3	2.2	1.0	1.2	0.8	1.3	2.1
Financial institutions	**1.0**	**0.7**	**1.1**	**0.5**	**0.7**	**0.8**	**0.7**	**0.6**	**0.7**
General government	**-4.9**	**-3.2**	**-2.6**	**-1.2**	**-0.5**	**-0.5**	**-0.3**	**0.0**	**-0.6**
	INTER-SECTORAL FLOWS (a)								
Households and NPIs	**5.2**	**4.5**	**3.3**	**2.2**	**1.0**	**1.2**	**0.8**	**1.3**	**2.1**
Vis-à-vis:									
Credit institutions (b)	-2.7	-6.7	-4.4	0.3	1.5	1.7	-0.2	-0.1	-0.2
Institutional investors (c)	8.8	10.9	7.5	1.1	-1.1	-0.8	0.2	0.7	1.6
Non-financial corporations	**-0.1**	**-0.5**	**-1.3**	**-2.7**	**-3.1**	**-3.7**	**-3.7**	**-4.2**	**-4.4**
Vis-à-vis:									
Credit institutions (b)	-0.3	-3.2	-4.3	-3.8	-4.5	-5.6	-6.5	-5.8	-4.5
Rest of the world	0.4	1.7	0.9	-0.7	-0.4	-0.6	1.5	1.0	-0.3
General government	**-4.9**	**-3.2**	**-2.6**	**-1.2**	**-0.5**	**-0.5**	**-0.3**	**0.0**	**-0.6**
Vis-à-vis:									
Credit institutions (b)	-0.4	1.4	1.4	1.4	1.3	1.3	2.2	0.3	-0.5
Institutional investors (c)	-5.9	-3.9	-2.6	1.7	3.3	3.5	3.5	3.8	3.6
Rest of the world	-0.2	-2.0	-1.1	-4.3	-4.0	-4.7	-6.1	-4.9	-4.6
Rest of the world	**-1.2**	**-1.6**	**-0.5**	**1.1**	**1.8**	**2.3**	**2.6**	**2.3**	**2.2**
Vis-à-vis:									
Credit institutions (b)	0.9	2.8	7.1	2.0	3.6	3.6	5.4	5.8	3.7
Institutional investors (c)	-0.9	-2.5	-6.3	-3.5	-4.1	-4.4	-5.7	-5.5	-5.2
Non-financial corporations	-0.4	-1.7	-0.9	0.7	0.4	0.6	-1.5	-1.0	0.3
General government	0.2	2.0	1.1	4.3	4.0	4.7	6.1	4.9	4.6

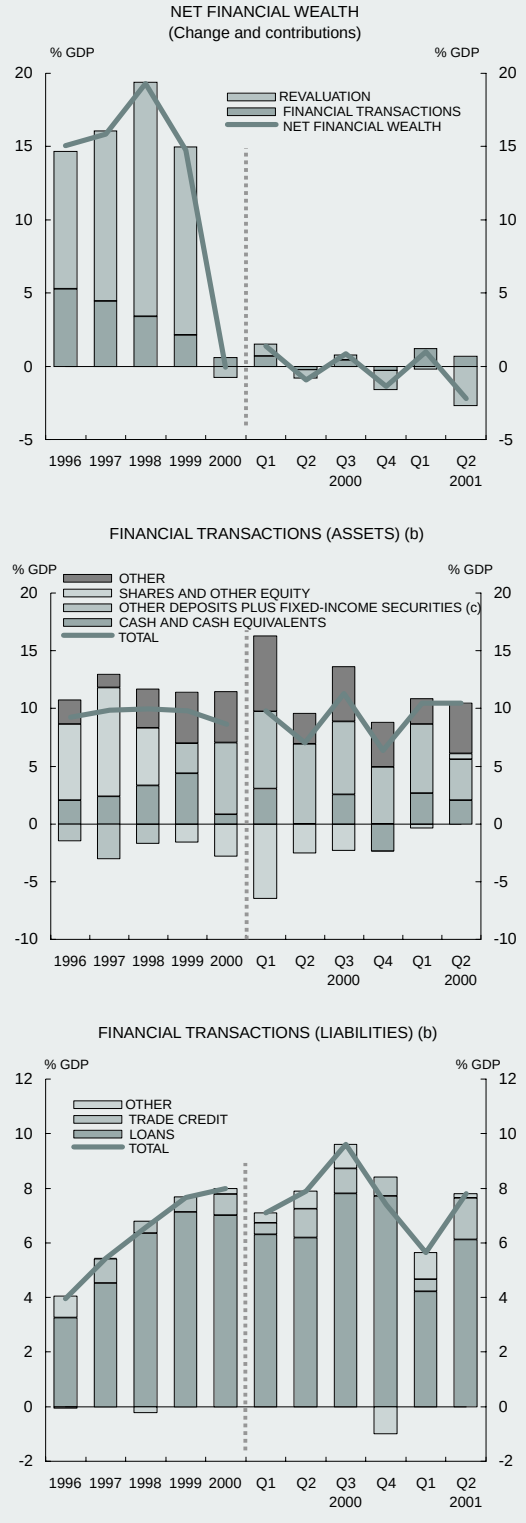
Source: Banco de España.
(a) A positive sign indicates the extension of financing to the counterpart sector. A negative sign denotes financing received from the counterpart sector.
(b) Defined in accordance with the First Banking Directive.
(c) Insurance corporations and collective investment undertakings.

firmed the signs of recovery that had been apparent since the first quarter of the previous year. The net balance of financial transactions amounted to 0.4 % of GDP in Q2, making for a cumulative four-quarter figure of 2.1% of GDP, as against 0.8% in 2000 (see Table 5). The factors that seem to explain this behaviour of household saving are, on one hand, the cyclical phase of weaker activity, which has tended to moderate household investment plans and, on the other, the need to compensate for the deterioration in household financial wealth. It seems likely that these factors, in a climate of general uncertainty that has increased since the terrorist attacks in September (see Box 5), will continue to operate. Accordingly, although nominal and real interest rates are at historically very low levels, the change in trend of household saving will probably firm.

Analysis of the financial transactions of this sector (see Table 6 and Chart 23) shows stability, in seasonally adjusted terms, in the acquisition of financial assets, which amounted to 2.6% of GDP in Q2. These flows were directed, as in the preceding quarter, towards more liquid and less risky assets. Net investment in cash and cash equivalents was only 0.5% of GDP, as a

CHART 23

Households and NPIs (a)



Source: Banco de España.
(a) Seasonally adjusted data.
(b) The quarterly data are annualised.
(c) Not including unpaid accrued interest, which is included under other.

consequence of the sharp reduction in the demand for cash in advance of the euro's arrival. Time deposits continued to attract a large part of household savings, although to a smaller extent than in previous quarters, following the recovery of investment in FIAMM. By contrast, redemptions of shares in equity and international funds remained high.

The monthly indicators available for the monetary and financial conditions of the Spanish economy in 2001 Q3 point to continuity of the trends seen in previous periods (1) (see Chart 24). Thus, the growth of time deposits remained high, albeit at lower levels than at the beginning of the year, while investment in money market funds and, to a lesser extent, in fixed-income mutual funds continued to increase.

The total financing received by households in the second quarter decreased, although to a lesser extent than in Q1. The flow of financing received was 1.9% of GDP, in seasonally adjusted terms. Although this is a higher volume than in the previous quarter, it is below the average levels in 2000 (see Chart 23). Thus, the year-on-year growth of the financing received by households stood at 15%, at the end of Q2, as against 17.3% in 2000 (see Table 6 and Chart 24). The provisional information available on 2001 Q3, however, indicates a sharper slowdown in this period. The lower confidence in the ability of households to meet future payments, as a consequence of the end of the cyclical upswing, and the greater degree of uncertainty must have affected both the demand for and the supply of credit.

According to the information on the distribution of credit by type in Q2, loans for house purchases were not affected by this slowdown; on the contrary, they sustained a high rate of growth (23% year-on-year). At the same time, although there was a certain pick up in financing for purchases of consumer durables during this quarter, other financing to individuals grew more moderately.

During Q2 there was a further deterioration in the balance-sheet position of households, in the form of a fall in their net financial wealth and an increase in their debt ratios (see Charts 23 and 25). Their debt-to-GDP ratio continued to rise, owing to the slower growth of nominal GDP, and despite the slowdown in the financing received by households. The decline in stock prices height-

(1) Note that these indicators provide aggregate information on the sectors households and non-financial corporations, so that the conclusions regarding the trend in household transactions must be interpreted with due caution.

BOX 5

Impact of the terrorist attacks in the United States on Spanish financial markets

The terrorist attacks of 11th September in the United States had a very pronounced impact on international financial markets, although its size varied from country to country and according to the type of instrument concerned. The *equity markets* were hardest hit by the attacks. The downtrend they had been displaying since the middle of the year intensified. The Ibex 35 fell by 15.4% between the 10th and 21st of September, a smaller reduction than that in the euro area Euro Stoxx stock exchange index (17.3%), but larger than the decline in the US S&P 500 stock exchange index (11.6%). At the sectoral level, and in line with events on international markets, the hardest hit securities on Spanish stock markets were those of the aircraft industry, tourism and banks. There was also a significant increase in implied volatility on equity options markets, a clear sign of the greater uncertainty generated by the attacks. As in the case of prices, the impact on volatility was weaker on Spanish markets than in the rest of the euro area, but larger than that on US markets. As from 21st September, a recovery began (by 16th October stock market indices stood at around their pre-attack levels), while implied volatilities fell (albeit remaining above their 10th September levels).

Movements on *bond markets* were in line with the rest of the euro area. The yield on medium-term government debt, as in the case of US Treasury debt, fell significantly, in all probability reflecting both a worsening of expectations for economic growth in the medium term, and a downward revision in the expected key interest rates for the coming months. At the longer maturities, unlike the case with US debt, there was a slight rise in yields in the euro area between the 11th and 21st of September. However, long-term rates tended to fall thereafter, and by 16th October they were standing below their pre-attack levels. Implied volatilities on bond options markets rose slightly to 21st September and were subsequently corrected. For their part, spreads over swap rates for private debt yields on the AIAF market widened following the attacks, reaching levels that have since remained steady. However, the movements of private bond prices on Spanish markets and in the rest of the euro area were smaller than those seen in the United States.

On the euro area *money markets*, as in the case of the US markets, there was a tightening of overnight rates following the attacks, as a consequence of the temporary liquidity shortages in certain European credit institutions. However, after the operations carried out by the Eurosystem over the next few days, the EONIA rate fell back to around the main refinancing operations rate. At longer maturities, the downward trend in interest rates seen since the beginning of the year intensified, reflecting the downward revision in key central bank rates expected for the coming months and the 50-basis-point cut in actual rates agreed on 17th September. As on other markets, the implied volatilities of 3-month interest rates also rose to 21st September, subsequently tending to return to their pre-attack levels.

Main financial indicators

%

	DEC 00	JUN 01	31.08.2001	10.09.01	12.09.01	21.09.01	16.10.01
MONEY MARKETS:							
Euro area							
Minimum rate on MROs	4.75	4.50	4.50	4.25	4.25	3.75	3.75
EONIA	5.16	4.72	4.38	4.28	4.42	3.12	3.91
Implied volatility of 3-month EURIBOR	11.37	13.57	7.65	15.04	21.64	24.00	18.04
United States							
Federal funds rate	6.50	3.75	3.50	3.50	3.50	3.00	2.50
Overnight euro deposits	7.05	4.21	3.71	3.54	6.00	2.16	2.51
Implied volatility of 3-month euro deposits	9.60	14.24	13.01	23.22	—	37.62	31.33
BOND MARKETS:							
Spain							
IRR on 10-year government bonds	5.15	5.45	5.06	5.09	5.12	5.15	4.93
AIAF 10-year private bond spread (a)	0.43	0.58	0.53	0.51	0.52	0.53	0.62
Euro area							
IRR on 10-year German bunds	4.86	5.09	4.77	4.81	4.81	4.86	4.66
10-year private bond spread (a)	0.83	0.72	0.72	0.70	0.69	0.80	0.81
Implied volatility on 10-year German bunds	4.65	4.30	4.41	4.73	5.10	5.14	4.64
United States							
IRR on 10-year US Treasury bonds	5.17	5.45	4.87	4.81	—	4.75	4.66
10-year private bond spread (a)	0.79	0.38	0.53	0.57	—	0.84	0.85
Implied volatility on 10-year US Treasury bonds	6.75	6.62	6.72	7.01	—	7.70	7.46
EQUITY MARKETS:							
Spain							
Change in IBEX 35 since 31.12.00	—	-2.54	-8.66	-15.71	-19.46	-28.67	-16.09
Change in IBEX 35 since 10.09.01	—	—	—	—	-4.45	-15.37	-0.46
Implied volatility of IBEX 35	27.56	19.72	24.94	29.84	37.05	45.73	34.54
Euro area							
Change in DJ Euro Stoxx since 31.12.00	—	-10.42	-19.65	-25.82	-30.01	-38.66	-27.03
Change in DJ Euro Stoxx since 10.09.01	—	—	—	—	-5.65	-17.31	-1.63
Implied volatility of DJ Euro Stoxx 50	24.09	20.59	25.27	33.98	43.53	51.88	37.76
United States							
Change in S&P 500 since 31.12.00	—	-7.26	-14.14	-17.25	-17.25	-26.85	-16.87
Change in S&P 500 since 10.09.01	—	—	—	—	0.00	-11.60	0.46
Implied volatility of S&P 500	23.63	18.41	21.73	24.80	—	34.79	27.13

Sources: Bloomberg, Reuters and Banco de España.

(a) Spread over swap rates.

TABLE 6

Financial assets and liabilities of households NPIs and non-financial corporations (a)

% GDP

	1998	1999	2000	2000	2001	
				Q4	Q1	Q2
HOUSEHOLDS AND NPIs:						
Financial transactions (assets)	**9.9**	**9.8**	**8.6**	**1.6**	**2.6**	**2.6**
Cash and cash equivalents	3.3	4.4	0.8	-0.6	0.7	0.5
Other deposits and fixed-income securities (b)	-1.7	2.6	6.2	1.2	1.5	0.9
Shares and other equity	5.0	-1.6	-2.9	0.0	-0.1	0.1
Other	3.4	4.4	4.5	1.0	0.6	1.1
Financial transactions (liabilities)	**6.6**	**7.7**	**8.0**	**1.8**	**1.4**	**1.9**
Credit from resident credit institutions	5.9	6.4	6.8	2.0	0.9	1.5
Other	0.7	1.3	1.2	-0.1	0.5	0.4
NON-FINANCIAL CORPORATIONS:						
Financial transactions (assets)	**14.1**	**17.9**	**27.2**	**6.7**	**3.0**	**5.5**
Cash and cash equivalents	1.5	0.7	0.8	-0.2	-0.1	0.6
Other deposits and fixed-income securities (b)	0.3	-0.1	0.8	-0.6	0.9	-0.2
Shares and other equity	3.1	8.3	13.9	4.9	0.8	1.4
Other	9.2	9.1	11.6	2.5	1.5	3.8
Financial transactions (liabilities)	**15.4**	**20.6**	**31.0**	**6.8**	**4.3**	**6.8**
Credit from resident credit institutions	4.6	4.8	6.6	1.1	0.7	1.9
Foreign loans, fixed-income securities and securitisation funds (b)	1.8	4.0	3.8	0.3	1.4	0.9
Other	9.0	11.8	20.5	5.4	2.2	4.0
MEMORANDUM ITEM: YEAR-ON-YEAR GROWTH RATES (%):						
Liquid financial assets	**3.7**	**1.4**		**2.6**	**4.4**	**6.1**
Households and NPIs	3.9	0.7		1.2	4.2	5.7
Non-financial corporations	3.2	5.6		10.3	5.6	8.2
Financing (c)	**16.7**	**19.4**		**18.8**	**17.2**	**16.4**
Households and NPIs	19.3	19.6		17.3	15.5	15.0
Non-financial corporations	14.7	19.3		19.9	18.5	17.5

Source: Banco de España.

(a) Seasonally adjusted data. Annual GDP has been used to obtain the figures as a % of GDP.

(b) Not including unpaid accrued interest, which is included under "Other".

(c) Including bank credit extended by resident credit institutions, foreign loans, fixed-income securities and financing through securitisation funds.

ened the upward trend of debt in relation to the portfolio of financial assets, so that households continued to increase their degree of exposure to the risks associated with the future path of the price of financial and real assets. The debt of this sector, approximated by the sum of bank credit and the financing intermediated by securitisation funds represented, as at the end of 2001 Q2, 49% of GDP and 46% of the most liquid assets. In terms of a broader financial assets aggregate (including the equity portfolio and all the shares in mutual funds) the deterioration was somewhat stronger.

5.3. Financial flows of non-financial corporations

The net balance of the financial transactions of non-financial corporations deteriorated further in Q2, to stand at –1.1% of GDP. As a result, the financial saving of this sector reached –4.4% of GDP, in cumulative four-quarter terms, as against –3.7% in 2000. This deterioration is attributable to the fact that, in recent quarters, investment in financial assets has slowed by more than has the acquisition of liabilities, following the strong increases in both, in

1999 and 2000, linked to Spanish firms' investment abroad. The larger relative slowdown of investment in financial assets indicates that the gap between gross capital formation and gross saving has tended to widen. This is probably attributable to a deterioration in the funds generated by firms, given the slackness of gross capital formation.

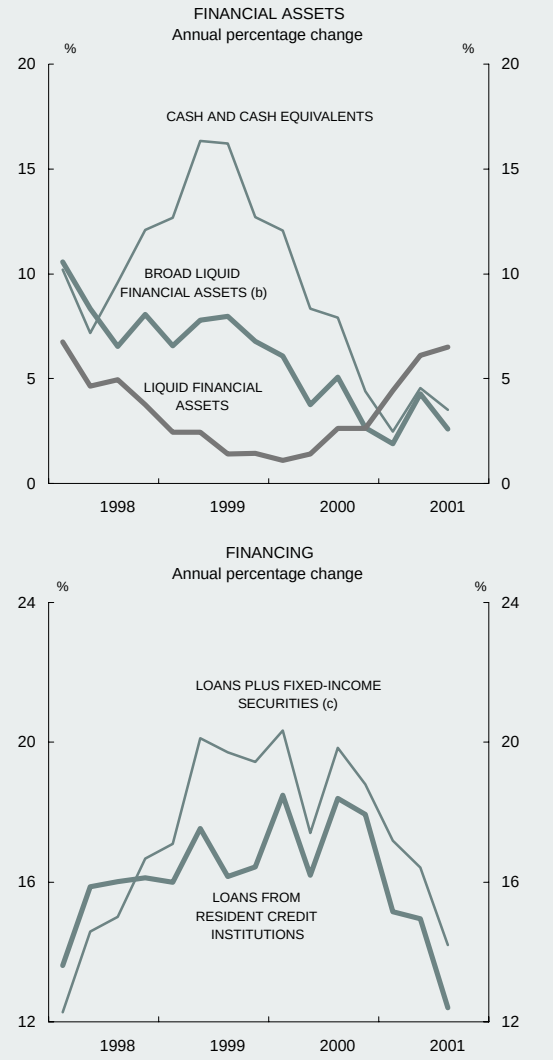
A study of the components shows that non-financial corporations also displayed a certain preference for more liquid and less risky financial assets (see Table 6). Cash and cash equivalents received a net investment inflow of 0.6% of GDP in this quarter, while, during the whole of 2000, this inflow was 0.8% of GDP. Net investment in shares and other equity also reached a significant volume, 1.4% of GDP, which was mainly directed at external investments of a permanent nature, according to balance of payments information. There was also a flow of funds to the subsidiaries of Spanish firms located abroad. This is tending to become a relatively permanent flow associated with the acquisition of businesses, arising from the normal shifts of funds between firms belonging to the same group. This indicates that, despite the uncertainty surrounding the international economic environment, the process of internationalisation of Spanish corporations has shown some continuity. That said, these figures are well below the extraordinary levels reached in 1999 and, especially, in 2000.

On the liabilities side, the slowdown in external financing, excluding the issuance of shares and other equity and credit from suppliers, that began in Q1 continued. The year-on-year growth of this variable fell to 17.5% in 2001 Q2, from 19.9% at end-2000 (see Table 6). However, this slowdown was not evenly distributed across the components, since the contribution of the flow of financing from abroad to the coverage of the financial requirements of the sector continued to increase. At the same time, the funds raised through the issuance of shares and other equity were higher in Q2 than in Q1, so that borrowed funds, excluding credit from suppliers, were close to the 1999 level in Q2, although below the 2000 level.

The information relating to the distribution by productive sector of the loans granted by resident credit institutions (banks, savings banks, credit co-operative banks and specialised credit institutions) indicates that financing to the services sector showed clear signs of deceleration in Q2, its year-on-year rate falling to 14%, from 20% in 2000. Loans to construction followed a similar path, their growth rate falling to 12.7%, from almost 21% in 2000. The contribution of these two sectors explains the greater part of the slowdown seen in the growth of financing to productive activities.

CHART 24

Non-financial corporations, households and NPIs (a)



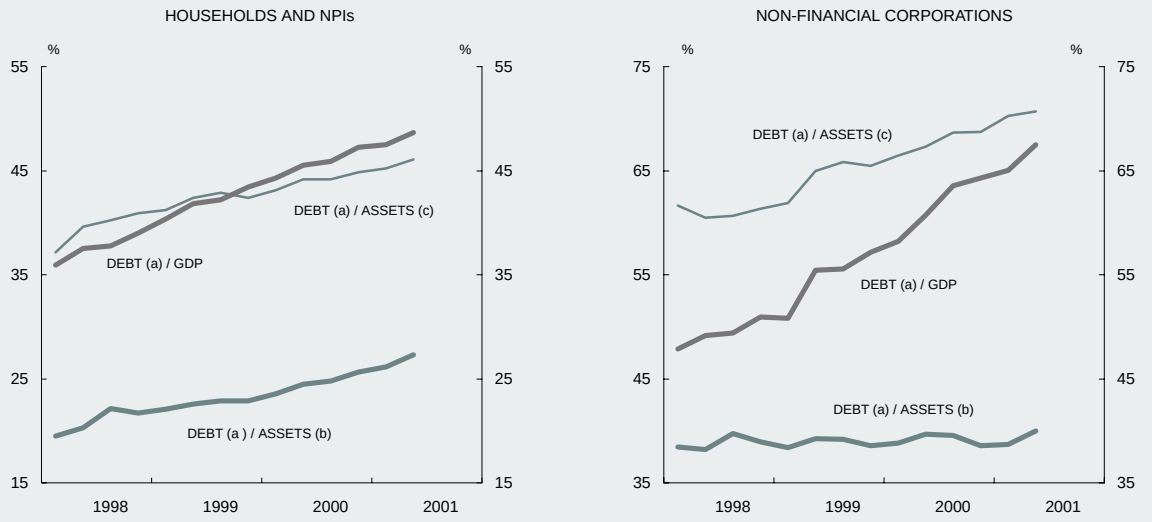
Source: Banco de España.
(a) The data for 2001 Q3 are provisional.
(b) Defined as liquid financial assets plus mutual funds other than money market and fixed-income securities funds.
(c) Including loans from resident and non-resident credit institutions, securities issuance and financing through securitisation funds.

The data available on the financing of non-financial corporations in 2001 Q3 indicates that financing from resident institutions continued to slow, although that from securitisation funds and foreign loans sustained high rates of growth.

The growth of the financing received by this sector continued to push up its debt ratios. The debt-to-GDP ratio stood close to 68 % (see Chart 25), very similar to the average level in

CHART 25

Debt ratios



Source: Banco de España.
(a) Including bank credit extended by resident credit institutions, foreign loans, fixed-income securities and financing through securitisation funds.
(b) Financial assets (excluding other).
(c) Financial assets (excluding other) other than shares and other equity (not including money market funds).

the four largest euro area countries at end-2000 (see Box 6). The increase in the last quarter in the ratio of debt to the value of the portfolio of financial assets, which includes shares and other equity, is particularly significant. This was a result of both the increase in the financing of the sector and of the corrections in the prices of equity assets.

5.4. General government financial flows

The net balance of the financial transactions of general government was practically nil in 2001 Q2 (see Chart 27), although, in cumulative four-quarter terms, it deteriorated to –0.6% of GDP.

General government issued net long-term debt of EUR 7.5 billion in 2001 Q2, following the significant volume of redemptions in the previous quarter. The funds raised via this channel were used to make a large net repayment of short-term securities (EUR 4.3 billion) and to increase the balance of deposits held with the Banco de España and with deposit money institutions. The bonds issued were acquired mainly by financial institutions and, to a lesser extent, by non-resident investors. The greater need for collateral to obtain liquid funds in Treasury liquidity tenders could explain the increase in financial institutions' holdings of government securities in Q2.

Provisional Q3 data point to continuity in the net issuance of long-term securities and in the redemption of Treasury bills. Also, there was a reduction in the deposits held with the Banco de España and with other credit institutions. Consequently, the *financial requirements*, an indicator that reflects the recourse of general government to the financial markets and amounts to an approximation of sector saving (2), increased again in Q3.

5.5. Financial flows between the Spanish economy and the rest of the world

The balance of the financial transactions of the nation in 2001 Q2 stood at –0.4% of GDP, implying lower financial requirements than in previous quarters. The cumulative figure for the last four quarters, which gives a better indication of the trend in this variable, stood at –2.2% of GDP, as mentioned at the beginning of this chapter. The acquisition of external assets and the accumulation of liabilities held at moderate rates during Q2, below those reached in the previous two years (see Table 7).

Investment in foreign assets was directed in this quarter in particular at fixed-income securi-

(2) The discrepancy between the indicator of financial requirements and the net financial transactions of general government is mainly due to the different time allocation of interest in these two variables.

BOX 6

Recent developments in the financing of the sector non-financial corporations in the euro area

Within the framework of economic and monetary union it is particularly important to identify those factors that give rise to differences between countries in the transmission mechanism of the single monetary policy. Along with the differences in the working of factor and product markets, the economic literature has assigned a prominent role to the financial structure of the economy and the patterns of saving and borrowing of economic agents in explaining the magnitude and speed of the impact of monetary impulses. In particular, an essential element of the transmission mechanism is the connection between monetary policy measures and the financial conditions that affect the development of corporate activity. Thus, factors such as the degree of bank intermediation, the level of use of alternative sources of financing (the securities market, business credit and foreign financing), the term structure of corporate liabilities and the degree of use of floating-rate instruments have an undoubted influence on the response of business investment to changes in the monetary policy stance.

International comparisons of the structure of corporate financing are hampered, even when limited to euro area countries, by the lack of standardisation of accounting regulations across countries. One way of trying to avoid this problem is to use, as a statistical base, information from national financial accounts for euro area non-financial corporations. When the composition of corporate liabilities (measured at market prices) is analysed, over the period 1996-2000, it can be seen that both in the individual countries and in the area as a whole, developments in the balance sheet at market prices were dominated, until early 2000, by the sharp rise in stock markets. In fact, the behaviour of prices can be said to have been the main determinant of changes in the debt-to-capital ratio over the period in question. This has increased the weight of own funds in total liabilities, relative to other sources of financing, a trend that was only interrupted in 2000.

Financing of the sector non-financial corporations

CHART 1. FINANCING TRANSACTIONS OF THE SECTOR NON-FINANCIAL CORPORATIONS (a)

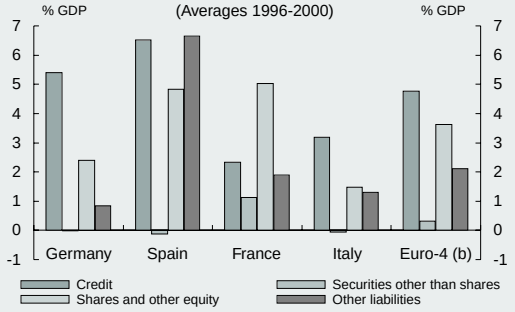
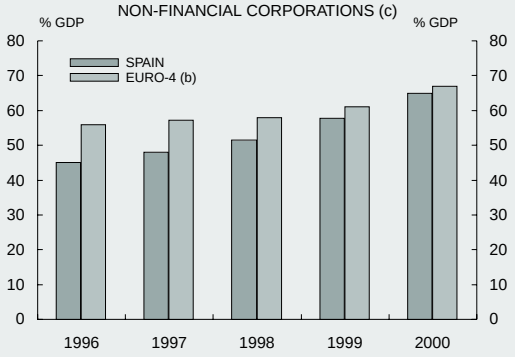


CHART 2. DEBT OF THE SECTOR NON-FINANCIAL CORPORATIONS (c)



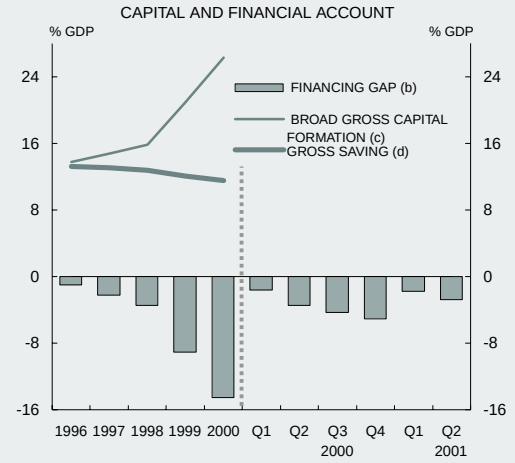
Sources: National central banks.
(a) Unconsolidated data: net borrowing (+), net repayments (-).
(b) Average for the four countries analysed.
(c) Credit and securities other than shares.

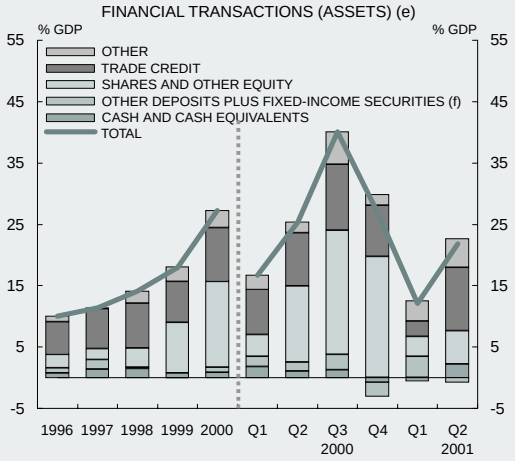
Given that the effects of valuing shares and bonds can make it difficult to assess the relative size of new financing transactions, it is better to present information on net transactions (using the value of the transaction as the valuation criterion). For this purpose, Chart 1 shows the average, over the period 1996 to 2000, of the net external financing transactions of the sector non-financial corporations for the four largest countries in the euro area. First, it can be seen that, on average in the countries analysed, the change in credit accounted for about half of all flows of external financing in the period considered. At the other extreme, the issuance of fixed-income securities played a marginal role as a source of corporate finance. Second, this chart shows notable differences across countries in patterns of corporate financing. France is the country whose pattern departs most from the euro area norm. It is the only country in which flows of financing from the capital markets exceed flows of lending and in which there was a significant net issuance of securities other than shares. Credit finance predominated in Italy and Germany, especially in the latter country, where this form of finance accounted for around two-thirds of total net financial flows. Finally, Spain, apart from having a relatively large volume of financing transactions with suppliers, is the country with the largest volume of new financing transactions. In Chart 2, which shows total financial liabilities, excluding shares and other equity and intercompany financing, for the corporate sector in Spain and on average in the four countries analysed, it can be seen that the weight of corporate borrowing has risen more sharply in Spain. While in Spain the weight of corporate borrowing (as a percentage of GDP) rose from 45.1% in 1996 to 64.9% in 2000, on average in the four largest euro area countries it rose from 56% to 66.9% over the same period. Accordingly, despite its marked increase in recent years, the aggregate debt ratio of the sector non-financial corporations is still somewhat lower in Spain than in the main euro area countries.

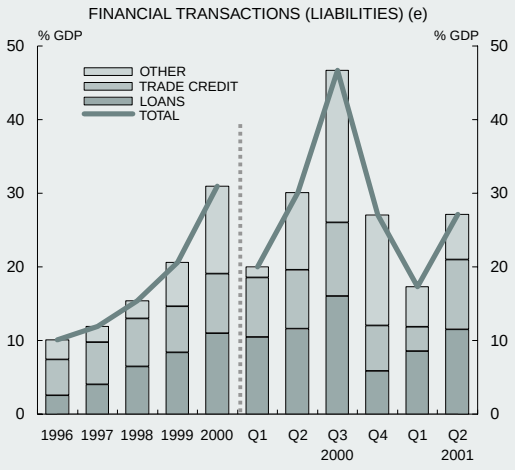
The evidence presented in this box illustrates the existence in the recent past of significant discrepancies between euro area countries in terms of flows of corporate finance. These discrepancies reflect differences in certain institutional aspects of these economies. The economic literature has considered a wide range of factors that determine the structure of corporate liabilities: tax considerations, competition law, capital market regulations, the type of relationship between banks and firms, the composition of assets, cyclical factors, etc. There is an undeniable trend towards convergence in relation to some of these aspects, but the persistence of discrepancies in factors such as tax systems and legal mechanisms to protect the various kinds of creditors would suggest that significant differences in patterns of corporate financing will continue to exist in the near future.

CHART 26

Non-financial corporations (a)



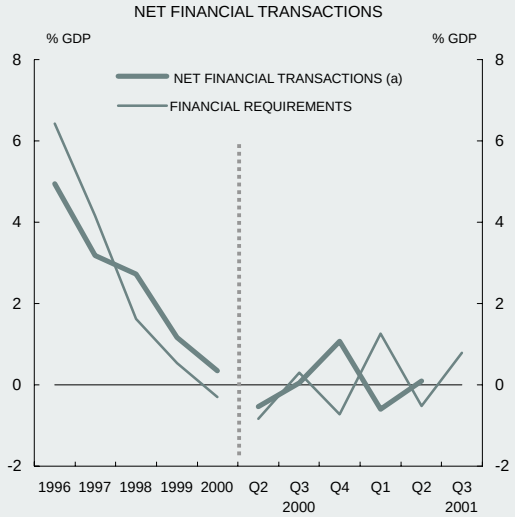


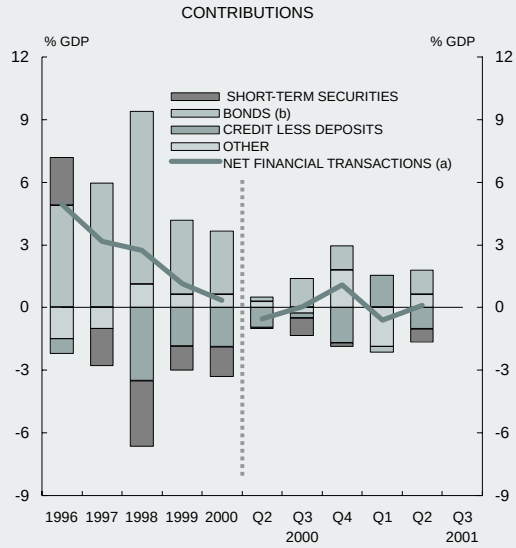


Source: Banco de España.
(a) Seasonally adjusted data.
(b) Financial resources that cover the gap between real and permanent financial investment and gross saving.
(c) Including stockbuilding and foreign equities.
(d) Including capital transfers.
(e) The quarterly data are annualised.
(f) Not including unpaid accrued interest, which is included under other.

CHART 27

General government





Source: Banco de España.
(a) Sign changed.
(b) Not including unpaid accrued interest, which is included under other.

ties, which were acquired by both credit institutions and by the rest of the private sector. Meanwhile, there was a relatively significant flow of investment in *shares and other equity* by the non-credit private sector (1.3% of GDP), although it was smaller than the average 1999 and 2000 flows, when there were large operations relating to the international expansion of Spanish corporations. Financial institutions, by contrast, made a net disinvestment in this kind of asset, although it should be borne in mind that a significant part of the foreign investment of this sector is made through holding companies that are included in the sector non-financial corporations. According to balance of payments

TABLE 7

Financial transactions of the nation (a)

% GDP

	1998	1999	2000	2000 Q4	2001 Q1	2001 Q2
Net financial transactions	**0.5**	**-1.1**	**-2.6**	**-0.5**	**-0.5**	**-0.4**
Financial transactions (assets)	**12.3**	**15.0**	**24.3**	**7.9**	**4.6**	**2.4**
Gold and SDRs	**0.0**	**-0.2**	**0.0**	**0.0**	**0.0**	**0.0**
Cash and deposits	**3.2**	**1.8**	**2.8**	**0.2**	**1.8**	**-2.0**
Credit system	0.0	3.7	2.6	0.9	0.5	-1.8
Other resident sectors	3.2	-1.9	0.2	-0.7	1.3	-0.1
Securities other than shares	**3.4**	**2.8**	**3.8**	**1.4**	**1.2**	**2.6**
Credit system	-1.4	-0.9	-0.3	-0.1	0.3	1.1
Other resident sectors	4.7	3.7	4.1	1.5	0.9	1.5
Shares and other equity	**4.3**	**9.8**	**15.1**	**5.6**	**0.9**	**1.1**
Credit system	0.4	0.7	1.7	0.3	0.2	-0.2
Other resident sectors	3.9	9.0	13.3	5.3	0.7	1.3
Of which:						
Non-financial corporations	2.2	6.4	10.8	5.0	0.5	1.5
Loans	**1.4**	**0.8**	**2.6**	**0.7**	**0.7**	**0.6**
Credit system	0.2	-0.2	0.5	0.3	0.2	0.1
Other resident sectors	1.2	0.9	2.1	0.4	0.5	0.5
Financial transactions (liabilities)	**11.8**	**16.1**	**26.8**	**8.4**	**5.2**	**2.8**
Deposits	**5.9**	**4.2**	**7.3**	**2.7**	**2.9**	**-0.5**
Of which:						
Credit system	5.9	4.1	7.2	2.7	2.9	-0.5
Securities other than shares	**1.0**	**5.4**	**7.1**	**2.2**	**0.5**	**0.8**
Credit system	0.2	0.9	0.8	0.0	0.2	0.3
General government	1.0	4.3	5.8	2.1	0.1	0.3
Other resident sectors	-0.2	0.2	0.5	0.1	0.1	0.2
Shares and other equity	**2.9**	**3.9**	**8.9**	**3.5**	**0.8**	**1.6**
Credit system	0.1	0.3	1.6	0.1	0.2	0.1
Other resident sectors	2.8	3.6	7.3	3.3	0.6	1.5
Loans	**2.2**	**3.8**	**4.3**	**0.4**	**1.2**	**1.2**
General government	0.1	0.0	0.1	0.0	0.0	0.0
Other resident sectors	2.1	3.7	4.2	0.4	1.2	1.2
Other, net (b)	**-0.2**	**-1.2**	**-0.8**	**-0.3**	**-0.2**	**-0.4**

Source: Banco de España.
(a) Annual GDP has been used to obtain the figures as a % of GDP.
(b) Includes the asset-side caption reflecting insurance technical reserves.

data, most of the acquisition of shares and other equity corresponded to foreign direct investment. Also of some importance in Q2 was financing to investee companies located abroad (included under *loans* in Table 7), which tends to be associated with the growth of direct investment.

The volume of external liabilities accumulated was smaller than in previous quarters (2.8 % of GDP as against 5.2 % in Q1), largely owing to the reduction in the external liabilities of the credit system. Thus, financial institutions did not raise funds abroad in net terms, rather they made a net repayment during this quarter, which meant a break in the pattern of recent years (see Table 7). In the case of general government, financing through the acquisition by non-residents of fixed-income securities was also more moderate than it had been in the previous two years. By contrast, other resident

TABLE 8

Net financial assets vis-à-vis the rest of the world (a)
(Q4 data)

% GDP

	1996	1997	1998	1999	2000	2001 (b)
Total economy	**-19.7**	**-20.6**	**-21.4**	**-22.8**	**-22.2**	**-22.3**
Non-financial corporations and households and NPIs	**-13.3**	**-10.8**	**-8.6**	**-9.3**	**-2.6**	**-1.6**
Non-financial corporations	-18.3	-17.1	-14.8	-16.9	-10.4	-9.3
Households and NPIs	5.0	6.3	6.2	7.7	7.9	7.7
Financial institutions	**8.8**	**7.2**	**5.1**	**7.0**	**5.2**	**4.0**
Credit institutions (c)	6.7	2.4	-5.4	-7.5	-12.5	-14.7
Institutional investors (d)	2.2	4.9	10.9	15.1	18.5	20.0
Other financial institutions	-0.1	-0.1	-0.4	-0.6	-0.8	-1.3
General government	**-15.3**	**-17.0**	**-17.9**	**-20.5**	**-24.8**	**-24.7**

Source: Banco de España.
(a) Calculated as the difference between the stock of financial assets and liabilities vis-à-vis the rest of the world according to quarterly financial accounts data.
(b) Q2 data.
(c) Defined according to the First Banking Directive.
(d) Insurance corporations and collective investment undertakings.

sectors, basically non-financial corporations, received significant net financing from abroad, essentially in the form of shares and other equity (1.5% of GDP) and loans (1.2% of GDP). A significant part of this financing corresponds to intercompany loans and the taking of holdings in Spanish firms.

As regards Q3, information is only available on the balance of payments for July, which indicates some continuity with the patterns observed in the previous quarter. The flows of direct investment were large in both directions and non-financial corporations continued to borrow from abroad through short and long-term intercompany and other loans.

As a result of these transactions and of the path of the exchange rate and of asset prices, the net external debit position of the national economy remained relatively steady, at slightly above 22% of GDP (see Table 8). The non-financial private sector improved its external position, owing to the change in the net financial assets of non-financial corporations, from –10.4% of GDP to –9.3% of GDP. Likewise, institutional investors continued to increase their net external assets. Credit institutions, by contrast, saw their position deteriorate, while the net debit position of general government vis-à-vis the rest of the world held steady.

24.10.2001.

Results of non-financial corporations in 2001 Q2 (1)

1. INTRODUCTION

In step with other studies on the economic situation in the first half of 2001, the information provided by non-financial corporations to the Central Balance Sheet Office Quarterly Survey (CBQ) confirms the slowdown in business activity during this period, at a slightly more marked rate than in the previous quarter. Testifying to this deceleration is the nominal growth rate of gross value-added (GVA), which held at 4.8% in the first six months of 2001 compared with the figure of 7.5% posted by the reporting corporations in the first half of 2000. The performance of the various industries represented in the sample has been uneven: while manufacturing activity fell, the GVA of the industries most linked to final consumption has been more buoyant, with the wholesale and retail trade and the transport, storage and communications sector being cases in point. Nonetheless, both the decline in value added in manufacturing and the rise in the distributive sector have been affected by the oil price increases in the first half of 2000 and their stabilisation in the recent period.

Employment generation was influenced by the slowdown in activity in virtually all industries. The lower –albeit positive– rate of job creation during the first half of 2001 is the factor behind the more moderate increase in personnel costs than in the same period a year earlier. This is because average personnel costs accelerated somewhat, which may have undesirable effects on competitiveness and job creation. In turn, the growth rate of the gross operating result fell to 4.7%, i.e. little more than half the growth recorded by this variable in the first half of 2000. Financial costs grew notably, owing to the greater debt being incurred by corporations. However, the lagged effect of interest rate developments also explains, though to a lesser extent, the growth of financial costs.

Nonetheless, the favourable performance of financial revenue and the decline in depreciation and operating provisions in the electricity industry enabled the Ordinary Net Result (ONR), the variable on which the Central Balance Sheet Office bases its calculation of profit ratios, to grow by 10.1%. The ONR thus outperformed the related figure in the first half of 2000. The Total Net Result (TNR), which trends more erratically

(1) The information published refers to the 752 corporations which, in the period to 17 September 2001, reported their data to the CBQ. This non-statistical sample affords coverage of 14.3% of the total activity in the sector Non-financial corporations, measured in terms of gross value added at basic prices.

TABLE 1

Profit and loss account. Year-on-year performance
Growth rates of the same corporations on the same period a year earlier

Databases	CBA		CBQ (a)		
	1998	1999	00 Q1-Q4 /	00 Q1-Q2	01 Q1-Q2
Number of corporations/total national coverage	8135/34.0%	7842/30.4%	885/16.2%	930/17.0%	752/14.3%
1. VALUE OF OUTPUT (including subsidies)	6.2	9.4	17.0	19.6	5.4
Of which:					
1. Net amount of turnover and other operating income	5.1	7.5	22.4	23.8	7.0
2. INPUTS (including taxes)	5.9	11.9	22.6	27.9	5.8
Of which:					
1. Net purchases	2.8	13.7	28.2	36.9	3.7
2. Other operating costs	11.2	11.1	8.9	10.5	7.1
S.1. GROSS VALUE ADDED AT FACTOR COST [1 - 2]	*6.7*	*4.7*	8.3	7.5	4.8
3. Personnel costs	*5.9*	*5.8*	5.3	5.9	5.1
S.2. GROSS OPERATING RESULT [S.1 - 3]	*7.7*	*3.5*	10.7	8.8	4.7
4. Financial revenue	9.3	23.9	10.5	0.0	45.8
5. Financial costs	-6.9	10.3	25.2	11.7	39.6
6. Corporate income tax	15.9	13.0	0.9	12.6	13.2
S.3. FUNDS GENERATED FROM OPERATIONS [S.2 + 4 - 5 - 6]	10.4	3.8	9.2	6.1	3.3
7. Depreciation and provisions and other [7.1 + 7.2 - 7.3]	21.7	3.8	13.3	3.4	22.6
7.1. Depreciation and operating provisions	0.7	7.4	7.3	5.1	-2.4
7.2. Capital losses and extraordinary expenses	54.1	0.2	25.9	-29.2	94.2
7.3. Capital gains and extraordinary revenue	23.3	3.4	17.1	-21.9	10.6
S.6. ORDINARY NET PROFIT [S.2 + 4 - 5 - 7.1]	24.1	3.7	8.9	8.3	10.1
MEMORANDUM ITEM:					
S.4. TOTAL NET PROFIT [S.3 - 7] (% of GVA at factor cost) (t-1, t) (b)	14.7-14.9	16.1-15.1	21.0-20.1	25.9-26.1	25.8-21.0
PROFIT RATIOS					
R.1 Ordinary return on net assets (before taxes)	8.4	7.8	9.2	8.4	8.7
R.2 Interest on borrowed funds/ interest-bearing borrowing	5.7	5.1	5.9	5.4	5.9
R.3 Ordinary return on equity (before taxes)	9.7	9.5	11.2	10.2	10.6
R.4 Financial leverage (R.1 - R.2)	2.6	2.8	3.3	3.0	2.8
R.5 *Debt ratio*	40.0	43.5	43.4	43.0	46.5

Source: Banco de España.
(a) All the data in these columns have been calculated as the weighted average of the quarterly data.
(b) These ratios are obtained for the same corporations in periods t and t-1.
Note: Internal accounting movements have been edited out of items 4, 5, 6, 7.2 and 7.3 in the calculation of rates.

TABLE 2.a

Value added, employees, personnel costs and compensation per employee
Breakdown by size, ownership status and main activity of corporations
(Growth rates of the same corporations on the same period a year earlier)

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Compensation per employee			
	CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)		
	1999	00 Q1-Q4	00 Q1-Q2	01 Q1-Q2	1999	00 Q1-Q4	00 Q1-Q2	01 Q1-Q2	1999	00 Q1-Q4	00 Q1-Q2	01 Q1-Q2	1999	00 Q1-Q4	00 Q1-Q2	01 Q1-Q2
TOTAL	**4.7**	**8.3**	**7.5**	**4.8**	**4.2**	**2.1**	**2.5**	**0.9**	**5.8**	**5.3**	**5.9**	**5.1**	**1.6**	**3.1**	**3.3**	**4.2**
Total, excluding electricity	**4.8**	**15.8**	**7.6**	**6.4**	**4.6**	**2.7**	**3.1**	**1.3**	**6.4**	**6.2**	**7.0**	**5.2**	**1.7**	**3.5**	**3.8**	**3.9**
SIZE:																
Small	11.1	—	—	—	6.9	—	—	—	8.6	—	—	—	1.5	—	—	—
Medium	11.5	9.6	11.2	3.4	8.9	3.9	4.0	3.1	10.2	7.4	7.6	8.1	1.2	3.4	3.5	4.8
Large	3.5	8.2	7.3	4.9	3.1	1.9	2.3	0.6	4.9	5.1	5.8	4.8	1.8	3.1	3.4	4.2
STATUS																
Public-sector	0.1	9.4	6.1	7.9	0.7	0.8	0.2	1.1	4.6	6.2	5.6	7.1	3.8	5.4	5.4	5.9
Private-sector	5.4	8.1	7.8	4.4	5.0	2.5	3.3	0.8	6.1	5.0	6.0	4.5	1.1	2.4	2.6	3.7
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Manufacturing	1.6	22.6	18.8	-2.5	1.8	1.7	1.8	0.5	4.1	5.9	6.1	4.0	2.3	4.1	4.2	3.5
Electricity, gas and water supply	4.2	1.9	7.3	0.0	-5.7	-5.1	-4.7	-3.5	-3.5	-2.6	-3.4	4.1	2.3	2.6	1.4	7.9
Wholesale and retail trade	11.7	1.6	3.0	11.3	6.6	7.9	8.5	6.6	9.5	9.2	10.1	9.8	2.7	1.2	1.5	3.0
Transport, storage and communications	0.7	2.0	-0.6	10.6	-1.3	-2.9	-2.2	-3.7	3.2	2.4	3.5	2.1	4.5	5.5	5.8	6.0

Source: Banco de España.
(a) All the data in these columns have been calculated as the weighted average of the quarterly data.

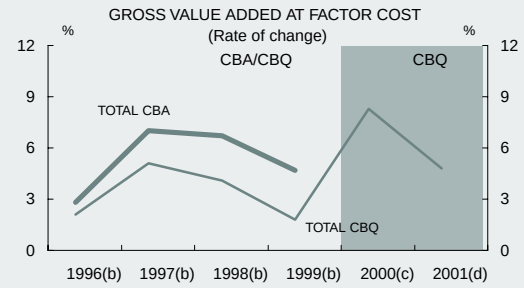
than the ONR (owing to the fact that it includes the effect both of "capital losses and extraordinary expenses" and "capital gains and extraordinary revenue"), fell in relation to the previous year due essentially to large corporations' extraordinary provisioning for their participating interests (2). As a result of the performance of the ONR, the ordinary return on net assets (R.1) and on equity (R.3) held at high levels, slightly up on the first half of the year 2000. Consequently, despite the slight rise in interest rates, the business sector as a whole continued to show clearly positive leverage, albeit slightly down on the previous year.

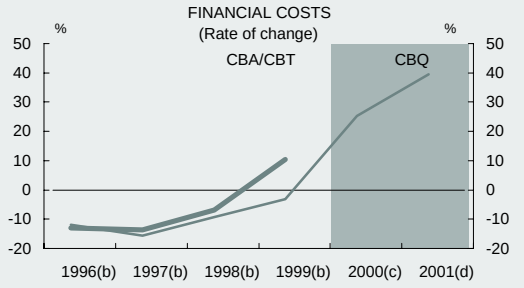
In sum, the tables and charts included in this article and other more detailed graphics that the Banco de España *Boletín estadístico* is beginning to disseminate (see Box 2) reveal a picture characterised by the slowdown in both activity and employment generation and by growth in financial costs. However, the high growth rate of the ONR allows the CBQ non-financial corporations to continue posting very positive returns, irrespective of the ratio with which they are measured. In any event, the aforementioned slowdown, combined with the serious uncertainty over the global economic situation, casts doubt on how the Spanish economy will fare in the coming months. However, set against such uncertainty, the healthy balance sheet position of Spanish corporations and their high rates of return provide a sound basis for tackling the challenges of a less buoyant and riskier scenario.

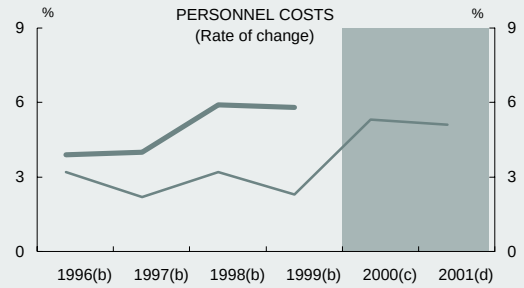
(2) For the reasons set out in previous articles, the TNR is expressed as a percentage of the GVA of the same corporations in the two periods under comparison (see the memorandum item in Table 1).

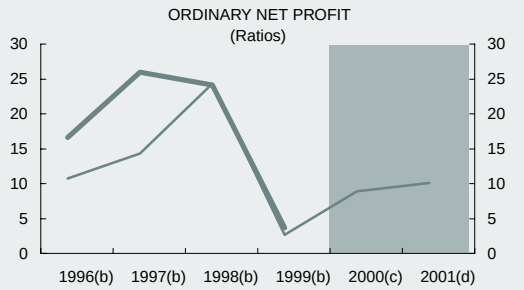
CHART 1

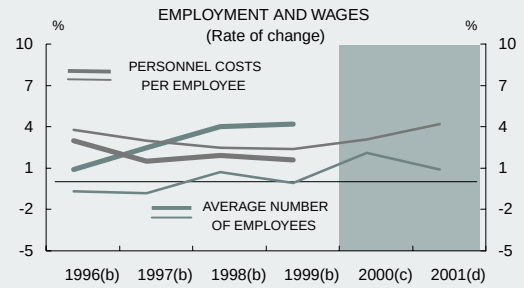
Non-financial corporations reporting to the Central Balance Sheet Office (a)

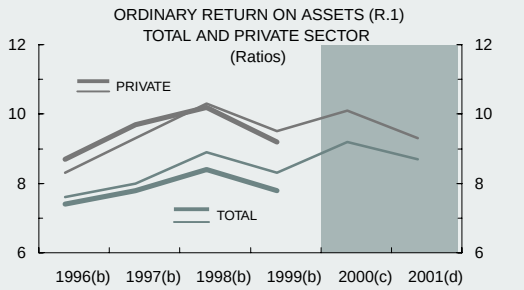


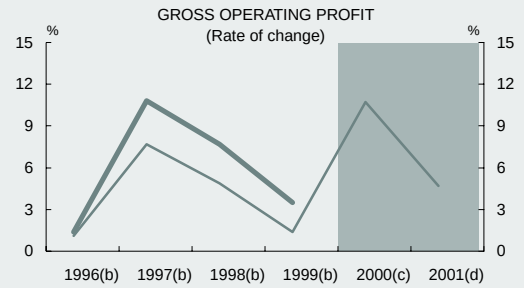


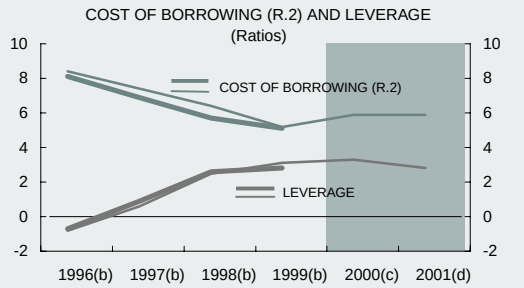












NUMBER OF CORPORATIONS

CBA	8,032	8,054	8,135	7,842		
CBQ	725	722	835	882	885	752

% OF GDP OF SECTOR NON-FINANCIAL CORPORATIONS

CBA	34.2	33.9	34.0	30.4		
CBQ	19.1	18.7	18.0	16.9	16.2	14.3

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CBA	34.2	33.9	34.0	30.4		
CBQ	19.1	18.7	18.0	16.9	16.2	14.3

CBA data

CBQ data

Source: Banco de España.

(a) Information available to 17 September 2001 (CBA and CBQ).

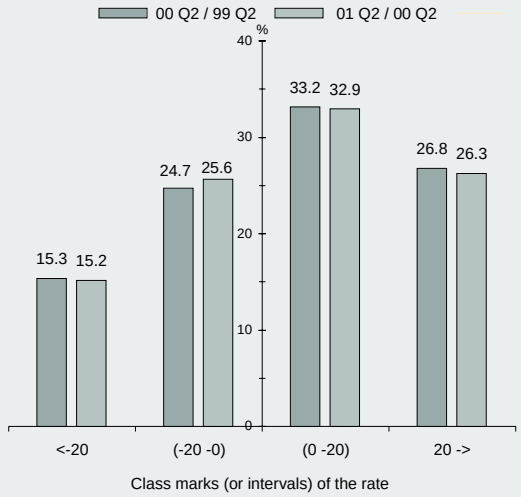
(b) The 1996, 1997, 1998 and 1999 data are based on information from the corporations included in the annual survey (CBA) and the average of the four quarters of each year in relation to the previous year (CBQ).

(c) Average of the four quarters of 2000 over the same period of 1999.

(d) Average of the first two quarters of 2001 over the same period of 2000.

CHART 2

Distribution of corporations by rate of change in GVA at factor cost (00 Q2 / 99 Q2, 01 Q2 / 00 Q2)



Source: Banco de España.

2. ACTIVITY

As can be seen in Table 1 and Chart 1, the set of non-financial corporations reporting to the CBQ in the first six months of 2001 recorded nominal growth in their activity (i.e. GVA) of 4.8% in relation to the same period a year earlier, which compares with growth of 7.5% for the same corporations during the first half of 2000. The slowdown in productive activity has also been confirmed by the change in net turnover, which declined from 23.8% in the first half of 2000 to 7% in 2001, and by that in net purchases (3.7% in 2001 against 36.9% in 2000). That said, the high growth rates of these variables in the year 2000 were much influenced by the oil price rises then taking place. Nonetheless, the change in GVA in all the corporations in the sample during the first half of 2001 shows that the different activity groupings in which these corporations are classified (see Table 2.a) performed unevenly. In sum, there was a notable contraction in manufacturing industry (declines of 2.5% in GVA), which was on a lesser scale in the food, beverages and tobacco industry. Also notable were the slackness in the electricity, gas and water industry, and the strong growth in GVA in wholesale and retail trade (11.3%) and in transport, storage and communications corporations (10.6%). As regards the end use of output, Table 3 shows a gradual decline in sales abroad, which dipped from a growth rate of 14.6% in the year 2000 as a whole to 13.8% in the first half of 2001.

TABLE 2.b

Employment and personnel costs
Detail according to changes in staff levels

	Total CBQ corporations 01 Q1-Q2	Corporations increasing (or not changing) staff levels	Corporations reducing staff levels
No. of corporations	**752**	**452**	**300**
Personnel costs			
Initial situation 00 Q1-Q2 (EUR million)	9,046.5	4,252.4	4,794.1
Rate 01 Q1-Q2 / 00 Q1-Q2	5.1	11.4	-0.6
Average compensation			
Initial situation 00 Q1-Q2 (EUR)	18,470	16,611	20,488
Rate 01 Q1-Q2 / 00 Q1-Q2	4.2	3.6	6.3
Number of employees			
Initial situation 00 Q1-Q2 (000s)	490	256	234
Rate 01 Q1-Q2 / 00 Q1-Q2	0.9	7.5	-6.5
Permanent			
Initial situation 00 Q1-Q2 (000s)	*408*	*207*	*201*
Rate 01 Q1-Q2 / 00 Q1-Q2	*1.0*	*5.6*	*-3.7*
Non-permanent			
Initial situation 00 Q1-Q2 (000s)	*82*	*49*	*33*
Rate 01 Q1-Q2 / 00 Q1-Q2	*0.1*	*15.4*	*-23.5*

Source: Banco de España.

Under manufacturing industry, GVA in oil refining ran at a negative growth rate of 6.5% in the period to date in 2001 compared with the same period a year earlier. This was due to the fact that in the first half of 2000 oil prices grew strongly, and this fed through in full to refinery output (increasing the GVA of refining corporations), which is tantamount to a pass-through to the inputs of the oil marketing and distribution corporations (diminishing their GVA). The GVA of the electricity, gas and water production and distribution corporations was flat during the period under analysis as a result of the slowdown in demand. According to information from the industry, demand grew by 4.9% in the first half of 2001, against 7.2% in the same period a year earlier. And combining with this was a reduction in the electricity charge and the fall in activity in the gas industry. As indicated above, the recent performance of industries geared ultimately to final consumption, i.e. the wholesale and retail trade, and transport, storage and communications, was markedly different. The performance of corporations in the wholesale and retail trade has been influenced by the aforementioned rise in the input prices of fuel marketing and distribution corporations during the first half of 2000. And this, in step with the fall in GVA in refining, explains why, once the market has stabilised, the former corporations have seen their GVA climb significantly in the first half of 2001. In any event, if the corporations engaged in this activity are stripped out, the GVA of the re-

TABLE 3

Purchase and turnover of corporations reporting data on purchasing sources and sales destinations
Structure

	CBA	CBQ (a)	
	1999	00 Q1-Q4 / 99 Q1-Q4	01 Q1-Q2 / 00 Q1-Q2
Total corporations	**7,842**	**885**	**752**
Corporations reporting source/destination	7,842	846	726
	%	%	%
Net purchases	**100.0**	**100.0**	**100.0**
SOURCE OF PURCHASES:			
Spain	63.9	74.3	77.2
Total abroad	36.1	25.7	22.8
EU countries	*25.0*	*15.2*	*15.6*
Third countries	*11.1*	*10.5*	*7.2*
Net turnover	**100.0**	**100.0**	**100.0**
SALES DESTINATIONS:			
Spain	80.7	85.4	86.2
Total abroad	19.3	14.6	13.8
EU countries	*14.6*	*10.0*	*8.4*
Third countries	*4.7*	*4.6*	*5.4*

Source: Banco de España.
(a) All the data in these columns have been calculated as the weighted average of the relevant quarters.

maining wholesale and retail trade firms still increases by 7.2%, albeit less than the previous year (12.8%), confirming the slowdown referred to. Turning to communications corporations, the assumption put forward in the commentary on the data for 2001 Q1 appears to have been confirmed; namely, that these firms are generating more value-added as a result of the priority granted to this end compared with previous strategies aimed at increasing market share.

Lastly, an alternative measure of the trajectory laid out in the previous paragraphs is to consider, as Chart 2 does, the performance of each of the individual corporations included in the CBQ sample. The chart shows that the number of corporations whose GVA is trending positively was less in the first half of 2001 than in the first half of 2000. In any event, 59.2% of the reporting corporations saw their nominal GVA continue to increase in this period, and that at a rate of more than 20% in 26.3% of the corporations.

3. EMPLOYMENT AND PERSONNEL COSTS

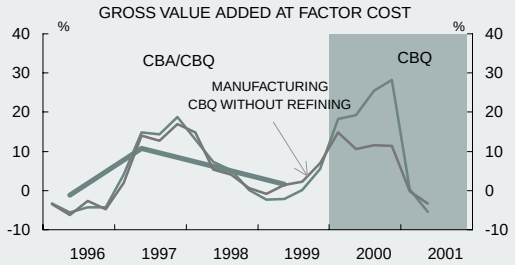
CBQ reporting corporations' personnel costs grew at a rate of 5.1% during the first half of 2001 compared with 5.9% in the same period in 2000. The information available suggests that this reduction is due, in relative terms, to changes in employment and not to average compensation. Indeed, although the number of employees (Table 2.a) continued to trend favourably, it did so during the first six months of 2001 at a significantly lower rate (0.9%) than that recorded in the same period the previous year (2.5%). Sector by sector, it can be seen that "electricity, gas and water" and "transport and communications" continue to show the consequences of recent staffing adjustments (their related rates are negative: -3.5% and -3.7%, respectively). Meantime, job creation in the wholesale and retail trade (with the number of employees growing 6.6%) and the industries with limited coverage (whereby they are not shown in Table 2.a) explains why the rate of the total aggregate rises to the value indicated. Employment grew slightly in manufacturing (0.5%), despite the decline in activity in this industry. Disregarding the trend in activity by industry, Table 2.b reveals that the change in employment in the first half of the year is atypical, since the increase in permanent employees was higher than that for temporary workers (1% in the case of the former compared with 0.1% for the latter).

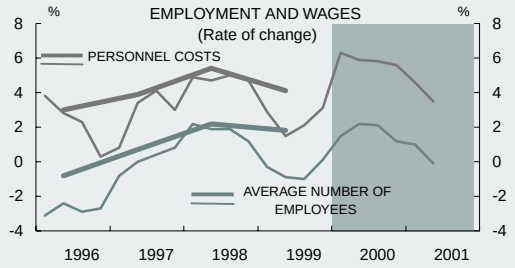
BOX 1

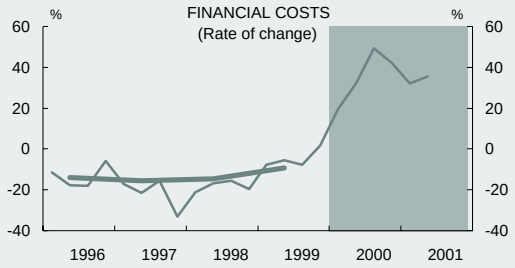
Analysis of the manufacturing sector

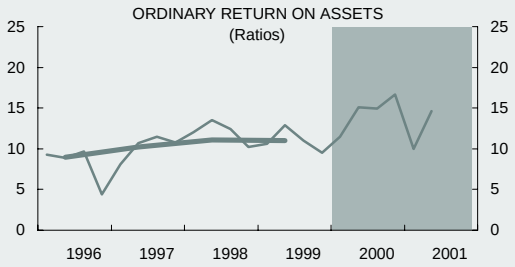
As may be deduced from the main body of this article, there was an across-the-board decline in manufacturing in the first six months of 2001. All sub-sectors were affected with the exception of "food, beverages and tobacco". The nominal rate of change of GVA in manufacturing during the first half of 2001 was -2.5%, compared with 18.8% in the same period in 2000. As indicated on previous occasions, developments in manufacturing corporations as a whole in the year 2000 were much affected by the rise in international oil prices. That led to strong nominal increases in the GVA of the oil refining industry that year and, symmetrically, to sharp falls in the year 2001. If this sub-sector is stripped out, the change in manufacturing activity in the first half of 2001 stands at -1.8%, compared with 12.8% the previous year. Also notable because of their negative impact are the glass, ceramics and metal sub-sectors. The slowdown has also passed through to job creation. During the period under study the increase in staffing was 0.5%, against 1.8% during the first half of 2000. This deterioration in the growth rate of employment has been widespread, equally affecting all the manufacturing sub-sectors in the sample. Average compensation grew by 3.5%, a rate slightly down on that for the year 2000 (4.1%). This prompted personnel costs to increase by 4.2% in the first six months of 2001. The slowdown in activity, combined with the increase in personnel costs, gave rise to a significant reduction in the gross operating result (-8.4%), to which virtually all the manufacturing sub-sectors contributed (only the "food, beverages and tobacco" sub-sector has posted positive values, with a nominal change of 1.2%). Financial costs rose by 33.8%, against 25.8% in the same period the previous year. This increase was due both to higher borrowing costs (up from 5.3% to 6% between the first halves of the years 2000 and 2001, respectively) and to the greater resort to foreign funds. Despite this negative trend, and owing to the fact that manufacturing corporations were starting from very high levels of profitability, the decline in ordinary returns (the return on assets dipped from 13.4% to 12.1% between 2000 and 2001) has not prevented notably positive leverage values from continuing to be obtained both in manufacturing industry as a whole and in the various sub-sectors. In sum, manufacturing industry has been affected by the greater weakness shown by domestic and foreign activity in relation to the first half of 2001. And this has had a significant impact on an industry exposed to competition. The exogenous factors of uncertainty added by the dramatic events in September make cooperation among all economic agents within corporations particularly necessary so that the productive activity and employment generating capacity of manufacturing firms may regain momentum once confidence is restored and demand steps up.

Performance of the manufacturing corporations reporting to the Central Balance Sheet Office (a)









NUMBER OF CORPORATIONS

CBA	3,231			3,351			3,255			2,918												
CBQ	372	365	350	337	360	351	343	337	408	398	392	384	427	411	401	392	435	414	390	377	382	317

% OF GDP OF THE MANUFACTURING SECTOR

CBA	38.9			40.3			43.0			30.1												
CBQ	25.3	25.4	22.6	22.7	25.0	25.7	22.3	22.9	24.1	24.9	22.1	22.3	23.9	24.4	20.5	20.9	25.4	26.0	21.4	21.6	21.1	19.2

CBA data.

CBQ data.

Source: Banco de España.

(a) Information available to 17 September 2001 (CBA and CBQ). The CBQ data are growth rates on the same quarter of the previous year.

TABLE 4

Personnel costs, employees and average compensation
% of corporation in specific situations

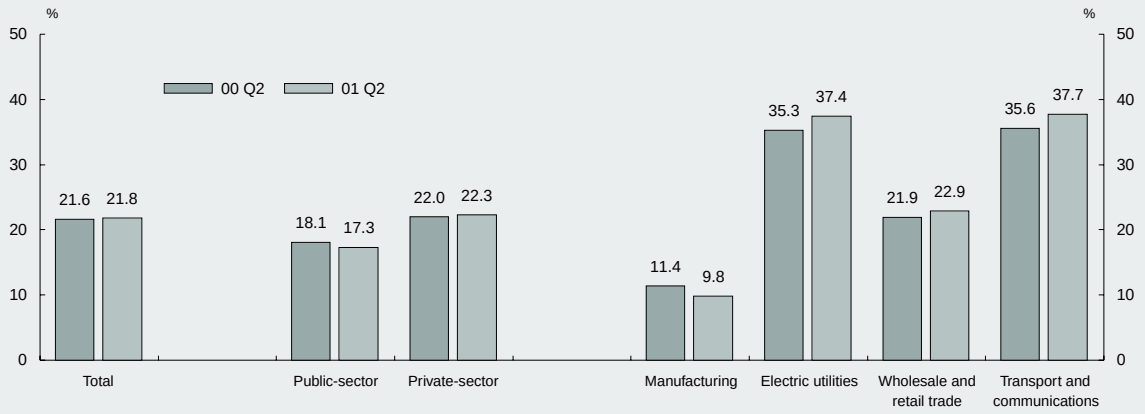
	CBA		CBQ			
	1998	1999	99 Q1-Q4 (1)	00 Q1-Q4 (a)	00 Q2	01 Q2
Number of corporations	**8,135**	**7,842**	**882**	**885**	**906**	**675**
Personnel costs	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Falling	21.4	21.0	30.0	24.5	21.9	25.2
Constant or rising	78.6	79.0	70.0	75.5	78.1	74.8
Average number of employees	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Falling	25.7	22.8	39.0	35.3	34.8	41.3
Constant or rising	74.3	77.2	61.0	64.7	65.2	58.7
Average compensation (relative to inflation) (b)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Lower growth	40.9	51.4	48.8	47.1	48.5	45.4
Higher or same growth	59.1	48.6	51.2	52.9	51.5	54.6

Source: Banco de España.
(a) Weighted average of the relevant quarters for each column.
(b) Twelve-month percentage change in the CPI.

Accompanying the reduction in job creation in the first half of 2001 has been an increase in average compensation. For the whole sample, personnel costs per employee, i.e. average compensation, grew by 4.2% in the first six months of 2001, against 3.3% in the same period a year earlier. Table 2.b shows that, as is habitual, average compensation (personnel costs per employee) in corporations increasing staff levels grew less than in those that reduced them. Average compensation has trended similarly across the different industries, growing by 3% in wholesale and retail trade, 3.5% in manufacturing and above 4.1% in the remaining industries. Table 4 addresses the matter on a corporation-by-corporation basis and shows that in 54.6% of all firms average compensa-

CHART 3

Business margin (a)



Source: Banco de España.
(a) Gross operating result / Value of output.

TABLE 5

Gross operating profit, funds generated, ordinary return on assets and leverage
Breakdown by size, ownership status and main activity of corporations
(Ratios and growth rates of the same corporations on the same period a year earlier)

	Gross operating result				Funds generated				Return on assets (R. 1)				Leverage			
	CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)		
	1999	00 Q1-Q4	00 Q1-Q2	01 Q1-Q2	1999	00 Q1-Q4	00 Q1-Q2	01 Q1-Q2	1999	00 Q1-Q4	00 Q1-Q2	01 Q1-Q2	1999	00 Q1-Q4	00 Q1-Q2l a II 00	01 Q1-Q2
TOTAL	**3.5**	**10.7**	**8.8**	**4.7**	**3.8**	**9.2**	**6.1**	**3.3**	**7.8**	**9.2**	**8.4**	**8.7**	**2.8**	**3.3**	**3.0**	**2.8**
Total, excluding electricity	**2.7**	**14.9**	**8.2**	**7.6**	**3.8**	**12.2**	**6.8**	**6.7**	**8.0**	**9.8**	**8.9**	**9.4**	**2.7**	**3.5**	**3.1**	**3.1**
SIZE:																
Small	15.3	—	—	—	18.6	—	—	—	10.0	—	—	—	4.6	—	—	—
Medium	13.4	12.9	16.0	-2.3	14.6	13.6	14.7	-3.0	11.1	11.7	13.7	12.2	6.5	6.0	8.7	6.4
Large	2.0	10.6	8.4	5.0	2.3	9.1	5.7	3.6	7.5	9.1	8.2	8.6	2.4	3.2	2.8	2.7
STATUS:																
Public-sector	-15.3	16.5	7.3	10.0	6.8	11.2	-1.3	12.9	1.5	4.6	4.0	2.6	-3.9	-1.1	-1.5	-2.2
Private-sector	4.7	10.1	8.9	4.3	3.6	9.0	7.0	2.7	9.2	10.1	9.4	9.3	4.2	4.2	4.0	3.3
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Manufacturing industries	-1.5	44.4	35.9	-8.4	-2.3	42.2	25.5	-7.3	11.0	14.6	13.4	12.1	6.4	8.7	8.1	6.1
Electricity, gas and water supply	6.6	3.2	10.3	-0.9	3.7	3.4	4.7	-4.4	7.3	8.3	7.6	7.6	3.0	2.9	2.7	2.2
Wholesale and retail trade	14.9	-8.0	-5.3	13.3	12.6	-3.1	0.0	7.6	12.3	8.9	9.4	11.1	8.0	3.8	5.1	6.2
Transport, storage and communications	-1.3	1.8	-3.5	16.0	2.6	0.0	-3.1	11.4	6.5	8.6	7.3	12.5	0.2	2.0	0.9	6.5

Source: Banco de España.
(a) All the data in these columns have been calculated as the weighted average of the quarterly data.

tion growth exceeded inflation in 2001 Q2 (51.5% of such firms were in that situation in the same quarter in 2000). That may adversely affect profitability and the capacity to generate employment and funds for new investment, a point of particular significance in the sectors most open and exposed to foreign competition.

4. PROFITS, MARGINS AND RATES OF RETURN

As a consequence of developments in activity and personnel costs, the growth rate of the gross operating result of the corporations reporting to the CBQ fell to 4.7% from 8.8% in the first half of 2000 (see Table 5). As in the case of activity, this performance is due to the differentiated behaviour of margins (measured by the gross operating result/value of output ratio) in the various industries, in terms of their lesser or greater exposure to competition (see Chart 3). Compared with the high growth rates of the gross operating result in "wholesale and retail trade" and "transport, storage and communications" corporations, the corporate surplus contracted in manufacturing in the first half of 2001.

Financial costs continued to increase significantly (39.6%), remaining on the path initiated in 1998, which steepened following the rises in borrowing costs as from 1999. The breakdown of such costs in terms of effect (change in costs due to the change in the cost of borrowing, i.e. to changes in interest rates, on one hand, and change in financial costs due to

TABLE 6

Structure of reporting corporations' ordinary returns on net assets and on equity

	CBQ			
	Ordinary return on net assets (R.1)		Ordinary return on equity (R.3)	
	00 Q2	01 Q2	00 Q2	01 Q2
Total corporations	**100.0**	**100.0**	**100.0**	**100.0**
R <= 0 %	18.6	17.1	22.3	20.8
0 % < R <= 5 %	14.1	16.3	10.8	12.9
5 % < R <= 10 %	14.6	17.2	10.5	11.7
10 % < R <= 15 %	14.1	15.1	10.3	13.2
15 % < R	38.6	34.3	46.1	41.4
Number of corporations	**906**	**675**	**906**	**675**
MEMORANDUM ITEM:				
Average return	8.9	9.3	10.8	11.6

Source: Banco de España.

changes in the amount of debt, i.e. in borrowed funds, on the other) is as follows:

Change in financial costs	**39.6%**
A. Interest on borrowed funds (1+2)	39.6%
1. Due to the cost (interest rate)	9.3%
2. Due to the amount of interest-bearing debt	30.3%
B. Commissions and cash discounts	0.0%

As can be seen, the strong rise in financial costs arose mainly from the increase in borrowed funds, but also from the rise in interest rates compared with their level in the first half of 2000 (3). In any event, despite the greater weight financial costs are acquiring (as a proportion of output they rose from 3.7% in the first half of 2000 to 5.2% in the same period in 2001), their impact on results cannot yet be considered to be very significant. Moreover, part of this debt has been used by corporations to purchase shares abroad, which are acting as a source of income generation, i.e. of greater financial revenue. It is precisely the increase in financial revenue in the first half of 2001, along with the decline in depreciation and operating provisions, which explains why the ONR has grown by 10.1%. It has duly outperformed the result for the first half of 2001 (8.3%), despite the course of activity and, above all, despite the trend of the gross operating result. The growth of financial revenue is largely due to dividend inflows from foreign investees. The fall in depreciation and operating provisions is due, among other causes, to the reduction in the assistance to electric utilities in connection with the costs of the transition to competition (CTC), to which the provisions for depreciation of the corporations in this sector are to some degree connected (4). In sum, and with the caveats mentioned, the ONR –the variable the Central Balance Sheet Office uses to calculate profitability ratios– reflects the satisfactory situation of the corporations reporting to the CBQ, despite the slowdown in activity mentioned in this article.

Tables 5 and 6 give a detailed report of changes in and the breakdown of the profitability ratios and of borrowing costs. As regards the ordinary return on assets (R.1), this amounted

(3) The growth of borrowed funds reflected under "Change in financial costs" should not be confused with the debt ratio (R.5) at the bottom of Table 1. The former refers to the net flow of debt incurred by corporations between the end of 2000 Q2 and the end of 2001 Q2. The R.5 ratio shows the relationship between interest-bearing liabilities and equity (both balance-sheet data) at the end of the period concerned. Note that an increase (decrease) in debt in any period may correspond to a fall (rise) in R.5, simply because there is a bigger increase (fall) in equity in this period.

(4) Lesser assistance with the CTC means less depreciation of equipment and machinery acquired under the regulated market. Further, as the adjustment of the CTC were known in 2000, corporations proceeded in that period to depreciate, with a charge to reserves, the equipment and machinery whose depreciation could no longer be charged off to future assistance with CTC. Both factors explain why depreciation and operating provisions fell during the first half of 2001.

BOX 2

Dissemination of Central Balance Sheet Office data in the Banco de España *Boletín estadístico*

The Internet edition of the Banco de España Boletín estadístico (www.bde.es/Estadísticas/Boletín estadístico/chapter 15) has, since July, been drawing together statistics from the Central Balance Sheet Office, essentially CBA and CBQ time series, which are presented as homogeneously as possible. The aim in disseminating this information, which is in Chapter 15 of the Boletín estadístico, has been to provide users with longer series than those offered in these quarterly articles, while also making it easier to download the data, which will be updated as and when new information becomes available. The chapter is in two sections. The first contains three general tables and the second 16 tables of time series. The general tables seek to place those of the second section in the context of the work conducted by the Central Balance Sheet Office and to define the concepts included in the time series tables. The latter are grouped into two series of eight tables each, and relate to the CBA (odd numbers) and to the CBQ (even numbers), so that each CBA table has an identical heading to the CBQ table to which it corresponds. Both references, that of the CBA series and that of the CBQ series, complement each other, and their dissemination is intended to assist analysts and users who follow the work of the Banco de España Central Balance Sheet Office.

to 8.7% in the first half of 2001, slightly down on that recorded in 2000. The favourable trend in the business of corporations in the wholesale and retail trade and the transport, storage and communications industry accounts for profitability levels being maintained as far as the overall aggregate of firms is concerned. The fall in R.1 in manufacturing, from 13.4% in the first half of 2000 to 12.1% in the first half of 2001, has not prevented the level of profitability from continuing to be clearly higher than borrowing costs (i.e. from showing clearly positive leverage). As to corporations as a whole, the change in the ordinary return on assets, combined with that in borrowing costs for corporations, which increased by half a percentage point (from 5.4% to 5.9%), led to a very positive leverage ratio of 2.8 for corporations as a whole. Though two-tenths of a point below that for the first half of the previous year, this ratio was in step with an economic outlook that is generally slowing, but one which sustains a healthy climate in which firms may pursue their business. Table 6 shows that there has been a slight increase in the number of corporations with positive ordinary returns (on both net assets and on equity). Here, profitability levels in the upper brackets have been somewhat lower than those attained a year ago, but average returns have been higher than in the first half of 2000. This should be borne in mind in any overall assessment of the position of non-financial corporations.

It may thus be concluded that the CBQ non-financial corporations, where developments are consistent with those suggested in complementary studies, continued to post more moderate growth in activity in 2001 Q2 than in the previous quarter. The slowdown has affected manufacturing and the electricity sector, while the performance of the industries whose output is earmarked for final consumption has improved. Against this background, profitability ratios remain positive and higher than borrowing costs, which places firms on a sound footing to face the heightening uncertainty overshadowing the international economic situation.

24.9.2001.

Implications of the conversion of prices into euro for inflation

The authors of this article are Luis Julián Álvarez and Javier Jareño, of the Research Department (1).

1. THE CONVERSION OF PRICES INTO EURO: POSSIBLE EFFECTS ON THE RATE OF INFLATION

As is well known, 1 January 1999 marked the start of Stage Three of Economic and Monetary Union and the euro became the common currency of a group of eleven European countries, now twelve, of which Spain is one. However, money in circulation has continued to consist of the notes and coins of the pre-existing national currencies. Therefore, although the euro is now, and has been for almost three years, the common currency of the euro area, and the single monetary policy, implemented by the Eurosystem, determines the common monetary conditions for the area as a whole, most consumer prices continue to be denominated in the various national currencies, even though the practice of dual labelling has spread very rapidly.

The introduction of euro banknotes and coins on 1 January 2002 constitutes the culmination of the process of monetary union that commenced with the signing of the Maastricht Treaty in 1992. Following two months of co-existence with the national currencies, the euro will be the only legal-tender currency in circulation, although it will still be possible to exchange peseta banknotes and coins until 30 June and, thereafter, at the Banco de España. The shared use of the same currency in different countries of the Union will bring the euro close to the people and enable them to identify more strongly with this common project. From this viewpoint, the introduction of the euro is another necessary step to harness the benefits of Monetary Union and in particular to obtain a greater degree of transparency and integration between the markets of the economies of the area. The greater competition between the firms that operate in these markets and the lower transaction and information costs facing them will help to reduce price pressures and to entrench a lower level of inflation.

Obviously the introduction of the euro requires the immediate conversion of prices that have until now been denominated in pesetas (and other national currencies) into prices denominated in euro. The conversion operation is a simple algebraic transformation which, if done using a sufficient number of decimal places and

(1) This article is a summary of the forthcoming Working Paper "Implications of the introduction of the euro for inflation".

a strict rounding rule, cannot have significant effects on the general price level and even less on the dynamics of inflation. This is the aim of the law on the implementation of the euro (Law 46/1998) which provides that when prices in pesetas are converted into euro by applying the irrevocable conversion rate (ESP 166.386/euro), they shall be rounded up or down to the nearest cent, so that for each price in pesetas there is only one legally equivalent price in euro. Furthermore, Law 91/2001 provides that the conversion into euro of unit rates, prices or duties to be applied to a particular base (which are normally small amounts as, for example, in the case of telephone and electricity rates) must be up or down to the nearest sixth decimal place.

Even if the rules for conversion and rounding are properly applied, the price revisions that arise continuously during the normal course of economic activity may be affected by the extraordinary nature of the conversion process. It is therefore necessary to analyse the factors that may potentially affect price revisions at the time of conversion, and to evaluate their possible impact on the general price level and on the short-term behaviour of inflation.

First to be mentioned, among these factors, are the costs for firms involved in making the necessary adjustment to the new currency, in areas as diverse as accounting, the conversion of labelling, the adaptation of machinery (vending machines, ATMs, cash registers, etc.), and even personnel training, which they may pass through to their final selling prices. Second, it is a well known fact that firms do not update the prices of their products continuously, but rather every so often, or when market circumstances are favourable. This is because there are certain costs involved in changing prices, known as "menu costs", which range from changing labels (as in the case of a restaurant menu, which is the origin of the name of this theory) to the cost of obtaining the necessary information to set the correct price. It is possible that, since these menu costs will be unavoidably incurred when prices are converted into euro, firms will tend to concentrate at the time of conversion a number of price changes which, had this process not taken place, would have been made sooner or later. Third and last, it should be taken into account that many firms attempt to ensure that the prices they set have features that make them attractive to consumers.

It should be noted that, were they to arise, the possible impact these factors might have on the rate of inflation would be temporary, since they would only affect prices for a short period of time. Moreover, there is no reason why the hypothetical pass-through of the costs of adapting to the euro to prices, or the conversion to euro itself, or the adjustment to attractive prices must necessarily take place on 1 January 2002. In fact, this date hardly seems the most propitious, since greater vigilance can be expected at that time due to the changeover. Firms have already been adjusting to the euro for some time, so that the pass-through of the costs they may have incurred is probably taking place already, and the available estimates indicate that this effect will in any case be moderate. Furthermore, dual labelling limits the scope for revising prices at the time of conversion.

In principle, the process of converting prices to euro, whether merely by rounding to the nearest euro cent, or with the ultimate aim of setting attractive prices, is in itself, a neutral process as far as the rate of inflation is concerned. This article will demonstrate this fact, by describing various simulations that have been carried out using two different sets of prices, in which it is seen that, provided adjustments are symmetric, the effect on the price level (approximated by the CPI) is close to zero. Only if all suppliers of consumer products should decide to adjust their prices upwards (which is rather unlikely) would significant – albeit moderate – effects on inflation be observed. General asymmetric upward adjustment of prices is severely limited by competitive market forces, and this constraint is all the more powerful when the economy is slowing and the trend of inflation is downwards.

Before considering the simulations, the next section discusses the reasons for the extensive use of so-called "attractive" prices in the economy. Section 3 then analyses the results of such simulations, under alternative scenarios for the adjustment of prices in pesetas to prices in euro, using two price samples. The conclusions are presented in Section 4.

2. ATTRACTIVE PRICES

International evidence shows that across economies the final digits of transaction prices tend to be concentrated among three figures: 0, 5 and 9. This is not by accident, but rather a result of firm's price setting strategies, which consider those figures that, in one way or another, may appeal to consumers. Among what we call attractive prices, three groups can be distinguished on the basis of their different characteristics: round prices, fractional prices and psychological prices.

Round prices owe their name to the fact that their final digit or digits are zero, as in the case of 90, 120 or 1300. This type of price is attrac-

tive because, from a psychological point of view, figures ending in round numbers are easier for consumers to process and can be better stored and compared with the prices of other products. Moreover, these prices involve more convenient transactions when cash is used, since they require the exchange of fewer banknotes and/or coins. This type of price is usually seen in those above a certain level, such as hairdressing services, cinema tickets, electrical appliances, etc.

Convenience in transactions, defined in terms of the number of coins involved, is a basic aspect of choosing a price. The prices that are attractive from this viewpoint (i.e. that involve payment with few coins and/ or notes, and with one or no coins of change) will depend on the structure of denominations of notes and coins. In the case of the peseta, the structure of denominations facilitates transactions carried out with prices ending in 0 and 5 pesetas, which include not only round prices, but also what are known as fractional prices. The existence of 25- and 50-peseta coins means that fractional prices are characterised by ending in 25, 50 and 75, which are very common prices in bars, tobacconists and newsagents, i.e. among low-priced and frequently consumed products. With the replacement of peseta coins by euro coins this set of fractional prices is no longer valid, since there is no 25-cent coin, but rather a 20-cent one, so that these prices will end in 20, 40, 50, 60 and 80 euro.

The third category of attractive prices, psychological ones, includes prices that are normally close to a round price, a small sum having been subtracted therefrom, e.g. 199 as opposed to 200, or 1,995 as opposed to 2,000. The reason for setting prices of this kind is that they give the sensation of being lower than they really are. Since storing information entails costs for consumers, they tend to store it in summary form, starting with the important digits, which are the first ones and taking no notice of the later ones. Thus, when comparing a price of 199 with another of 200, consumers perceive a much larger difference than actually exists; in the first case, the most important figure is 1, while in the second it is 2. It is possible that they may even take the comparison no further, directly selecting the first product. The discount made in relation to the associated round price usually corresponds to the value of a single coin, so as not to make the transaction excessively inconvenient. Thus, this discount is usually 1 or 5 pesetas, so that these prices tend to end in 9, 99 or 95. Examples of this kind of price are 99, 999 or 4,995, and they are usually found in food products, clothes and even small electrical appliances.

Attractive prices are seen regularly across time and space, in different countries and different periods. Accordingly, we can expect to see a significant presence of attractive prices in the new prices in euro. However, the mere conversion of prices in pesetas by applying the irrevocable exchange rate (ESP 166.386/euro) will not generally give rise to attractive prices. For example, the equivalent price in euro of the psychological price ESP 4,995 is EUR 30.02, which does not come in any of the three categories of attractive prices described above. The search for an attractive price may lead to further adjustments. In the above example, the firm may set a price of EUR 29.95, equivalent to ESP 4,983. The size and direction of these further adjustments will be important in determining the final impact on inflation.

3. ESTIMATING THE EFFECT OF PRICE CONVERSION

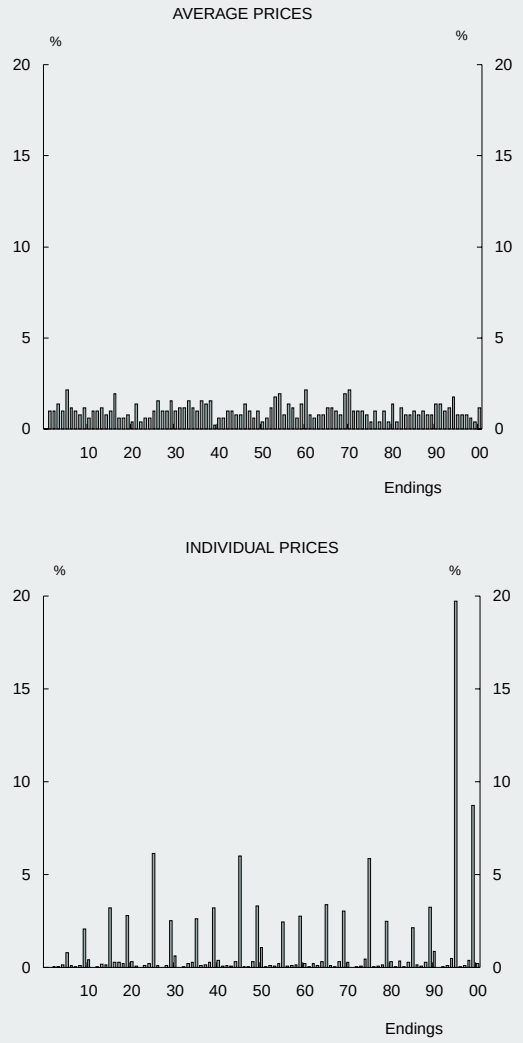
Quantification, by means of simulations, of the potential effect of the conversion of prices in pesetas into prices in euro (including in the event that attractive prices are set) on the rate of inflation is subject to a large degree of uncertainty, since it will depend on the hypotheses established for essential aspects (such as the definition of attractive prices in euro) for which no concrete information is available. At the same time, the reliability of the results obtained will also depend on the representativeness of the price sample used. In the simulations presented in this article two datasets have been used, whose characteristics will be described below, and four scenarios have been defined, characterised by different hypotheses regarding the type of prices in euro which firms wish to adjust to. In each case, in order to bound the range of possible effects on the rate of change of prices, the possibility has been envisaged that adjustments will be made symmetrically or systematically upwards. The scenarios considered are:

- *Scenario I*. Rounding to euro cents: prices in pesetas are converted to euro by applying the irrevocable conversion rate and then adjusting to the nearest euro cent, upwards or downwards, in one case, and only upwards in the other.

- *Scenario II*. Rounding to tenths of a euro: in this case the adjustment is to the nearest tenth of a euro. Decimals have not been used in consumer prices in the Spanish economy for decades, with the exception of certain products such as petrol, telephone services and electricity. This fact may mean that firms tend to adjust their prices to tenths of a euro, thus avoiding the second decimal place.

CHART 1

Distribution of prices according to their last two digits



Source: Banco de España.

- *Scenario III*. Conversion to attractive prices in euro. The starting hypothesis is that if a price in pesetas is attractive, the price eventually set in euro will also be attractive. To simplify, it is only required that the resulting price be attractive, not that it be the same type as the one in pesetas. Thus a fractional price in pesetas may become a round, fractional or psychological price in euro, depending on which is closest. Attractive prices have been defined as those ending in 0, 5 or 9, those ending in 0 being round prices, those ending in 5 being fractional prices and those ending in 9 being psychological ones. Although attractive prices could be defined more strictly, the definition used here is the most convenient, given the uncertainty over which prices will eventually be considered attractive in euro.

The results of the simulations corresponding to the above scenarios shall be all the more instructive the wider and more representative the set of prices used. Ideally a representative sample of the set of prices that make up the Consumer Price Index and its five main components (unprocessed food, processed food, non-energy industrial goods, energy and services) would be used. However, the two sets of prices that we have used in this exercise have certain shortcomings that will have to be taken into account when assessing the results. The first set of prices consists of 4,586 prices of different products sold by a representative hypermarket, and was obtained from its website. The second set of prices consists of the average prices compiled monthly by the Ministry of Economy for 515 products.

As mentioned above, both samples suffer from certain problems: in the case of the individual hypermarket prices, products with low prices are over-represented, while energy products and services are completely absent. The representativeness of the other three categories of consumer prices varies, being especially high in the case of processed food. It should be pointed out that a relatively high presence of low prices distorts the results of the simulations upwards, since it is these prices that are subject to the largest adjustments, in relative terms. On the other hand, as we are dealing with the prices of a single hypermarket, the results reflect the actual consequences of conversion, given the price setting policy of this firm. In any event, the weight of attractive prices in the sample, at 51%, does not seem far from that for the economy as a whole.

As regards the sample of average prices, which has the advantage over the previous one that all the categories of consumer goods are represented, its main drawback lies in the fact that the prices are averages of individual prices, so that their endings do not have the specific characteristics of individual prices (see Chart 1). Certain exercises performed previously using fictitious prices showed the importance of the endings of prices in determining the fact of conversion on the price level. Moreover, it is the ending of a price that enables it to be identified as attractive. To resolve this problem, the distribution of endings observed in the sample of individual prices has been extrapolated to the sample of average prices, using econometric techniques (2).

Each of the above scenarios has been simulated using both price samples and considering

(2) However, the endings extrapolated to the average prices give rise to smaller effects of conversion on the rate of change of prices than with the endings observed in the case of the individual prices.

TABLE 1

Results of simulations
Contribution to rate of change of CPI

Percentages

	Symmetric adjustment		Upward adjustment	
	Individual prices	Average prices	Individual prices	Average prices
Scenario I. Conversion to euro cents	0.0	-0.0	0.2	0.2
Scenario II. Conversion to tenths of a euro	0.3	-0.2	1.3	1.7
Scenario III. Conversion to attractive prices	-0.3	-0.0	0.4	0.2

Source: Banco de España.

two types of attitude on the part of firms. First, the case has been analysed in which firms decide to make all the adjustments to the desired prices in euro symmetrically, that is moving to the nearest price with the required features, irrespective of whether the adjustment is upwards or downwards. Second, the extreme case has been considered in which all firms decide to make their adjustments upwards. The results of these simulations provide a range within which the size of the effects on the rate of change of the CPI may actually lie, depending on the proportions of firms that adopt the first and the second attitudes. That said, given the shortcomings of the datasets for the purpose for which they are used here, the results of these simulations should not be taken as reliable quantitative estimates of the impact of the conversion. Moreover, the results of the simulations presented here reflect the impact of the simultaneous revision of all the prices of the sample, whereas in practice not all firms will change their prices at the same time, so that the impact will be distributed over time.

The results obtained are set out in Table 1. As can be seen, when the adjustments are made symmetrically, the estimated effects on the rate of change of the CPI are generally very small and deflationary effects even predominate. When the extreme situation is considered of across-the-board upward adjustments, the estimated effects are in all cases positive, albeit generally moderate: the smallest impacts (of around 0.2 percentage point) are obtained under the first scenario of rounding up to euro cents, while the largest effects (exceeding one percentage point) naturally correspond to the scenario of rounding to tenths of a euro, which shows how important it is that cents are used in the conversion process. The scenario which considers the adjustment to attractive prices gives slightly higher results than rounding to euro cents. We can therefore say that only in the case of across-the board upward revisions to tenths of a euro, this being the upper limit estimated by the simulations performed, might the impact on the path of inflation reach a significant size, albeit temporarily. The small magnitude of the results obtained in relatively extreme responses indicates the limited impact that the conversion of prices to euro should have on inflation.

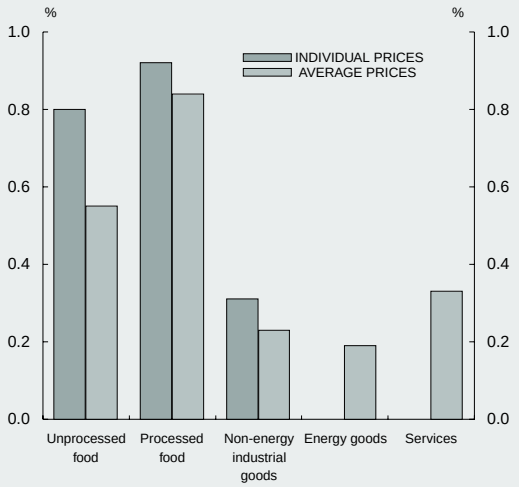
Chart 2 shows the estimated impact of the conversion to euro on the price level of each component of the CPI, obtained as an average of the results of the simulations for the four scenarios. The effects are different because, within each component, the average level of prices or the distribution of attractive prices differs from the others. As can be seen, the largest effects are recorded for food and, especially, processed food. The relatively low levels of food prices and the extensive presence of attractive prices among them are the reasons for this greater impact.

4. CONCLUSIONS

The introduction of the euro (with the consequent conversion of prices expressed in pesetas to prices in euro) will certainly have a moderating effect on the rate of inflation of the Spanish economy in the medium term. The higher degree of integration with the markets of other euro area countries, and the increase in transparency and competition which this integration will bring about, will help to reduce the pressures on prices. However, there are a number of factors that could, in principle, generate a temporary upward effect on the rate of inflation, at around the time of introduction of the new currency. The conversion itself may lead firms to set prices in euro that are attractive to consumers. Also worth mentioning are the possible pass-through to consumer prices of firms' costs of adaptation to the new currency and the possibility that, simultaneously with the conversion to euro, price revisions will be made for other reasons, so taking advantage of the opportunity to reduce menu costs.

CHART 2

Average effect of price conversion
Main components



Source: Banco de España.

This article has analysed in detail the first of these elements, that is the inflationary risk that may arise from firms' pricing policy, under different hypotheses regarding their behaviour. As for the other factors mentioned, they are not expected to have a large impact, and it should be borne in mind, in any case, that their effect on prices will be distributed over a number of months. Indeed, it is very likely that they have already begun to occur and they may extend beyond 1 March 2002.

As for the results presented in this article, it must be repeated once more that they should be interpreted as being merely orientative and qualitative, since the statistical base on which they rest is not the most appropriate, and the figures obtained largely depend on the hypotheses used, in particular, those relating to the specific characteristics of attractive prices in euro. However, there are certain relatively robust conclusions: the neutral nature of the symmetric adjustments and the relatively small size of potential inflationary effects, even in the case of upward adjustment across the board, with the possible exception of the extreme case of across-the-board rounding to tenths of a euro. Also, these estimates do not consider the possible distribution of the adjustments over time.

The key elements behind the potential inflationary effects of the conversion are the attitude of firms as regards the sign of the price adjustments they have to make (upward or symmetric), whether the rounding is to the nearest cent or to the nearest tenth of a euro, and the presence of attractive prices. While attractive prices exist in all countries, and will remain a feature of the distributions of individual prices following the conversion, the other two potential inflationary factors (wholesale upward adjustment by firms and rounding to tenths of a euro) do not need to be substantiated. The possible desire on the part of firms to adjust prices upwards will be curbed by market competition, especially when demand is slowing, as will probably be the case in the early months of 2002. Only if the firms themselves expect adjustments to be generally upward will they be so, because any increase in prices that is not followed by competitors would be more or less costly in terms of market share. Likewise, the vigilance of consumers and their associations, which would be aided considerably by the extension of the dual labelling period for as long as possible, will also discourage price rises exclusively due to the currency changeover. In this respect, the example of general government in the conversion of its prices and rates is important. As regards rounding to tenths of a euro, it is necessary to make consumers aware that prices without cents, although they may seem more convenient, tend to be higher because they facilitate significant increases in prices, especially the smallest ones.

In short, the conversion of prices in pesetas to euro associated with the replacement of the legal-tender notes and coins should not have a significant impact on the dynamics of the rate of inflation. The limited size of the potential effects estimated under extreme assumptions, the conjunction of various factors conducive to the containment of prices and the responsibility of firms themselves are elements that will tend to reduce any inflationary risk. Meanwhile, the advantages in terms of growth and inflation that this culmination of the European Community Economic and Monetary Union project will bring are undeniable.

22.10.2001.

The contribution of information and communication technologies to the growth of the Spanish economy (1)

The author of this article is Soledad Núñez of the Research Department.

1. INTRODUCTION

In recent decades the branches of activity of goods and services related to information and communication technologies (ICT) have made significant technological advances, enabling final prices to be significantly reduced at the same time as the quality of the goods and services produced has been improved.

There is a general consensus as to the importance of the diffusion of technical progress for economic growth. In relation to information and communication technologies three main channels of transmission should be distinguished. First, it might be expected that the ICT industries in which the technological innovation takes place will, in the initial phase of the process, see an increase in their rates of change of output and of productivity. Second, the reductions in prices and improvements in quality of ICT goods and services should boost investment in new technologies across the other branches of activity, and intensify the capital-labour ratio, thereby increasing the rate of growth of productivity in the other productive branches. Finally, positive spillover effects and improvements in the organisation of the production of the economy as a whole, linked to the use of this type of goods and services, may foreseeably emerge, with a positive impact on total factor productivity (TFP).

Given how significant the development of the new technologies may be for economic growth, it is important to try to quantify the impact of the three channels of transmission mentioned above. However, this task involves some serious problems. First, for most economies, detailed data are not available for output by industry and for stocks of IT and communications capital. Second, measurement of the output of some of the components of these branches of activity involves certain difficulties. Finally, the deflators used to estimate output and the stock of capital do not taken into account the full extent of quality changes, which in recent decades have had a very marked effect on ICT goods and services. Nonetheless, numerous recent studies try to overcome these limitations and analyse the contribution of new technologies to the growth of certain western economies (2).

(1) This article is a summary of the forthcoming Working Paper with the same title.

(2) See, for example, Gordon (2000), Jogerson and Stiroh (2000), *Report of the President* (2001), Schreyer (2000), Van Ark (2001), IMF(2001).

TABLE 1

Weight of the ICT industries in the Spanish economy

a) As a percentage of the value added of the total market economy

	ICT manufacturing	ICT communications	ICT computer activities	Total ICT
1995	0.88	2.43	0.68	3.99
1996	0.87	2.55	0.73	4.15
1997	0.94	2.68	0.68	4.30
1998	0.94	2.76	0.95	4.65
1999	0.87	3.07	1.28	5.23

b) As a percentage of dependent employment in the total market economy

	ICT manufacturing	ICT communications	ICT computer activities	Total ICT
1995	0.83	1.13	0.76	2.72
1996	0.85	1.17	0.80	2.81
1997	0.84	1.09	0.97	2.89
1998	0.83	1.00	1.15	2.98
1999	0.79	0.93	1.25	2.97

Sources: Central Balance Sheet Office, DIRCE and National Accounts.

In the United States (where the aforementioned methodological problems are less serious) the numerous available studies coincide in indicating that the contribution of ICT to GDP growth has been significant, both as regards the direct impact of the industries producing ICT, which have seen their output and productivity rise, and through greater use of the new technologies as productive inputs. However, the results in terms of the effect on total factor productivity are not so unambiguous. Meanwhile, the studies existing for the European economy show that the growth of industries producing ICT and the greater use of these goods as inputs have had a positive effect on the expansion of GDP, albeit a smaller one than in the US. Nonetheless, this growth of ICT in Europe does not seem to have been sufficient to prompt significant increases in productivity, or at least to offset the effect of other factors that have had a negative impact on the efficiency of the European economy.

As regards Spain, the studies available analyse the contribution of ICT to economic growth from the viewpoint of their use as inputs by the rest of the branches of activity. Daveri (2001) and Hernando and Núñez (2001) find that, as in the case of most European economies, the contribution of the stock of ICT capital to growth of output and labour productivity has been significant, especially when it is taken into account that the weight of this kind of capital good in the total capital stock is still low. Hernando and Núñez (2001) also find a tendency for this contribution to grow during the nineties.

The main purpose of this paper is to try to estimate, for the Spanish economy, the direct impact of the industries producing ICT goods and services on the growth of output, employment and productivity, making a comparative analysis with the overall growth of the market economy and developments in other EU economies and in the United States.

The analysis is based on the definition of ICT industries used by the OECD, which includes three kinds of activity: the manufacture of computer and communications equipment (ICT manufacturing), telecommunications services (ICT communications) and the services of computer and related activities (ICT computer activities) (3). The main source of information used in this analysis has been the Central Balance Sheet Office of the Banco de España (CBBE), since the National Accounts information has significant limitations, both in terms of the number of variables available and the level of detail required. Moreover, it has a significant time lag (the latest available data corresponding to 1997). By contrast, the information provided by the Central Balance Sheet Office (although it also has certain methodological problems, as we shall see later) goes up to 1999, enables a large number of economic variables to be compiled and covers around 55% of the employment of the ICT sector, according to the DIRCE (national directory of corporations). Although the coverage is relatively uneven across the various industries, the CBBE data provide a sufficiently representative statistical base. Meanwhile, the information relating to other European economies has been obtained from Van Ark (2001).

It should be taken into account that not all firms are represented in the CBBE and that neither are all the various branches of activity equally well represented, so that this information cannot be used directly to calculate the economic weight of the ICT industries in the economy as a whole, nor their contribution to the growth of the latter. Population variables have therefore had to be constructed for each of the variables analysed. They have been estimated by applying certain coverage ratios to

(3) Following the CNAE three-digit classification of economic activities, the branches included in ICT manufacturing are 300, 313, 321, 322, 323, 332 and 333, in ICT communications 642, and in ICT computer activities, the whole of division 72.

the sample values (4) and, like all estimates, must be interpreted with caution.

Finally, certain limitations of the CBBE information for the conduct of this analysis should be noted. First, most of the variables analysed refer to nominal values, so that their transformation into real terms requires the application of deflators, which are not always available with the degree of detail required. Also, as already mentioned, the deflators used do not sufficiently taken into account the changes in quality in ICT goods and services, so that the real value added and productivity may be underestimated. At the same time, the CBBE is somewhat biased towards large established firms, which means that developments in the ICT industries according to these data are largely determined by this kind of firm. Finally, the variables obtained from individual data usually display a higher degree of variability than those observed at the aggregate level and, in this respect, it may be more appropriate to conduct the analysis for a period of years rather than confining it to specific years. In spite of these limitations, the information presented in this paper is sufficiently representative to make a general assessment of the economic development of the ICT industries and their contribution to the growth of the economy as a whole. This same information constitutes the basis of the indicators of information and communication technologies presented on the Banco de España's website.

This article is organised as follows. Section two analyses the weight of the industries producing ICT goods and services in the economy as a whole and the economic behaviour of these industries is characterised relative to the patterns observed for the market economy as a whole. Section three examines the contribution of the ICT industries to the growth of value added, labour productivity and total factor productivity of the market economy as a whole. In both sections the results obtained for Spain are subjected to international comparison. Finally, section four sets out the main conclusions.

2. RELATIVE IMPORTANCE AND ECONOMIC CHARACTERISATION OF THE ICT INDUSTRIES

According to the Central Balance Sheet Office data presented in Table 1a, the weight of the value added of the ICT sector relative to the market economy as a whole displayed a rising trend over the period 1995-1999, increasing by somewhat more than one percentage point to 5.2% of total value added in 1999. This trend reflects the path followed by the computer activities and communications branches of ICT (the most important of the three) since the relative weight of ICT manufacturing has remained comparatively unchanged. The importance of employment in the activities related to the new technologies has also displayed an upward trend, although a more moderate one. This is exclusively attributable to the growth in employment in the computer activities branch, which in 1999 reached 1.25% of all dependent employment (see Table 1b). The weight of the ICT industries as a whole is lower in terms of dependent employment than in terms of value added, which indicates a relatively high level of productivity.

TABLE 2

International comparison of the relative weight of the ICT sector in 1998

	ICT manufacturing	ICT services	Total ICT
	a) As percentage of the value added of the whole economy (a)		
Germany	1.44	4.46	5.90
Denmark	1.16	3.63	4.78
Finland	4.57	3.82	8.39
France	1.98	4.12	6.09
Netherlands	1.35	4.52	5.86
Italy	1.07	3.65	4.72
UK	1.97	5.17	7.14
EU (b)	1.57	4.27	5.84
Euro area (b)	1.49	4.08	5.57
US	3.49	4.61	8.10
Spain	0.73	3.19	3.92
	b) As a percentage of total employment		
Germany	1.34	2.19	3.53
Denmark	1.05	2.70	3.74
Finland	2.24	3.57	5.82
France	1.03	2.68	3.71
Netherlands	1.14	3.12	4.26
Italy	2.24	3.57	5.82
UK	1.48	3.58	5.07
EU (b)	1.40	2.91	4.31
Euro area (b)	1.39	2.76	4.14
US	1.67	3.41	5.08
Spain	0.69	2.90	3.60

Sources: Van Ark (2001), AMECO, Central Balance Sheet Office, DIRCE and National Accounts.
(a) Constant prices. 1995=100.
(b) Average weighted by 1998 GDP.

(4) Specifically, following the CBBE methodology, the sample values have been divided by the employment coverage of the sample. The variables that have been calculated by means of this procedure are: employment, value added, GFCF, the capital stock, personnel costs, profits and R&D expenditure. The rates of change have been calculated on the basis of a constant population, i.e. using the same firms, for each two consecutive years.

TABLE 3

Economic growth in the ICT sector 1996-1999
Average annual rates of change (a)

	Value added	Dependent employment	Hours worked	Labour productivity (b)	Total factor productivity (c)	Capital *stock*
ICT manufacturing	6.97	1.43	0.93	6.05	6.14	0.62
ICT communications	9.19	-3.67	-3.89	13.15	12.38	-2.83
ICT computer activities	14.03	17.42	16.17	-2.41	-0.32	10.33
Total ICT	9.80	5.13	4.78	5.00	7.45	0.38
Total manufacturing	3.82	4.01	3.77	0.04	0.99	1.27
Total market services	2.99	3.99	2.37	0.61	0.30	3.17
Total market economy	3.70	4.13	2.73	0.95	0.87	2.91

Sources: Central Balance Sheet Office, DIRCE, and National Accounts.
(a) The average rates of change are calculated for the variables in real terms.
(b) Calculated as value added per hour worked.
(c) Calculated as rate of ch. PTF = rate of ch. (VA/hours worked) - [1-(wages and salaries/VA)] *rate of ch. (K stock/hours worked).

As seen in Table 2 (which makes an international comparison of these variables), the weight of ICT activities in Europe, both in terms of value added and employment (with the sole exception of Finland), is lower than in the United States (5). Of the European economies considered, Spain, in turn, displays a more marked lag in terms of value added than in terms of employment and in the branches that manufacture ICT products than in the services branches. In 1998, the weight of ICT manufacturing in GDP in Spain was half the EU level and almost five times lower than in the United States (0.7%, as against 1.6% and 3.5%, respectively). As for ICT services (postal, communication and computer activities), the differences are smaller, especially in terms of employment. However, as we shall see below, the increases in output have been relatively similar in Spain and in the EU over the five-year period analysed, and the increases in employment considerably higher in Spain, so that the gap seen may be due to the discrepancies in the starting levels or the notable dynamism of the rest of the productive sectors of the Spanish economy.

As regards the characterisation of the behaviour of the ICT industries, it is appropriate to analyse first the growth of the variables most closely related to the determinants of economic growth. In the period considered, the ICT sector recorded, on aggregate, significantly higher growth in value added than the market economy as a whole (6) (see Table 3) (9.8% and 3.7%, respectively). Dependent employment also grew by more, although unevenly across the various industries that make up ICT. Thus, while a high rate of job creation was sustained in computer activities, the increase in employment in the manufacturing branch of ICT was very modest and in communications non-existent.

This behaviour by output and employment in the ICT sector has naturally been reflected in labour productivity. In the sector as a whole labour productivity grew by more than in the market economy, but the growth was uneven across the various ICT industries. The significant increases in the communications branch and the fall in productivity in the computer activities branch stand out. In the latter case, the outcome may partly reflect a downward bias in the calculation of the rate of growth of value added, as a consequence of the deflator used (7).

As seen in Table 3, lying behind this better performance of labour productivity in the ICT sector as a whole were the significant increases in total factor productivity (8), given the technological progress incorporated in the productive processes in the new technology branches.

(5) In order to make the Spanish data comparable with those for the countries shown in this table, postal services have been included in ICT services (communications plus computer activities), the figures for dependent employment have been adjusted to total employment and the percentages have been calculated in relation to the economy as a whole, instead of the market economy. Accordingly, the figures given for Spain in this table do not coincide with those in Table 1.

(6) A detailed explanation of the deflators used, the construction of the series of employment in hours and of total factor productivity may be found in the Working Paper entitled “la contribución de las ramas de las tecnologías de la información y las comunicaciones al crecimiento de la economía española”.

(7) Although the capital-labour ratio is also seen to contribute negatively to the productivity of this branch of activity, because the rate of change of the capital stock has been lower than the rate of job creation.

Again, a more detailed analysis would show reductions in TFP in computer activities, which could be explained, at least in part, by the measurement problems mentioned above (9). Meanwhile, the increase in the capital stock in the ICT sector as a whole has been modest in comparison with the rates of growth of employment, so that the capital-labour ratio only increased in the communications branch. However, the stock of capital in this branch grew at a negative rate in the period analysed. This may be explained by the major restructuring undertaken since the disappearance of the former monopoly, which has probably involved changes in the composition of its tangible fixed assets.

Nonetheless, the modesty of this contribution by the capital-labour ratio to the growth of labour productivity in the ICT sector as a whole is attributable to the small increase in the stock of capital unrelated to new technologies. In fact, Hernando and Núñez (2001) show that when the rate of change of the capital stock of the ICT sector as a whole is decomposed, the growth of ICT capital goods (mainly computers and equipment for the transmission of information) amounted to 26.1% per annum over the period 1995-1999, while other fixed assets were accumulated at a rate of 0.4%.

Table 4 shows the rates of change of value added, employment and labour productivity in the various European economies and in the United States (10). It can be seen that the performance of the ICT sector in Europe has been positive, with rates of growth of value added and productivity well above those for the market economy as a whole and a somewhat higher rate of job creation. In the European economies, unlike in America, services activities have been more dynamic than manufacturing. Meanwhile, the growth in value added recorded by the ICT sector in the Spanish economy has been similar to that in the EU as a whole, both in ICT manufacturing and in services, while the growth in employment has been significantly higher. Productivity growth rates have therefore been comparatively low in Spain.

The rest of the information needed to characterise the behaviour of the ICT industries is set out in Table 5. As can be seen, corporate

TABLE 4

International comparison of economic growth in the ICT sector
Average growth rates 1996-1999

	ICT manufacturing	ICT services	Total ICT	Whole economy
	a) VALUE ADDED			
DE (a)	3.80	10.00	8.31	1.82
DK	3.17	5.77	5.11	2.34
FI	28.80	14.80	22.03	4.64
FR (a)	15.16	6.87	9.27	1.86
NL	2.72	16.65	13.05	3.66
IT	1.13	7.83	6.24	1.41
UK	5.54	12.60	10.50	2.82
EU (b)	6.51	9.84	9.05	2.26
Euro area (b)	6.84	9.30	8.82	2.12
US	18.93	6.97	11.66	4.68
ES	6.97	9.54	9.05	3.68
	(b) EMPLOYMENT			
DE (a)	-3.43	-1.88	-2.49	0.14
DK	0.59	0.78	0.70	1.37
FI	9.18	5.92	7.16	2.32
FR (a)	-0.96	1.44	0.74	0.58
NL	0.33	11.73	8.28	2.70
IT	9.18	5.92	7.16	2.32
UK	1.09	7.22	5.36	1.59
EU (b)	0.99	3.29	2.62	1.43
Euro area (b)	0.97	2.42	2.02	1.40
US	1.81	5.33	4.14	1.98
ES	3.85	6.50	5.98	5.07
	(c) LABOUR PRODUCTIVITY			
DE (a)	7.44	12.11	11.08	1.68
DK	2.49	5.04	4.44	0.95
FI	17.82	8.36	13.79	2.27
FR (a)	16.28	5.40	8.50	1.27
NL	2.38	4.42	4.40	0.93
IT	-7.31	1.85	-0.82	-0.88
UK	4.50	5.02	4.88	1.22
EU (b)	5.71	6.50	6.43	0.82
Euro area (b)	6.09	6.90	6.86	0.72
US	16.88	1.57	7.25	2.64
ES (c)	3.11	3.04	3.07	-1.39

Sources: Van Ark (2001), AMECO, Central Balance Sheet Office, DIRCE and National Accounts.
(a) 1996-1998 rates, as no rates available for 1999.
(b) Average weighted by 1998 GDP.
(c) Calculated as the difference between growth rates of VA and employment.

(8) Total factor productivity has been approximated as the difference between the rate of change of labour productivity and the rate of change of the capital-labour ratio multiplied by the proportion of value added that is not used to compensate the labour factor.

(9) Insofar as value added is underestimated, so TFP, which is estimated residually, will be too.

(10) The information for this table was harmonised using the same criteria as for Table 2.

TABLE 5

ICT sector 1996-1999
Average annual rates of change of other economic variables (a)

	Tangible GFCF	Average wages	Profits	Market value	R & D expenditure
ICT manufacturing	6.69	4.65	19.87	51.39	17.59
ICT communications	2.96	8.89	24.02	93.75	4.03
ICT computer activities	32.62	-1.63	34.96	128.77	28.17
Total ICT	4.88	3.76	24.58	93.10	13.49
Total manufacturing	8.18	7.51	16.59	39.87	11.86
Total market services	11.02	-1.46	22.07	49.79	6.19
Total market economy	8.18	-1.17	17.60	43.17	9.04

Sources: Central Balance Sheet Office, DIRCE and National Accounts.
(a) Average rates of change of the variables in real terms, except for market value, for which nominal values used.

profits, approximated by net ordinary profits, also grew faster in the ICT sector in the period analysed, which explains the notable increase in the market value of the firms analysed. That said, the declines in the profits and share prices of the firms in the ICT sector since the middle of last year suggest that more up-to-date Central Balance Sheet Office information would qualify this assessment. Gross fixed capital formation (GFCF), for its part, grew at lower rates than in the market economy as a whole, in step with the capital stock. However, there seems to have been more innovation in ICT activities than in other industries, with significantly higher rates of growth of R&D in this sector than in the market economy as a whole. Finally, in the manufacturing and communications branches of ICT, average wages have risen at higher rates than in the economy as a whole, but at lower rates than productivity.

In short, over the period 1995-99 the ICT sector as a whole performed better than the aggregate market economy, although there is a certain disparity between the various activities analysed. In fact, the computer activities branch displayed the largest increases in value added and employment, although the poor performance of labour productivity, which apart from the measurement problems that might be involved, may be influenced by a lower rate of investment than required by employment growth. For their part, the ICT manufacturing and communications branches expanded more slowly, although they recorded notably higher labour productivity growth than the market economy as a whole, basically on account of improvements in total factor productivity.

3. THE DIRECT CONTRIBUTION OF ICT INDUSTRIES TO THE GROWTH OF THE ECONOMY

One way of assessing the effect that the development of new technologies is having on the

TABLE 6

Contribution of the ICT sector to economic growth
Annual average 1996-1999

	Value added	Employment	Labour productivity	Total factor productivity
GROWTH:				
Whole economy	3.70	4.13	0.95	0.87
CONTRIBUTION OF:				
ICT manufacturing	0.06	0.01	0.05	0.06
ICT communications	0.24	-0.03	0.25	0.33
ICT computer activities	0.11	0.14	0.08	0.00
Total ICT (a)	**0.42**	**0.11**	**0.38**	**0.38**

Source: DIRCE, National Accounts and Central Balance Sheet Office.
(a) Calculated as the sum of the contributions of the three branches of ICT.

economy is to analyse the contributions of the ICT industries to the growth of value added, employment and productivity in the aggregate market economy. Examination of these contributions also enables the information analysed so far to be summarised, since the weight of each branch and the growth rates of the economic variables considered relevant are taken into account when they are calculated (11).

In this respect, although the ICT industries only account for 5% of the value added of the market economy, their contribution to the growth of this variable has been relatively significant in the period analysed (see Table 6). In fact, of the 3.7 percentage points by which the total value added of the market economy increased on average each year, 0.4 percentage points are attributable to the industries producing ICT services, which amounts to a relative contribution of 11%. On the other hand, the contribution of the ICT industries to employment growth was much smaller. As a result, the new technologies have had a significant direct impact on the growth of the labour productivity of the market economy, explaining almost 40% of its increase. Meanwhile, there is also evidence to indicate that the use of information and communication technologies as a productive input by other branches of activity has significantly contributed to the growth of labour productivity [see Hernando and Núñez (2001)]. Taken together these results show that the ICT industries, both directly and through their use as inputs, have made a positive contribution to productivity growth.

The ICT industries have also clearly contributed to the growth of the total factor productivity of the economy. As seen in the final column of Table 6, the average annual contribution of the ICT sector was almost 0.40 percentage points, which accounts for somewhat more than 40% of the recorded increase in TFP over the period analysed. This significant important contribution means that, as in the case of labour productivity, the other branches of activity, with a much higher weight, have recorded a very low rate of TFP growth. These results might suggest therefore that the use of ICT has not given rise to positive spillover effects that have translated into increases in productive efficiency, or, if there have been any, they have not been able to offset the negative effect of other determinants of total productivity.

(11) Thus, branches of relatively small importance may make a significant contribution to the increase in total output, whenever their rates of growth are higher than those of the other productive branches. A detailed description of the criteria used to calculate the different contributions may be found in the Working Paper entitled "La contribución de las ramas de las tecnologías de la información y las comunicaciones al crecimiento de la economía española".

TABLE 7

International comparison of the contribution to growth of the ICT sector
Average annual contributions 1996-1999

	Contributions to growth			Growth
	ICT manufacturing	ICT services	Total ICT	Whole economy
	(a) VALUE ADDED			
DE (a)	0.05	0.38	0.43	1.82
DK	0.03	0.20	0.23	2.34
FI	1.01	0.48	1.49	4.64
FR (a)	0.24	0.26	0.49	1.86
NL	0.04	0.64	0.68	3.66
IT	0.01	0.27	0.29	1.41
UK	0.11	0.58	0.69	2.82
EU (b)	0.11	0.38	0.49	2.26
Euro area (b)	0.11	0.34	0.45	2.12
US	0.57	0.32	0.89	4.68
ES	0.05	0.28	0.33	3.68
	(b) EMPLOYMENT			
DE (a)	-0.05	-0.04	-0.09	0.14
DK	0.01	0.02	0.02	1.37
FI	0.19	0.20	0.39	2.32
FR (a)	-0.01	0.04	0.03	0.58
NL	0.00	0.32	0.32	2.70
IT	0.19	0.20	0.39	2.32
UK	0.02	0.24	0.26	1.59
EU (b)	0.02	0.11	0.13	1.43
Euro area (b)	0.02	0.08	0.10	1.40
US	0.03	0.17	0.20	1.98
ES	0.03	0.18	0.21	5.07
	(c) LABOUR PRODUCTIVITY			
DE (a)	0.05	0.38	0.44	1.68
DK	0.02	0.15	0.17	0.95
FI	0.86	0.38	1.25	2.27
FR (a)	0.23	0.23	0.46	1.27
NL	0.00	0.51	0.51	0.93
IT	-0.01	0.19	0.18	-0.88
UK	0.08	0.49	0.56	1.22
EU (b)	0.09	0.32	0.41	0.82
Euro area (b)	0.09	0.29	0.38	0.72
US	0.50	0.22	0.71	2.64
ES	0.01	0.13	0.14	-1.39

Sources: Van Ark (2001), AMECO, Central Balance Sheet Office, DIRCE and National Accounts.
(a) 1996-1998 rates, as no rates available for 1999.
(b) Average weighted by 1998 GDP.

As can be seen in Table 7, which presents an international comparison of the contributions of ICT industries, the contribution of this kind of activity to the growth of output, employment and labour productivity (of the economy as a whole) has been significant in all the countries analysed. Perhaps the most significant difference is the contrast between the rates of increase of productivity in Europe and the United States. In the latter country, not only did the ICT sector make a significant contribution to its growth, but so too did the other branches of activity.

4. CONCLUSIONS

The foregoing analysis shows that in recent years in Spain ICT goods and services industries have followed a more favourable path than the market economy as a whole. This is reflected in all the variables relating to economic growth: value added, employment, labour productivity and factor productivity. Nonetheless, there are a number of differences in the pattern of growth followed by the three major groups of activity. While in the branch of computer activities it was based on the expansion of inputs and, in particular, employment, in the manufacturing and communications branches it was mainly based on an increase in total factor productivity, reflecting the technological advances in these branches.

In the medium term, when the bouts of slowdown recorded recently by the ICT producing industries are overcome, sustained growth of this type of activity can be expected, based on the following factors. First, the capital endowment of the ICT sector in the Spanish economy is still low relative to international levels, so that strong demand for ICT goods and services can be expected, in order to reduce this difference. Second, ICT capital goods depreciate at a very fast rate, which forces the user firms to replace them. Finally, the process of technological improvements in the production of ICT goods does not seem to have been exhausted, so that further increases in the productive efficiency of these branches, enabling fresh price reductions and stimulating investment in the goods they produce, should not be ruled out.

The higher growth of the ICT sector relative to other economic activities has meant that, although its share in the productive structure is still not very significant, its contribution to the average annual growth of the economy as a whole has been significant, which confirms the existence of positive direct effects of the ICT sector on economic growth and productivity in Spain. However, as yet, the use of ICT does not seem to have given rise to significant improvements in the degree of economic efficiency of the economy as a whole through the induced effects on the productivity of other branches of activity. From this perspective, the current level of development of ICT in Spain is not sufficient to support an increase in potential output.

Studies of the EU as a whole reach a similar conclusion, namely that the contribution of ICT to growth, through its production and use as a productive input, has been notable. However, unlike in the United States, the significant growth in productivity, that one would expect to see, has not been apparent. In numerous economic fora (OECD, IMF, ECB, European Commission, etc.) the fact that EU factor and goods markets are less flexible than in the US has been identified as the reason for the differences with respect to the US economy. This highlights the need for structural reforms to enable new opportunities to be better exploited, which requires flexible markets, efficient regulation and greater investment in human capital.

20.10.2001.

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Using indicators to monitor real convergence

The study of differences in economic welfare and their determinants is important in order to assess alternative growth patterns and to examine the effects of economic integration. In the case of the Spanish economy, these questions are of particular interest in the current context of participation in Stage Three of EMU. Having concluded the process of nominal convergence and attained macroeconomic stability, the benefits of this participation should now materialise, mainly in the form of increases in per capita income to approach the levels of the most advanced EU countries (a process known as real convergence). This type of analysis is also necessary to identify the potential growth possibilities of the Spanish economy, since the path of per capita income is very closely related to the structural determinants of competitiveness.

This article presents a set of indicators of real convergence that provide information on the differences in the levels of per capita income between Spain and the other EU economies, as well as their main determinants. These indicators were included at the end of May under the heading "Summary indicators" on the Banco de España's website. This article makes an initial presentation of these indicators and briefly describes the basic features of the real convergence of the Spanish economy in recent decades. This line of analysis will be expanded and elaborated upon in forthcoming studies, which will attempt to incorporate the most up-to-date information.

The indicators presented below relate to real GDP per capita (the key variable in the analysis of real convergence) and to the determinants of economic growth: factor endowment, efficiency, innovation and technical progress. For ease of presentation, they have been split into two groups. The first group, which includes the main indicators (see Table 1), provides the necessary information to analyse the composition of real GDP per capita and to assess the contribution to the expansion of output of the primary factors of production (labour and physical capital) and of those others that promote an efficient use of available resources and facilitate the incorporation of technical progress into productive processes, raising total factor productivity.

At the head of the first group are real GDP per capita and its breakdown into the percentage of the total population of working age, the employment rate and labour productivity (1).

(1)

$$GDP_{pc} = \frac{\text{Employment}}{\text{Pop. aged } 15-64} \times \frac{\text{Pop. aged } 15-64}{\text{Total population}} \times \frac{\text{GDP}}{\text{Employment}}$$

TABLE 1

Main indicators of real convergence (a)

	Indicator	Use	Definition	Availability and source
1	GDP per capita	Main indicator of convergence	GDP at constant prices and PPP	Annual 1970-2000 AMECO
2	% of population aged 15-65	Component of GDP	Population aged 15-64 as a percentage of the total population	Annual 1970-2000 AMECO
3	Employment rate	Component of GDP	Number of persons employed as a percentage of the labour force (National Accounts employment)	Annual 1970-2000 AMECO
4	Labour productivity	Component of GDP	GDP, at constant prices and PPP, divided by the number of persons employed (national Accounts employment)	Annual 1970-2000 AMECO
5	Total stock of physical capital per employee (capital-labour ratio)	Helps explain the path of labour productivity. It is needed, along with labour productivity, to calculate TFP	Stock of fixed capital, at constant prices and PPP, divided by employment	Annual 1970-2000 AMECO
6	Total factor productivity	Indicator (more complete than labour productivity) of the productive efficiency of the economy	Difference between the rate of change of GDP and that of the factors of production ("Slow residual")	Annual 1970-2000 (1995=100) AMECO
7	Stock of private physical capital per person employed	Factor explaining TFP	Calculated on the basis of private gross fixed capital formation less R&D expenditure	Annual 1986-1999 FUNCAS (European Studies Programme)
8	Stock of public physical capital	Factor explaining TFP	Calculated on the basis of public gross fixed capital formation less public R&D expenditure	Annual 1986-1999 FUNCAS (European Studies Programme)
9	Stock of technological capital	Factor explaining TFP	Net cumulative expenditure on R&D and technology imports	Annual 1986-1999 FUNCAS (European Studies Programme)
10	Stock of human capital	Factor explaining TFP	Population of working age with a higher education, corrected for quality	Annual 1986-1999 FUNCAS (European Studies Programme)

(a) Information on the 15 countries that make up the EU.

This type of presentation facilitates the interpretation of the real convergence process and enables the growth in GDP per capita to be related to demographic, labour market and productive efficiency developments. As labour productivity developments summarise the behaviour of the capital-labour ratio and of total factor productivity, information is also provided on each of these variables. It should be noted that the rate of change of total factor productivity is considered a better indicator of the degree of efficiency of an economy than the rate of change of apparent labour productivity, since the former enables the growth in productive capacity not strictly attributable to increases in the use of primary factors of production to be identified. This conceptual superiority of total productivity is, for practical purposes, qualified by the difficulty of estimating it, so that the information it provides must be treated with caution (2). Finally, this first group of indicators includes a set of varia-

(2) The total factor productivity (TFP) series used here is taken from AMECO and is obtained as the residual resulting from subtracting the rate of change in the capital-labour ratio multiplied by the share of non-wage income in national income from the rate of change of labour productivity. Being a residual, it incorporates, in addition to genuine TFP, errors in measuring the factors of production and the effects of changes in the composition of the labour factor and capital across the different branches of the economy.

TABLE 2

Supplementary indicators

	Indicator	Use	Definition	Availability and source
1	Private R&D as % of GDP	Indicates to what extent the change in the stock of technological capital is attributable to the private sector	Private sector R&D expenditure (deflated by the investment deflator) as a percentage of GDP at constant prices	Annual 1985-1998 EUROSTAT
2	Public R&D as % of GDP	Indicates to what extent the change in the stock of technological capital is attributable to the public sector	Public sector R&D expenditure (deflated by the investment deflator) as a percentage of GDP at constant prices	Annual 1985-1998 EUROSTAT
3	Patents used divided by GDP	Indicator of the degree to which investment in R&D is actually applied	Number of domestic and foreign patent applications (registered in the European Patent Office) divided by GDP at constant prices and PPP	Annual 1991-1998 EUROSTAT
4	Investment in venture capital as % of GDP	Indicator of the accessibility of financing for small and medium innovative firms	Deflated investment in risk capital as a percentage of GDP	Annual 1997-1999 European Venture Capital Association (EVCA)
5	Private investment as % of GDP	Supplementary indicator of the change in the stock of physical capital	Private GFCF at constant prices as a percentage of GDP at constant prices	Annual 1970-2000 AMECO
6	Public investment as % of GDP	Supplementary indicator of the change in the stock of physical capital	Public GFCF at constant prices as a percentage of GDP at constant prices	Annual 1970-2000 AMECO
7	Infrastructure investment as % of GDP (non-residential construction)	Indicator of investment by the whole economy in all infrastructure	Public GCF in construction of the whole economy excluding investment in housing, deflated by GDP at constant prices	Annual 1970-2000 EUROSTAT
8	Public expenditure on education per head of population	Indicator of investment in human capital by the public sector	Deflated expenditure on education in PPP divided by the population aged over 65	Annual 1985-1995 EUROSTAT
9	Social expenditure per head of population	Indicator of social welfare	Expenditure on health, pensions, unemployment, family assistance, housing, etc. (deflated and in PPP) divided by the population	Annual 1985-1995 EUROSTAT
10	Rate of unemployment	Indicator of social welfare	Number of persons unemployed divided by the labour force	Annual 1970-2000 AMECO

bles considered relevant to explaining total productivity, since, as mentioned above, they enable the primary productive resources to be used more efficiently and they facilitate the transmission of technical progress. These variables are the stock of public capital, the stock of technological capital and the stock of human capital.

The second group of indicators, included under the heading "supplementary indicators" (see Table 2), provides information on the variables that influence the accumulation of productive stocks, or indirectly illustrate the extent to which the environment is conducive to innovation. These are gross fixed capital formation (private, public and in infrastructure), public expenditure on education, R&D expenditure, patent use and investment in venture capital securities. Also indirect information is given on the level of social welfare through the amount of social expenditure per head and the unemployment rate.

Compilation of these indicators has involved the systematic organisation of data taken from different databases on the 15 EU countries. Sometimes the basic information is only available in current terms, so that it has had to be processed in order to obtain series expressed in

FIGURE 1

Indicators of real convergence on the Banco de España's website

SUMMARY ECONOMIC INDICATORS: 1.3 REAL CONVERGENCE SPAIN-EU (a)
a) LEVELS. SPAIN ***15-November-2001 11:30:59***

	1960	1965	1970	1975	1980	1985	1990	1995	penultimate figure available	latest figure available	year of latest figure
1. SPAIN											
I. GDP per capita and components											
GDP per capita (EUR thousands, PPP)	4.9	6.9	8.9	11.0	11.4	12.0	14.7	15.6	17.9	18.6	2000
Population aged 16-64/ total population (%)	64.8	63.8	62.8	62.5	63.3	64.7	66.5	68.1	68.2	68.2	2000
Employment rate (%) (b)	65.1	64.4	64.3	62.7	54.1	47.6	53.8	50.9	56.4	58.1	2000
Labour productivity (EUR thousands, PPP, per person employed) (c)	11.5	16.9	22.0	28.0	33.2	38.8	41.2	45.0	46.6	47.1	2000
II. Total factor productivity and stocks of capital											
Total factor productivity (1995=100) (d)	39.6	55.2	66.5	77.4	83.8	92.1	97.1	100.0	102.3	103.0	2000
Total capital stock/ employment (EUR thousands, PPP) (d)	31.9	37.0	47.7	63.0	84.0	101.7	103.9	125.4	127.5	128.9	2000
Stock of private physical capital/ employment (EUR thousands, PPP)(e)	...	...	...	...	...	...	72.6	89.0	91.6	91.3	1999
Stock of technological capital/ GDP (%) (e)	...	...	...	...	...	...	4.3	6.4	6.2	6.2	1999
Stock of human capital/ population aged 16-64 (%) (e)	...	...	...	...	...	...	28.1	32.3	35.1	36.3	1999
Stock of public capital/ population (EUR thousands, PPP) (e)	...	...	...	...	...	...	3.4	4.6	4.9	5.0	1999
III. Supplementary indicators											
R&D expenditure/ GDP (%)	...	...	...	...	...	0.5	0.8	0.9	0.9	0.9	1998
Public R&D expenditure/ GDP (%)	...	...	...	...	...	0.1	0.2	0.2	0.2	0.2	1998
Private R&D expenditure/ GDP (%)	...	...	...	...	...	0.4	0.6	0.7	0.7	0.7	1998
Patents granted at EPO/ population (units per million) (f)	...	...	...	...	...	...	...	2.8	3.7	3.2	1998
Domestic patent applications/ population (units per million)	...	...	...	...	...	60.0	60.0	53.0	53.0	59.0	1996
External patent applications/ population (units per million)	...	...	...	...	...	...	122.2	257.3	257.3	430.7	1996
Venture-capital capitalisation/ GDP (%)	...	...	...	...	...	...	...	...	0.1	0.1	1999
Gross fixed capital formation/ GDP (%)	...	...	24.1	23.6	19.9	17.6	24.3	22.0	24.4	25.0	2000
Private GFCF/ GDP (%)	...	...	21.9	21.4	18.4	14.4	19.6	18.3	21.1	21.7	2000
Public GFCF/ GDP (%)	...	...	2.2	2.2	1.5	3.1	4.7	3.7	3.3	3.2	2000
GFCF in non-residential construction/ GDP (%)	...	...	5.1	5.6	5.3	5.0	8.3	8.1	7.5	7.9	1999
Public expend. on education/pop.aged 16-64 (EUR thousands, PPP)	...	...	...	...	...	0.7	0.9	1.1	1.1	1.1	1996
Total social expenditure per inhabitant (EUR thousands, PPP)	...	...	...	...	...	2.4	3.3	3.5	3.5	3.6	1996
Health expenditure per inhabitant (EUR thousands, PPP)	...	...	...	...	...	0.5	0.8	0.9	0.9	0.9	1996
Social benefits expend. per inhabitant (EUR thousands, PPP)	...	...	...	...	...	1.7	2.2	2.4	2.4	2.4	1996
Public expend. on housing per inhabitant (EUR thousands, PPP)	...	...	...	...	...	0.2	0.3	0.3	0.3	0.3	1996
Unemployment rate (%)	...	...	2.5	4.4	11.2	21.0	15.9	22.7	15.8	14.0	2000

Sources: Eurostat, Ameco, Fundación de Cajas de Ahorros (European Studies Programme), European Ventury Capital Association and the Banco de España.
(a) The EU aggregate includes Spain. All the monetary variables are measured in constant 2000 prices in thousands of PPP-based euro, except the capitalisation of venture-capital securities, which is measured in current prices.
(b) Employment (National Accounts series) as a percentage of the population aged 16-64.
(c) GDP divided by employment (National Accounts series)
(d) Total factor productivity: calculated as the difference between the rate of change of GDP and the rate of change of factors of production. The latter is estimated as the average of the rates of change of employment and of the capital stock, weighted by the income shares of these factors. The capital stock is calculated using the perpetual inventory method, considering the GFCF of the total economy as investment and fixed capital consumption as depreciation (Eurostat).
(e) Private physical capital stock: considering investment as private GFCF less R&D expenditure. Public stock of capital: considering investment as public GFCF less public R&D expenditure. Technological capital stock: considering investment as R&D expenditure and technology imports. Human capital stock: percentage of working population with quality adjusted comparable university education (FUNCAS).
(f) EPO: European Patent Office.

constant pesetas and, when necessary, in terms of purchasing power parity. The indicators of the first group have been compiled with information from AMECO (3), except the stocks of private physical, technological, human and public capital, for which FUNCAS estimates (4) are used. The indicators of the second group have been compiled with information from EUROSTAT and AMECO. Tables 1 and 2, already mentioned above, set out in detail the definition of the variables selected and their sources, while Figure 1 corresponds to one of the website summary indicators tables and summarises the position of Spain relative to the EU in terms of the different variables considered (5).

Charts 1, 2 and 3 show in graphical and summary form the paths of the selected indicators. As seen in Chart 1, which shows the

(3) AMECO (Annual Macro Economic) is a macroeconomic database compiled by the Directorate General Economic and Financial Affairs (DG ECFIN) of the European Commission.

(4) For a detailed explanation of their compilation see *Series de indicadores de convergencia real para España, el resto de países de la UE y EEUU,* Estudios de la Fundación de las Cajas de Ahorros Confederadas (FUNCAS).

(5) Time series for all the selected indicators are available on the Banco de España's website. These will be updated as and when new information becomes available. Note that for some variables the lags with which information becomes available are long. Attempts will be made in future to reduce these lags, wherever possible.

path of GDP per capita in Spain relative to the EU and those of its components, over the forty years for which information is available, the difference between Spain's GDP per capita and the EU's was cut by 25 percentage points, so that in 2000 Spain's GDP per capita was 83% of the EU's. This process was not a steady one, however, either in terms of its rate or of the factors identified as driving it (6). In particular, the process was interrupted between 1975 and 1985, coinciding with the unfolding of the two major energy crises, against a background of sharp reductions in the employment rate in Spain. This involved a return to the relative welfare levels of fifteen years earlier.

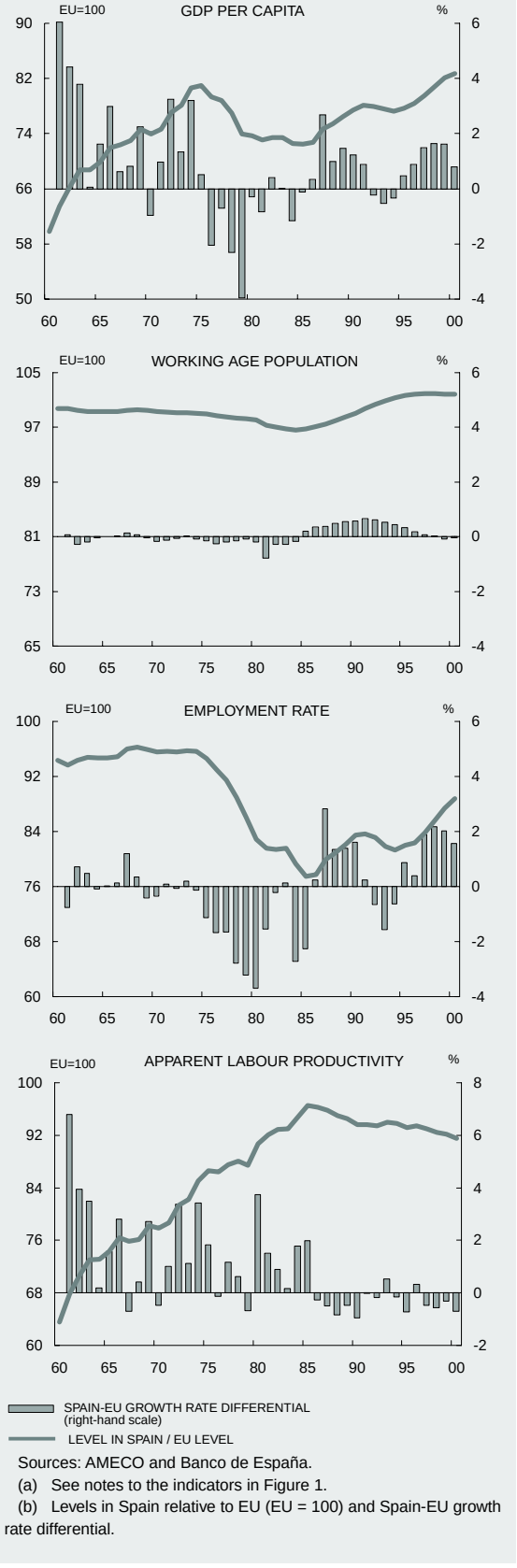
Spain's accession to the EU in 1986 gave a fresh boost to real convergence. Over the 15 years since, Spain's GDP per capita has increased by a total of 51.6% (18 percentage points more than the EU's).

The narrowing of the gap in economic welfare relative to the EU has basically stemmed from the higher rate of job creation in Spain and, to a lesser extent, from the somewhat higher growth in Spain's working age population. The contribution of the latter factor has been declining in strength since it began to reflect the drastic fall in the birth rate of the early eighties. The employment rate meanwhile has been marked by the successive reforms of the labour market, which have tended to increase the capacity of the Spanish economy to generate employment, especially in the latter years of the period analysed. It should be noted, however, that the rate of unemployment has not fallen by as much as the employment rate has increased. This is because of the significant rise in the activity rate as women have increasingly participated in the labour market. Finally, the growth in labour productivity has been more moderate and, almost in every year, less than the average EU rate, owing to the fact that the differential in job creation has been greater than that in real growth.

During the last 15 years, a significant effort has been made to accumulate physical capital and high rates of gross capital formation have been sustained (generally exceeding the average EU rates). As a result of all this, the stock of physical capital has increased continuously since 1986, at a systematically higher rate than in the EU. However, over the whole 15-year period, the capital-labour ratio has hardly im-

CHART 1

Spain-EU real convergence
GDP per capita: components (a) (b)

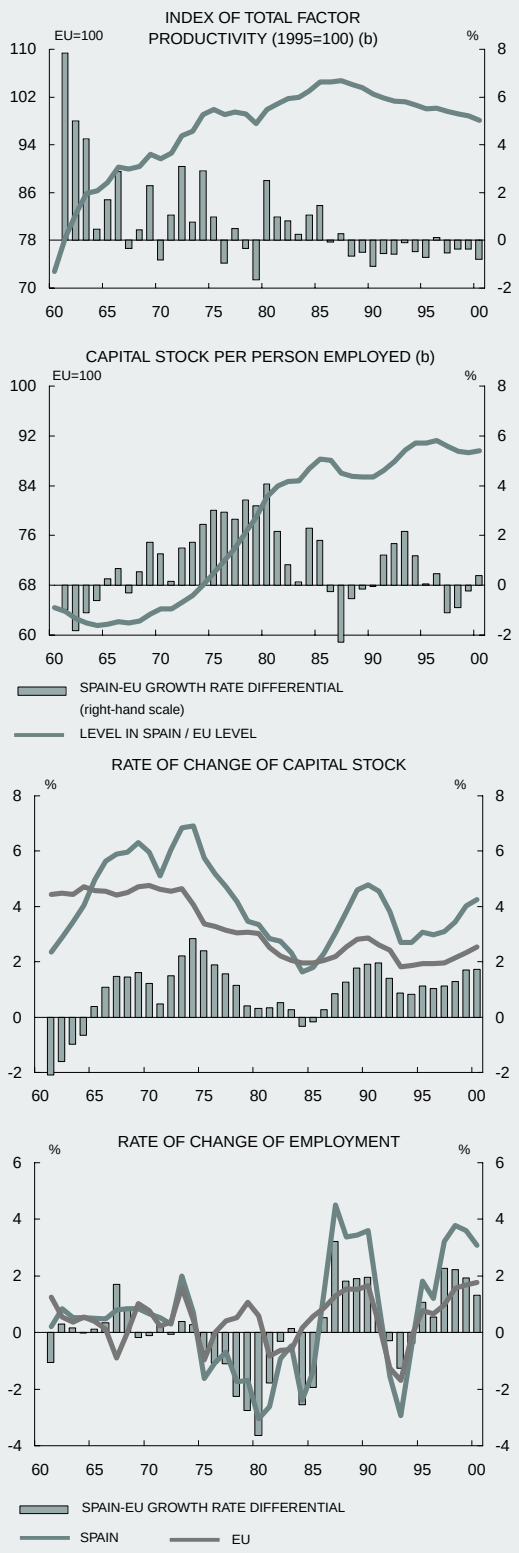


Sources: AMECO and Banco de España.
(a) See notes to the indicators in Figure 1.
(b) Levels in Spain relative to EU (EU = 100) and Spain-EU growth rate differential.

(6) For an analysis of the nature of this process, see Box 1.3 of the year 2000 Annual Report of the Banco de España: "Spain-EU convergence: 1960-2000. The contributions of the employment rate and labour productivity".

CHART 2

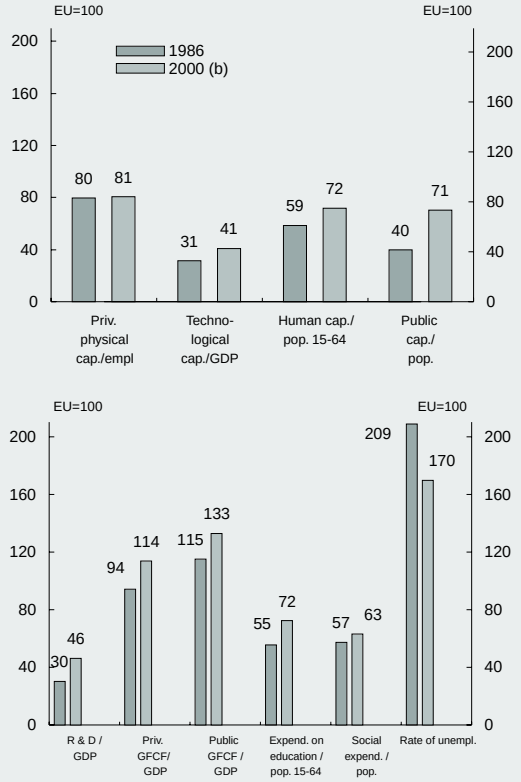
Spain-EU real convergence
Main determinants of labour productivity (a)



Sources: AMECO and Banco de España.
(a) See notes to the indicators in Figure 1.
(b) Levels in Spain relative to EU (EU = 100) and Spain-EU growth rate differential.

CHART 3

Spain-EU real convergence
Supplementary indicators (a)



Sources: Eurostat, AMECO, Departamento de Estudios Europeos de la FUNCAS and Banco de España.
(a) Level in Spain relative to EU (EU = 100).
(b) Or latest year available.

proved relative to the EU, an important factor here being the difficulty, during these years, of achieving a rate of growth of physical capital commensurate with the rate of job creation (7) (see Chart 2).

Since Spain's accession to the EU, its endowments of infrastructure and technological and human capital have expanded significantly. As can be seen in Chart 3, this has been reflected in a significant narrowing of the gaps that existed between Spain and the EU in the mid-eighties. Especially notable have been the growth in the stock of public capital, involving a considerable improvement in the endowment of infrastructure, and the increase in the stock of technological capital, which nonetheless remains well below the European average. As for

(7) For a more detailed analysis of developments in the capital-labour ratio of the Spanish economy during the period 1981-1995 see: "La contribución de los factores productivos al crecimiento económico en España: un análisis desagregado", *Boletín económico,* February 2001, Banco de España.

human capital, progress has also been significant, although somewhat less pronounced. In recent years there has been a discernible rise in the levels of training and qualifications of the different segments of the Spanish population, so that 73% of the employed population had completed secondary or higher education in 2000. In all three cases, however, investment activity can be seen to have tailed off somewhat in recent years, which can be attributed to the adjustment in the relevant items of public expenditure, against the background of fiscal consolidation during the run-up to Stage Three of EMU.

The increase in the endowment of factors of production during this period explains the observed growth in total factor productivity. However, as in the case of apparent labour productivity, the rate of growth of this variable has been somewhat less in Spain than in the EU as a whole (see Chart 2).

To sum up, the cumulative increase in income since Spain's accession to the EU has taken the level of its GDP per capita significantly closer to the EU average. The gap that still exists (approximately 17% of average EU income per capita) is attributable to the differences in the rates of employment (the Spanish rate is 88% of the EU average) and labour productivity (92%). To continue making progress in real convergence it is therefore necessary to promote, through the most appropriate economic policies, a pattern of growth that continues to benefit from positive employment rate contributions, but which is also based on business investment and an increase in total factor productivity.

20.7.2001

Financial regulation: 2001 Q3

1. INTRODUCTION

During the third quarter of 2001, several financial regulations of great significance for the development of financial markets were issued. First, the Ministry of Economy regulated the frontloading of euro banknotes and coins, setting the starting date for frontloading credit institutions and specifying the agents to which these institutions may frontload limited amounts of euro banknotes and coins before 1 January 2002.

Second, the European Central Bank (ECB) implemented a Recommendation setting forth the information that national central banks (NCBs) shall make available to the ECB in the field of balance of payments statistics, the international reserves template and international investment position statistics.

The Banco de España published a circular on the reporting of data on transactions and stocks of external assets and liabilities in marketable securities, setting up a new procedure for the collection of the information necessary to calculate portfolio investment and associated income, thus fulfilling the requirements laid down in Community legislation.

In the area of securities markets, it should be pointed out that the most significant provision issued during the first quarter of 2001 was the regulation implementing investor-compensation schemes, applicable both to investment services firms and credit institutions, which provide cover to investors where these institutions are unable to repay money or return securities or financial instruments owed to or belonging to the investor in connection with investment business.

In this line, a regulation implementing the legal regime of investment services firms has also defined the administrative regime to which these firms shall be subject with regard to such aspects as conditions for taking up business and operating conditions.

Finally, the conditions imposed on government-debt market makers to ensure the liquidity of the secondary market have been made more flexible by the Directorate General of the Treasury and Financial Policy.

2. FRONTLOADING OF BANKNOTES AND COINS AND OTHER PROVISIONS REGULATING CHANGEOVER TO THE EURO

Law 14/2000 of 29 December 2000 on fiscal, administrative and social measures (1)

(1) See “Financial regulation: 2000 Q4 ”, in *Economic bulletin,* Banco de España, January 2001, pp. 79-80.

amended Law 46/1998 of 17 December 1998 on the introduction of the euro (2), bringing forward from 30 June 2002 to 28 February 2002 the date on which banknotes and coins denominated in pesetas will lose their status of legal tender and will only retain their exchange value according to the conversion rate and the rounding rules defined in Law 46/1998. The Law also empowered the Ministry of Economy to regulate the distribution of limited amounts of euro banknotes and coins before 1 January 2002 in order to contribute to the smooth changeover to the euro.

Accordingly, *Ministerial Order of 20 July 2001* on the frontloading of euro banknotes and coins was published in the Official Gazette (BOE of 21 July 2001), setting the starting date for frontloading to credit institutions and specifying the agents to which these institutions may frontload limited amounts of euro banknotes and coins before 1 January 2002.

The delivery of coins, by the Treasury through the Banco de España, and of banknotes, by the latter to credit institutions located in Spain, started on *1 September 2001* and is being implemented in accordance with the frontloading arrangements concluded by the Banco de España and credit institutions. The Ministerial Order empowered the Banco de España to define the general frontloading conditions, which were laid down in *Resolution of 23 July 2001* (BOE of 25 July 2001). The most salient features of these regulations are discussed below.

Between 1 September 2001 and 1 January 2002, the Banco de España shall deliver euro banknotes to credit institutions located in Spain that are eligible for monetary policy operations and have concluded the relevant frontloading arrangement (hereinafter, the recipient credit institutions). These institutions shall keep the frontloaded banknotes in safe custody and shall not put them into circulation before 1 January 2002. Until that date, the Banco de España shall retain full title to the banknotes.

From the moment of frontloading until 1 January 2002, recipient credit institutions shall store the frontloaded banknotes safely in order to avoid damage, loss, theft, robbery, deterioration or any type of impairment whatsoever and they shall cover such risks by subscribing to appropriate insurance policies. Furthermore, recipient credit institutions shall be required not to put the banknotes into circulation, distribute them on a large scale and commence cash changeover before 1 January 2002.

As from 1 January 2002, the banknotes shall become the property of the recipient credit institutions, which shall settle the payment for their face value to the Banco de España. For this purpose, recipient credit institutions shall provide the Banco de España with adequate collateral by the close of business on 31 December 2001.

The same procedure, including provision of collateral, shall apply to euro coins, except that full title shall be retained by the Treasury, acting through the Banco de España, until 1 January 2002

With regard to the frontloading of euro banknotes outside Spain, recipient credit institutions shall be entitled to:

a) Distribute frontloaded banknotes from 1 September 2001 to their branches established inside the euro area.

b) Distribute frontloaded banknotes from 1 December 2001 to their branches or headquarters located outside the euro area, which shall not further distribute frontloaded banknotes to third parties before 1 January 2002.

c) Distribute frontloaded banknotes from 1 December 2001 to other credit institutions located outside the euro area, which shall not further distribute frontloaded banknotes to third parties before 1 January 2002.

As for the frontloading of euro coins outside Spain, recipient credit institutions shall be entitled to distribute them as from 1 September 2001 to their branches and headquarters or to other credit institutions located outside the euro area.

Similarly, in order to ensure a smooth changeover, under the aforesaid Ministerial Order, recipient credit institutions shall be entitled to distribute euro banknotes and, where appropriate, euro coins according to the following schedule:

1) Sub-frontloading of banknotes and coins from *1 September 2001* to major retailers, i.e. retailers with a large volume of sales, a number of business premises allowing a large flow of customers and a network covering most of the country. Contractual arrangements may also envisage sub-frontloading from that date to major currency operators, which are directly supplied with currency by cash-in-transit companies.

(2) Law 46/1998 of 17 December 1998. See "Financial regulation: fourth quarter 1998", in *Economic bulletin,* Banco de España, January 1999, pp. 83-90.

2) Distribution of limited amounts of euro banknotes and coins from *1 December 2001* to retailers (3), under the conditions laid down in the relevant frontloading arrangements.

3) Whenever agreed, the Treasury through the Banco de España and recipient credit institutions may offer small amounts of euro coins to the public from *15 December 2001* against their face value in pesetas.

Finally, the Ministerial Order empowers the Treasury to authorise the sub-frontloading of euro banknotes and coins to third parties other than major retailers and other currency operators, where appropriate.

In addition, *Ministerial Order of 16 July 2001* (BOE of 19 July 2001) provides for payments to be made in euro by central government, autonomous agencies and other public bodies from *15 September 2001*. Likewise, from the same date, the bank accounts of public bodies through which payments are made in euro, that have not yet been redenominated, shall be redenominated in euro.

3. STATISTICAL REQUIREMENTS OF THE EUROPEAN CENTRAL BANK

The Statute of the European System of Central Banks (ESCB) and of the ECB requires the ECB, assisted by the NCBs, to collect either from the competent national authorities or directly from economic agents the statistical information necessary in order for it to undertake the tasks of the ESCB.

For the fulfilment of its tasks, the ESCB needs to compile comprehensive and reliable monthly, quarterly and annual balance of payment statistics, monthly statistics showing the outstanding amount of reserve assets and annual international investment position statistics showing the main items affecting monetary conditions and exchange markets in the participating Member States, when the latter are seen as one economic territory.

The *Recommendation of the European Central Bank of 11 May 2000* on the statistical reporting requirements of the European Central Bank in the field of balance of payments statistics, the international reserves template and international investment position statistics (OJ of 21 June 2001) was issued for this purpose.

In accordance with the aforementioned Recommendation, the NCBs shall make available to the European Central Bank data on the cross-border transactions, stock of reserve assets, other foreign currency assets and reserve-related liabilities and cross-border positions necessary to enable the ECB to compile the aggregated balance of payments, international reserves template (4) and international investment position of the economic territory of the participating Member States, within the deadlines established in the annexes to the Recommendation.

4. REPORTING OF DATA ON TRANSACTIONS AND STOCKS OF EXTERNAL ASSETS AND LIABILITIES IN MARKETABLE SECURITIES

In line with the objectives discussed in the previous section, the ECB issued Guideline ECB/2000/4 of 11 May 2000, setting forth the information that NCBs were required to make available to the ECB in the field of balance of payments, international investment position and international reserves statistics, specifically with regard to portfolio investment and associated income. The portfolio investment and associated income data that were reported by the Banco de España to the ECB were based on the system of information on external receipts and payments laid down in CBE (Banco de España Circular) 15/1992 of 22 July 1992 (5), CBE 24/1992 of 18 December 1992 (6), CBE 1/1994 of 25 February 1994 (7) and CBE 6/2000 of 31 October 2000 (8), which did not allow all the Guideline requirements to be satisfied.

In order to meet these requirements, a new procedure for the collection of the information necessary to calculate portfolio investment and associated income has been set up in *CBE 2/2001 of 18 July 2001* (BOE of 2 August 2001) on the reporting of data on transactions and stocks of external assets and liabilities in marketable securities.

(3) Retailers are those businesses which are engaged in profit-making professional activities in which any type of items are offered for sale or services are provided to final users, whether through an establishment or not.

(4) The international reserves template means the statistical statement that reports with the appropriate breakdown stocks of reserve assets, other foreign currency assets and reserve-related liabilities of the Eurosystem at a reference date.

(5) See "Regulación financiera: segundo trimestre de 1992", in *Boletín Económico,* Banco de España, July-August 1992, pp. 90-91.

(6) See "Regulación financiera: cuarto trimestre de 1992", in *Boletín Económico,* Banco de España, January 1993, p. 74.

(7) See "Regulación financiera: primer trimestre de 1994", in *Boletín Económico,* Banco de España, April 1994, pp. 94-95.

(8) See "Financial regulation: 2000 Q4", in *Economic bulletin,* Banco de España, January 2001, pp. 75-76.

First, the scope of application of this Circular encompasses the following institutions (hereinafter, the subject institutions):

1) Resident banks, savings banks and credit co-operative banks.

2) Those other resident credit and financial institutions recorded in the official Banco de España or CNMV registries that act as deposit money institutions or settlement institutions in organised markets for marketable securities; those that hold assets in the form of marketable securities deposited with non-resident institutions, although they do not act as deposit money institutions or settlement institutions; and the management companies of mutual funds, in relation to the shares of non-residents in Spanish mutual funds.

3) Such other resident natural or legal persons as hold assets in the form of marketable securities with non-resident institutions.

The *institutions specified in paragraphs 1) and 2)* above shall send (by telematic means) to the Balance of Payments Office of the Banco de España, *with monthly periodicity,* the following information:

1) Information on marketable securities issued by non-residents, which shall include broad breakdowns of the transactions carried out and the stocks held by resident clients.

2) Information on marketable securities issued by residents, which shall include broad details of the transactions performed and stocks held by non-resident investors.

If they fulfil the following requirements these institutions can send this information with *quarterly periodicity* (instead of monthly):

a) That the total stocks of marketable securities held on own account or on the account of their clients as of 31 December of the previous year did not exceed EUR 60 million (about ESP 10 billion).

b) That their total transactions in marketable securities for own account or for the account of their clients during the previous year did not exceed EUR 600 million (about ESP 100 billion).

The resident legal and natural persons, specified in paragraph 3), who hold assets in the form of marketable securities with non-resident institutions, shall send to the Balance of Payments Office of the Banco de España, *with monthly periodicity,* less information than required from the above institutions. Specifically, it shall include:

1) Information on marketable securities issued by non-residents, including the transactions performed and stocks held by resident investors, with less detail than in the case of credit institutions.

2) Information on marketable securities issued by residents, including transactions performed and stocks of securities held by non-resident investors, with less detail than in the case of credit institutions.

However, they shall *not* be obliged to send the aforesaid information when the following requirements are fulfilled:

a) That their total stocks of marketable securities deposited with non-resident institutions as at 31 December of the previous year did not exceed EUR 6 million (about ESP 1 billion).

b) That their total transactions in marketable securities, carried out through non-resident institutions during the previous year, did not exceed EUR 60 million (about ESP 10 billion).

The Circular also provides that the subject institutions may send the information required jointly with another reporting entity *(presenting entity).* Entities that opt for this procedure (represented entities) shall supply to their presenting entities the information on their transactions and stocks, and those of their clients, with the necessary detail to meet the requirements of this Circular.

Also, the information on the transactions that Spanish mutual funds perform with marketable securities issued by non-residents, and on the related stocks, shall be supplied by the custodian institutions of the funds. Likewise, information on transactions that non-residents perform with shares in Spanish mutual funds and on the related stocks, shall be supplied by the management companies of the funds. However, this information may be provided by the related custodian institutions if that is what has been agreed between the latter and the management companies. Finally, the information on residents' transactions and stocks relating to shares in foreign mutual funds shall be provided by the resident institutions marketing this type of fund in Spain.

Finally, this Circular shall come into force on 1 January 2002. The first information that must

be notified shall relate to stocks of marketable securities as at 31 December 2001, and the transactions and stocks in January 2002. It must be sent during the first ten business days of February 2002.

5. INVESTOR-COMPENSATION SCHEMES

Directive 94/19/EC of 30 May 1994 (9) on deposit-guarantee schemes addressed the protection of the customers of credit institutions, setting up a harmonised minimum level of protection for the aggregate deposits of each customer, irrespective of the country of the EU in which they were located. This Directive was partially transposed into Spanish law by Royal Legislative Decree 12/1995 of 28 December 1995 (10) on urgent budgetary, tax and financial measures, and Royal Decree 2606/1996 of 20 December (11) on the deposit guarantee funds of credit institutions.

Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 (OJ L, 26.3.97) aimed to provide, in a similar way as for the customers of credit institutions, adequate protection to the clients of investment services firms (ISFs) (12) in the EU, by achieving the necessary and sufficient harmonisation to ensure a minimum level of protection for small investors in the event of ISFs being unable to meet their obligations to their clients. This directive was incorporated into Spanish law by Law 37/1998 of 16 November 1998 (13) on reform of the securities market, which set up the Investment Guarantee Fund (IGF). This law also introduced the relevant modifications to enable the Deposit Guarantee Fund (DGF) of credit institutions to protect their customers in relation to investment services.

Royal Decree 948/2001 of 3 August 2001 (BOE of 4 August 2001) now aims to implement the investor-compensation schemes, both for ISFs and for credit institutions through regulations. The object of these compensation schemes will be to offer investors cover when, owing to insolvency, an ISF or credit institutions is unable to repay amounts of money or return securities or financial instruments held on their behalf. In no case will this scheme cover credit risk or losses arising from the fall in value of an investment on the market.

Accordingly, two investor-compensation schemes have been set up:

1) One operating through one or two newly created Investment Guarantee Funds (IGFs) for ISFs (with the exception of portfolio management companies), as well as for the branches in Spain of foreign investment services firms.

2) The other operating through existing Deposit Guarantee Funds (DGFs) for credit institutions.

5.1. Investment guarantee funds

IGFs shall be set up as legally dependent autonomous portfolios of assets. Their representation and management shall be entrusted to a management company.

The *member entities of IGFs* shall be national ISFs, excluding portfolio management companies (national securities-dealer companies and securities agencies), which have their own special arrangements (discussed below). As regards the branches of foreign ISFs, which do not limit their activity to managing portfolios on a discriminatory, client-by-client basis, a distinction is drawn between those whose home country is inside the EU and those whose home country is outside the EU. In the case of branches whose head office is in an EU country, membership shall be voluntary when the cover afforded in their home country is less, in order to top up such cover. However, in the case of branches of non-EU investment firms, whether membership is compulsory or not will depend on whether there exists any cover in the home country, and if there does, its level. Those branches that are either unable to evidence membership of a similar fund in their home country or whose home country guarantee fund is unable to provide the same cover as that afforded by funds regulated by this Royal Decree shall be obliged to join a fund.

Securities-dealer companies and securities agencies belonging to a stock exchange, when a sufficient number of them agree to join, may set up a second IGF for themselves. In that case, each of them may opt for either of the two funds. The comments made here in relation to

(9) See "Regulación financiera: segundo trimestre de 1994", in *Boletín Económico,* Banco de España, July-August 1994, pp. 97-98.

(10) See "Regulación financiera: cuarto trimestre de 1995", in *Boletín Económico,* Banco de España, January 1996, pages 78-80.

(11) See "Regulación financiera: cuarto trimestre de 1996", in *Boletín Económico,* Banco de España, January 1997, pages 106-109.

(12) According to article 64 of Securities Market Law 24/1988 of 28 July 1998, as amended by Law 37/1998 of 16 November 1998, investment services firms include securities-dealer companies, securities agencies and portfolio management companies.

(13) See "Financial regulation: fourth quarter 1998", in *Economic bulletin,* Banco de España, January 1999, pp. 90-96.

the IGF shall be understood to apply to both of these funds.

The *coverage of the IGF* extends to the money and securities that customers have entrusted to the firms to carry out investment services, but not to losses arising from the fall in value of investments or to any credit risk. The protected securities shall include those subject to repurchase agreements to which title remains with the vendor. The IGF shall ensure that every investor receives the money value of their overall credit position with the firm, subject to an *upper limit of EUR 20,000.* The investor's position shall be determined by considering all the accounts open in the investor's name with the investment services firm, taking into account the sign of their balances, whatever the currency of denomination. The amount of money funds and the market value of financial assets shall be used to calculate the credit position. Where such assets are not traded on any Spanish or foreign secondary market valuation criteria shall be established.

Two kinds of exception to this cover are established, one based on the location of the investment services firm and the other on the type of investor. As regards the former, branches of Spanish investment firms located in territories defined as tax havens, or in countries that either lack a securities market supervisory agency or refuse to exchange information with the CNMV, are excluded from IGF cover. Securities and financial instruments entrusted to the branches of Spanish credit institutions located in non-EU countries that lack national investor-compensation schemes equivalent to the Spanish ones shall not be covered either. As regards the second exception, the IGF shall only protect non-professional investors and, therefore, will not cover money or securities belonging to investors considered to be professionally qualified, such as all types of financial institution. Neither will the IGF cover the assets entrusted by general government or natural persons that, either have representative positions in the investment services firms, or else are considered to have acted in bad faith.

As regards the *declaration of default,* investors who are unable to obtain directly from an entity belonging to the fund repayment of money or return of assets belonging to them may apply to the management company of the IGF for enforcement of the guarantee afforded by the fund, provided that the investment services firm has been declared insolvent, whether judicially, in the event of suspension of payments or insolvency, or administratively, by the CNMV.

As for their *financial regime,* IGFs shall be financed primarily through the annual contributions of their member entities, which shall be equal to 0.2% of the money, plus 0.01% of the value of the financial assets deposited by investors. The management company shall distribute this overall annual contribution among the firms belonging to the fund, according to the number of customers and the amount of the money or assets covered by the guarantee. It may also arrange loans and credit with financial institutions, in order to meet its obligations to investors under this Royal Decree.

At the time of their establishment in Spain, branches of ISFs shall notify the CNMV of whether they are required to join a fund according to the provisions of this Royal Decree. If they are, they shall be obliged to contribute to the IGF the amount established as the minimum initial contribution in the relevant annual budget approved by the CNMV.

When the net assets of the IGF have reached a sufficient level for it to fulfil its purposes, the Ministry of Economy, at the proposal of the CNMV, may approve a reduction in the aforesaid contributions. Conversely, when the management company of an IGF foresees that the net assets and financing available to the fund during a year are insufficient, it shall require the members to make extraordinary contributions of an amount necessary to cover the financial or net asset shortfall.

Investment services firms that fail duly to pay their ordinary or special contributions to the IGF or fail to meet their obligations under this Royal Decree may be excluded from the fund if they do not regularise their situation within the required period. The CNMV is authorised to resolve their exclusion, after a report of the management company of the IGF and having given a hearing to the entity concerned. Also, exclusion shall be grounds for the Ministry of Economy, upon a proposal of the CNMV, to revoke the authorisation that it may have granted the entity to carry on business, when the excluded entity has its head office in Spain.

As for the *period within which investors shall be paid their compensation, the IGF shall pay the compensation to investor*s, whose entitlement has been duly verified, in cash within three months of the declaration of default provided for in this Royal Decree. The CNMV is authorised to extend this period by a further three months when it deems that there are exceptional circumstances to justify such a delay.

Finally, although this Royal Decree provides that it shall enter into force on the day following

its publication, it is stipulated that the cover of the IGF will extend back to 1 July 1993, the date of effectiveness of Directive 93/22/EEC of 10 May 1993 on investment services in the securities field.

5.2. The management companies of Investment Guarantee Funds

The *management companies* shall have the legal status of public limited companies, with a share capital sufficient to ensure they can achieve their corporate objects, subscribed for by the members of each IGF in accordance with the same criteria as govern their contributions. Such share capital may be changed in order to adjust the shares of each of the member entities as a consequence of new members joining or existing members leaving the fund, or of changes in the percentage shares of the corporations already belonging to the fund.

The CNMV shall be responsible for supervising these management companies.

The appointment of directors and the general manager shall comply with the requirements laid down in the Securities Market Law and shall require the prior approval of the CNMV. There shall be a representative of the CNMV on the board of directors with the right to speak but not vote, who shall ensure that rules regulating the activity of the fund are complied with.

The management company shall have the following duties:

a) To represent and manage the IGF, and to administer its assets.

b) To pay compensation out of the IGF and to exercise on behalf thereof the rights to which it has been subrogated.

c) To notify the CNMV and take such measures as may be necessary in the event of default by member investment services firms on any of their obligations, both to the fund and the management company. Should it be necessary, to propose to the CNMV both suspension of a member entity and revocation of the authorisation granted to it to carry on its activity.

d) To provide the CNMV with such assistance as it may request in the exercise of its supervision, inspection and sanctioning functions.

e) To charge the IGF, as a management fee, the expenses incurred as a consequence of its representation and management that are not directly recoverable therefrom.

f) To inform investors of the scope and content of the fund.

5.3. Deposit guarantee funds of credit institutions and the cover of the investment guarantee scheme

This Royal Decree also aims to develop the legal system relating to the cover that credit institutions must provide for investment services. This involves certain amendments to Royal Decree 2606/1996 of 20 December 1996 (14) on deposit guarantee funds, with the same content as in the case of the IGFs just discussed, but respecting the differences arising from the specific structure of each type of fund and its specific regulation (see Table 1).

One of the main changes made by this new regulation relates to the *extent of the guarantee* assumed by credit institutions; as from the publication of the aforementioned Royal Decree, the DGF not only covers *guaranteed deposits* (as envisaged under the previous regulation), but also *guaranteed securities.*

Specifically, as regards guaranteed deposits, the Royal Decree covers those envisaged in RD 2606/1996, i.e. credit balances on accounts, funds arising from temporary situations in business transactions and registered certificates of deposit that the institution is obliged to return under the applicable legal and contractual conditions (provided that they are created in Spain or another EU Member State), and also extends to the money that the customer has entrusted to the institution to carry out some investment service or that arises from the provision of such services or activities.

As for guaranteed securities, the Royal Decree covers the marketable securities and financial instruments stipulated in the Securities Market Law that customers have entrusted to a credit institution in Spain or in any other country, for deposit or registration or for the performance of some investment service. Securities subject to repurchase agreements that remain entered or registered in the name of the vendor shall be included among the guaranteed securities.

However, as commented above for the IGF, the DGF shall not protect securities or fi-

(14) See "Regulación financiera: cuarto trimestre de 1996", in *Boletín Económico,* Banco de España, January 1997, pp. 106- 109.

TABLE 1

Comparison between the Investment Guarantee Fund and the Deposit Guarantee Fund

INVESTMENT GUARANTEE FUND	DEPOSIT GUARANTEE FUND
LEGAL PERSONALITY	
Legally dependent, autonomous portfolio of assets, whose management and representation is entrusted to a management company.	Separate legal entity, with full capacity to pursue its objects under private law and not subject to the rules regulating public bodies.
SUPERVISORY BODY	
Comisión Nacional del Mercado de Valores (CNMV).	Banco de España (BE).
MEMBER ENTITIES	
1. Securities-dealer companies and securities agencies 2. Branches of foreign investment services firms, depending on the system of cover in their home country.	1. Banks, savings banks and credit co-operative banks 2. Branches of foreign credit institutions, depending on the system of cover in their home countries.
COVER OF THE FUND	
Money and securities that customers have entrusted to the firms to carry out investment services.	Guaranteed deposits and securities.
FUND ASSETS	
Annual contributions of the member entities, and special contributions in exceptional circumstances.	Annual contributions of member institutions, and special contributions in extraordinary circumstances and, exceptionally, contributions by the Banco de España.
AMOUNT GUARANTEED	
Money value of the overall credit position in the investment services firm subject to an upper limit of EUR 20,000.	Guaranteed deposits shall be limited to EUR 20,000. Guaranteed securities shall have a limit independent of that corresponding to deposits, which shall be no more than EUR 20,000.
GROUNDS FOR EXECUTION OF THE GUARANTEE	
That the investment services firm has been declared insolvent, either judicially, in the event of suspension of payments or insolvency, or else administratively, by the CNMV.	That the credit institution has been declared insolvent, either judicially, in cases of suspension of payments or insolvency, or else administratively, by the BE.

nancial instruments entrusted to a credit institution to carry out investment services and supplementary business in territories defined by current law as tax havens, or in countries that either lack a securities market supervisory agency or refuse to exchange information with the CNMV. Neither will the DGF protect securities and financial instruments entrusted to branches of Spanish credit institutions located in non-EU countries that have national investor-compensation schemes equivalent to the Spanish ones, since in that case the cover is afforded by the country in which the institution is located. Under no circumstances shall the cover extend to securities entrusted by institutional investors, or securities belonging to persons that have representative positions in the institution that gives rise to action by the DGF or persons who have violated current provisions or have contributed to the deterioration of the institution's financial situation.

Another change made in this new regulation relates to the *assets of the funds.* Specifically, the institutions belonging to the DGFs are obliged to comply with the financial regime of annual contributions and special contributions laid down by this Royal Decree, so that they can meet their obligations to depositors and investors under this Decree. As regards special contributions, which did not exist under the previous regulation, the management company may require them to be paid by the member institutions when the net assets of the funds are negative. The total amount of such contributions cannot exceed the value of the shortfall, and it shall be distributed among the institutions in the same proportions as the annual contributions.

As regards the *amounts guaranteed,* the deposits shall be guaranteed for up to EUR 20,000. The amount guaranteed to investors that have entrusted securities or financial instruments to a credit institution shall be independent of that corresponding to deposits and shall be subject to a maximum of EUR 20,000. The guaranteed amounts shall be paid in cash.

5.4. Rules applicable to portfolio management companies

As mentioned above, portfolio management companies do not belong to IGFs, so that they must insure the risks arising from their activities by means of liability insurance taken out with an insurance company legally authorised to operate in the field of civil liability in the EU. The insured sum shall be not less than EUR 1,225,000 (about ESP 204 million). The benefits of such insurance shall be used exclusively to pay the damages caused to their clients arising from the performance of investment services specific to their business. This requirement shall be complied with within six months of this Royal Decree coming into force (by 5 February 2002), and the CNMV shall be notified of compliance, which shall be recorded in the public register of ISFs.

6. LEGAL REGIME FOR INVESTMENT SERVICES FIRMS

6.1. Background

Comprehensive reform of the Spanish securities markets was undertaken by Law 24/1988 of 28 July 1988 (15). One of the main objectives of the Law was to strengthen these markets in the lead up to a single EU securities market in 1992.

The construction of a single European financial market has in recent years been based on three important directives:

First, Directive 89/646/EEC of 15 December 1989 (16) (the Second Banking Directive) was essential to achieve a common framework for the activities of credit institutions within the EU, from the point of view both of the right of establishment and of the freedom to provide services. The Directive was transposed into Spanish law by means of Law 3/1994 of 14 April 1994 (17), which basically widened and modified the contents of Law 26/1988 of 29 July 1988 (18) on the discipline and administration of credit institutions, in order to include the provisions of this Directive.

Second, Directive 93/6/EEC of 15 March 1993 (19) on the capital adequacy of investment firms and credit institutions was published, with the aim of harmonising the elements considered essential to secure the mutual recognition of authorisation and of prudential supervision systems of investment firms.

(15) See “Financial regulation: fourth quarter 1998”, in *Economic bulletin,* Banco de España, January 1999, pp. 90-98.

(16) See “Regulación financiera: primer trimestre de 1990”, in *Boletín económico,* Banco de España, April 1990, pp. 71-72.

(17) See “Regulación financiera: segundo trimestre de 1994”, in *Boletín económico,* Banco de España, July-August 1994, pp. 92-96.

(18) See “Regulación financiera: tercer trimestre de 1988”, en *Boletín económico,* Banco de España, October 1988, pp. 56-58.

(19) See “Regulación financiera: segundo trimestre de 1993 ”, in *Boletín económico,* Banco de España, July-August 1993, pp. 108-109.

Finally, Directive 93/22/EEC of 10 May 1993 (20) on investment services in the securities field was essential to the achievement of the internal market, from the point of view both of the right of establishment and of the freedom to provide services, in the field of investment firms. The investment services Directive, like the Second Banking Directive, introduced the principle of the Community passport or single licence (21), which is based on the harmonisation of the conditions for authorisation and pursuit of the activity, as well as of the prudential supervision systems (22) for investment firms.

This Directive was transposed into Spanish law by means of Law 37/1998 of 16 November 1998, amending Law 24/1988 of 28 July 1988 on the Securities Market. Adaptation to this Directive meant that any investment services firm (ISF) (23), whether or not Spanish, which is authorised in one EU Member State, can *become a member of or have access to all EU markets*, including the Spanish market, and also become a member of or have access to clearing and settlement systems.

Law 37/1998 has recently been implemented by means of *Royal Decree 867/2001 of 20 July 2001* (BOE of 7 August 2001) on the legal regime of ISFs, regulating the administrative regime to which these firms shall be subject with regard to such aspects as conditions for taking up business and operating conditions. At the same time, the aforementioned Royal Decree repeals Royal Decree 276/1989 of 22 March 1989 on securities-dealer companies and securities agencies, as well as Title IV of Royal Decree 1393/1990 of 2 November 1990, which adopts the regulations governing portfolio management companies laid down in Law 46/1984 of 26 December 1984 regulating collective investment undertakings.

6.2. ISF business and operating conditions

ISFs may provide the following *investment services*: reception and transmission of orders on behalf of third parties; execution of such orders on behalf of third parties; dealing for own account; managing portfolios of investments in accordance with mandates given by investors on a discriminatory, client-by-client basis; mediation, directly or indirectly, on behalf of the issuer in the placement of new issues and public offers of securities; underwriting the subscription of new issues and public offers.

ISFs may also provide inter alia the following *non-core services*:

a) Safekeeping and administration of financial instruments, such as marketable securities, money market instruments, any type of contracts traded on a secondary market, financial futures contracts, financial options contracts, swaps and any contracts or transactions in instruments which may be traded on a secondary market, whether official or not.

b) Granting credits or loans to investors to allow them to carry out a transaction in one or more of the instruments listed in a) above.

c) Advice to undertakings on capital structure, industrial strategy and related matters and advice and service relating to mergers and the purchase of undertakings.

d) Services related to underwriting.

e) Acting as registered dealers to carry out foreign exchange transactions where these are connected with the provision of investment services.

ISFs may obtain funds from Spanish or foreign financial institutions recorded in the official registers of the Banco de España, the National Securities Market Commission (CNMV), the Directorate General of Insurance or in equivalent EU registers (hereinafter, the financial institutions). They may also carry out lending or borrowing activities with the aforesaid financial institutions, with the restrictions that may be imposed by the Ministry of Economy.

Likewise, ISFs may not obtain funds from persons other than financial institutions, except in the form of subordinated finance and from the issuance of shares or of securities admitted to listing on an official secondary market. Notwithstanding, securities-dealer companies and securities agencies shall be allowed to keep special temporary customer accounts for the execution of transactions carried out for the account of such customers. The balances of these accounts shall be

(20) See "Regulación financiera: segundo trimestre de 1993", in *Boletín Económico,* Banco de España, July-August 1993, pp. 106-108.

(21) This principle means that an investment services firm authorised in the EU Member State in which it has its registered office may establish branches and provide investment and non-core services in other Member States.

(22) Recognition of supervision systems enables the principle of supervision by the home Member State to be applied.

(23) Law 37/1998 defines investment services firms as financial institutions the main business of which is the provision of investment services for third parties on a professional basis. This category includes securities-dealer companies, securities agencies and portfolio management companies. These firms may carry on business in other EU Member States under the principle of the Community passport which gives them the right of establishment and the freedom to provide services.

invested in liquid low-risk assets, as determined by the Ministry of Economy.

6.3. Types of investment services firms

The following entities are considered to be investment services firms:

1) *Securities-dealer companies*, which may carry on business for own account and for third parties on a professional basis and provide all the above-mentioned investment and non-core services.

2) *Securities agencies,* which may carry on business solely for third parties on a professional basis and may provide investment and non-core services other than dealing for own account, underwriting the subscription of new issues and public offers and granting credits or loans to investors.

3) *Portfolio management companies*, which may manage portfolios of investments in accordance with mandates given by investors on a discriminatory client-by-client basis and provide non-core services related to advice.

Credit institutions, even though they are not ISFs, may normally provide all investment and non-core services, provided that their legal regime, their articles of association and their specific authorisation enable them to do so. Foreign credit institutions providing some investment services in Spain shall be governed by Royal Decree 1245/1995 of 14 July 1995 on the creation of banks, cross-border activities and other matters related to the legal regime of credit institutions. Likewise, the Banco de España shall supply information on foreign or Spanish credit institutions providing investment services in Spain to the CNMV, which shall record it in its registers.

6.4. Legal regime for ISFs

Creation of an ISF

The creation of an ISF or the conversion of a company into an ISF shall be subject to authorisation by the Ministry of Economy on a proposal by the CNMV. The authorisation shall be granted and shall not be withdrawn provided that the following requirements are fulfilled:

a) The sole corporate purpose of the firm shall be to carry on the activities of an ISF.

b) The ISF shall be a public limited company, except for portfolio management companies, which may be private limited companies.

c) The share capital and own funds of the ISF shall not be less than the following amounts:

— For securities-dealer companies: EUR 2 million (approximately PTA 333 million).

— For securities agencies: EUR 300,000 (around PTA 50 million), unless they intend to become members of secondary markets or of securities clearing and settlement systems, or they include securities borrowing in their programme of operations and may keep special temporary credit accounts, in which case their share capital shall not be less than EUR 500,000 (around PTA 83 million).

— For portfolio management companies: EUR 100,000 (around PTA 17 million).

d) The board of directors of the ISF shall be composed of at least five members (securities-dealer companies) or three members (securities agencies and portfolio management companies) meeting fitness and properness standards.

e) The ISF shall have a good administrative and accounting structure, adequate physical and human resources to implement its programme of operations and internal control and security procedures.

f) The ISF shall have internal rules of conduct.

g) Securities-dealer companies and securities agencies shall join an investment guarantee fund (see previous section) and portfolio management companies shall take out liability insurance with a legally authorised financial institution.

h) The ISF shall have its registered office and its headquarters within Spanish territory.

Liquidity ratio

ISFs other than portfolio management companies shall maintain, as a minimum, a 10% liquidity ratio of investments in highly liquid low-risk assets to total current liabilities with residual maturity of less than one year (excluding from the latter the balances of credit accounts arising from financial transactions with the public). The Ministry of Economy and the CNMV, specifically empowered by the Ministry, shall define the assets which are eligible for compliance with the liquidity

ratio, the accounting and valuation standards applicable to current liabilities balances and the procedures for the monitoring of compliance with the aforementioned ratio.

Table 2 shows the most significant new provisions introduced in the legal regime of ISFs:

6.5. Legal regime of qualifying holdings and capital reporting requirements

A qualifying holding in an ISF means any direct or indirect holding which represents 5% or more of the capital or of the voting rights of the ISF or any smaller holding which makes it possible to exercise a significant influence over the firm. Any legal or natural person who proposes to acquire (or dispose of) a qualifying holding in an ISF shall be required first to inform the CNMV. Such a person shall likewise inform the CNMV if he proposes to increase (or reduce) his qualifying holding so that the proportion of the voting rights or of the capital that he holds would reach 10%, 15%, 20%, 25%, 33%, 40%, 50%, 66% or 75%. The CNMV shall have up to two months to oppose such a plan.

TABLE 2

Changes in the legal regime and ratios for ISFs

Securities-dealer companies and securities agencies (RD 276/1989 of 22 March 1989)	*Securities-dealer companies and securities agencies (RD 867/2001 of 20 July 2001)*
Share capital Securities-dealer companies shall have a minimum share capital of ESP 750 million (EUR 4.51 million) and securities agencies ESP 150 million (EUR 0.9 million).	**Share capital** Securities-dealer companies shall have a minimum share capital of ESP 333 million (EUR 2 million) and securities agencies ESP 50 million (EUR 300,000) or ESP 83 million (EUR 500,000), as the case may be.
Composition of board of directors In the case of securities agencies that are members of a stock exchange, there is an additional requirement that each member of the board of directors shall hold not less than 5% of the share capital, and that all their shares are held by natural persons.	**Composition of board of directors** This additional requirement disappears.
Liquidity ratio They shall maintain a liquidity ratio of at least 10% (Ministerial Order of 28.07.89), as measured by the volume of investments in highly liquid low-risk assets as a percentage of total current liabilities with a residual maturity of less than one year (excluding from the latter the balances of credit accounts arising from financial transactions with the public).	**Liquidity ratio** They shall maintain a liquidity ratio of at least 10%, as measured by the volume of investments in highly liquid low-risk assets as a percentage of total current liabilities with a residual maturity of less than one year (excluding from the latter the balances of credit accounts arising from financial transactions with the public).
Portfolio management companies (RD 1393/1990)	*Portfolio management companies (RD 867/2001 of 20 July 2001)*
Share capital They shall have a minimum share capital of ESP 10 million (EUR 60,000) plus 5% of the first ESP 10 million of assets managed and 3% of any additional assets managed.	**Share capital** They shall have a minimum share capital of ESP 17 million (EUR 100,000).

6.6. ISF branches and agents

Spanish ISFs shall have the freedom to establish branches on the national territory but they shall be required first to inform the CNMV, which may request additional information on the physical and human resources available and on the adequacy of control systems.

Likewise, ISFs may grant a power of attorney to legal or natural persons (agents) for the promotion and marketing of the investment services included in their programme of operations. They may also grant a power of attorney to the aforementioned agents to provide habitually a number of investment and non-core services to customers, provided that these activities are included in the programme of operations of the ISF registered at the CNMV. Agents shall carry on business exclusively for a single ISF and shall in no case act on behalf of investors.

6.7. Cross-border activities of ISFs

Establishment of branches and provision of services in Spain by foreign ISFs

The establishment in Spain of *branches* of entities of non-EU Member States, which do not have the status of ISFs but nonetheless provide some investment services, shall be subject to *authorisation* by the Ministry of Economy, on a proposal by the CNMV, and shall fulfil the same requirements as those applied to the authorisation of an ISF in Spain, under certain conditions. The corporate purpose of the branch shall not include activities that it is not allowed to carry on in its home country.

The establishment in Spain of branches of ISFs authorised in another EU Member State shall not be subject to authorisation. However, the competent supervisory authorities shall first provide the CNMV with information on specific aspects, such as the programme of operations envisaged, the name of those responsible for the management of the branch and details of any investor-compensation scheme intended to protect investors.

ISFs authorised in another EU Member State may commence business in Spain for the first time *under the freedom to provide services*, on receipt by the CNMV of a communication from the competent supervisory authorities providing information on the activities envisaged. This regime shall be applicable whenever the ISF proposes for the first time to carry out in Spain activities other than those reported in the aforesaid communication. The CNMV shall indicate to the ISFs the conditions and rules of conduct with which the providers of investment services must comply in Spain.

Entities not authorised in another EU Member State which propose to provide investment services in Spain without a branch shall apply for *authorisation* to the CNMV, providing information on the activities they intend to carry on.

Establishment of branches and provision of services abroad by Spanish ISFs

Spanish ISFs wishing to establish a branch abroad shall apply for authorisation to the CNMV, specifying the State within the territory of which they plan to establish a branch and providing a programme of operations setting out the business envisaged and the names of those responsible for the management of the branch. Where the ISF branch is to be established in another EU Member State, the CNMV shall, where appropriate, forward the authorisation to the competent authorities of that Member State. Where the ISF branch is to be established in a non-EU Member State, the CNMV may reject the application inter alia on the grounds that the branch shall not be subject to effective control by the supervisory authorities of the host country or that there are legal or other obstacles preventing or hindering control and supervision of the branch by the CNMV.

The creation of a foreign ISF by a Spanish ISF or group of ISFs or the direct or indirect acquisition of a holding in an existing ISF, where the foreign ISF is to be created or has its registered office in a non-EU Member State, shall be subject to *authorisation* by the CNMV.

Finally, Spanish ISFs wishing to operate for the first time under the freedom to provide services in a non-EU Member State shall apply for authorisation to the CNMV, providing information on the authorised activities that they intend to carry on. The authorisation procedure shall be similar to that applied to the establishment of branches. Where services are to be provided in another Member State, ISFs shall only be required to first notify the CNMV, specifying the authorised activities that they intend to carry on. The CNMV shall forward this information to the competent authorities of the Member State concerned.

7. Changes in relation to government-debt market makers

A resolution of the Executive Council of the Banco de España of 19 January 1988, defined the term "market maker" and regulated the conditions for attaining and retaining such status,

as well as the relations between market makers and the Banco de España. These conditions have been revised with some regularity, the latest change being that made by the Ministerial Order of 10 February 1999, implemented by the Resolution of the Directorate General of the Treasury and Financial Policy (the Treasury) of 11 February 1999 (24), the purpose of which was to adapt the definition of "market maker" to the changes in the government debt markets themselves as a consequence of European integration and the introduction of a single monetary policy. Specifically, this Resolution established as one of the obligations of government-debt market makers, that of ensuring secondary market liquidity. This required them to quote certain benchmark bonds in accordance with the specific conditions set out in the Resolution. In the light of experience it is desirable to introduce greater flexibility in the setting of these conditions, taking into account market circumstances and State issuance policy.

Accordingly, the *Resolution of the Directorate General of the Treasury and Financial Policy of 31 July 2001* (BOE of 8 August 2001), provides that the Treasury may change the conditions of quotation laid down in the Ministerial Order of 10.2.99, subject to agreement with market makers.

05.10.01

(24) See "Financial regulation: first quarter 1999", in *Economic bulletin,* Banco de España, April 1999, pp. 60-62.

ECONOMIC INDICATORS

CONTENTS

These indicators are continuously updated in the Banco de España's "web site". For those statistics whose source is the Banco de España, a data dissemination calendar giving the exact or approximate release date over the following three months is updated on the last day of every week (http://www.bde.es/infoest/calenda.htm). Where the dissemination dates shown in the calendar are approximate, the firm date shall be specified one week before the data are released.

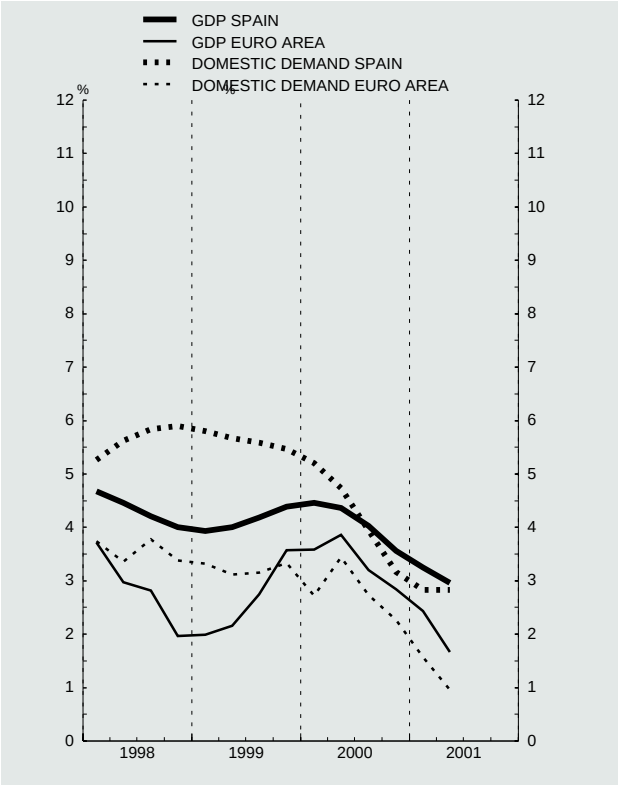
1.1. Gross domestic product. Constant 1995 prices. Demand components. Spain and Euro area (a)

■ Series depicted in chart.

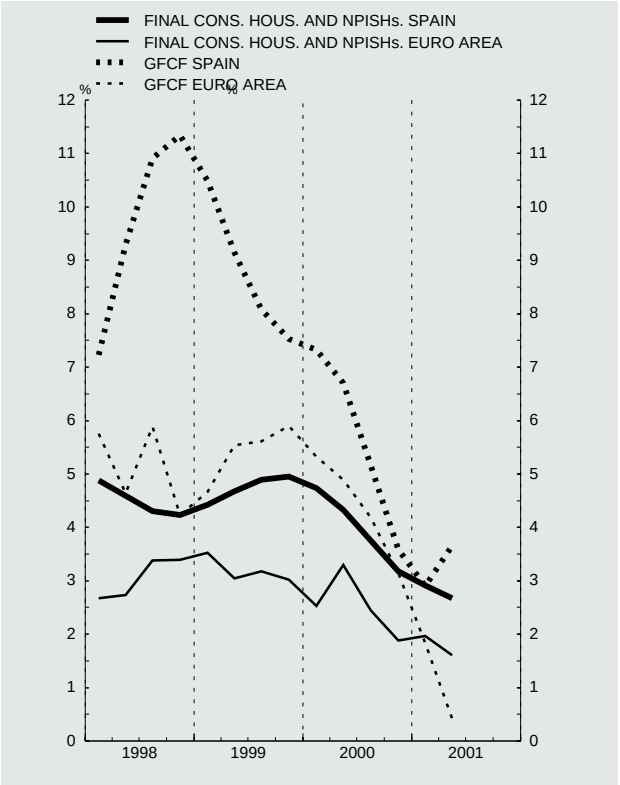
Annual percentage changes

		GDP		Final consumption of households and NPISHs		Government final consumption		Gross fixed capital formation		Domestic demand		Exports of goods and services		Imports of goods and services		Memorandum item: GDPmp (current prices) (e)	
		Spain	Euro area	Spain	Euro area (b)	Spain	Euro area (c)	Spain	Euro area	Spain	Euro area	Spain	Euro area (d)	Spain	Euro area (d)	Spain	Euro area
		1 ■	2 ■	3 ■	4 ■	5	6	7 ■	8 ■	9 ■	10 ■	11	12	13	14	15	16
98	P	4.3	2.9	4.5	3.0	3.7	1.2	9.7	5.1	5.7	3.6	8.2	7.2	13.3	9.9	528	5 881
99	P	4.1	2.6	4.7	3.2	4.2	2.2	8.8	5.4	5.6	3.2	7.6	5.2	12.8	7.3	565	6 136
00	P	4.1	3.4	4.0	2.5	4.0	1.9	5.7	4.4	4.2	2.8	9.6	12.1	9.8	10.8	609	6 427
98 *Q2*	P	4.5	3.0	4.6	2.7	3.7	0.8	9.3	4.6	5.6	3.4	8.9	9.3	13.5	11.1	131	1 462
Q3	P	4.2	2.8	4.3	3.4	3.7	1.2	10.9	5.9	5.8	3.8	6.6	5.2	12.8	8.5	133	1 478
Q4	P	4.0	2.0	4.2	3.4	3.6	1.9	11.3	4.2	5.9	3.4	5.7	2.4	12.7	6.8	135	1 493
99 *Q1*	P	3.9	2.0	4.4	3.5	3.7	2.1	10.5	4.7	5.8	3.3	6.2	1.4	13.0	5.4	137	1 511
Q2	P	4.0	2.2	4.7	3.0	4.0	1.9	9.1	5.5	5.7	3.1	7.2	2.8	13.2	5.8	140	1 523
Q3	P	4.2	2.7	4.9	3.2	4.3	2.2	8.1	5.6	5.6	3.2	8.1	6.2	12.9	7.7	143	1 542
Q4	P	4.4	3.6	5.0	3.0	4.6	2.4	7.5	5.9	5.5	3.3	8.7	10.5	12.3	10.1	145	1 561
00 *Q1*	P	4.5	3.6	4.7	2.5	4.6	2.1	7.3	5.3	5.2	2.7	9.2	12.3	11.5	10.1	148	1 582
Q2	P	4.4	3.9	4.3	3.3	4.4	2.2	6.7	4.9	4.7	3.4	9.7	12.2	10.7	11.4	151	1 600
Q3	P	4.0	3.2	3.8	2.4	3.9	1.6	5.2	4.2	3.9	2.7	10.1	12.2	9.4	11.3	154	1 615
Q4	P	3.6	2.8	3.2	1.9	3.2	1.6	3.6	3.1	3.2	2.3	9.4	11.7	7.7	10.5	156	1 630
01 *Q1*	P	3.3	2.4	2.9	2.0	2.4	1.7	2.9	1.8	2.8	1.6	7.7	8.7	6.1	6.6	159	1 684
Q2	P	3.0	1.7	2.7	1.6	1.9	1.5	3.7	0.4	2.8	1.0	5.9	5.1	5.3	3.2	162	1 695

GDP. DEMAND COMPONENTS. SPAIN AND EURO AREA
Annual percentage changes



GDP. DEMAND COMPONENTS. SPAIN AND EURO AREA
Annual percentage changes



Sources: INE (Contabilidad Nacional Trimestral de España) and Eurostat.

(a) Spain: prepared in accordance with ESA 95, trend-cycle series; Euro area, prepared in accordance with ESA 95.

(b) Private consumption.

(c) Government consumption.

(d) Exports and imports comprise goods and services and include internal cross-border trade within the euro area.

(e) Billions of euro.

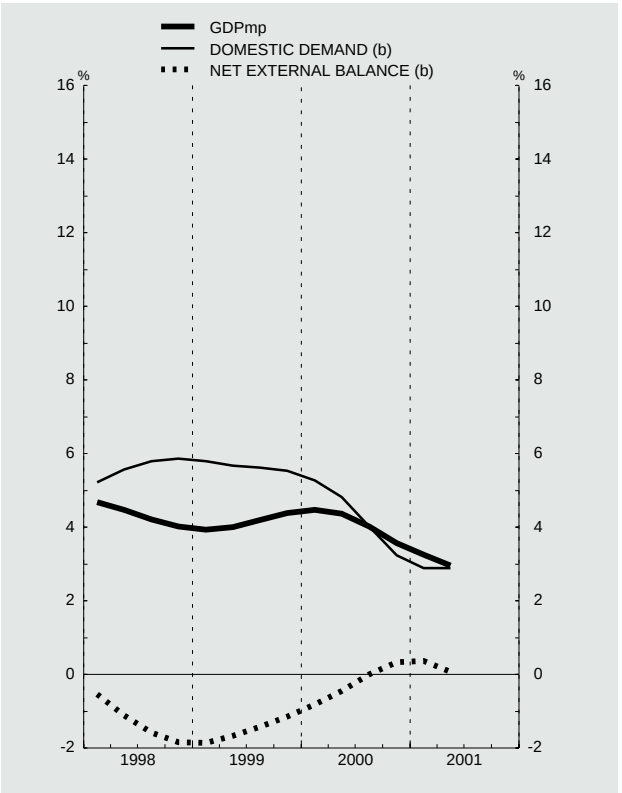
1.2. Gross domestic product. Constant 1995 prices. Demand components. Spain: details (a)

■ Series depicted in chart.

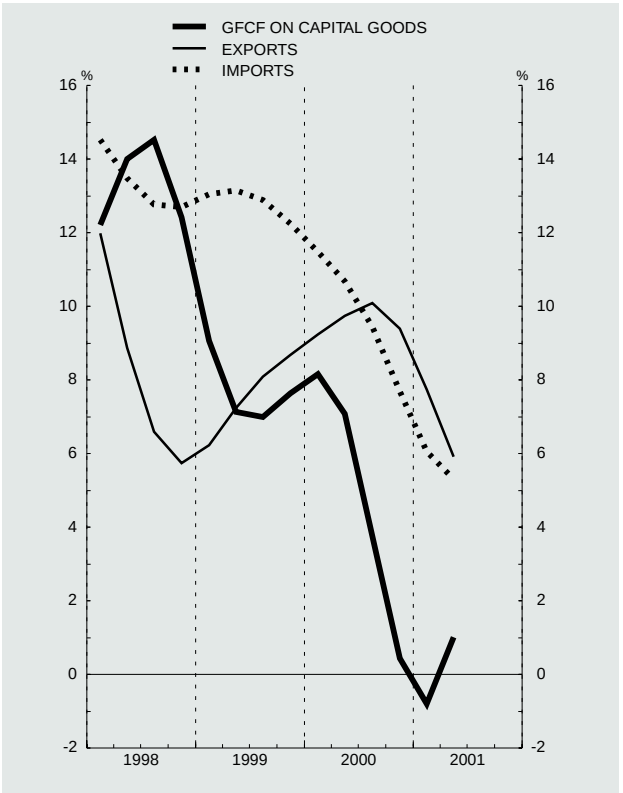
Annual percentage changes

		Gross fixed capital formation			Change in Stocks (b)	Exports of goods and services				Imports of goods and services				Memorandum items:		
		Total	Capital goods	Construc-tion		Total	Goods	Tourism	Services	Total	Goods	Tourism	Services	External balance of goods and services (b)	Domestic demand (b)	GDP
		1	2 ■	3	4	5 ■	6	7	8	9 ■	10	11	12	13 ■	14 ■	15 ■
98	P	9.7	13.3	8.1	0.2	8.2	7.1	10.3	13.3	13.3	13.4	10.5	13.3	-1.3	5.6	4.3
99	P	8.8	7.7	9.0	0.1	7.6	6.3	10.0	11.4	12.8	12.5	14.3	12.3	-1.5	5.7	4.1
00	P	5.7	4.8	6.2	-0.1	9.6	9.2	6.0	16.8	9.8	9.6	8.4	10.8	-0.2	4.3	4.1
98 *Q2*	P	9.3	14.0	7.2	0.1	8.9	7.8	10.5	14.7	13.5	13.5	10.1	14.0	-1.1	5.6	4.5
Q3	P	10.9	14.5	9.3	0.2	6.6	5.0	10.2	12.2	12.8	12.8	12.2	12.7	-1.6	5.8	4.2
Q4	P	11.3	12.4	10.9	0.2	5.7	4.0	10.3	10.6	12.7	12.8	13.9	11.6	-1.8	5.9	4.0
99 *Q1*	P	10.5	9.1	11.2	0.1	6.2	4.5	10.9	10.1	13.0	13.1	16.0	10.9	-1.9	5.8	3.9
Q2	P	9.1	7.1	9.9	0.1	7.2	5.7	11.1	10.7	13.2	13.0	14.5	11.8	-1.7	5.7	4.0
Q3	P	8.1	7.0	8.2	0.1	8.1	6.9	10.2	11.8	12.9	12.5	14.2	12.9	-1.4	5.6	4.2
Q4	P	7.5	7.6	7.0	-0.0	8.7	7.9	8.0	13.1	12.3	11.7	12.7	13.4	-1.1	5.5	4.4
00 *Q1*	P	7.3	8.2	6.6	-0.1	9.2	8.9	5.5	14.4	11.5	11.0	8.9	13.3	-0.8	5.3	4.5
Q2	P	6.7	7.1	6.4	-0.2	9.7	9.5	4.6	15.9	10.7	10.5	8.2	11.4	-0.5	4.8	4.4
Q3	P	5.2	3.8	6.1	-0.2	10.1	9.7	5.8	17.7	9.4	9.4	7.3	9.7	0.0	4.0	4.0
Q4	P	3.6	0.4	5.6	-0.1	9.4	8.7	7.9	18.9	7.7	7.6	9.2	9.2	0.3	3.2	3.6
01 *Q1*	P	2.9	-0.8	5.4	0.0	7.7	6.8	9.6	18.7	6.1	5.7	13.7	9.6	0.4	2.9	3.3
Q2	P	3.7	1.0	5.8	0.1	5.9	4.8	...	...	5.3	4.8	...	...	0.1	2.9	3.0

GDP. DOMESTIC DEMAND AND NET EXTERNAL BALANCE
Annual percentage changes



GDP. DEMAND COMPONENTS
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).
(a) Prepared in accordance with ESA 95, trend-cycle series.
(b) Contribution to GDPmp growth rate.

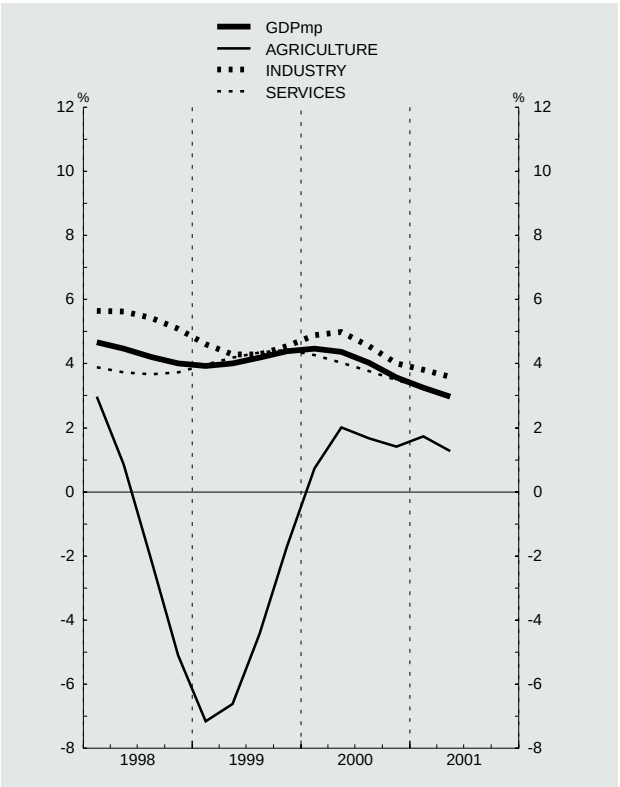
1.3. Gross domestic product. Constant 1995 prices. Branches of activity. Spain (a)

■ Series depicted in chart.

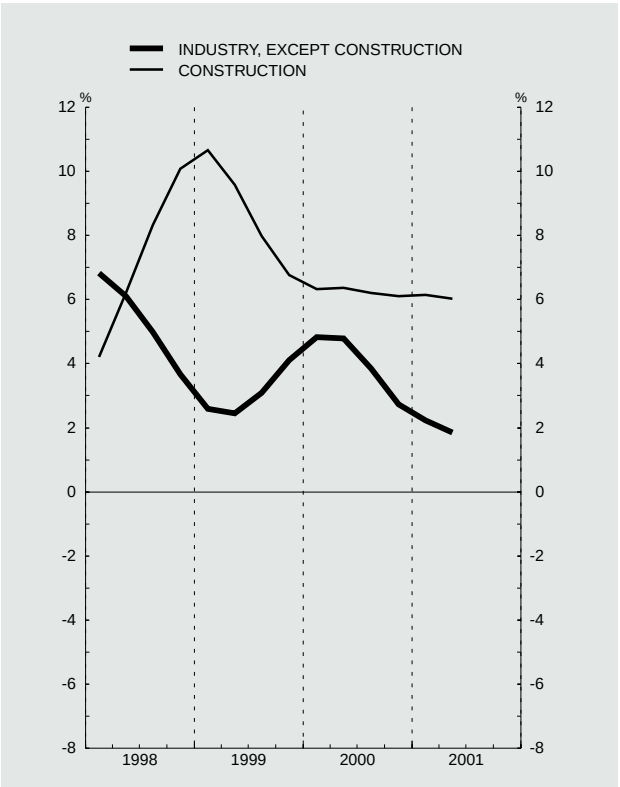
Annual percentage changes

		Gross domestic product at market prices	Agriculture and fisheries	Energy	Industry	Construction	Services			VAT on products	Net taxes linked to imports	Other net taxes on products
							Total	Market services	Non-market services			
		1 ■	2 ■	3	4 ■	5 ■	6 ■	7	8	9	10	11
98	P	4.3	-0.9	2.6	5.4	7.2	3.8	4.1	2.5	4.6	11.2	14.4
99	P	4.1	-5.0	2.9	3.1	8.7	4.2	4.6	3.1	7.8	6.8	6.5
00	P	4.1	1.5	4.0	4.0	6.3	3.9	4.2	2.7	5.1	7.4	5.0
98 *Q2*	P	4.5	0.8	2.5	6.1	6.2	3.7	4.1	2.5	4.1	11.9	15.6
Q3	P	4.2	-2.1	2.3	5.0	8.3	3.7	4.0	2.5	4.4	10.8	14.2
Q4	P	4.0	-5.1	2.6	3.7	10.1	3.7	4.1	2.6	5.4	9.5	11.8
99 *Q1*	P	3.9	-7.2	3.1	2.6	10.7	4.0	4.3	2.9	7.0	8.0	9.0
Q2	P	4.0	-6.6	3.3	2.4	9.6	4.2	4.5	3.1	8.2	6.8	6.7
Q3	P	4.2	-4.4	2.9	3.1	8.0	4.4	4.7	3.3	8.4	6.0	5.4
Q4	P	4.4	-1.7	2.4	4.1	6.8	4.4	4.8	3.3	7.5	6.3	5.2
00 *Q1*	P	4.5	0.7	2.4	4.8	6.3	4.3	4.6	3.2	6.6	7.5	5.2
Q2	P	4.4	2.0	3.2	4.8	6.4	4.0	4.4	2.9	5.7	8.2	5.4
Q3	P	4.0	1.7	4.6	3.8	6.2	3.8	4.1	2.6	5.0	7.8	5.0
Q4	P	3.6	1.4	5.8	2.7	6.1	3.5	3.9	2.1	3.2	5.9	4.4
01 *Q1*	P	3.3	1.7	6.6	2.2	6.1	3.3	3.7	1.6	1.2	3.4	3.8
Q2	P	3.0	1.3	6.9	1.9	6.0	3.0	3.5	1.2	0.3	1.6	3.8

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



GDP. BRANCHES OF ACTIVITY
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).
(a) Prepared in accordance with ESA 95, trend-cycle series.

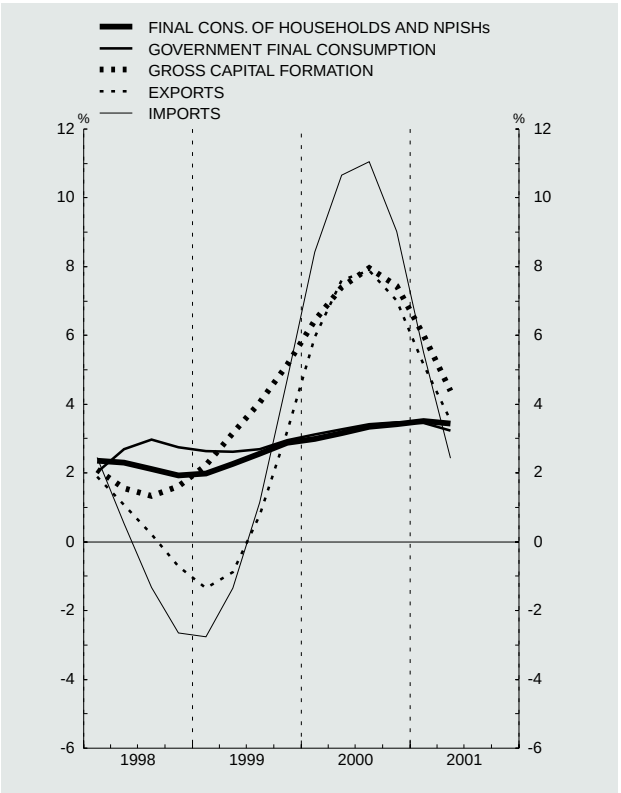
1.4. Gross domestic product. Implicit deflators. Spain (a)

■ Series depicted in chart.

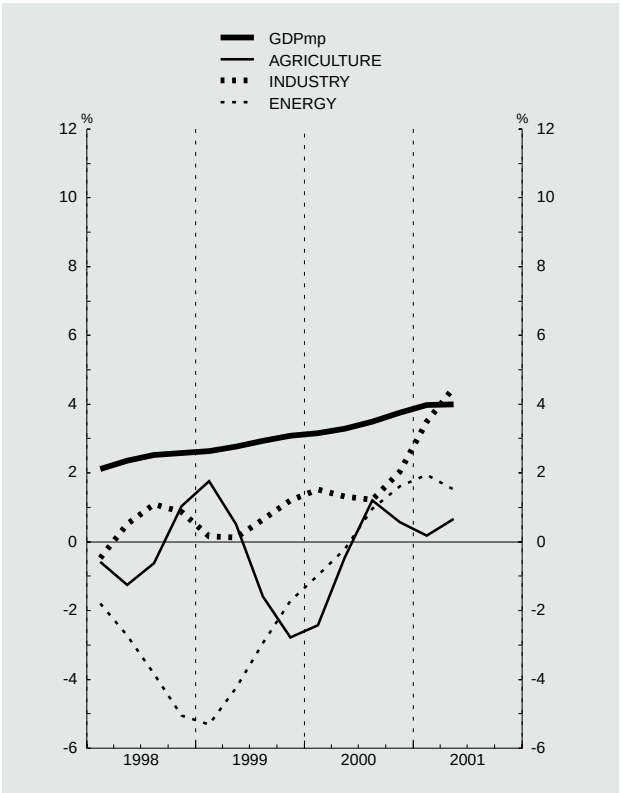
Annual percentage changes

		Demand components								Branches of activity					
		Final consumption of households and NPISHs	Government final consumption	Gross capital formation			Exports of goods and services	Imports of goods and services	Gross domestic product at market prices	Agriculture and fisheries	Energy	Industry	Construction	Of which	
				Total	Of which									Services	Market services
					Gross fixed capital formation										
					Capital goods	Construction									
		1 ■	2 ■	3 ■	4	5	6 ■	7 ■	8 ■	9 ■	10 ■	11 ■	12	13	14
98	P	2.2	2.6	1.7	0.7	1.6	0.6	-0.3	2.4	-0.4	-3.4	0.5	2.4	3.1	3.1
99	P	2.4	2.7	3.7	1.5	4.5	0.5	0.5	2.9	-0.5	-3.6	0.5	4.1	3.2	3.2
00	P	3.2	3.3	7.3	4.5	9.1	7.1	9.8	3.4	-0.3	0.4	1.5	8.8	3.6	3.6
98 *Q2*	P	2.3	2.7	1.6	0.8	1.4	1.1	0.5	2.4	-1.3	-2.7	0.5	2.3	3.1	3.1
Q3	P	2.1	3.0	1.3	-0.2	1.4	0.2	-1.3	2.5	-0.6	-3.8	1.1	2.6	3.1	3.0
Q4	P	1.9	2.8	1.6	-0.2	1.8	-0.7	-2.7	2.6	1.0	-5.1	0.9	2.6	3.1	3.1
99 *Q1*	P	2.0	2.6	2.2	0.8	2.3	-1.4	-2.8	2.6	1.8	-5.3	0.2	2.6	3.1	3.1
Q2	P	2.3	2.6	3.2	1.7	3.5	-0.9	-1.4	2.8	0.5	-4.3	0.1	3.2	3.1	3.2
Q3	P	2.6	2.7	4.1	1.9	4.9	0.8	1.1	2.9	-1.6	-2.9	0.7	4.4	3.2	3.2
Q4	P	2.9	2.9	5.2	1.6	7.0	3.2	4.7	3.1	-2.8	-1.7	1.2	6.3	3.2	3.1
00 *Q1*	P	3.0	3.1	6.4	1.9	8.9	5.9	8.4	3.2	-2.4	-1.0	1.5	8.3	3.2	3.1
Q2	P	3.2	3.3	7.4	3.3	9.8	7.6	10.7	3.3	-0.4	-0.2	1.3	9.5	3.4	3.3
Q3	P	3.3	3.4	8.0	5.6	9.6	7.9	11.0	3.5	1.2	1.0	1.2	9.3	3.7	3.7
Q4	P	3.4	3.5	7.4	7.4	8.0	7.0	9.0	3.7	0.6	1.6	2.0	8.1	4.1	4.3
01 *Q1*	P	3.5	3.4	6.0	6.9	6.1	5.2	5.5	4.0	0.2	1.9	3.5	6.4	4.4	4.7
Q2	P	3.4	3.2	4.4	4.2	4.8	3.5	2.4	4.0	0.7	1.5	4.5	5.2	4.4	4.8

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).
(a) Prepared in accordance with ESA 95, trend-cycle series.

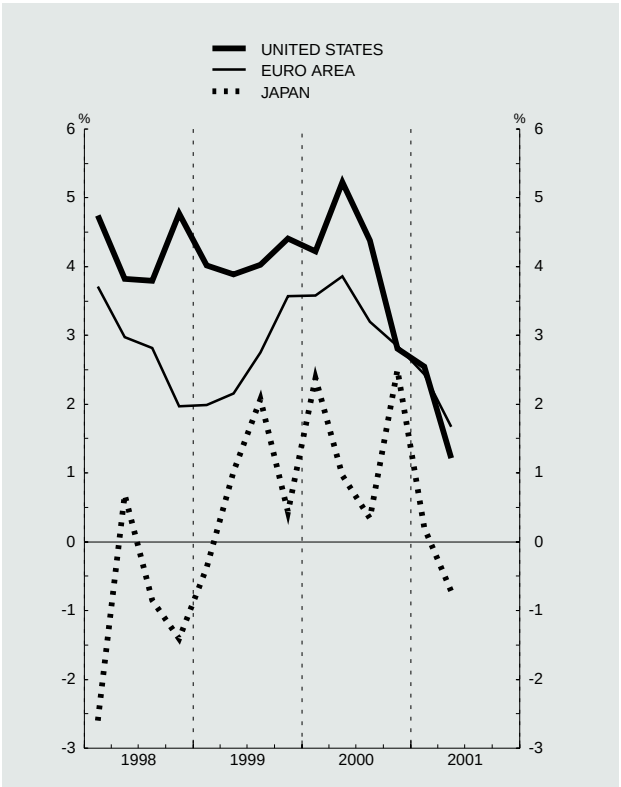
2.1. International comparison. Gross domestic product at constant prices

■ Series depicted in chart.

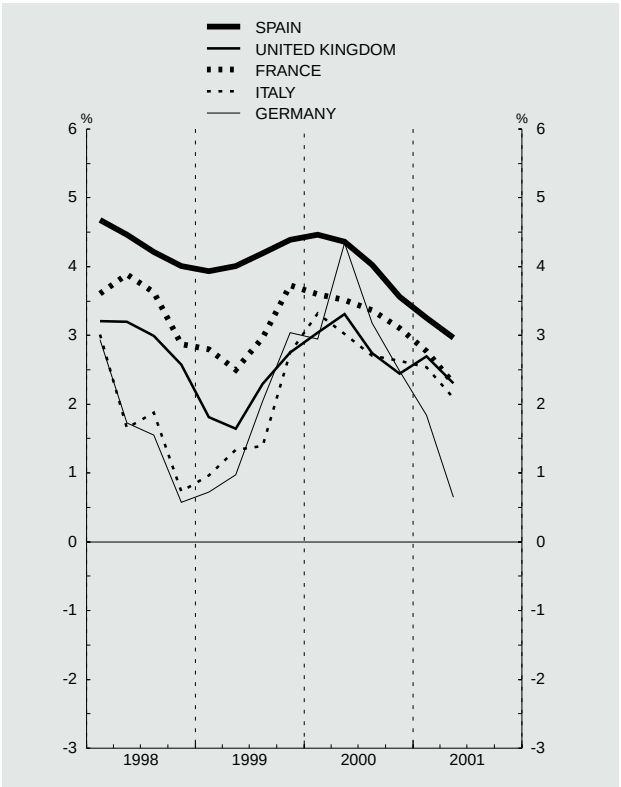
Annual percentage changes

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
98	2.7	2.9	2.9	1.7	4.3	4.3	3.5	1.8	-1.1	3.0
99	3.1	2.6	2.6	1.7	4.1	4.1	3.0	1.6	0.8	2.1
00	3.8	3.5	3.4	3.2	4.1	4.1	3.4	2.9	1.5	2.9
98 *Q2*	2.8	2.9	3.0	1.7	4.5	3.8	3.9	1.7	0.7	3.2
Q3	2.4	2.8	2.8	1.6	4.2	3.8	3.6	1.9	-0.9	3.0
Q4	2.5	2.1	2.0	0.6	4.0	4.8	2.9	0.7	-1.4	2.6
99 *Q1*	2.6	2.0	2.0	0.7	3.9	4.0	2.8	1.0	-0.4	1.8
Q2	2.9	2.2	2.2	1.0	4.0	3.9	2.5	1.3	1.0	1.6
Q3	3.4	2.7	2.7	2.0	4.2	4.0	3.0	1.4	2.1	2.3
Q4	3.7	3.5	3.6	3.0	4.4	4.4	3.7	2.8	0.4	2.7
00 *Q1*	4.1	3.6	3.6	2.9	4.5	4.2	3.6	3.3	2.4	3.0
Q2	4.4	3.9	3.9	4.3	4.4	5.2	3.5	3.0	1.0	3.3
Q3	3.8	3.3	3.2	3.2	4.0	4.4	3.4	2.7	0.3	2.7
Q4	3.0	2.9	2.8	2.5	3.6	2.8	3.1	2.6	2.5	2.4
01 *Q1*	2.2	2.6	2.4	1.8	3.3	2.5	2.8	2.5	0.2	2.7
Q2	1.2	1.9	1.7	0.6	3.0	1.2	2.3	2.1	-0.7	2.3

GROSS DOMESTIC PRODUCT
Annual percentage changes



GROSS DOMESTIC PRODUCT
Annual percentage changes



Sources: ECB, INE and OECD.
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín estadístico.

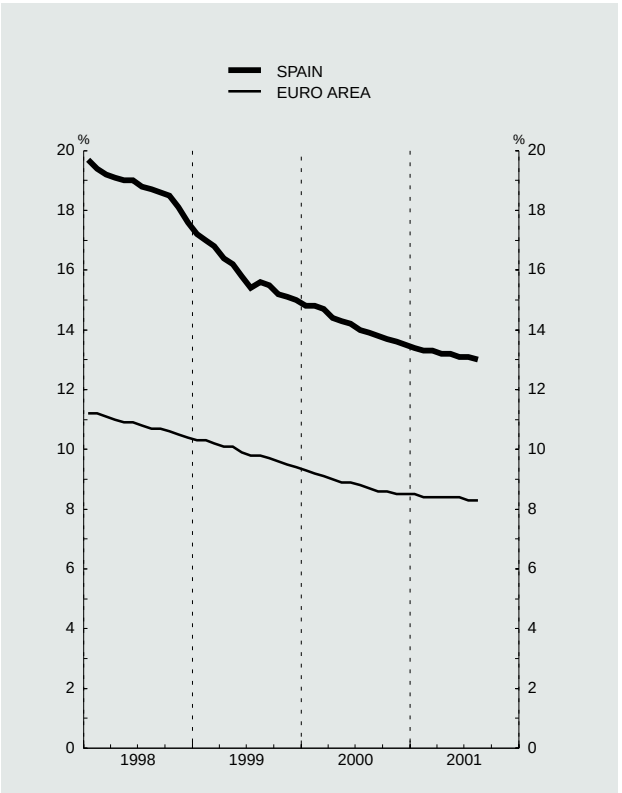
2.2. International comparison. Unemployment rates

■ Series depicted in chart.

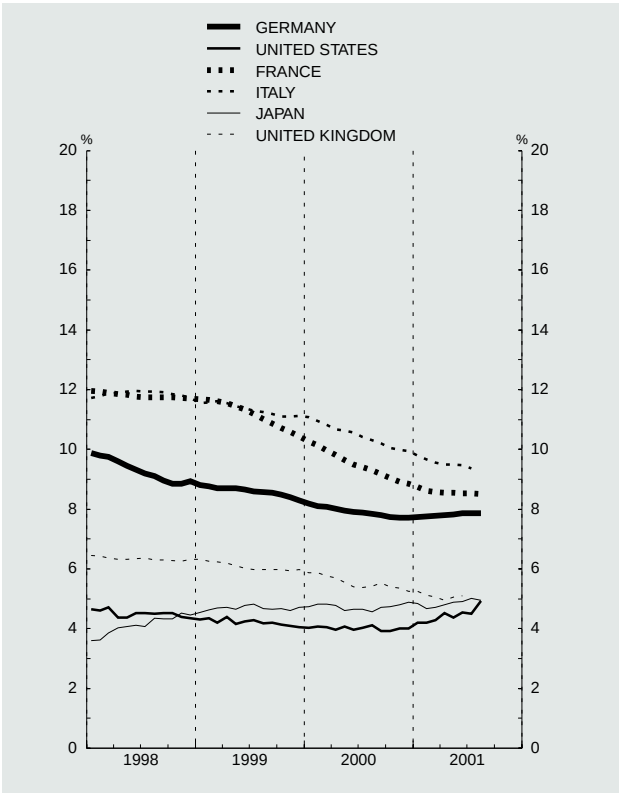
Percentages

	OECD 1	EU 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
98	7.1	9.9	10.8	9.3	18.8	4.5	11.8	11.9	4.1	6.3
99	6.8	9.2	9.9	8.6	15.9	4.2	11.2	11.3	4.7	6.1
00	6.3	8.2	8.8	7.9	14.1	4.0	9.5	10.5	4.7	5.5
00 *Mar*	6.5	8.5	9.1	8.1	14.7	4.1	10.0	10.8	4.8	5.8
Apr	6.4	8.4	9.0	8.0	14.4	4.0	9.8	10.7	4.8	5.7
May	6.4	8.3	8.9	8.0	14.3	4.1	9.7	10.6	4.6	5.6
Jun	6.3	8.2	8.9	7.9	14.2	4.0	9.5	10.6	4.7	5.4
Jul	6.3	8.1	8.8	7.9	14.0	4.0	9.4	10.4	4.7	5.4
Aug	6.3	8.1	8.7	7.8	13.9	4.1	9.3	10.3	4.6	5.4
Sep	6.2	8.0	8.6	7.8	13.8	3.9	9.2	10.2	4.7	5.5
Oct	6.2	7.9	8.6	7.7	13.7	3.9	9.0	10.0	4.7	5.4
Nov	6.2	7.9	8.5	7.7	13.6	4.0	8.9	10.0	4.8	5.4
Dec	6.2	7.8	8.5	7.7	13.5	4.0	8.9	9.9	4.9	5.2
01 *Jan*	6.3	7.8	8.5	7.7	13.4	4.2	8.7	9.8	4.9	5.2
Feb	6.3	7.7	8.4	7.8	13.3	4.2	8.6	9.7	4.7	5.1
Mar	6.3	7.7	8.4	7.8	13.3	4.3	8.6	9.6	4.7	5.1
Apr	6.4	7.6	8.4	7.8	13.2	4.5	8.6	9.5	4.8	5.0
May	6.3	7.6	8.4	7.8	13.2	4.4	8.5	9.5	4.9	5.1
Jun	6.4	7.6	8.4	7.9	13.1	4.5	8.5	9.5	4.9	5.1
Jul	6.3	7.6	8.3	7.9	13.1	4.5	8.5	9.4	5.0	...
Aug	6.4	7.6	8.3	7.9	13.0	4.9	8.5	...	5.0	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB and OECD.

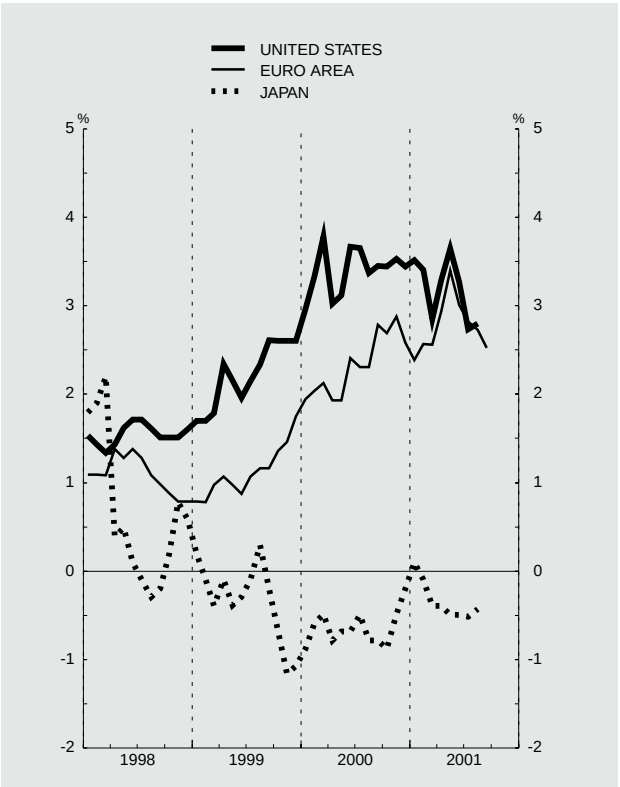
2.3. International comparison. Consumer prices (a)

■ Series depicted in chart.

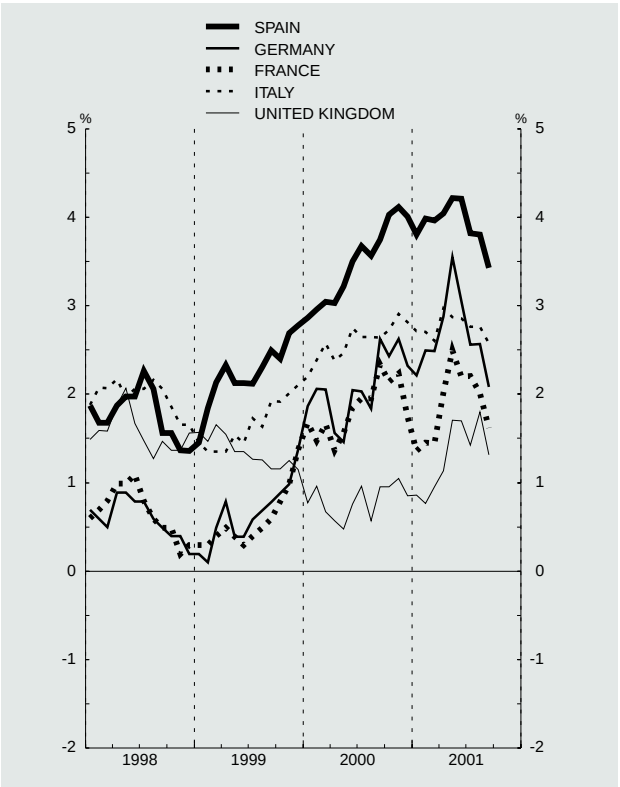
Annual percentage changes

	OECD (1)	EU (2)	Euro area (3) ■	Germany (4) ■	Spain (5) ■	United States (6) ■	France (7) ■	Italy (8) ■	Japan (9) ■	United Kingdom (10) ■
98	2.0	1.3	1.1	0.6	1.8	1.5	0.7	2.0	0.6	1.6
99	1.7	1.2	1.1	0.6	2.2	2.2	0.6	1.7	-0.3	1.3
00	2.5	2.1	2.3	2.1	3.5	3.4	1.8	2.6	-0.6	0.8
00 *Apr*	2.1	1.7	1.9	1.6	3.0	3.0	1.4	2.4	-0.8	0.6
May	2.2	1.7	1.9	1.5	3.2	3.1	1.6	2.5	-0.7	0.5
Jun	2.6	2.1	2.4	2.0	3.5	3.7	1.9	2.7	-0.7	0.8
Jul	2.8	2.1	2.3	2.0	3.7	3.7	2.0	2.6	-0.5	1.0
Aug	2.5	2.0	2.3	1.8	3.6	3.4	2.0	2.6	-0.8	0.6
Sep	2.7	2.5	2.8	2.6	3.7	3.4	2.3	2.6	-0.8	1.0
Oct	2.6	2.4	2.7	2.4	4.0	3.4	2.1	2.7	-0.9	1.0
Nov	2.7	2.6	2.9	2.6	4.1	3.5	2.2	2.9	-0.5	1.0
Dec	2.6	2.3	2.6	2.3	4.0	3.4	1.7	2.8	-0.2	0.9
01 *Jan*	2.8	2.2	2.4	2.2	3.8	3.5	1.4	2.7	0.1	0.9
Feb	2.7	2.3	2.6	2.5	4.0	3.4	1.4	2.7	-0.1	0.8
Mar	2.4	2.3	2.6	2.5	4.0	2.8	1.4	2.6	-0.4	1.0
Apr	2.7	2.6	2.9	2.9	4.0	3.3	2.0	3.0	-0.4	1.1
May	3.0	3.1	3.4	3.6	4.2	3.6	2.5	2.9	-0.5	1.7
Jun	2.7	2.8	3.0	3.1	4.2	3.3	2.2	2.9	-0.5	1.7
Jul	2.3	2.6	2.8	2.6	3.8	2.7	2.2	2.8	-0.5	1.4
Aug	2.3	2.6	2.7	2.6	3.8	2.8	2.0	2.8	-0.4	1.8
Sep	...	2.4	2.5	2.1	3.4	...	1.6	2.6	...	1.3

CONSUMER PRICES
Annual percentage changes



CONSUMER PRICES
Annual percentage changes



Sources: OECD, INE and Eurostat.

Note: The underlying series for this indicator are in Tables 26.11 and 26.15 of the BE Boletín estadístico.

(a) Harmonised Index of Consumer Prices for the EU countries.

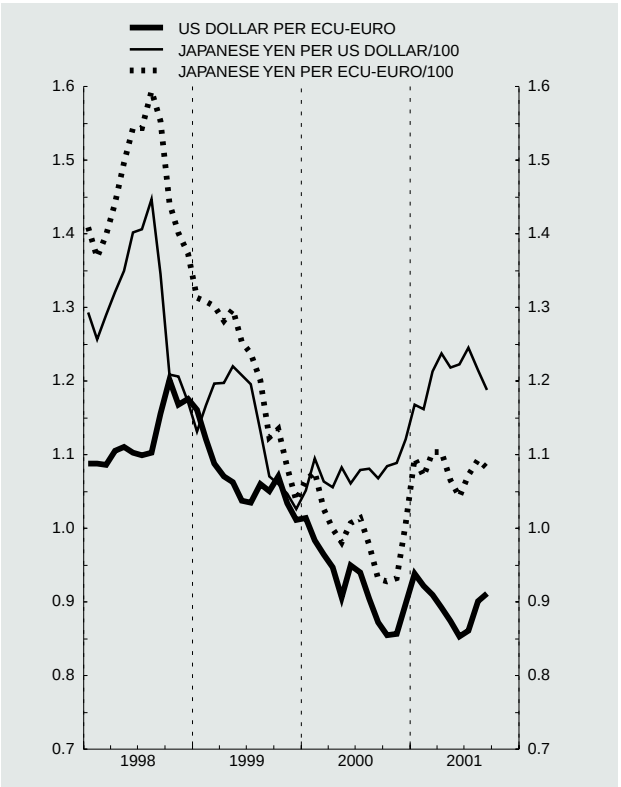
2.4. Bilateral exchange rates and nominal and real effective exchange rate indices for the euro, US dollar and Japanese yen

■ Series depicted in chart.

Average of daily data

	Exchange rates			Indices of the nominal effective exchange rate vis-à-vis the developed countries. 1990=100 (a)			Indices of the real effective exchange rate vis-à-vis the developed countries (b) 1990=100					
							Based on consumer prices			Based on producer prices		
	US dollar per ECU/euro	Japanese yen per ECU/euro	Japanese yen per US dollar	Euro (c)	US dollar	Japanese yen	Euro (c)	US dollar	Japanese yen	Euro (c)	US dollar	Japanese yen
	1 ■	2 ■	3 ■	4	5	6	7 ■	8 ■	9 ■	10	11	12
98	1.1206	146.42	130.84	92.6	110.6	120.4	90.6	116.9	107.0	92.6	113.1	102.1
99	1.0666	121.39	113.75	87.4	108.2	140.4	85.6	115.8	122.3	87.2	112.4	116.1
00	0.9239	99.52	107.76	78.3	113.0	157.0	77.4	123.0	131.8	79.3	118.2	124.5
00 *J-S*	0.9421	100.84	107.06	79.1	111.5	156.3	78.1	121.3	131.8	80.0	116.8	124.6
01 *J-S*	0.8955	108.11	120.81	79.6	119.9	143.6	79.4	132.1	116.7	80.9	125.8	111.4
00 *Jul*	0.9397	101.39	107.90	79.4	112.1	155.5	78.7	122.2	129.9	80.2	117.5	123.0
Aug	0.9041	97.76	108.12	77.2	114.0	157.6	76.5	124.2	131.9	78.3	119.0	124.8
Sep	0.8721	93.11	106.76	75.6	115.5	162.5	74.8	126.1	135.2	76.5	121.0	127.4
Oct	0.8552	92.75	108.45	74.5	117.4	161.7	73.8	128.4	134.5	75.4	122.7	126.4
Nov	0.8564	93.26	108.91	75.2	118.4	161.5	74.4	129.3	133.7	76.7	123.5	126.0
Dec	0.8973	100.61	112.11	77.9	116.6	153.5	77.3	127.3	127.3	79.4	121.7	120.3
01 *Jan*	0.9383	109.57	116.78	81.4	115.7	144.8	80.8	127.1	119.6	82.5	121.3	113.2
Feb	0.9217	107.08	116.18	80.6	116.9	147.2	80.2	128.6	120.7	81.9	122.4	115.0
Mar	0.9095	110.33	121.35	80.7	119.9	142.6	80.5	131.9	116.4	82.2	125.1	111.4
Apr	0.8920	110.36	123.72	80.0	121.4	140.9	79.8	133.6	114.7	81.4	127.3	109.4
May	0.8742	106.50	121.81	78.5	121.3	143.5	78.3	133.4	116.5	79.9	127.7	110.7
Jun	0.8532	104.30	122.24	77.3	122.3	144.3	77.2	134.8	116.6	78.7	128.8	111.1
Jul	0.8607	107.21	124.57	77.9	122.6	141.3	78.0	135.2	114.2	79.4	128.1	109.0
Aug	0.9005	109.34	121.45	80.1	119.8	142.3	80.1	131.9	115.5	81.5	...	...
Sep	0.9111	108.20	118.78	80.3	119.1	145.4	...	...	...	...	...	...

EXCHANGE RATES



INDICES OF THE REAL EFFECTIVE EXCHANGE RATE BASED ON CONSUMER PRICES VIS-À-VIS THE DEVELOPED COUNTRIES

Sources: ECB and BE.

(a) Geometric mean -calculated using a double weighting system based on 1995-97 manufacturing trade for the euro, and 1991 total trade for the US dollar and Japanese yen- of changes in the spot price of each currency against the currencies of the other developed countries. A fall in the index denotes a depreciation of the currency against those of the other developed countries. (b) Obtained by multiplying the relative prices of each area/country (relation betwen its price index and the price index of the group) by the nominal effective exchange rate. A decline in the index denotes a depreciation of the real effective exchange rate and, may be interpreted as an improvement in that area/country's competitiveness. (c) The methodology used to compile these indices is explained in Box 5 of the October 1999 ECB Monthly Bulletin.

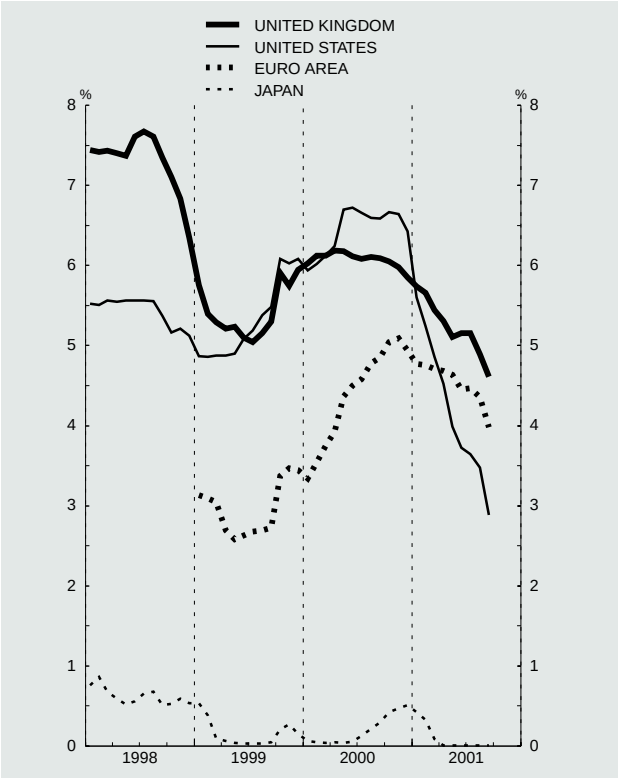
2.5. Official intervention interest rates and short-term interest rates

■ Series depicted in chart. *Percentages*

	Official intervention interest rates				3-month interbank rates									
	Euro area (a)	United States (b)	Japan (c)	United Kingdom (d)	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1 ■	2 ■	3 ■	4 ■	5	6	7 ■	8	9	10 ■	11	12	13 ■	14 ■
98	-	4.50	0.50	6.25	4.22	4.57	-	3.47	4.24	5.44	3.42	4.95	0.62	7.30
99	3.00	5.00	0.50	5.50	3.69	3.42	2.96	-	-	5.31	-	-	0.16	5.42
00	4.79	6.00	0.50	6.00	4.71	4.65	4.39	-	-	6.44	-	-	0.19	6.08
00 *Apr*	3.50	5.50	0.50	6.00	4.46	4.29	3.93	-	-	6.25	-	-	0.05	6.19
May	3.75	6.00	0.50	6.00	4.80	4.65	4.36	-	-	6.70	-	-	0.04	6.18
Jun	4.29	6.00	0.50	6.00	4.85	4.75	4.50	-	-	6.72	-	-	0.06	6.11
Jul	4.30	6.00	0.50	6.00	4.86	4.82	4.58	-	-	6.66	-	-	0.13	6.08
Aug	4.68	6.00	0.50	6.00	4.92	4.97	4.78	-	-	6.59	-	-	0.22	6.11
Sep	4.65	6.00	0.50	6.00	4.95	5.02	4.85	-	-	6.59	-	-	0.30	6.09
Oct	4.80	6.00	0.50	6.00	5.05	5.15	5.04	-	-	6.66	-	-	0.42	6.05
Nov	4.82	6.00	0.50	6.00	5.05	5.16	5.09	-	-	6.64	-	-	0.47	5.98
Dec	4.79	6.00	0.50	6.00	4.90	5.00	4.94	-	-	6.42	-	-	0.51	5.85
01 *Jan*	4.76	5.00	0.50	6.00	4.58	4.85	4.77	-	-	5.60	-	-	0.42	5.74
Feb	4.78	5.00	0.25	5.75	4.40	4.83	4.76	-	-	5.24	-	-	0.33	5.65
Mar	4.75	4.50	0.25	5.75	4.15	4.75	4.71	-	-	4.86	-	-	0.09	5.45
Apr	4.77	4.00	0.25	5.50	3.97	4.71	4.68	-	-	4.53	-	-	0.01	5.30
May	4.55	3.50	0.25	5.25	3.72	4.64	4.64	-	-	3.99	-	-	0.01	5.11
Jun	4.54	3.25	0.25	5.25	3.56	4.51	4.45	-	-	3.73	-	-	0.01	5.15
Jul	4.51	3.25	0.25	5.25	3.52	4.50	4.47	-	-	3.65	-	-	0.01	5.15
Aug	4.50	3.00	0.25	5.00	3.40	4.38	4.35	-	-	3.48	-	-	0.01	4.89
Sep	3.76	2.50	0.10	4.75	2.99	4.03	3.98	-	-	2.88	-	-	0.01	4.62

OFFICIAL INTERVENTION INTEREST RATES

3-MONTH INTERBANK RATES



Sorces: ECB, Reuters and BE.

(a) Main refinancing operations.

(b) Discount rate.

(c) Discount rate.

(d) Retail bank base rate.

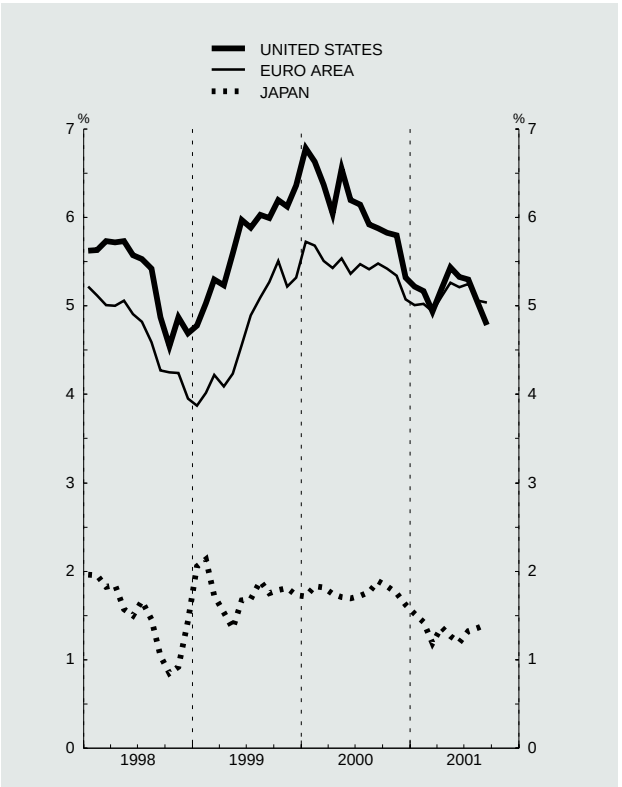
2.6. 10-year government bond yields

■ Series depicted in chart.

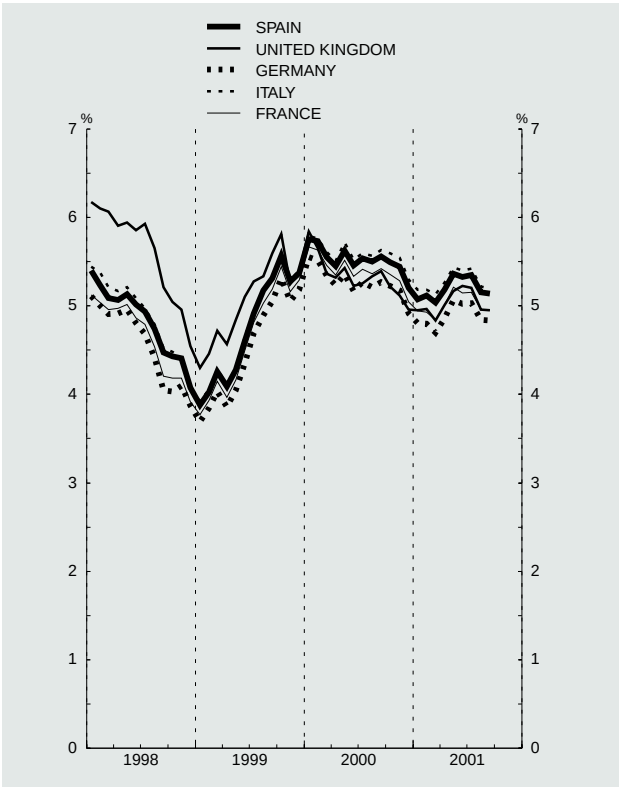
Percentages

	OECD 1	EU 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
98	4.59	4.99	4.70	4.57	4.83	5.33	4.65	4.89	1.50	5.61
99	4.72	4.79	4.70	4.50	4.73	5.71	4.62	4.75	1.76	5.06
00	5.17	5.45	5.45	5.27	5.53	6.12	5.40	5.59	1.76	5.34
00 *Apr*	5.11	5.39	5.43	5.24	5.45	6.05	5.35	5.51	1.75	5.32
May	5.38	5.54	5.53	5.36	5.63	6.55	5.52	5.71	1.71	5.43
Jun	5.15	5.36	5.36	5.17	5.46	6.20	5.33	5.53	1.69	5.22
Jul	5.16	5.43	5.47	5.27	5.53	6.14	5.41	5.59	1.72	5.26
Aug	5.07	5.40	5.41	5.21	5.50	5.92	5.37	5.56	1.77	5.34
Sep	5.08	5.45	5.48	5.27	5.56	5.87	5.42	5.63	1.89	5.39
Oct	5.02	5.38	5.42	5.22	5.49	5.83	5.36	5.59	1.83	5.22
Nov	4.97	5.31	5.34	5.17	5.45	5.80	5.29	5.54	1.75	5.12
Dec	4.65	5.07	5.07	4.91	5.20	5.32	5.05	5.30	1.62	4.96
01 *Jan*	4.62	4.97	5.01	4.81	5.08	5.22	4.94	5.18	1.52	4.95
Feb	4.58	4.97	5.02	4.80	5.12	5.17	4.93	5.18	1.43	4.96
Mar	4.41	4.88	4.94	4.70	5.04	4.94	4.84	5.13	1.19	4.84
Apr	4.62	5.04	5.10	4.86	5.18	5.19	5.01	5.26	1.37	5.01
May	4.80	5.22	5.26	5.06	5.36	5.44	5.21	5.43	1.27	5.17
Jun	4.72	5.19	5.21	5.02	5.33	5.33	5.15	5.40	1.19	5.23
Jul	4.74	5.20	5.25	5.03	5.35	5.29	5.16	5.42	1.33	5.21
Aug	4.54	5.00	5.06	4.84	5.16	5.03	4.96	5.22	1.36	4.96
Sep	4.42	4.98	5.04	4.83	5.14	4.78	4.95	5.20	1.40	4.95

10-YEAR GOVERNMENT BOND YIELDS



10-YEAR GOVERNMENT BOND YIELDS



Sources: ECB, Reuters and BE.

2.7 International markets: Price indices for non-energy commodities (a). Oil and gold

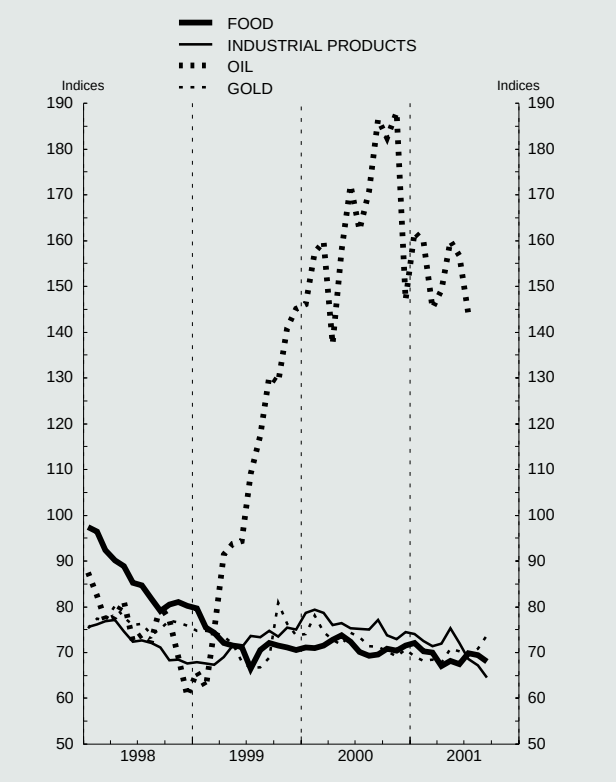
■ Series depicted in chart.

1995 = 100

	Non-energy commodity price index								Oil		Gold		
	Euro index			US dollar index									
	General	Food	Industrial products	General	Food	Industrial products			Index (b)	Brent North sea	Index (c)	US dollars per troy ounce	Euro per gram (d)
						Total	Non-food agricultural products	Metals		US dollars per barrel			
	1 ■	2	3	4 ■	5 ■	6 ■	7	8	9 ■	10	11 ■	12	13
98	95.5	102.3	86.1	80.6	86.4	72.7	76.2	69.8	75.9	13.4	76.5	294.0	8.49
99	88.7	88.8	88.5	72.0	72.2	71.7	73.0	70.6	104.8	18.1	72.6	278.8	8.41
00	104.4	101.5	108.3	73.3	71.2	76.1	70.3	80.9	163.9	28.5	72.6	279.0	9.72
00 *J-S*	102.7	99.5	107.2	73.7	71.3	76.9	71.3	81.5	161.1	28.0	73.5	282.3	9.64
01 *J-S*	102.7	...	...	69.9	69.1	70.8	68.0	73.2	...	26.4	69.9	268.6	9.65
00 *Jun*	101.5	99.8	103.7	73.6	72.4	75.3	71.0	78.8	172.2	29.9	74.4	285.8	9.68
Jul	100.8	97.8	104.7	72.3	70.2	75.1	68.3	81.0	162.3	28.8	73.3	281.6	9.63
Aug	104.0	100.5	108.7	71.7	69.3	75.0	68.2	80.7	170.8	29.9	71.4	274.5	9.76
Sep	110.0	105.3	116.6	72.8	69.7	77.1	68.1	84.7	186.5	32.5	71.3	273.8	10.09
Oct	110.7	108.8	113.3	72.0	70.8	73.7	67.0	79.4	182.5	31.3	70.3	270.0	10.15
Nov	109.9	108.3	112.2	71.4	70.4	72.9	67.9	77.1	188.0	32.7	69.2	265.9	9.98
Dec	106.9	105.0	109.5	72.8	71.5	74.5	67.9	80.1	147.1	26.4	70.7	271.5	9.73
01 *Jan*	102.2	101.1	103.8	72.9	72.1	74.0	66.7	80.2	161.9	25.8	69.1	265.5	9.10
Feb	101.9	100.4	103.8	71.3	70.3	72.6	65.2	78.8	159.8	27.4	68.2	261.9	9.14
Mar	101.9	101.1	103.1	70.6	70.0	71.4	65.6	76.3	145.3	25.8	68.5	263.1	9.30
Apr	102.4	99.3	106.6	69.2	67.1	72.0	69.4	74.2	149.2	26.1	67.8	260.5	9.39
May	107.0	...	...	71.2	68.1	75.4	74.3	76.2	160.0	28.5	70.9	272.4	10.02
Jun	106.9	...	...	69.4	67.4	72.1	71.2	72.8	156.8	27.8	70.3	270.2	10.18
Jul	106.0	...	...	69.3	69.8	68.7	67.9	69.3	144.0	24.5	69.6	267.4	9.99
Aug	100.3	...	...	68.5	69.5	67.2	67.9	66.6	...	25.8	70.9	272.4	9.73
Sep	96.1	...	...	66.5	68.0	64.5	63.9	64.9	...	25.7	73.8	283.6	10.01

NON-ENERGY COMMODITY PRICE INDEX

PRICE INDICES FOR NON-ENERGY COMMODITIES, OIL AND GOLD



Sources: The Economist (non-energy commodity price index), IMF (oil) and BE (gold).

(a) The weights are based on the value of the commodity imports of the OECD countries during the period 1994-1996.

(b) Index of the average price in US dollars of various medium, light and heavy crudes.

(c) Index of the London market's 15.30 fixing in dollars.

(d) As of January 1999, data in US dollars have been converted into euro using the average monthly exchange rate. Before that date, data in pesetas have been converted into euro using the irrevocable exchange rate.

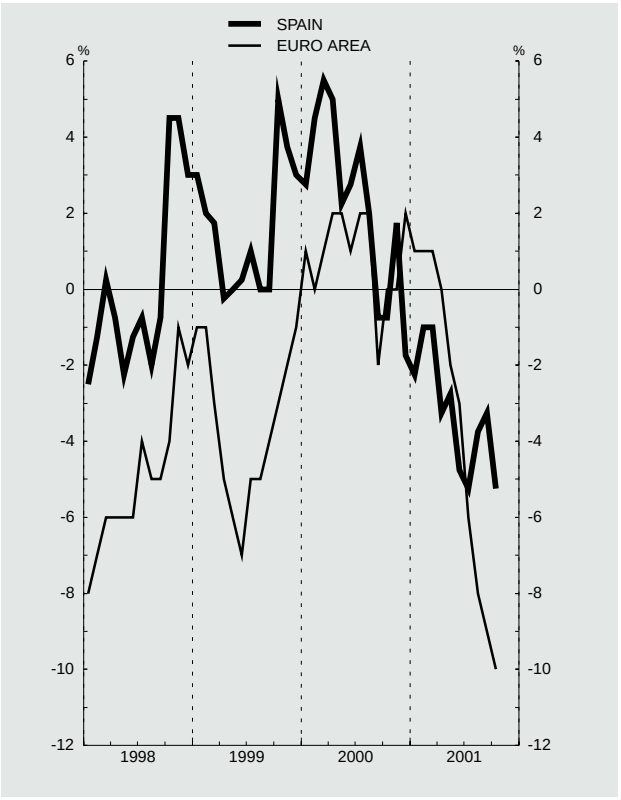
3.1. Indicators of private consumption. Spain and euro area

■ Series depicted in chart.

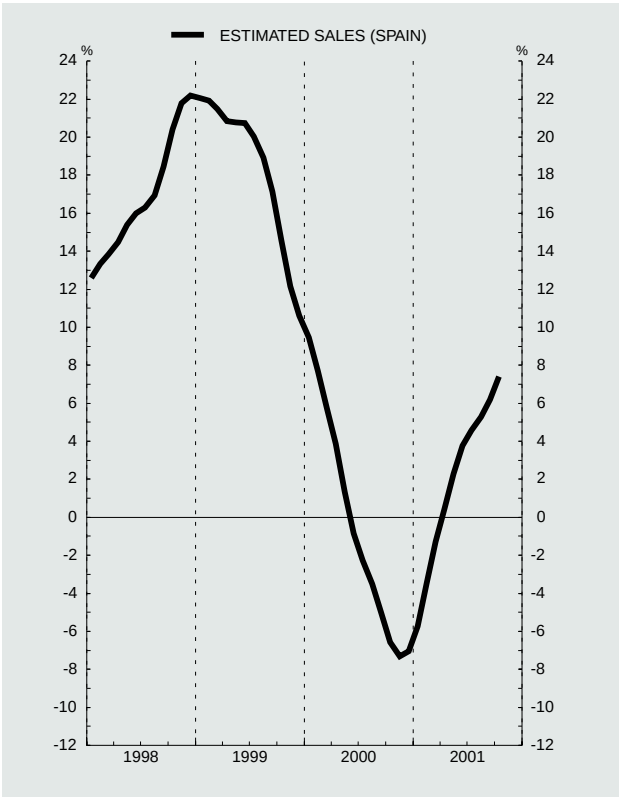
Annual percentage changes

		Opinion surveys (net percentages)						New car registrations and sales				Retail trade: sales index							
		Consumers			Retail trade confidence index	Memorandum item: euro area		of which			Memorandum item: euro area	General index			By type of product (deflated indices)				Memorandum item: euro area deflated index
		Confidence index	General economic situation: anticipated trend	Household economic situation: anticipated trend		Consumer confidence index	Retail trade confidence index	Registrations	Private use	Estimated sales	Registrations	Nominal	of which: Deflated (a)	of which: Large retail outlets (a)	Food (b)	Personal items (c)	Household items (d)	Other (e)	
		1 ■	2	3	4	5 ■	6	7	8	9 ■	10	11	12	13	14	15	16	17	18
98		0	7	6	3	-5	-3	17.6	19.8	17.4	7.2	7.1	5.4	7.2	3.4	2.9	9.9	8.7	3.0
99		2	6	7	3	-4	-5	17.1	18.1	17.9	5.4	5.2	3.4	10.0	0.6	3.6	5.6	7.1	2.6
00		2	5	7	3	1	-0	-2.4	-3.6	-1.8	-2.2	6.2	4.0	6.3	2.6	...	...	...	2.3
00 *J-O*		3	6	8	3	1	0	0.5	-0.7	1.1	...	6.7	4.6	7.1	3.2	...	...	...	2.5
01 *J-O*	A	-3	-3	5	0	-4	-5	1.4	0.5	3.5	...	...	...	...	...	...	...	...	...
00 *Nov*		2	-1	5	-	-	-3	-10.8	-9.8	-10.5	-3.2	6.2	3.4	2.8	1.9	...	...	...	1.4
Dec		-2	-	6	4	2	-4	-21.4	-24.7	-20.6	1.8	3.0	0.1	3.1	-1.2	...	...	...	1.8
01 *Jan*	P	-2	-2	5	2	1	-	-3.9	-3.3	-3.3	-5.6	9.4	6.0	2.3	5.8	...	...	...	2.8
Feb	P	-1	-	6	-1	1	-	-4.5	-5.3	-3.9	-6.2	5.0	1.3	1.3	1.3	...	...	...	1.5
Mar	P	-1	-1	7	3	1	-5	0.7	-4.5	2.2	-3.7	7.6	3.3	6.6	4.0	...	...	...	2.4
Apr	P	-3	-3	5	-3	-	-4	-2.3	1.2	-0.3	-1.8	5.9	1.8	1.0	4.2	...	...	...	1.1
May	P	-3	-2	5	-1	-2	-7	4.8	2.9	7.2	-	7.2	2.5	3.6	8.1	...	...	...	0.3
Jun	P	-5	-3	2	1	-3	-7	2.9	-0.8	4.5	7.3	9.3	4.3	6.3	6.6	...	...	...	1.7
Jul	P	-5	-5	3	2	-6	-4	6.3	5.5	8.8	-1.5	6.9	2.0	-1.3	5.4	...	...	...	1.6
Aug	P	-4	-2	3	1	-8	-8	3.2	2.4	5.9	-0.5	10.3	5.3	1.3	9.3	...	...	...	1.8
Sep	A	-3	-5	5	3	-9	-6	-1.8	-0.0	-0.7	-1.2	5.3	0.8	-3.2	4.1	...	...	...	...
Oct	A	-5	-4	5	-3	-10	-9	6.8	7.4	13.0	...	...	...	...	...	...	...	...	...

CONSUMER CONFIDENCE INDEX



CAR SALES
Trend obtained with TRAMO-SEATS



Sources: European Comission, European Economy, Supplement B, INE, Dirección General de Tráfico, Asociación Nacional de Fabricantes de Automóviles y Camiones and ECB.

(a) Deflated by the price index obtained from the CPI components detailed in the following notes. Repairs are not included in any of the components mentioned.

(b) Deflated by the food component of the CPI.

(c) Deflated by the clothing and footwear (excluding repairs) components of the CPI.

(d) Deflated by the household items (excluding repairs and domestic services) components of the CPI.

(e) Deflated by the recreational goods, publications and other goods and services (excluding tourism, hotel and catering services, financial and o. serv.) components of the CPI.

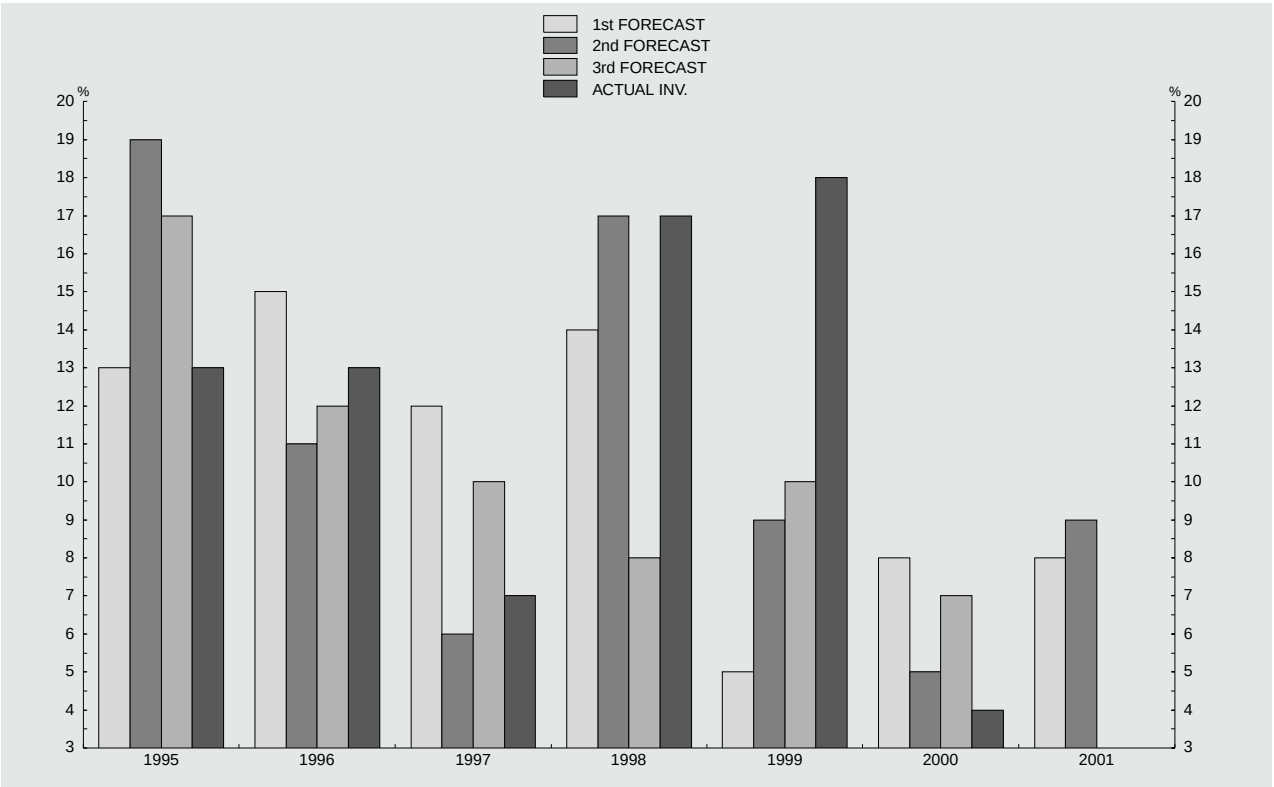
3.2. Investment in industry (excluding construction): opinion surveys. Spain

■ Series depicted in chart.

Annual percentage changes at current prices

	ACTUAL INV. 1 ■	1st FORECAST 2 ■	2nd FORECAST 3 ■	3rd FORECAST 4 ■
95	13	13	19	17
96	13	15	11	12
97	7	12	6	10
98	17	14	17	8
99	18	5	9	10
00	4	8	5	7
01	...	8	9	...

INVESTMENT IN INDUSTRY
Annual rates of change



Source: Ministerio de Ciencia y Tecnología

Note: The first forecast is made in the autumn of the previous year and the second and third ones in the spring and autumn of the current year, respectively; the information relating to actual investment for the year t is obtained in the spring of the year t+1.

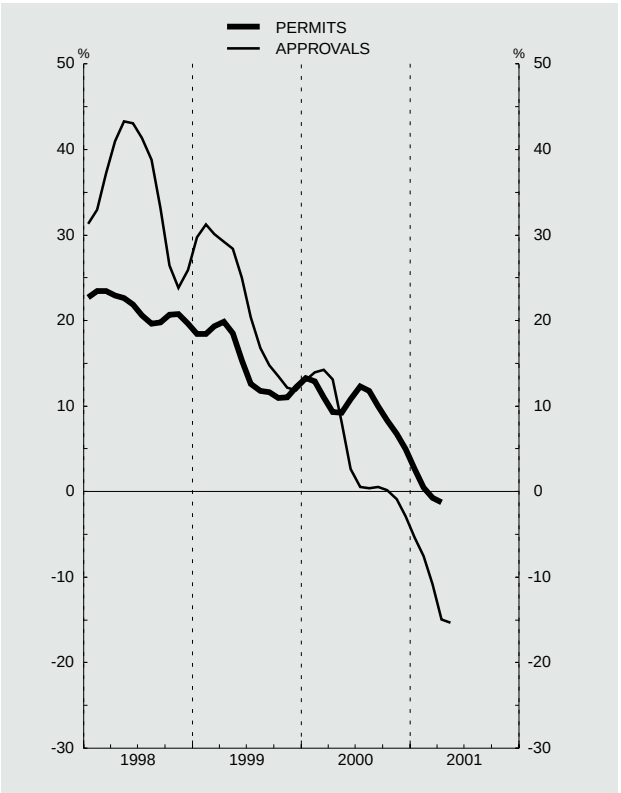
3.3. Construction. Indicators of building starts and consumption of cement. Spain

■ Series depicted in chart.

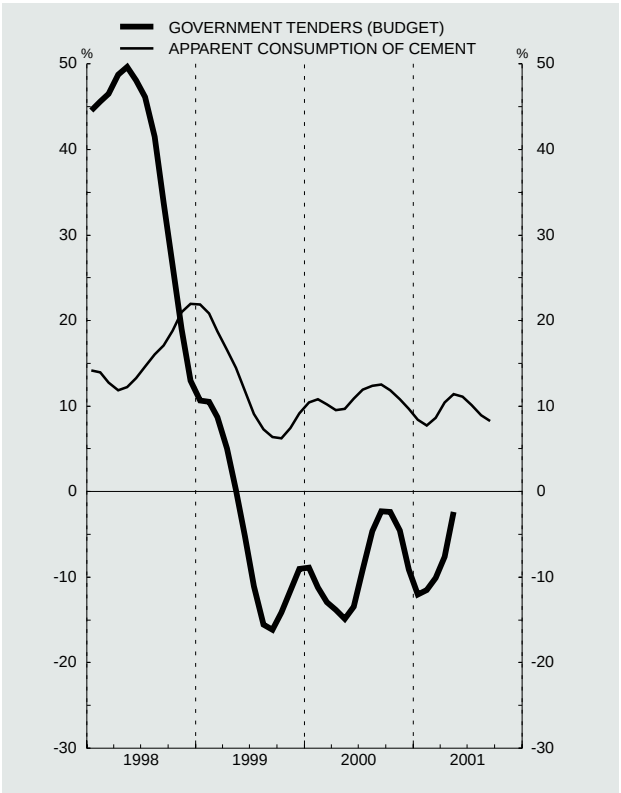
Annual percentage changes

	Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)							
		of which			of which		Total		Building					Apparent consumption of cement
	Total	Residential	Housing	Non-residential	Total	Housing	For the month	Year to date	Total	of which Residential	of which Housing	Non-residential	Civil engineering	
	1 ■	2	3	4	5 ■	6	7 ■	8	9	10	11	12	13	14 ■
98	23.7	22.5	21.8	29.7	32.5	29.0	46.8	46.8	29.0	27.7	-13.0	29.4	55.0	15.7
99	12.8	13.1	12.8	11.2	22.0	20.0	-9.7	-9.7	-1.2	15.4	-26.0	-6.5	-13.0	11.7
00	10.6	10.1	10.0	13.1	5.1	3.9	-7.6	-7.6	-3.3	-23.7	-9.8	4.8	-9.5	11.0
00 *J-S*	11.9	11.5	11.8	14.0	7.2	7.8	-6.2	-6.2	1.3	-2.9	-19.8	2.7	-9.4	11.3
01 *J-S*	...	...	...	...	...	...	...	...	...	...	...	...	...	8.8
00 *Jun*	9.2	6.5	7.3	21.3	-6.8	-9.1	-19.4	-7.5	38.4	158.9	1.9	-2.0	-41.6	13.6
Jul	33.8	30.4	29.4	49.2	-7.1	-7.4	-5.3	-7.2	35.1	0.5	-3.4	45.6	-20.2	10.9
Aug	28.3	29.7	30.3	21.3	6.1	7.8	-0.7	-6.5	1.0	-6.0	36.1	3.4	-1.5	13.7
Sep	-0.9	3.5	4.7	-18.6	-4.4	-9.8	-2.8	-6.2	7.2	40.3	-64.1	-0.1	-7.4	11.9
Oct	15.7	16.2	15.7	13.4	7.9	-9.1	17.9	-4.0	5.2	6.8	-5.3	4.8	25.6	15.1
Nov	6.3	2.3	3.8	29.4	0.5	-3.2	6.8	-3.0	-3.2	25.8	52.7	-9.6	12.3	10.3
Dec	1.0	2.6	-1.5	-7.0	-12.3	-12.0	-36.1	-7.6	-38.9	-90.0	-36.3	67.1	-35.2	4.4
01 *Jan*	19.9	19.8	10.5	20.3	4.5	6.4	-0.4	-0.4	43.0	-13.1	-54.4	59.3	-11.9	16.3
Feb	-15.6	-15.9	-16.1	-14.8	-8.5	-14.7	-49.9	-28.9	-7.7	53.3	19.0	-15.4	-65.1	2.2
Mar	-8.2	-10.9	-10.9	4.7	-6.7	-12.1	-32.2	-30.4	1.5	73.7	23.7	-8.3	-44.0	0.0
Apr	1.9	-5.6	-5.5	41.6	-21.1	-29.4	48.6	-14.0	4.6	49.2	24.3	-5.7	73.0	20.4
May	...	...	...	...	-25.4	-29.3	-11.9	-13.5	13.7	80.5	141.5	-0.8	-21.4	14.2
Jun	...	...	...	...	...	...	...	...	...	...	...	...	...	8.1
Jul	...	...	...	...	...	...	...	...	...	...	...	...	...	14.0
Aug	...	...	...	...	...	...	...	...	...	...	...	...	...	8.4
Sep	...	...	...	...	...	...	...	...	...	...	...	...	...	-0.3

CONSTRUCTION
Trend obtained with TRAMO-SEATS



CONSTRUCTION
Trend obtained with TRAMO-SEATS



Sources: Ministerio de Fomento and Asociación de Fabricantes de Cemento de España.
Note: The underlying series for this indicator are in Tables 23.7, 23.8, and 23.9 of the BE Boletín estadístico.

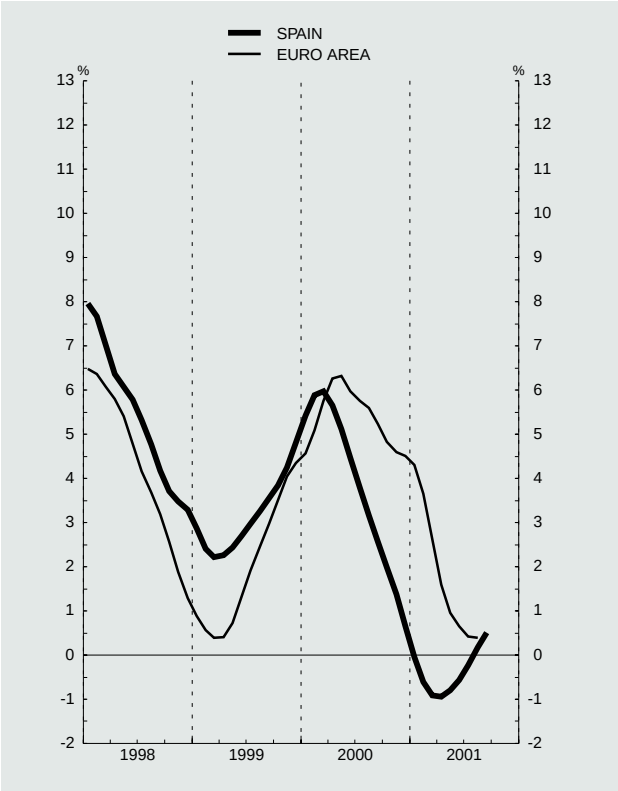
3.4. Industrial production index. Spain and euro area

■ Series depicted in chart.

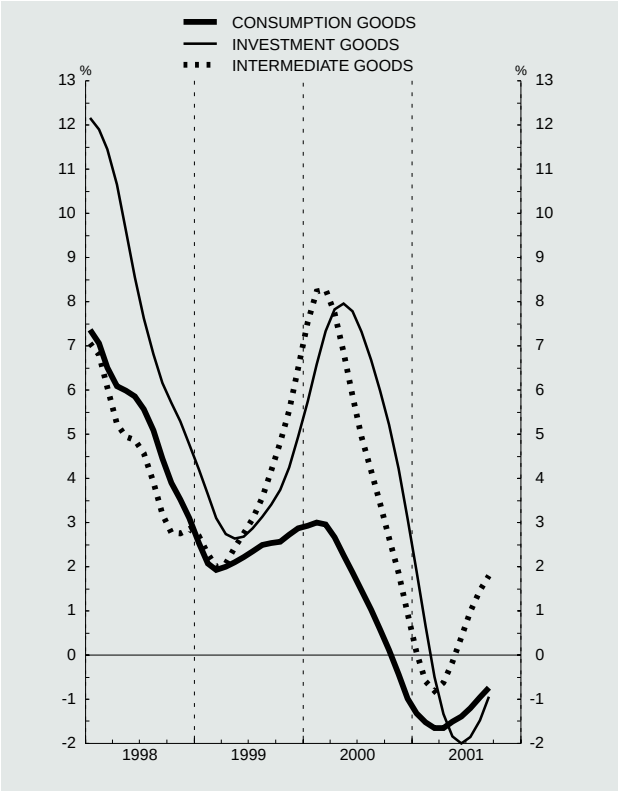
Annual percentage changes

		Overall Index			By end-use of goods			By branch of activity				Memorandum item: euro area				
		Total										of which		By end-use of goods		
		Original series	12-month % change	of which: Manufacturing	Consumption	Investment	Intermediate goods	Energy	Minerals	Processing	Others	Total	Manufacturing	Consumption	Investment	Intermediate goods
		1	2 ■	3	4 ■	5 ■	6 ■	7	8	9	10	11 ■	12	13	14	15
98	MP	115.1	5.4	6.2	5.5	8.4	4.2	1.1	5.5	8.2	4.7	4.3	4.7	2.8	7.5	3.6
99	MP	118.1	2.6	2.3	1.9	3.2	3.1	4.0	4.1	0.5	3.1	2.0	2.0	1.7	2.4	1.5
00	MP	122.8	4.0	3.3	1.2	6.1	5.5	7.0	3.7	6.2	0.7	5.5	5.9	2.2	8.6	5.9
00 *J-S*	MP	122.3	5.1	4.3	2.2	6.3	7.0	9.0	4.9	6.5	2.1	5.6	5.9	...	8.5	6.1
01 *J-S*	MP	121.3	-0.8	-1.3	-1.7	-1.2	-0.0	1.6	0.3	-1.7	-1.9	...	...	...	...	...
00 *Jun*	P	132.7	5.2	4.4	2.2	7.5	6.9	9.1	2.1	8.8	2.1	4.3	5.4	2.7	7.2	5.1
Jul	P	128.5	0.2	-0.8	-0.4	-1.9	1.4	4.5	-0.8	0.1	-1.2	5.4	6.1	2.6	9.0	5.8
Aug	P	86.9	7.2	7.3	4.2	17.0	7.2	7.1	7.3	19.0	0.8	6.9	7.3	2.5	10.9	8.1
Sep	P	125.1	0.1	-0.2	-1.2	-3.5	2.3	1.1	4.5	-2.4	-0.8	5.2	5.8	2.9	9.5	4.7
Oct	P	126.8	2.8	2.8	1.7	6.3	2.5	2.9	0.2	6.1	1.4	4.4	4.3	0.7	6.2	4.2
Nov	P	133.3	3.8	3.9	2.6	7.4	3.6	4.0	2.1	7.9	1.0	5.0	5.1	1.3	8.1	4.6
Dec	P	112.3	-4.8	-5.2	-10.0	2.8	-3.3	-2.7	-1.6	1.0	-12.6	6.2	8.3	4.8	12.3	7.1
01 *Jan*	P	124.2	4.8	5.9	3.9	9.7	4.0	-0.4	7.3	11.6	0.1	5.4	6.0	2.8	10.0	4.0
Feb	P	120.9	-3.4	-3.9	-2.9	-4.6	-3.4	-1.7	-3.7	-4.2	-3.3	4.2	5.3	3.5	8.5	2.9
Mar	P	131.4	-3.6	-4.2	-4.6	-3.6	-2.8	0.2	-3.1	-4.9	-4.3	2.7	3.7	2.7	6.3	1.4
Apr	P	114.4	-0.3	-	-1.4	3.9	-1.0	-3.3	0.8	0.5	-0.5	1.1	0.9	0.2	1.6	-0.4
May	P	131.9	-0.9	-1.8	-0.4	-4.2	-0.2	3.8	0.9	-3.6	-1.6	-0.5	-0.4	-0.5	1.2	-1.4
Jun	P	129.4	-2.5	-3.5	-3.8	-4.4	-0.7	3.8	-0.1	-5.0	-4.1	1.8	1.8	1.4	3.1	0.3
Jul	P	128.0	-0.4	-0.9	-1.2	-4.1	1.7	3.6	1.2	-3.3	-0.3	-1.2	-2.0	-1.0	-2.2	-2.5
Aug	P	89.7	3.2	2.5	2.5	2.0	4.1	6.0	1.5	4.1	2.2	0.7	0.4	1.3	2.5	-2.0
Sep	P	122.0	-2.5	-3.4	-5.4	-0.6	-0.7	2.6	-1.2	-4.4	-3.8	...	...	...	...	...

INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



Sources: INE and BCE.

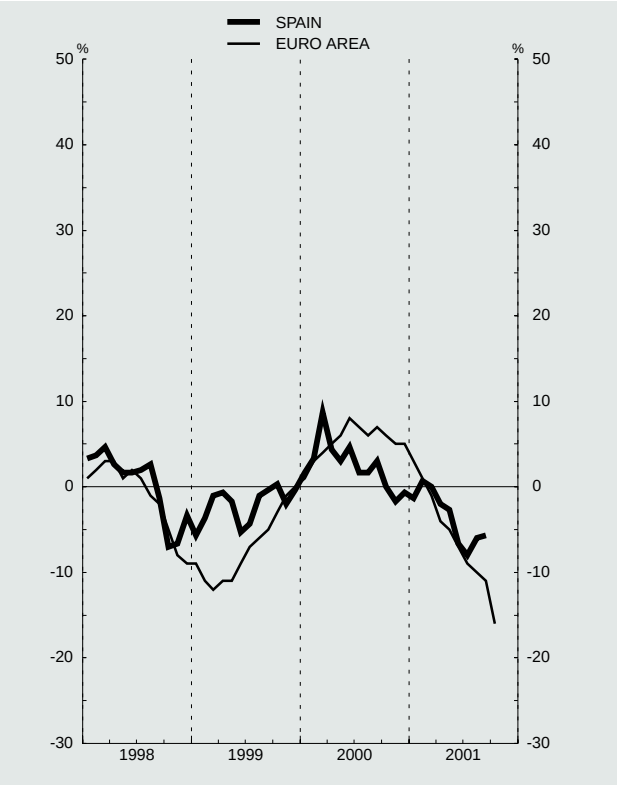
Note: The underlying series for this indicator are in Table 23.1 of the BE Boletín estadístico.

3.5. Monthly business survey: industry and construction. Spain and euro area

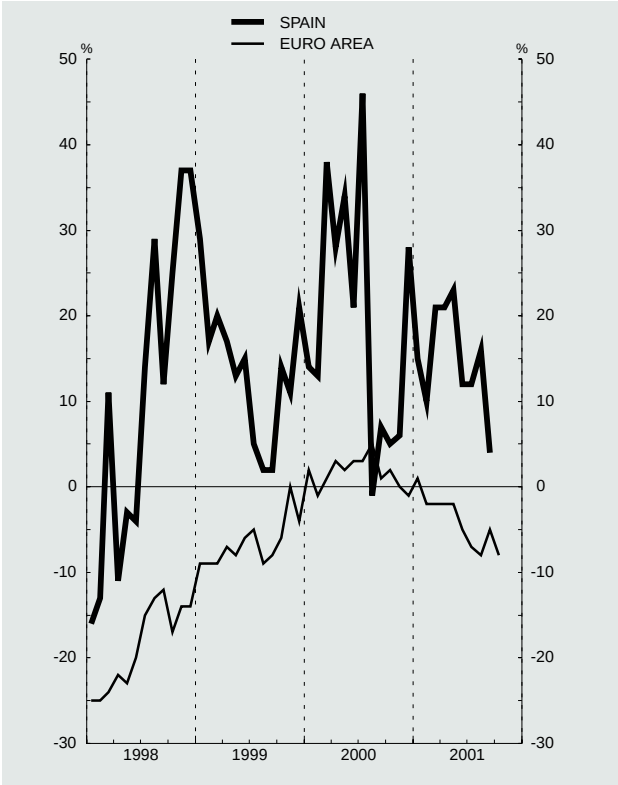
■ Series depicted in chart. *Balance*

		Industry, excluding construction									Construction					Memorandum item: euro area (b)		
		Business climate indicator (a)	Production over the last three months	Trend in production	Total orders	Foreign orders	Stocks of finished products	Business climate indicator			Business climate indicator	Production	Orders	Trend		Industry, excluding construction		Construction business climate indicator
								Consumption	Investment	Intermediate goods				Production	Construction	Business climate indicator	Order book	
		1 ■	2	3	4	5	6	7	8	9	10 ■	11	12	13	14	15 ■	16	17 ■
98	M	0	11	7	2	-7	8	1	3	-2	10	22	18	17	8	-1	-5	-19
99	M	-2	6	6	-4	-16	9	-0	-2	-4	14	20	18	40	26	-7	-17	-7
00	M	2	9	11	3	-4	7	2	1	4	20	9	20	41	37	5	3	2
00 *J-S*	M	4	10	13	4	-4	6	3	1	5	22	16	22	42	38	5	3	2
01 *J-S*	M	-4	2	7	-7	-11	11	-3	-1	-5	15	16	21	33	41	-5	-9	-4
00 *Jun*		5	21	11	9	-1	6	4	8	5	21	29	26	66	43	8	8	3
Jul		2	14	5	7	-3	7	-1	6	3	46	36	40	54	55	7	5	3
Aug		2	8	11	-1	-4	5	3	3	1	-1	32	-5	42	7	6	4	5
Sep		3	9	9	4	1	4	4	3	3	7	34	27	34	58	7	5	1
Oct		-	6	6	4	-1	10	-1	2	-1	5	11	8	32	-1	6	5	2
Nov		-2	5	4	-1	-3	8	-3	1	-1	6	-22	8	52	54	5	4	-
Dec		-1	7	11	-4	-7	9	-3	6	-2	28	-24	24	29	48	5	4	-1
01 *Jan*		-1	-1	11	-6	-10	9	-1	5	-3	15	-22	16	6	61	3	-	1
Feb		1	-	16	-5	-8	9	-2	9	-	10	-1	17	21	38	1	-	-2
Mar		-	7	12	-4	-7	8	-1	4	-1	21	35	18	9	4	-1	-3	-2
Apr		-2	3	14	-9	-13	11	-1	-1	-4	21	53	9	54	43	-4	-6	-2
May		-3	2	9	-3	-7	14	-1	-	-5	23	42	20	44	32	-5	-9	-2
Jun		-7	5	1	-7	-13	14	-5	-6	-8	12	11	30	62	58	-7	-10	-5
Jul		-8	1	-4	-7	-13	13	-5	-9	-10	12	16	30	16	50	-9	-16	-7
Aug		-6	-1	-	-9	-14	9	-7	-6	-5	16	4	24	33	32	-10	-16	-8
Sep		-6	1	1	-10	-13	8	-4	-8	-7	4	2	26	54	50	-11	-19	-5

INDUSTRIAL BUSINESS CLIMATE
Net percentages



CONSTRUCTION BUSINESS CLIMATE
Net percentages



Sources: Ministerio de Ciencia y Tecnología, Encuesta de coyuntura industrial, and ECB.

(a) 1= mean of (4-6+3).

(b) The period referred to is different, so that the value of the indicator for month n corresponds to the data published by the MCYT for month n-1.

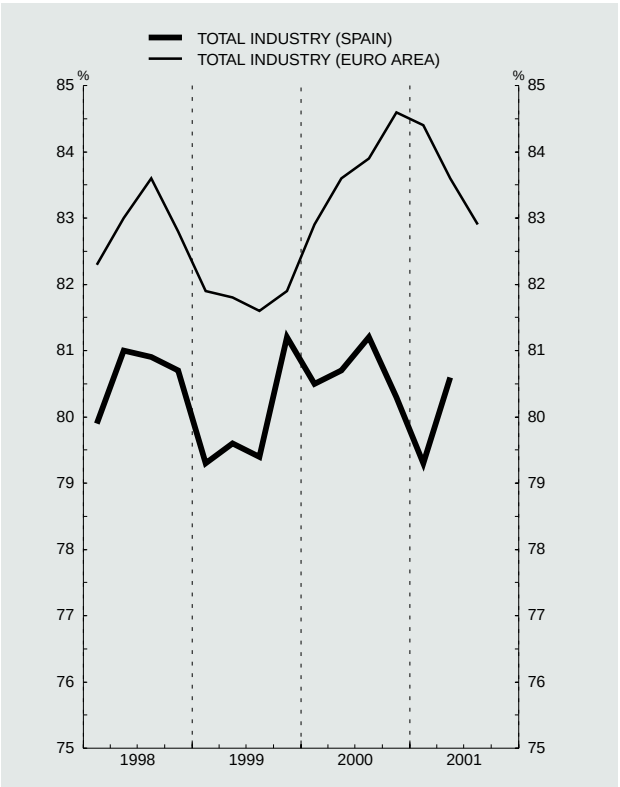
3.6. Business survey: capacity utilisation. Spain and euro area

■ Series depicted in chart.

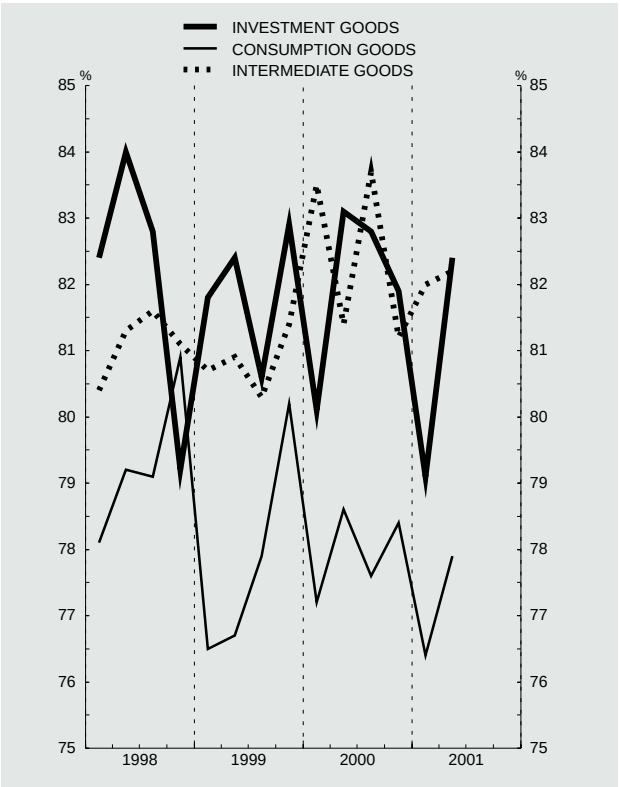
Percentages and balances

	Total industry			Consumer goods			Investment goods			Intermediate goods			Memorandum item: euro area capacity utilisation
	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	
	Over last three months (%)	Forecast (%)	(balances)	Over last three months (%)	Forecast (%)	(balances)	Over last three months (%)	Forecast (%)	(balances)	Over last three months (%)	Forecast (%)	(Balances)	(%)
	1 ■	2	3	4 ■	5	6	7 ■	8	9	10 ■	11	12	13 ■
98	80.6	81.5	3	79.3	79.9	3	82.1	83.4	1	81.1	82.2	1	82.9
99	79.9	80.9	2	77.8	79.4	3	81.9	81.9	2	80.8	82.1	1	81.8
00	80.7	81.7	-1	78.0	78.4	1	82.0	83.5	-2	82.5	83.7	-2	83.8
00 *Q1-Q2*	80.6	81.6	-1	77.9	78.4	1	81.6	82.5	2	82.5	84.0	-3	83.3
01 *Q1-Q2*	80.0	81.2	2	77.2	78.8	3	80.8	82.6	-	82.1	82.7	1	84.0
98 *Q4*	80.7	80.5	2	80.9	78.1	2	79.2	81.8	-4	81.1	82.0	6	82.8
99 *Q1*	79.3	81.3	3	76.5	79.3	3	81.8	83.0	3	80.7	82.3	2	81.9
Q2	79.6	80.2	1	76.7	80.2	1	82.4	81.4	-	80.9	81.2	1	81.8
Q3	79.4	81.2	2	77.9	79.7	2	80.6	81.9	2	80.3	82.1	-	81.6
Q4	81.2	80.9	1	80.2	78.5	4	82.9	81.2	3	81.4	82.8	-1	81.9
00 *Q1*	80.5	82.1	-1	77.2	78.5	-	80.1	80.7	1	83.5	85.8	-3	82.9
Q2	80.7	81.1	-	78.6	78.3	2	83.1	84.2	2	81.4	82.2	-2	83.6
Q3	81.2	82.1	-1	77.6	78.5	-1	82.8	84.3	-4	83.7	84.3	-	83.9
Q4	80.3	81.4	-1	78.4	78.4	2	81.9	84.8	-5	81.2	82.6	-1	84.6
01 *Q1*	79.3	80.9	2	76.4	77.4	3	79.1	81.8	-	82.0	83.5	-	84.4
Q2	80.6	81.5	2	77.9	80.2	2	82.4	83.3	-	82.2	81.8	1	83.6

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages



CAPACITY UTILISATION. BY TYPES OF GOODS
Percentages



Sources: Ministerio de Ciencia y Tecnología and ECB

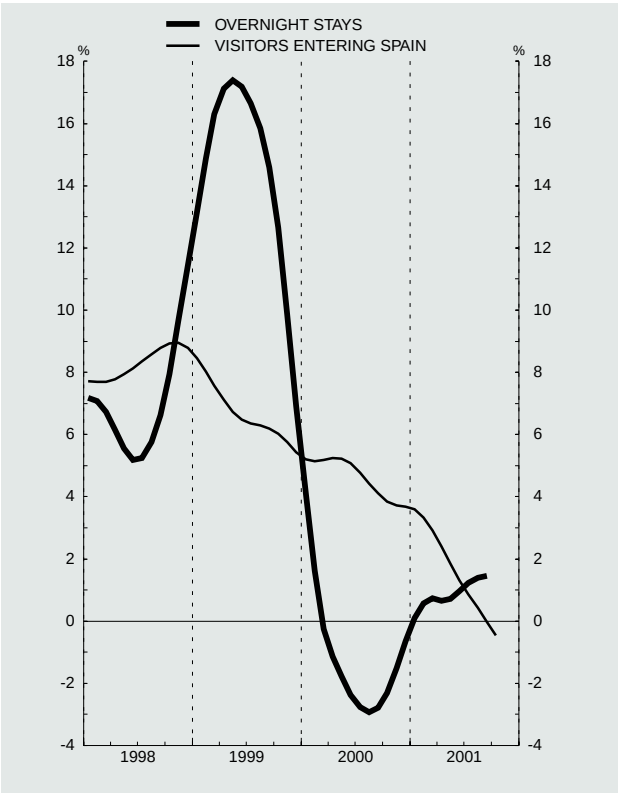
3.7. Tourism and transport statistics. Spain

■ Series depicted in chart.

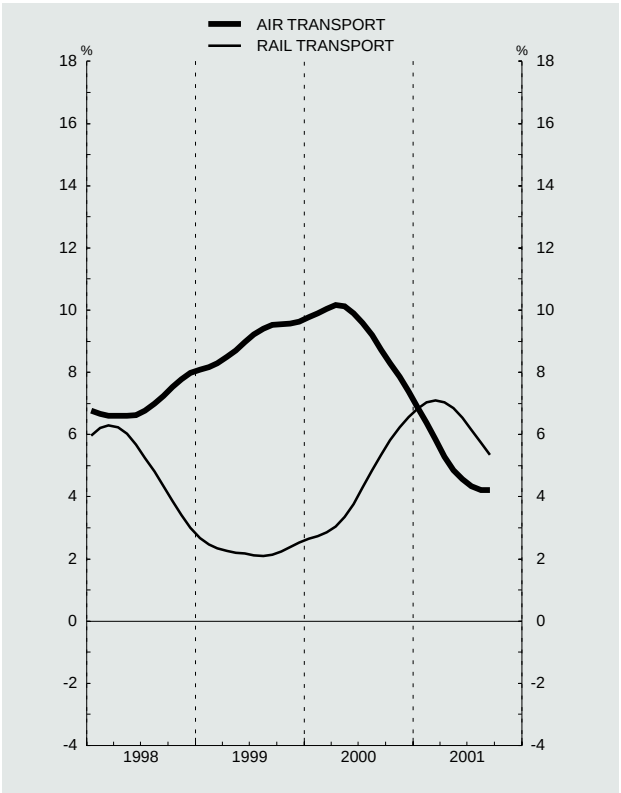
Annual percentage changes

		Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
									Passengers							
		Total	Foreigners	Total	Foreigners	Total	Tourists	Day-trippers	Total	Domestic flights	International flights	Freight	Passengers	Freight	Passengers	Freight
		1	2	3 ■	4	5 ■	6	7	8 ■	9	10	11	12	13	14 ■	15
98		10.3	10.8	6.9	6.1	8.6	9.7	6.6	7.1	2.5	10.4	0.7	8.3	4.6	3.6	1.0
99		13.0	20.4	14.9	21.5	6.3	7.8	3.8	9.0	7.0	10.3	6.8	7.9	5.2	2.3	-1.3
00	P	1.2	1.3	-1.5	-3.5	3.3	2.4	5.0	9.4	12.8	7.1	4.2	7.2	6.8	4.5	1.8
00 *J-O*		0.8	1.2	-1.7	-3.7	3.2	2.2	5.3	9.8	14.2	7.1	5.6	8.1	7.0	4.9	1.2
01 *J-O*	P	...	...	...	...	2.0	3.8	-1.4	...	...	...	...	...	...	...	...
00 *Jul*		-0.6	2.3	-1.2	-1.9	0.6	-3.1	9.4	11.3	14.8	9.3	2.6	6.3	10.2	4.1	0.0
Aug		0.1	-1.3	-2.1	-5.7	-0.7	-7.1	10.5	8.8	13.5	6.3	12.5	7.7	5.3	7.8	9.4
Sep		-0.3	0.3	-2.1	-3.7	11.3	10.3	13.6	10.2	10.7	9.9	2.1	5.4	7.5	7.0	-4.5
Oct		-1.4	-1.3	-4.7	-7.0	-1.4	-3.7	4.1	6.2	9.4	4.3	2.2	1.9	9.6	8.7	8.8
Nov	P	3.4	-2.1	-0.0	-4.8	3.8	5.7	1.1	4.7	2.6	6.5	2.2	0.5	4.7	0.8	13.1
Dec	P	4.5	9.2	1.3	1.4	4.2	3.2	5.3	8.9	9.4	8.4	-5.9	2.1	7.5	4.3	-3.1
01 *Jan*	P	6.5	5.0	3.2	1.4	5.1	5.9	4.0	11.0	10.8	11.1	3.1	3.4	3.4	15.4	14.2
Feb	P	3.5	2.8	1.8	2.0	5.1	5.8	4.2	6.9	2.5	10.9	-4.6	3.2	1.8	4.2	1.3
Mar	P	2.2	-0.9	-0.3	-1.9	3.9	6.7	-1.0	4.4	-2.5	10.3	-0.9	-6.4	2.9	11.5	7.9
Apr	P	1.0	-1.1	0.2	-3.4	3.2	3.7	2.2	5.2	4.8	5.4	-0.7	-3.8	1.4	7.2	-5.8
May	P	1.6	2.3	0.1	0.2	5.2	6.5	2.6	4.3	0.4	6.9	1.8	1.2	0.3	5.6	4.1
Jun	P	1.6	0.6	-0.9	-2.2	0.8	1.8	-1.4	5.3	-0.0	8.7	-1.4	1.1	-2.5	3.8	-16.4
Jul	P	0.5	-0.6	1.8	1.8	0.4	2.3	-3.6	2.5	-0.4	4.2	-7.0	1.0	-0.4	7.0	1.1
Aug	P	2.7	2.4	2.5	2.1	3.9	8.8	-3.3	6.2	7.3	5.5	-6.2	5.1	6.6	4.1	-12.7
Sep	P	-0.5	-1.8	1.5	1.6	-0.6	2.7	-7.7	3.2	1.7	4.1	-10.2	...	...	1.4	...
Oct	P	...	...	...	...	-4.2	-4.2	-4.0	...	...	...	...	...	...	...	...

TOURISM
Trend obtained with TRAMO-SEATS



TRANSPORT
Trend obtained with TRAMO-SEATS



Sources: INE and Instituto de Estudios Turísticos, Estadística de Movimientos Turísticos en Frontera.

Note: The underlying series for this indicator are in Table 23.15 of the BE Boletín estadístico .

(a) From January 1999 the survey includes one-star and similar establishments. To calculate the annual percentage changes the 1998 data have been increased in order to reflect the new guideline.

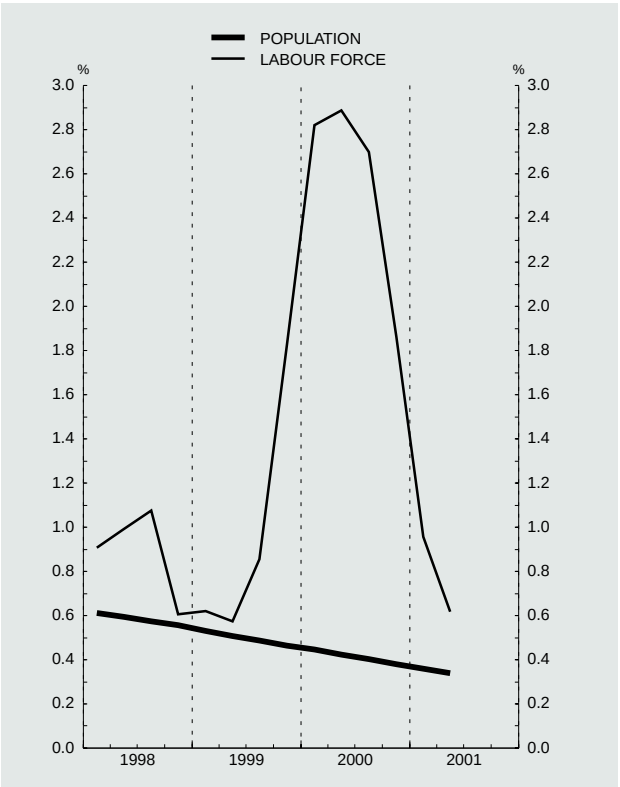
4.1. Labour force. Spain (a)

■ Series depicted in chart.

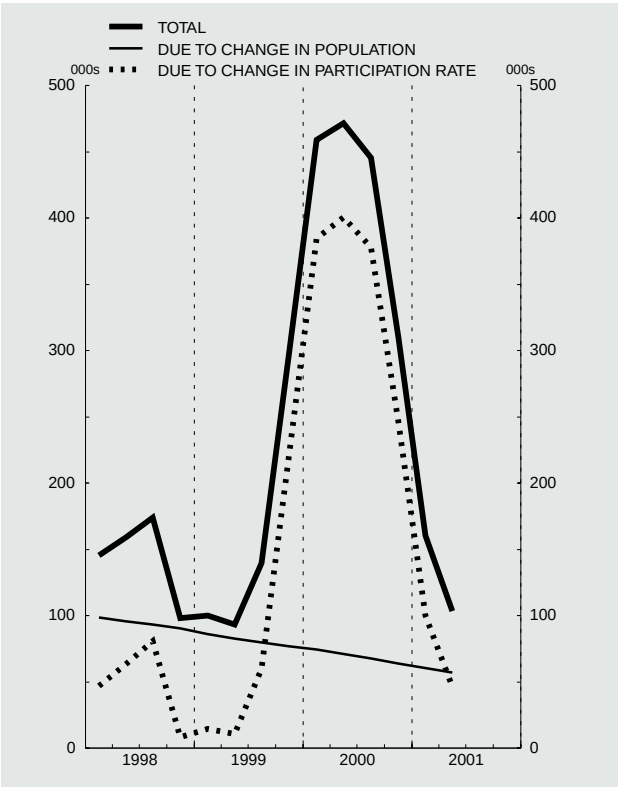
Thousands and annual percentage changes

		Population over 16 years of age				Labour force				
							Annual change (b)			
		Thousands	Annual change	4-quarter % change	Participation rate (%)	Thousands	Total	Due to change in population over 16 years of age	Due to change in partici-pation rate	4-quarter % change
		1	2	3 ■	4	5	6 ■	7 ■	8 ■	9 ■
98	M	32 534	189	0.6	50.00	16 265	144	94	50	0.9
99	M	32 696	162	0.5	50.23	16 423	158	81	76	1.0
00	M	32 831	135	0.4	51.31	16 844	421	69	352	2.6
00	*Q1-Q2* M	32 801	142	0.4	51.10	16 759	465	73	393	2.9
01	*Q1-Q2* M	32 915	114	0.3	51.32	16 891	132	59	73	0.8
98	*Q4*	32 601	180	0.6	50.02	16 305	98	90	8	0.6
99	*Q1*	32 640	172	0.5	49.83	16 264	100	86	14	0.6
	Q2	32 677	165	0.5	49.95	16 324	93	83	11	0.6
	Q3	32 715	158	0.5	50.44	16 500	140	80	60	0.9
	Q4	32 752	152	0.5	50.69	16 603	298	77	221	1.8
00	*Q1*	32 786	146	0.4	51.01	16 723	459	74	385	2.8
	Q2	32 816	139	0.4	51.18	16 795	471	71	400	2.9
	Q3	32 846	131	0.4	51.59	16 946	445	68	378	2.7
	Q4	32 876	124	0.4	51.44	16 913	309	64	245	1.9
01	*Q1*	32 903	117	0.4	51.31	16 883	160	60	100	1.0
	Q2	32 927	111	0.3	51.32	16 899	104	57	47	0.6

LABOUR FORCE SURVEY
Annual percentage change



LABOUR FORCE
Annual changes



Source: INE, Encuesta de Población Activa (1987 survey series chained by INE with the 1976 series).

(a) The year-on-year changes are affected by the updating of the census sample in 2000 Q1. Year-on year changes without the effects o of the sample updating can be found on the INE pages entitled "Variaciones sobre igual trimestre del año anterior".

(b) Col.7 = (col.5/col.1)x annual change in col.1.
Col.8 = (annual change in col.4/100) x col.1(t-4).

4.2. Employment and wage-earners. Spain and euro area (a)

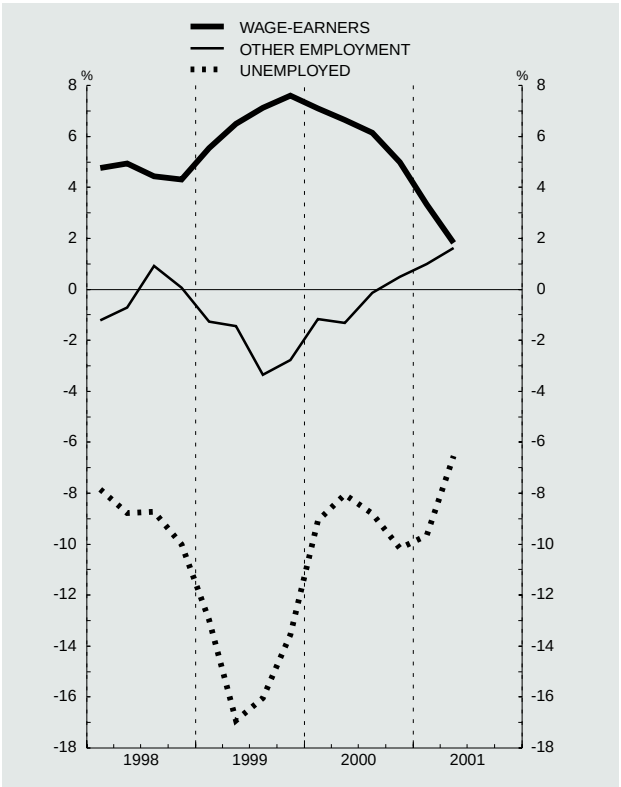
■ Series depicted in chart.

Thousands and annual percentage changes

		Employment									Unemployment				Memorandum item: euro area	
		Total			Wage-earners			Other								
		Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Unemployment rate	Employment 4-quarter % change	Unemployment rate
		1	2	3 ■	4	5	6 ■	7	8	9 ■	10	11	12 ■	13	14	15
98	M	13 205	440	3.4	10 157	448	4.6	3 048	-7	-0.2	3 060	-296	-8.8	18.82	1.6	10.83
99	M	13 817	613	4.6	10 837	680	6.7	2 981	-67	-2.2	2 605	-455	-14.9	15.87	1.7	9.89
00	M	14 474	656	4.8	11 509	672	6.2	2 965	-16	-0.5	2 370	-235	-9.0	14.08	2.0	8.84
00	*Q1-Q2* M	14 331	693	5.1	11 366	730	6.9	2 965	-37	-1.2	2 428	-228	-8.6	14.49	...	9.07
01	*Q1-Q2* M	14 661	330	2.3	11 657	291	2.6	3 004	39	1.3	2 230	-198	-8.1	13.20	...	8.42
98	*Q4*	13 342	427	3.3	10 312	425	4.3	3 030	2	0.1	2 963	-329	-10.0	18.17	...	10.50
99	*Q1*	13 503	512	3.9	10 500	550	5.5	3 003	-39	-1.3	2 761	-412	-13.0	16.98	...	10.27
	Q2	13 773	612	4.7	10 771	656	6.5	3 002	-44	-1.4	2 551	-519	-16.9	15.63	1.6	10.03
	Q3	13 952	627	4.7	10 979	730	7.1	2 973	-103	-3.4	2 549	-487	-16.0	15.45	1.7	9.77
	Q4	14 041	699	5.2	11 096	783	7.6	2 946	-84	-2.8	2 562	-401	-13.5	15.43	1.7	9.50
00	*Q1*	14 213	710	5.3	11 245	745	7.1	2 968	-35	-1.2	2 510	-251	-9.1	15.01	1.9	9.20
	Q2	14 450	677	4.9	11 487	716	6.6	2 962	-39	-1.3	2 346	-205	-8.0	13.97	2.1	8.93
	Q3	14 622	670	4.8	11 653	674	6.1	2 969	-4	-0.1	2 324	-224	-8.8	13.72	2.0	8.70
	Q4	14 611	569	4.1	11 651	555	5.0	2 960	14	0.5	2 302	-260	-10.2	13.61	2.1	8.53
01	*Q1*	14 616	403	2.8	11 618	374	3.3	2 997	29	1.0	2 267	-243	-9.7	13.43	2.0	8.43
	Q2	14 707	257	1.8	11 696	209	1.8	3 011	48	1.6	2 192	-153	-6.5	12.97	...	8.40

EMPLOYMENT
Annual percentage changes

LABOUR FORCE: COMPONENTS
Annual percentage changes



Source: INE, Encuesta de Población Activa (1987 survey series chained by INE with the 1976 series), and ECB.

(a) The year-on-year changes are affected by the updating of the census sample in 2000 Q1. Year-on year changes without the effects o of the sample updating can be found on the INE pages entitled "Variaciones sobre igual trimestre del año anterior".

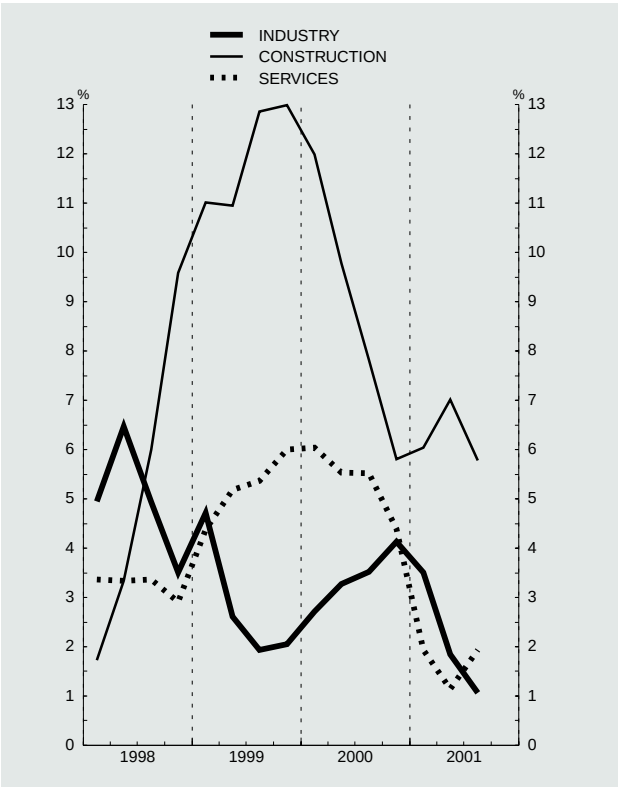
4.3. Employment by branch of activity. Spain (a)

■ Series depicted in chart.

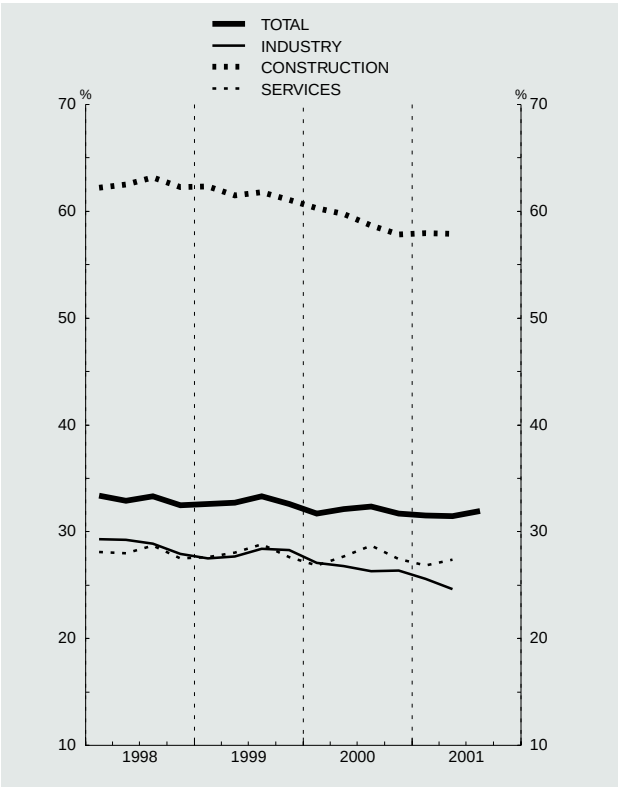
Annual percentage changes

		Total			Agriculture			Industry			Construction			Services			Memorandum item: employment in		
		Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Branches other than agriculture	Branches other than agriculture excluding general government	Services excluding general government
		1	2	3 ■	4	5	6	7 ■	8	9 ■	10 ■	11	12 ■	13 ■	14	15 ■	16	17	18
98	M	3.4	4.6	33.0	-0.6	1.7	60.6	4.9	5.6	28.9	5.2	8.4	62.5	3.2	3.8	28.1	3.8	4.4	4.0
99	M	4.6	6.7	32.8	-4.3	-1.1	60.7	2.8	3.4	28.0	12.0	13.8	61.7	5.2	7.3	28.0	5.4	6.0	6.1
00	M	4.7	6.2	32.0	-2.5	-1.3	58.9	3.4	3.9	26.6	8.8	9.2	59.1	5.4	7.0	27.7	5.3	5.6	5.9
00	*Q1-Q3* M	5.0	6.6	32.1	-2.8	-1.9	58.4	3.2	3.6	26.7	9.8	10.6	59.6	5.7	7.5	27.7	5.4	6.1	6.5
01	*Q1-Q3* M	2.1	2.5	31.7	-0.3	4.6	...	2.1	2.0	...	6.3	6.5	...	1.7	1.8	...	2.2	...	...
99	*Q1*	3.9	5.5	32.6	-8.6	-9.1	63.3	4.7	5.0	27.5	11.0	13.5	62.3	4.4	5.6	27.6	5.1	5.9	5.4
	Q2	4.7	6.5	32.7	-2.0	3.7	61.3	2.6	3.1	27.7	10.9	12.4	61.5	5.2	7.0	28.1	5.2	5.8	6.1
	Q3	4.7	7.1	33.3	-3.7	0.4	58.7	1.9	3.0	28.4	12.9	14.6	61.8	5.4	7.8	28.8	5.4	5.7	5.8
	Q4	5.2	7.6	32.6	-2.5	2.3	59.4	2.1	2.7	28.3	13.0	14.8	61.1	6.0	8.6	27.6	5.9	6.5	7.0
00	*Q1*	5.3	7.1	31.7	-3.3	-3.1	59.2	2.7	3.7	27.1	12.0	12.8	60.3	6.0	8.1	26.9	6.0	6.5	7.0
	Q2	4.9	6.6	32.1	-2.7	-0.4	60.0	3.3	3.6	26.8	9.8	11.0	59.8	5.5	7.4	27.7	5.5	5.9	6.2
	Q3	4.8	6.1	32.3	-2.4	-2.1	55.9	3.5	3.7	26.3	7.8	8.2	58.7	5.5	7.1	28.7	5.4	5.8	6.3
	Q4	4.1	5.0	31.7	-1.7	0.4	60.3	4.1	4.6	26.4	5.8	5.3	57.8	4.4	5.4	27.5	4.5	4.3	4.0
01	*Q1*	2.8	3.3	31.5	4.0	11.6	65.6	3.5	3.3	25.6	6.0	6.4	58.0	1.9	2.3	26.8	2.7	2.7	1.6
	Q2	1.8	1.8	31.5	-1.0	1.3	61.6	1.8	1.7	24.6	7.0	7.3	57.9	1.1	1.0	27.4	2.0	1.9	0.8
	Q3	1.8	2.2	31.9	-4.0	0.4	...	1.1	0.9	...	5.8	5.9	...	1.9	2.1	...	2.2	...	...

EMPLOYMENT
Annual percentage changes



TEMPORARY EMPLOYMENT
Percentages



Source: INE, Encuesta de Población Activa (1987 survey series chained by INE with the 1976 series).

Note: The underlying series of this indicator are in Tables 24.4 and 24.6 of the BE Boletín estadístico.

(a) Branches of activity in accordance with NACE-93.

The year-on-year changes are affected by the updating of the census sample in 2000 Q1. Year-on year changes without the effects o of the sample updating can be found on the INE pages entitled "Variaciones sobre igual trimestre del año anterior".

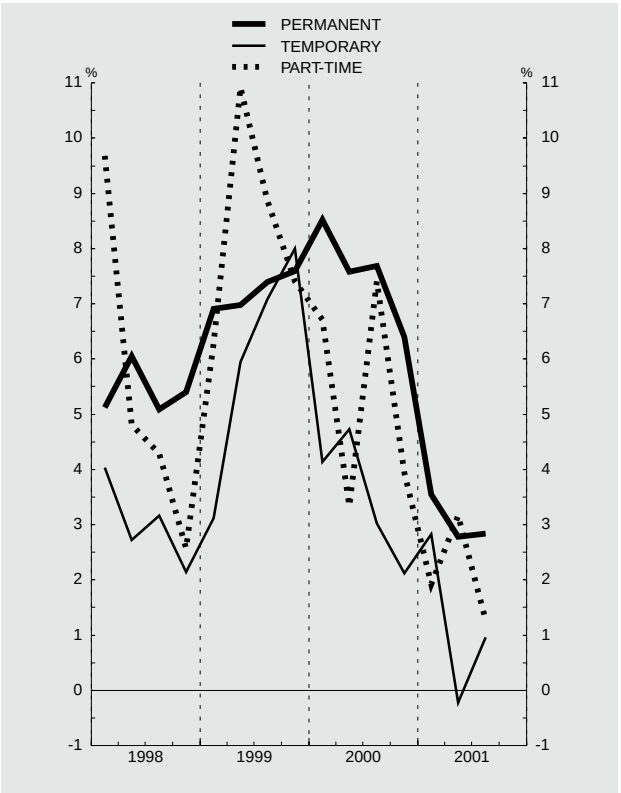
4.4. Wage-earners by type of contract and unemployment by duration. Spain. (a)

■ Series depicted in chart.

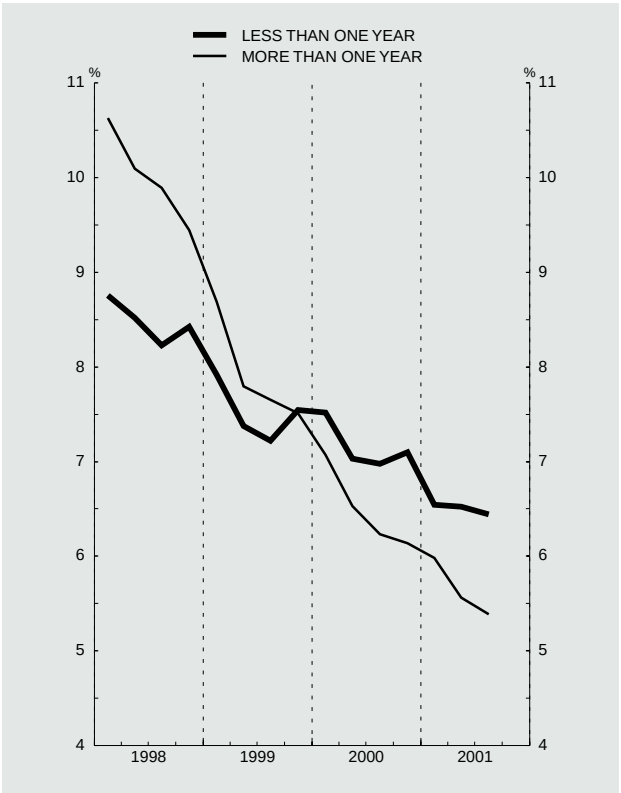
Thousands, annual percentage changes and %

		Wage-earners										Unemployment						
		By type of contract					By duration of working day					By duration				% of unemployed that would accept a job		
		Permanent		Temporary			Full-time		Part-time			Less than one year		More than one year				
		Annual change Thousands	4-quarter % change	Annual change Thousands	4-quarter % change	Proportion of temporary employment	Annual change Thousands	4-quarter % change	Annual change Thousands	4-quarter % change	As % for wage earners	Unemployment rate	4-quarter % change	Unemployment rate	4-quarter % change	Entailing a change of residence	Whith a lower wage	Requiring fever skills
		1	2 ■	3	4 ■	5	6	7	8	9 ■	10	11 ■	12	13 ■	14	15	16	17
98	M	349	5.4	98	3.0	33.01	406	4.5	41	5.3	8.09	8.48	-6.4	10.02	-11.3	25.87	58.97	63.70
99	M	491	7.2	203	6.0	32.80	611	6.5	69	8.4	8.22	7.51	-10.6	7.91	-20.2	23.07	54.53	60.43
00	M	548	7.5	124	3.5	31.96	625	6.3	47	5.3	8.14	7.16	-2.3	6.49	-15.8	23.07	52.55	58.55
00	*Q1-Q3* M	572	7.9	140	3.9	32.05	660	6.7	51	5.8	8.22	7.18	-1.7	6.61	-15.5	23.01	53.16	59.28
01	*Q1-Q3* M	238	3.1	43	1.2	31.65	261	2.5	20	2.1	8.20	6.50	-8.7	5.64	-14.0	...	...	...
99	*Q1*	457	6.9	104	3.1	32.59	498	5.5	52	6.3	8.38	7.92	-9.0	8.69	-17.7	23.74	54.88	60.22
	Q2	473	7.0	198	5.9	32.72	565	6.1	91	10.9	8.58	7.38	-12.9	7.80	-22.3	22.72	53.93	59.87
	Q3	504	7.4	242	7.1	33.31	660	7.0	71	8.9	7.91	7.22	-11.5	7.66	-22.0	23.01	54.62	60.69
	Q4	528	7.6	268	8.0	32.59	722	7.6	61	7.4	7.99	7.54	-8.8	7.51	-19.0	22.80	54.69	60.93
00	*Q1*	603	8.5	141	4.1	31.69	686	7.1	59	6.7	8.35	7.52	-2.4	7.07	-16.3	22.86	52.54	58.67
	Q2	550	7.6	167	4.7	32.13	685	7.0	31	3.3	8.31	7.03	-2.0	6.53	-13.9	22.49	54.52	61.03
	Q3	563	7.7	111	3.0	32.34	609	6.0	64	7.4	8.00	6.98	-0.8	6.23	-16.4	23.68	52.42	58.14
	Q4	478	6.4	77	2.1	31.70	520	5.1	35	3.9	7.91	7.10	-4.1	6.14	-16.8	23.24	50.74	56.36
01	*Q1*	273	3.6	101	2.8	31.54	356	3.4	18	1.9	8.24	6.54	-12.1	5.98	-14.7	20.63	45.57	50.83
	Q2	217	2.8	-8	-0.2	31.49	179	1.7	30	3.2	8.42	6.52	-6.6	5.57	-14.2	20.67	46.66	51.96
	Q3	224	2.8	36	1.0	31.94	249	2.3	12	1.3	7.93	6.44	-7.1	5.39	-13.0	...	...	...

WAGE-EARNERS
Annual percentage changes



UNEMPLOYMENT
Unemployment rate



Source: INE, Encuesta de Población Activa (1987 survey series chained by INE with the 1976 series).

Nota: The underlying series of this indicator are in Tables 24.1, 24.7, 24.9 and 24.10 of the BE Boletin estadístico.

(a) The year-on-year changes are affected by the updating of the census sample in 2000 Q1. Year-on year changes without the effects o of the sample updating can be found on the INE pages entitled "Variaciones sobre igual trimestre del año anterior".

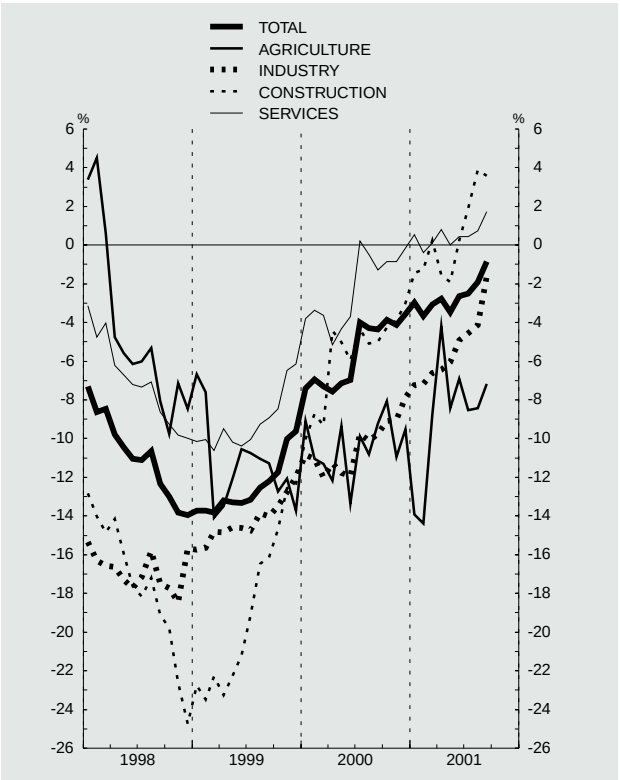
4.5. Registered unemployment by branch of activity. Contracts and placements. Spain

■ Series depicted in chart.

Thousands, annual percentage changes and %

		Registered unemployment										Contracts					Placements	
		Total			First time job-seekers	Previously employed						Total		Percentage of total			Total	
		Thousands	Annual change Thousands	12 month % change	12 month % change	12-month % change						Thousands	12 month % change	Permanent	Part time	Temporary	Thousands	12 month % change
						Total	Agriculture	Branches other than agriculture										
								Total	Industry	Construction	Services							
		1	2	3 ■	4	5	6 ■	7	8 ■	9 ■	10 ■	11	12	13	14	15	16	17 ■
98	M	1 890	-229	-10.8	-11.5	-10.7	-4.4	-10.9	-16.8	-17.4	-7.0	972	15.6	8.34	20.15	91.66	947	15.9
99	M	1 652	-238	-12.6	-16.5	-11.7	-11.3	-11.7	-14.3	-19.2	-9.2	1 103	13.5	9.19	18.17	90.81	1 069	12.9
00	M	1 558	-94	-5.7	-10.1	-4.7	-10.4	-4.5	-10.4	-5.9	-2.3	1 152	4.5	8.73	18.12	91.27	1 135	6.2
00 *J-S*	M	1 561	-105	-6.3	-10.6	-5.3	-10.7	-5.1	-11.0	-6.6	-2.9	1 136	4.8	8.63	17.57	91.37	1 120	6.7
01 *J-S*	M P	1 519	-42	-2.7	-10.5	-1.1	-9.1	-0.8	-5.5	0.3	0.5	1 144	0.7	9.18	17.72	90.82	1 109	-1.0
00 *Aug*		1 488	-67	-4.3	-7.8	-3.6	-10.8	-3.3	-10.1	-5.1	-0.5	1 013	8.9	7.31	17.39	92.69	1 001	9.7
Sep		1 501	-69	-4.4	-7.0	-3.8	-9.2	-3.6	-9.8	-5.0	-1.3	1 215	1.3	8.81	18.64	91.19	1 200	2.3
Oct		1 530	-62	-3.9	-7.1	-3.2	-8.1	-3.0	-9.1	-4.3	-0.9	1 360	10.4	9.06	21.26	90.94	1 340	11.2
Nov		1 557	-67	-4.1	-8.6	-3.2	-10.9	-2.9	-9.0	-3.9	-0.8	1 266	8.3	9.03	19.62	90.97	1 243	9.2
Dec		1 556	-57	-3.6	-9.3	-2.4	-9.5	-2.2	-7.9	-3.0	-0.1	977	-9.5	8.92	18.41	91.08	963	-7.8
01 *Jan*		1 621	-50	-3.0	-9.4	-1.7	-13.9	-1.3	-7.3	-1.4	0.5	1 198	6.2	8.95	16.18	91.05	1 182	6.2
Feb		1 599	-61	-3.7	-10.4	-2.3	-14.4	-1.9	-7.2	-1.3	-0.4	1 094	-1.8	9.55	16.82	90.45	1 080	-1.2
Mar		1 578	-50	-3.1	-10.6	-1.5	-8.8	-1.2	-6.6	0.2	0.1	1 117	-7.3	7.87	16.85	92.13	1 102	-6.7
Apr		1 535	-44	-2.8	-10.8	-1.1	-4.2	-1.0	-6.5	-1.6	0.8	1 012	5.6	10.28	16.51	89.72	979	3.5
May		1 478	-53	-3.5	-11.7	-1.7	-8.4	-1.5	-6.0	-1.9	0.0	1 235	1.0	11.58	17.28	88.42	1 167	-3.3
Jun		1 461	-40	-2.6	-10.6	-0.9	-6.9	-0.7	-4.9	0.3	0.4	1 189	-0.8	9.47	18.00	90.53	1 138	-3.6
Jul		1 451	-37	-2.5	-11.2	-0.7	-8.5	-0.4	-4.5	1.9	0.4	1 258	7.4	8.15	19.58	91.85	1 214	4.8
Aug		1 459	-29	-1.9	-10.5	-0.2	-8.4	0.1	-4.1	3.9	0.7	1 062	4.8	8.09	18.84	91.91	1 021	2.0
Sep	P	1 489	-13	-0.9	-9.7	1.0	-7.2	1.3	-1.6	3.6	1.7	1 131	-6.9	8.67	19.45	91.33	1 100	-8.3

REGISTERED UNEMPLOYMENT
Annual percentage changes



PLACEMENTS
Annual percentage changes (Trend obtained with TRAMO-SEATS)

Source: Instituto Nacional de Empleo, Estadística de Empleo.
Nota: The underlying series for this indicator are in Tables 24.16 and 24.17 of the BE Boletín estadístico.

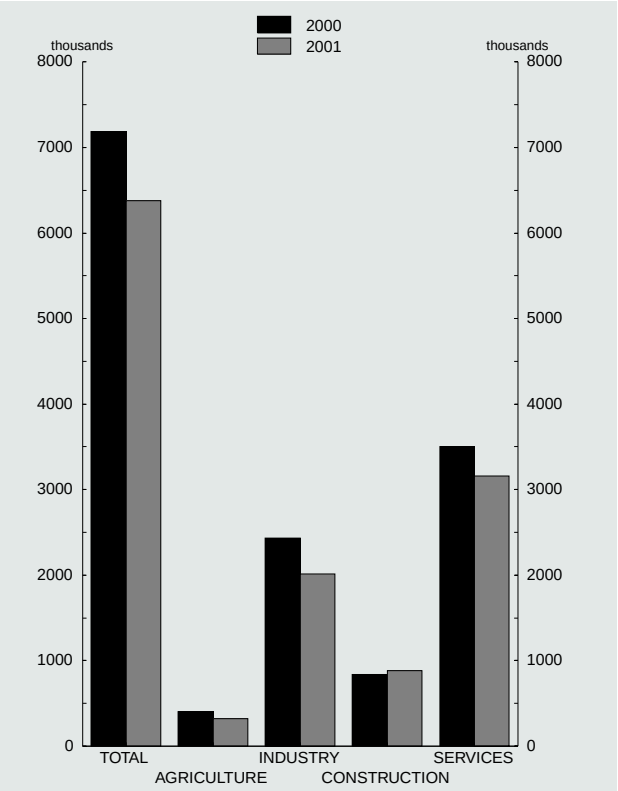
4.6. Collective bargaining agreements

■ Series depicted in chart.

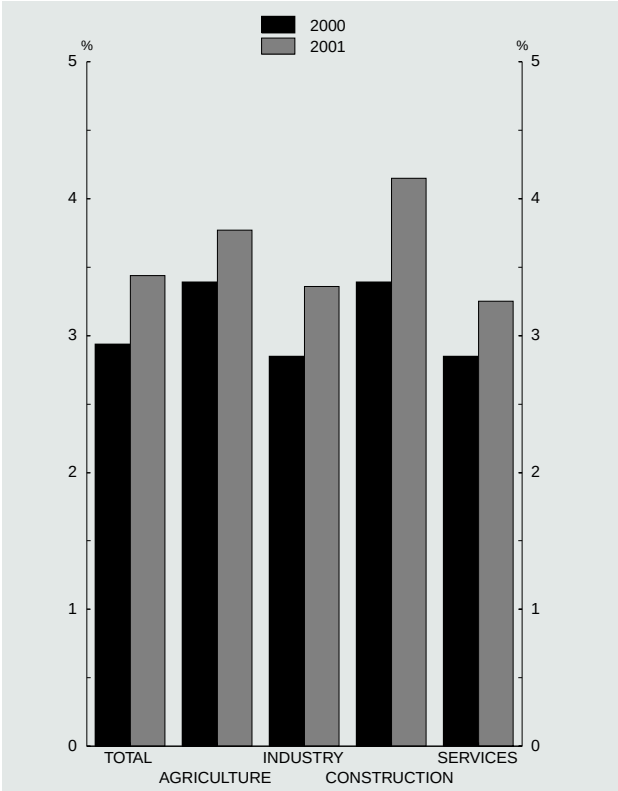
Thousands and %

	As per month economic effects come into force(a)		As per month recorded														
			Employees affected (a)								Average wage settlement (%)						
	Employees affected	Average wage settlement	Automatic adjustment	Newly-signed agreements	Total	Annual change	Agriculture	Industry	Construction	Services	Automatic adjustment	Newly signed agreements	Total	Agriculture	Industry	Construction	Services
	1	2	3	4	5 ■	6	7 ■	8 ■	9 ■	10 ■	11	12	13 ■	14 ■	15 ■	16 ■	17 ■
98	8 751	2.56	4 240	2 732	6 972	-255	500	2 406	827	3 240	2.43	2.77	2.56	2.90	2.40	2.35	2.69
99	9 008	2.72	4 120	3 663	7 783	811	602	2 748	901	3 532	2.29	2.49	2.38	3.37	2.24	2.30	2.35
00	8 893	3.70	4 886	2 977	7 863	80	470	2 603	875	3 915	2.90	3.09	2.97	3.43	2.87	3.42	2.88
00 *Apr*	8 555	3.71	4 425	239	4 664	531	309	1 360	650	2 345	2.75	3.21	2.77	3.46	2.71	2.52	2.78
May	8 728	3.70	4 445	336	4 781	518	310	1 406	673	2 393	2.74	3.12	2.77	3.46	2.71	2.52	2.78
Jun	8 785	3.70	4 445	518	4 963	123	360	1 449	709	2 445	2.74	3.04	2.77	3.39	2.72	2.51	2.79
Jul	8 806	3.70	4 614	1 095	5 709	358	361	1 912	768	2 668	2.79	3.09	2.85	3.39	2.80	2.60	2.88
Aug	8 807	3.70	4 779	1 688	6 468	-57	395	2 364	806	2 903	2.90	3.14	2.96	3.37	2.84	3.42	2.88
Sep	8 875	3.70	4 788	2 397	7 185	381	405	2 436	838	3 506	2.90	3.04	2.94	3.39	2.85	3.39	2.85
Oct	8 883	3.70	4 853	2 684	7 536	505	413	2 520	875	3 729	2.90	3.06	2.96	3.37	2.86	3.42	2.87
Nov	8 885	3.70	4 886	2 821	7 707	151	413	2 573	875	3 847	2.90	3.07	2.96	3.37	2.87	3.42	2.88
Dec	8 893	3.70	4 886	2 977	7 863	80	470	2 603	875	3 915	2.90	3.09	2.97	3.43	2.87	3.42	2.88
01 *Jan*	6 058	3.42	1 602	25	1 627	18	18	214	309	1 086	3.16	4.32	3.18	2.68	2.67	4.39	2.94
Feb	6 087	3.42	3 204	64	3 268	974	135	871	554	1 708	3.12	3.90	3.14	3.14	2.74	3.81	3.13
Mar	6 154	3.42	3 722	176	3 898	-448	158	990	688	2 061	3.44	4.07	3.47	3.39	3.40	4.25	3.24
Apr	6 295	3.42	4 356	189	4 546	-119	159	1 334	806	2 246	3.36	4.08	3.39	3.39	3.19	4.26	3.20
May	6 351	3.43	4 356	215	4 571	-210	159	1 353	807	2 253	3.36	3.97	3.39	3.39	3.19	4.26	3.20
Jun	6 364	3.43	4 409	368	4 777	-186	234	1 407	807	2 330	3.38	3.92	3.42	3.60	3.20	4.26	3.24
Jul	6 374	3.43	4 487	742	5 229	-480	238	1 607	862	2 522	3.37	3.60	3.40	3.59	3.30	4.16	3.18
Aug	6 374	3.43	4 498	1 334	5 832	-635	305	1 878	869	2 780	3.37	3.62	3.42	3.75	3.31	4.18	3.23
Sep	6 376	3.44	4 644	1 735	6 379	-806	318	2 017	885	3 158	3.37	3.60	3.44	3.77	3.36	4.15	3.25

EMPLOYEES AFFECTED
January-September



AVERAGE WAGE SETTLEMENT
January-September



Source: Ministerio de Trabajo y Asuntos Sociales (MTAS), Encuesta de Convenios Colectivos. Avance mensual.
(a) Cumulative data.

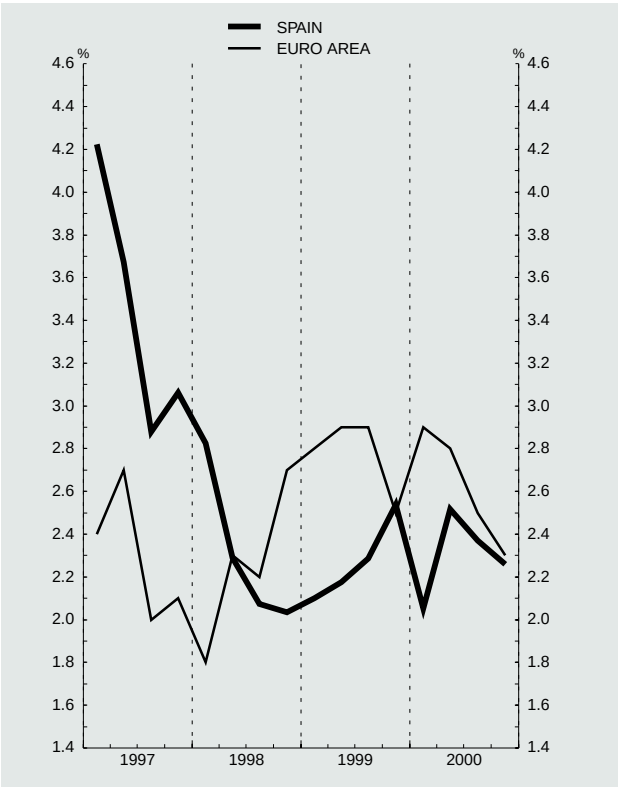
4.7. Wage earnings survey in industry and services. Spain and euro area

■ Series depicted in chart.

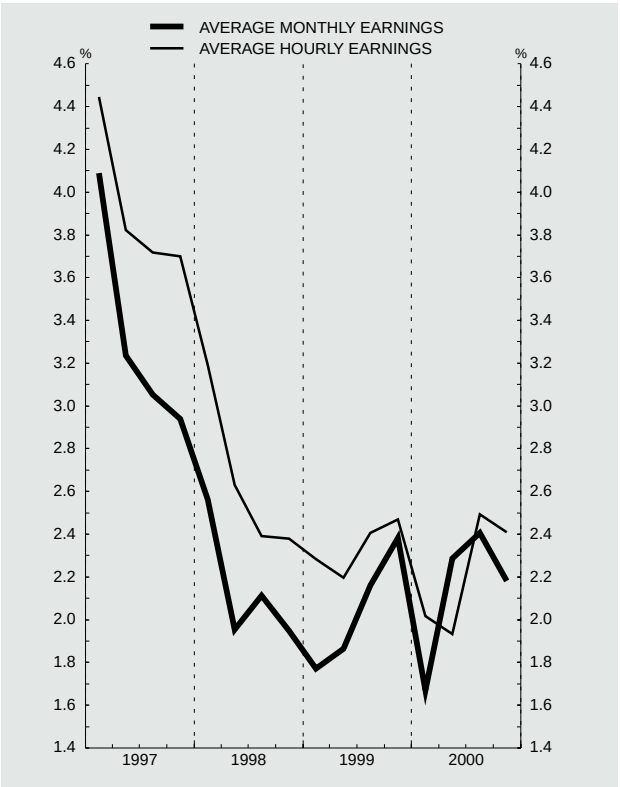
Annual percentage changes, Euros and number of hours

		Average monthly earnings							Average hourly earnings							Average number of hours worked		Memorandum item: wages in the euro area
		Basic pay		Basic pay and overtime					Basic pay		Basic pay and overtime							
		Euros	4-quarter % change	Total		Industry	Construction	Services	Euros	4-quarter % change	Total		Industry	Construction	Services	Number of hours	4-quarter % change	4-quarter % change
				Euros	4-quarter % change	4-quarter % change	4-quarter % change	4-quarter % change			Euros	4-quarter % change	4-quarter % change	4-quarter % change	4-quarter % change			
		1	2 ■	3	4 ■	5	6	7	8	9 ■	10	11	12	13	14	15	16	17 ■
97	M	1 148	3.3	1 293	3.4	4.6	4.3	2.8	8.01	3.9	9.02	4.1	4.5	4.4	4.0	143	-0.6	2.3
98	M	1 173	2.1	1 323	2.3	3.1	3.3	2.0	8.22	2.6	9.28	2.8	3.3	3.3	2.8	143	-0.5	2.2
99	M	1 197	2.0	1 353	2.3	2.5	3.8	1.9	8.41	2.3	9.51	2.5	2.7	4.0	2.2	142	-0.3	2.7
99	*Q1-Q4* M	1 197	2.0	1 353	2.3	2.5	3.8	1.9	8.41	2.3	9.51	2.5	2.7	4.0	2.2	142	-0.3	2.7
00	*Q1-Q4* M	1 222	2.1	1 384	2.3	2.5	3.8	3.0	8.60	2.2	9.74	2.4	2.8	4.4	2.7	142	-0.1	2.7
98	*Q2*	1 167	2.0	1 266	2.3	2.9	4.1	1.8	8.21	2.6	8.91	3.0	3.1	4.2	3.0	142	-0.7	2.3
	Q3	1 180	2.1	1 331	2.1	3.6	3.2	1.3	8.24	2.4	9.30	2.4	3.7	3.3	1.7	143	-0.3	2.2
	Q4	1 180	1.9	1 447	2.0	2.8	3.6	1.6	8.28	2.4	10.15	2.4	3.1	3.4	2.3	143	-0.4	2.7
99	*Q1*	1 186	1.8	1 274	2.1	2.8	3.7	1.7	8.35	2.3	8.97	2.6	2.7	3.8	2.6	142	-0.5	2.8
	Q2	1 189	1.9	1 294	2.2	2.9	3.9	1.4	8.39	2.2	9.13	2.5	3.2	4.0	1.8	142	-0.3	2.9
	Q3	1 205	2.2	1 362	2.3	2.0	4.0	2.1	8.44	2.4	9.53	2.5	2.3	4.1	2.3	143	-0.2	2.9
	Q4	1 208	2.4	1 483	2.5	2.4	3.8	2.4	8.48	2.5	10.42	2.6	2.6	4.0	2.3	142	-0.1	2.5
00	*Q1*	1 206	1.7	1 300	2.1	2.5	3.6	2.6	8.52	2.0	9.18	2.4	3.0	4.4	2.8	142	-0.4	2.9
	Q2	1 216	2.3	1 326	2.5	2.3	3.9	3.4	8.55	1.9	9.33	2.2	2.6	4.2	2.5	142	0.3	2.8
	Q3	1 234	2.4	1 394	2.4	2.9	3.4	3.0	8.65	2.5	9.77	2.5	3.3	4.0	2.7	143	-0.1	2.5
	Q4	1 234	2.2	1 517	2.3	2.3	4.4	2.9	8.68	2.4	10.67	2.5	2.5	4.8	2.9	142	-0.2	2.3

WAGES
Annual percentage changes



BASIC PAY
Annual percentage changes



Sources: INE (Encuesta de Salarios en la Industria y los Servicios) and ECB.

Note: The data in pesetas have been converted into euro applying the irrevocable conversion rate of EUR1 =ESP 166.386.
The underlying series for this indicator, for Spain, are in Tables 24.26, 24.27 and 24.28 of the BE Boletiín estadístico.

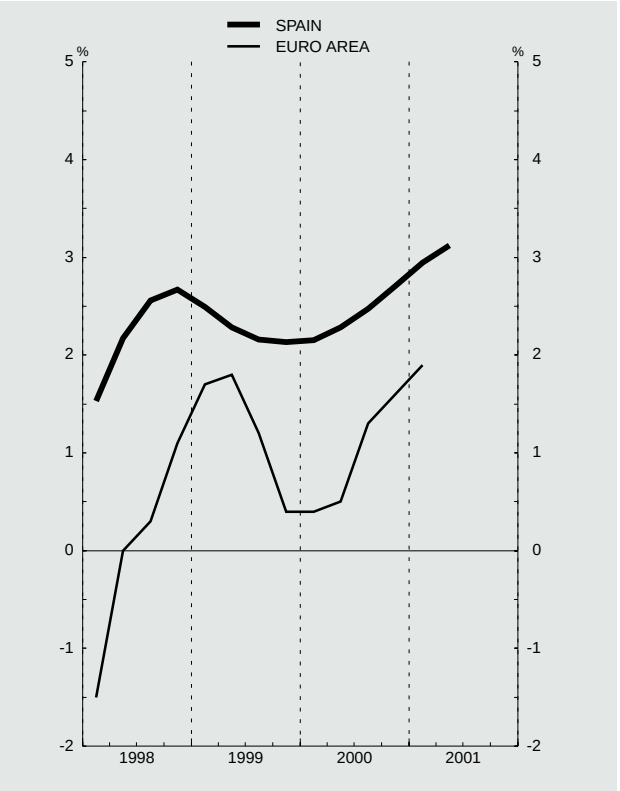
4.8. Unit labour costs. Spain and euro area (a)

■ Series depicted in chart.

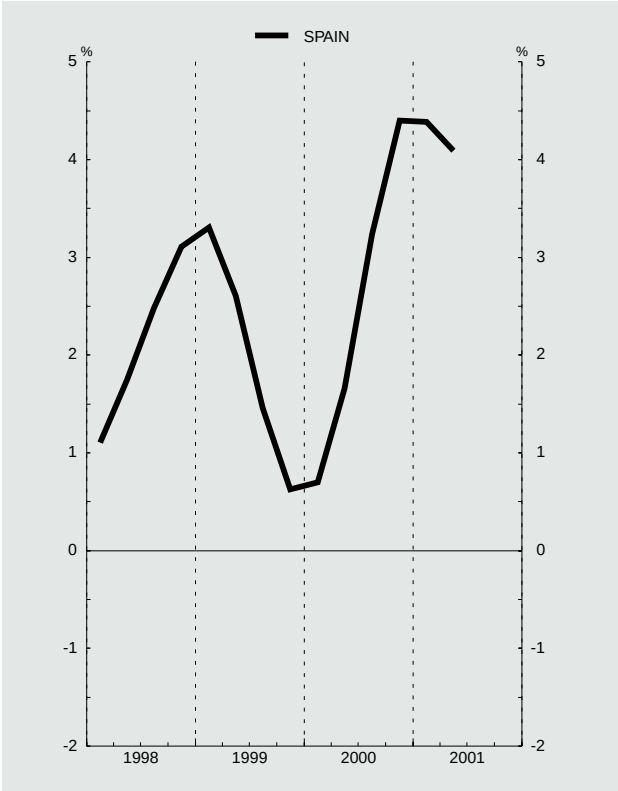
Annual percentage changes

		Whole-economy unit labour costs		Compensation per employee		Productivity						Memorandum item: unit labour costs in manufacturing	
								Output		Employment			
		Spain	Euro area	Spain (b)	Euro area	Spain	Euro area	Spain	Euro area	Spain (b)	Euro area	Spain (c)	Euro area
		1 ■	2 ■	3	4	5	6	7	8	9	10	11 ■	12
98	P	2.2	-0.0	2.7	1.1	0.5	1.2	4.3	2.9	3.8	1.6	2.1	...
99	P	2.3	1.3	2.7	2.1	0.5	0.8	4.1	2.6	3.7	1.7	2.0	...
00	P	2.4	0.9	3.4	2.2	1.0	1.3	4.1	3.4	3.1	2.0	2.5	...
98 *Q2*	P	2.2	-	2.9	1.0	0.7	1.0	4.5	3.0	3.7	...	1.7	...
Q3	P	2.6	0.3	2.8	1.2	0.2	0.9	4.2	2.8	4.0	...	2.5	...
Q4	P	2.7	1.1	2.5	1.3	-0.1	0.2	4.0	2.0	4.1	...	3.1	...
99 *Q1*	P	2.5	1.7	2.3	1.8	-0.2	-	3.9	2.0	4.1	...	3.3	...
Q2	P	2.3	1.8	2.4	2.4	0.1	0.5	4.0	2.2	3.9	1.6	2.6	...
Q3	P	2.2	1.2	2.8	2.1	0.7	0.9	4.2	2.8	3.5	1.7	1.5	...
Q4	P	2.1	0.4	3.4	2.2	1.2	1.8	4.4	3.6	3.1	1.7	0.6	...
00 *Q1*	P	2.2	0.4	3.7	2.4	1.5	2.1	4.5	3.6	2.9	1.9	0.7	...
Q2	P	2.3	0.5	3.6	2.1	1.3	1.6	4.4	3.9	3.0	2.1	1.7	...
Q3	P	2.5	1.3	3.3	2.3	0.8	1.0	4.0	3.2	3.2	2.0	3.2	...
Q4	P	2.7	1.6	3.1	2.0	0.4	0.4	3.6	2.9	3.2	2.1	4.4	...
01 *Q1*	P	2.9	1.9	3.2	2.2	0.3	0.2	3.3	2.4	3.0	2.0	4.4	...
Q2	P	3.1	...	3.5	...	0.4	...	3.0	1.7	2.6	...	4.1	...

UNIT LABOUR COSTS: TOTAL
Annual percentage changes



UNIT LABOUR COSTS: MANUFACTURING
Annual percentage changes



Sources: INE (Contabilidad Nacional Trimestral de España) and ECB.

(a) Spain: prepared in accordance with ESA95. Trend-cycle series.

(b) Full-time equivalent employment.

(c) Industry.

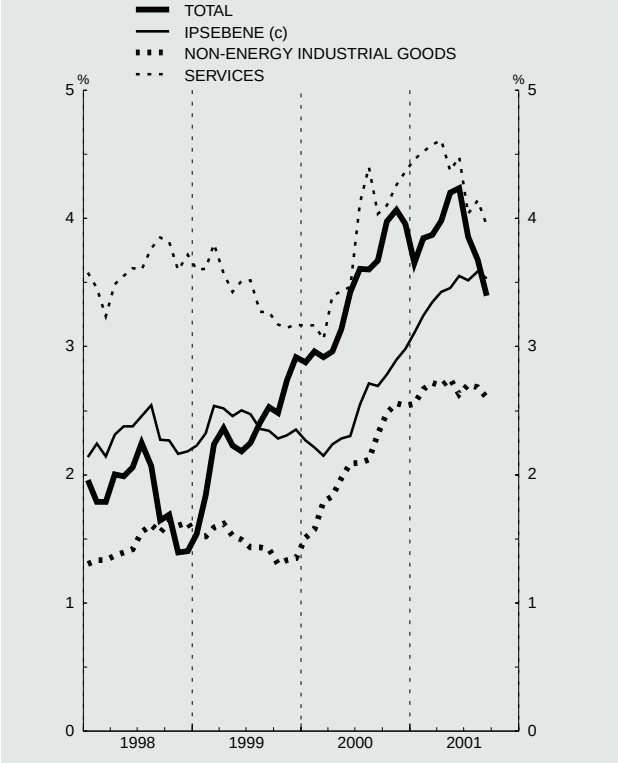
5.1. Consumer price index. Spain (1992=100)

■ Series depicted in chart.

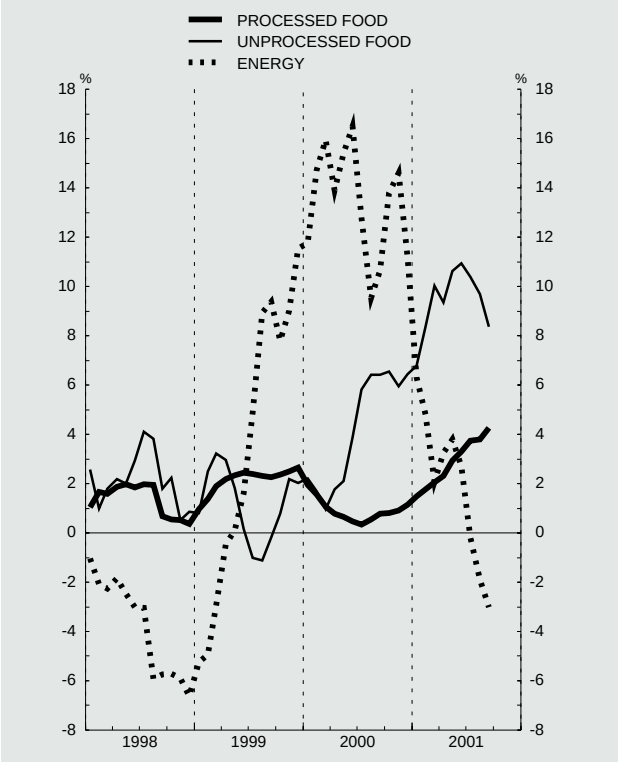
Indices and annual percentage changes

		Total (100%)				Annual percentage change (12-month % change)						Memorandum item:prices for agricultural products (1990=100)	
		Original series	Month-on-month % change	12-month % change (a)	Cumulative % change during year (b)	Unprocessed food	Processed food	Non-energy industrial goods	Energy	Services	IPSEBENE (c)	Original series	12-month % change (a)
		1	2	3 ■	4	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■	11	12
98	M	123.8	_	1.8	1.4	2.1	1.3	1.5	-3.8	3.6	2.3	113.1	-1.6
99	M	126.7	_	2.3	2.9	1.2	2.1	1.5	3.2	3.4	2.4	111.9	-1.1
00	M	131.0	_	3.4	4.0	4.2	0.9	2.1	13.3	3.8	2.5	115.1	2.9
00 *J-S*	M	130.4	0.3	3.2	1.6	3.5	0.9	1.9	13.5	3.6	2.4	114.3	1.0
01 *J-S*	M P	135.4	0.3	3.9	1.5	9.4	2.9	2.7	2.0	4.3	3.4	...	...
00 *Jun*		130.6	0.3	3.4	1.8	3.9	0.5	2.1	16.5	3.5	2.3	110.4	2.2
Jul		131.3	0.6	3.6	2.4	5.8	0.3	2.1	12.8	4.1	2.5	106.9	6.4
Aug		131.9	0.4	3.6	2.8	6.4	0.5	2.1	9.5	4.4	2.7	94.4	3.3
Sep		132.2	0.3	3.7	3.1	6.4	0.8	2.3	10.6	4.0	2.7	99.8	2.3
Oct		132.6	0.3	4.0	3.3	6.5	0.8	2.5	13.8	4.1	2.8	114.3	4.9
Nov		132.9	0.2	4.1	3.6	6.0	0.9	2.6	14.6	4.3	2.9	124.1	9.7
Dec		133.4	0.3	4.0	4.0	6.5	1.1	2.5	11.2	4.4	3.0	129.2	8.4
01 *Jan*		133.4	0.0	3.7	0.0	6.8	1.5	2.6	6.3	4.5	3.1	121.4	-2.6
Feb		133.9	0.3	3.8	0.4	8.4	1.8	2.7	4.8	4.5	3.2	123.1	-2.3
Mar		134.4	0.4	3.9	0.8	10.0	2.0	2.7	2.1	4.6	3.3	126.8	-4.3
Apr		135.1	0.5	4.0	1.3	9.4	2.3	2.7	3.3	4.6	3.4	128.0	3.1
May		135.6	0.4	4.2	1.7	10.6	2.9	2.7	3.8	4.4	3.5	130.1	17.3
Jun	P	136.1	0.3	4.2	2.0	10.9	3.3	2.6	2.7	4.5	3.6	124.4	12.7
Jul	P	136.4	0.2	3.9	2.3	10.4	3.7	2.7	-0.2	4.0	3.5	112.8	5.5
Aug	P	136.7	0.2	3.7	2.5	9.7	3.8	2.7	-1.9	4.1	3.6	...	...
Sep	P	136.7	-0.0	3.4	2.5	8.4	4.3	2.6	-3.0	3.9	3.5	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS
Annual percentage changes



Sources: INE, Ministerio de Agricultura, Pesca y Alimentación and BE.

Note: The underlying series for this indicator are in Tables 25.2 and 25.8 of the BE Boletín estadístico.

(a) For annual periods: average growth for each year on the previous year.

(b) For annual periods: December-on-December growth rate.

(c) Index of non-energy processed goods and service prices.

5.2. Harmonised index of consumer prices. Spain and euro area (1996=100)(a)

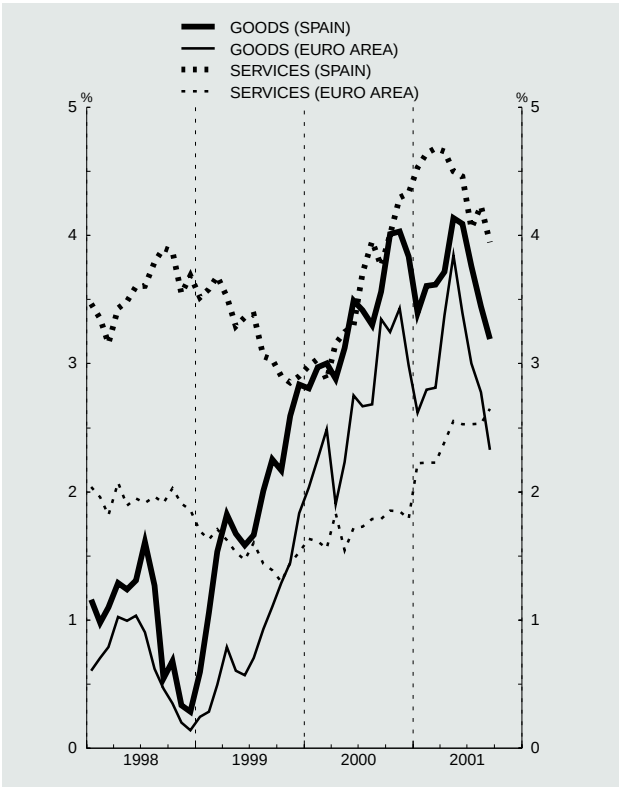
■ Series depicted in chart.

Annual percentage changes

		Total		Goods														Services	
						Food						Industrial							
						Total		Processed		Unprocessed				Non-energy		Energy			
		Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area
		1 ■	2 ■	3 ■	4 ■	5	6	7	8	9	10	11	12	13	14	15	16	17 ■	18 ■
98	M	1.8	1.1	1.0	0.7	1.7	1.6	1.1	1.4	2.2	2.0	0.4	0.1	1.4	0.9	-3.8	-2.6	3.6	1.9
99	M	2.2	1.1	1.8	0.9	1.8	0.6	2.6	0.9	1.1	0.0	1.8	1.0	1.5	0.6	3.2	2.4	3.3	1.5
00	M	3.5	2.3	3.4	2.7	2.4	1.4	0.9	1.1	3.8	1.7	4.1	3.4	2.0	0.7	13.4	13.3	3.6	1.7
00 *J-S*	M	3.3	2.2	3.2	2.5	2.1	1.1	0.9	1.1	3.2	1.1	4.0	3.2	1.9	0.6	13.5	13.2	3.3	1.7
01 *J-S*	M	3.9	2.8	3.7	3.0	5.7	4.5	2.5	2.7	8.6	7.3	2.4	2.3	2.4	1.4	2.4	5.1	4.4	2.4
00 *Jun*		3.5	2.4	3.5	2.8	2.0	1.2	0.3	1.0	3.6	1.5	4.6	3.6	2.0	0.7	16.6	14.6	3.3	1.7
Jul		3.7	2.3	3.4	2.7	2.7	1.6	0.1	1.0	5.0	2.5	4.0	3.2	1.9	0.5	12.9	13.4	3.7	1.7
Aug		3.6	2.3	3.3	2.7	3.1	2.0	0.4	1.1	5.5	3.3	3.4	3.0	2.0	0.6	9.7	11.9	4.0	1.8
Sep		3.7	2.8	3.6	3.3	3.2	2.1	0.6	1.3	5.5	3.3	3.8	4.0	2.2	0.8	10.7	15.6	3.8	1.8
Oct		4.0	2.7	4.0	3.2	3.3	2.0	0.6	1.2	5.7	3.2	4.5	3.9	2.4	1.0	13.8	14.6	4.0	1.9
Nov		4.1	2.9	4.0	3.4	3.1	2.2	0.7	1.4	5.2	3.5	4.7	4.1	2.4	1.0	14.7	15.2	4.3	1.8
Dec		4.0	2.6	3.8	3.0	3.6	2.4	1.1	1.4	5.7	3.9	4.0	3.3	2.4	1.1	11.2	11.3	4.3	1.8
01 *Jan*		3.8	2.4	3.4	2.6	3.9	2.7	1.4	1.6	6.1	4.5	3.1	2.6	2.4	1.1	6.8	7.8	4.5	2.2
Feb		4.0	2.6	3.6	2.8	4.7	3.1	1.6	2.0	7.4	4.7	2.9	2.7	2.4	1.1	5.3	8.2	4.6	2.2
Mar		4.0	2.6	3.6	2.8	5.5	3.9	1.8	2.2	8.8	6.7	2.4	2.3	2.5	1.3	2.6	5.6	4.7	2.2
Apr		4.0	2.9	3.7	3.4	5.3	4.4	1.9	2.5	8.5	7.3	2.7	2.9	2.4	1.5	3.8	7.8	4.7	2.4
May		4.2	3.4	4.1	3.8	6.2	5.3	2.5	2.8	9.6	9.2	2.8	3.1	2.5	1.6	4.0	8.6	4.5	2.6
Jun		4.2	3.0	4.1	3.4	6.5	5.4	3.0	3.0	9.8	9.0	2.5	2.4	2.4	1.6	2.8	5.5	4.5	2.5
Jul		3.8	2.8	3.8	3.0	6.5	5.4	3.4	3.3	9.4	8.7	2.0	1.8	2.5	1.5	0.2	2.9	4.1	2.5
Aug		3.8	2.7	3.4	2.8	6.3	5.1	3.4	3.4	9.1	7.7	1.6	1.6	2.5	1.5	-1.3	2.1	4.2	2.5
Sep		3.4	2.5	3.2	2.3	6.2	5.2	3.9	3.5	8.3	7.7	1.3	1.0	2.4	1.6	-2.5	-1.3	3.9	2.6

HARMONISED INDEX OF CONSUMER PRICES. TOTAL
Annual percentage changes

HARMONISED INDEX OF CONSUMER PRICES. COMPONENTS
Annual percentage changes



Source: Eurostat.

(a) As from January 2000 the coverage of goods and services, geographical area and population has been widened.

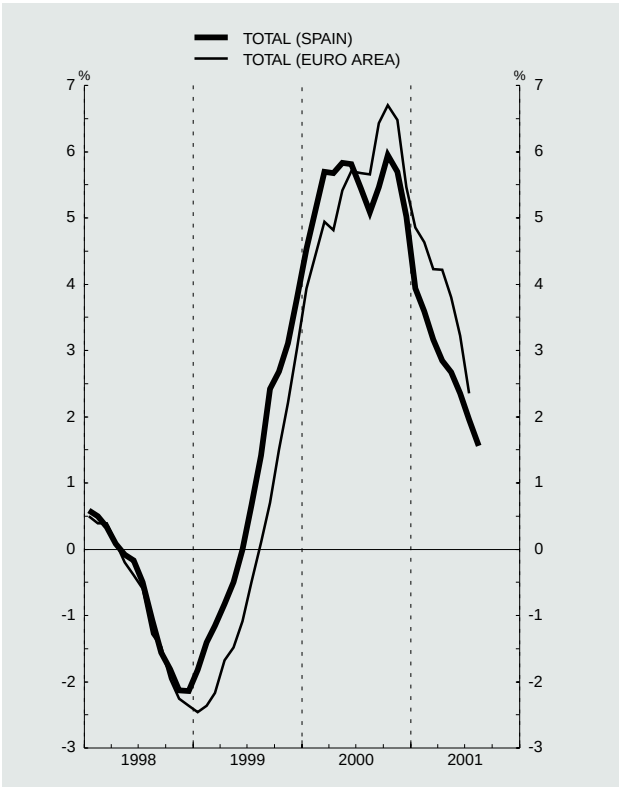
5.3. Producer price index. Spain and euro area (a)

■ Series depicted in chart.

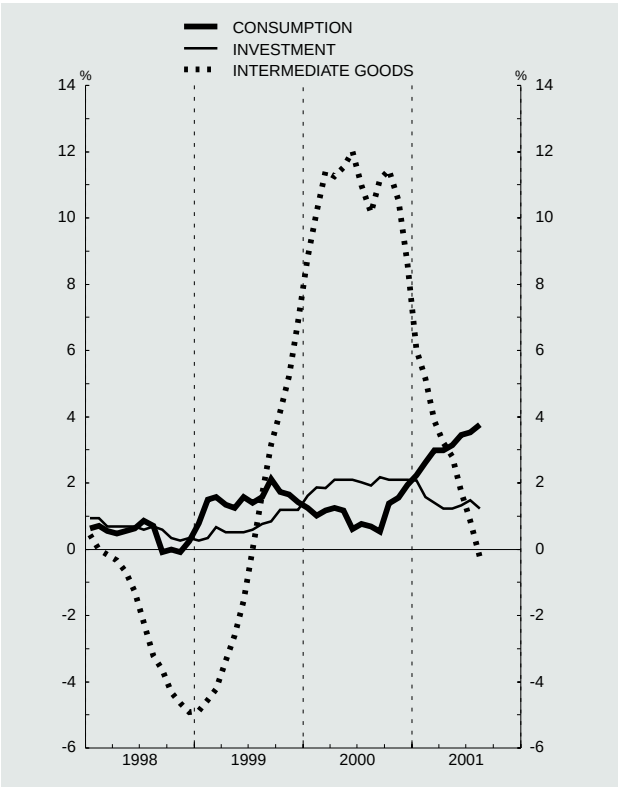
Annual percentage changes

			Total (100%)			Consumption (39,6%)		Investment (13,8%)		Intermediate goods(46,5%)		Memorandum item: euro area			
			Original series	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Total	Consumption	Investment	Intermediate goods
												12-month % change	12-month % change	12-month % change	12-month % change
			1	2	3 ■	4	5 ■	6	7 ■	8	9 ■	10 ■	11	12	13
98		MP	120.2	_	-0.7	_	0.4	_	0.6	_	-2.1	-0.8	0.6	0.6	-2.6
99		MP	121.0	_	0.7	_	1.5	_	0.7	_	-0.1	-0.4	0.2	0.2	-0.4
00		MP	127.6	_	5.4	_	1.1	_	2.0	_	10.7	5.5	1.6	0.7	11.6
00	*J-A*	MP	126.6	_	5.4	_	1.0	_	1.9	_	10.8	5.1	1.3	0.6	11.2
01	*J-A*	MP	130.0	_	2.8	_	3.1	_	1.4	_	2.9	...	...	...	...
00	*May*	P	127.0	0.4	5.8	-0.1	1.2	0.1	2.1	0.9	11.5	5.4	1.5	0.7	11.8
	Jun	P	127.4	0.3	5.8	-0.2	0.6	-	2.1	1.0	12.0	5.7	1.4	0.7	12.5
	Jul	P	127.7	0.2	5.5	0.2	0.8	-	2.0	0.3	11.0	5.7	1.6	0.8	11.9
	Aug	P	128.0	0.2	5.1	0.1	0.7	0.1	1.9	0.5	10.2	5.7	1.7	0.7	11.5
	Sep	P	129.3	1.0	5.5	0.2	0.5	0.2	2.2	2.0	11.2	6.4	1.8	0.8	13.3
	Oct	P	130.0	0.5	5.9	0.4	1.4	0.2	2.1	0.8	11.5	6.7	2.0	0.8	13.9
	Nov	P	129.9	-0.1	5.7	-	1.5	-	2.1	-0.2	10.5	6.5	2.2	0.8	12.8
	Dec	P	129.6	-0.2	5.0	0.4	1.9	-	2.1	-0.9	8.6	5.5	2.4	0.9	9.6
01	*Jan*	P	129.2	-0.3	3.9	0.6	2.2	0.5	2.1	-1.2	6.0	4.9	2.8	0.9	7.8
	Feb	P	129.8	0.5	3.6	0.8	2.6	-	1.6	0.2	5.1	4.6	2.9	1.0	6.9
	Mar	P	130.2	0.3	3.2	0.6	3.0	0.2	1.4	0.1	3.9	4.2	3.3	1.0	5.5
	Apr	P	130.1	-0.1	2.8	-	3.0	-0.1	1.2	-0.2	3.2	4.2	3.4	1.0	5.7
	May	P	130.4	0.2	2.7	0.1	3.1	0.1	1.2	0.5	2.8	3.8	3.3	1.0	4.6
	Jun	P	130.4	-	2.4	0.1	3.5	0.1	1.3	-0.1	1.7	3.2	...	...	...
	Jul	P	130.2	-0.2	2.0	0.2	3.5	0.2	1.5	-0.5	0.9	2.4	...	...	...
	Aug	P	130.0	-0.2	1.6	0.3	3.8	-0.2	1.2	-0.6	-0.2	...	...	...	...

PRODUCER PRICE INDEX. TOTAL
Annual percentage changes



PRODUCER PRICE INDEX. COMPONENTS
Annual percentage changes



Sources: INE and ECB.

Note: The underlying series for this indicator, for Spain, are in Table 25.3 of the BE Boletín estadístico.

(a) Spain: 1990=100; euro area: 1995=100.

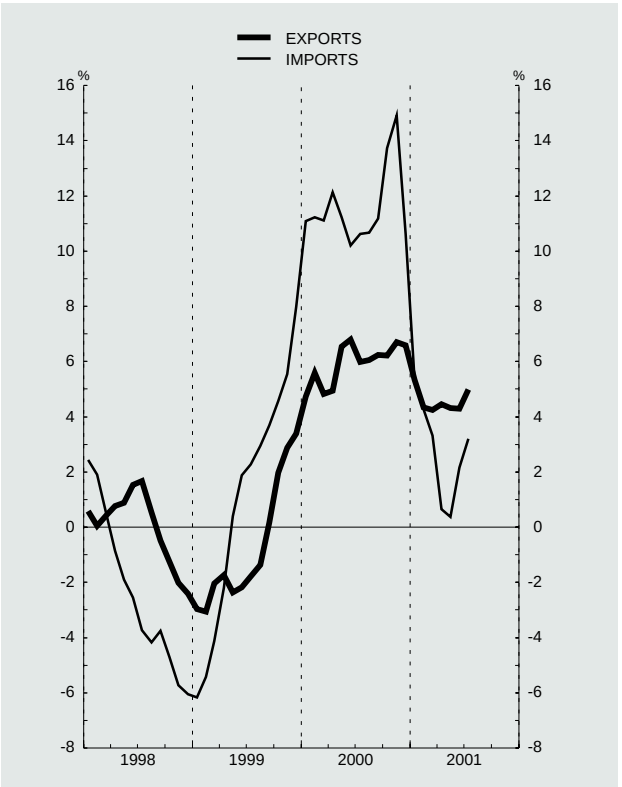
5.4 Unit value indices for Spanish foreign trade

■ Series depicted in chart.

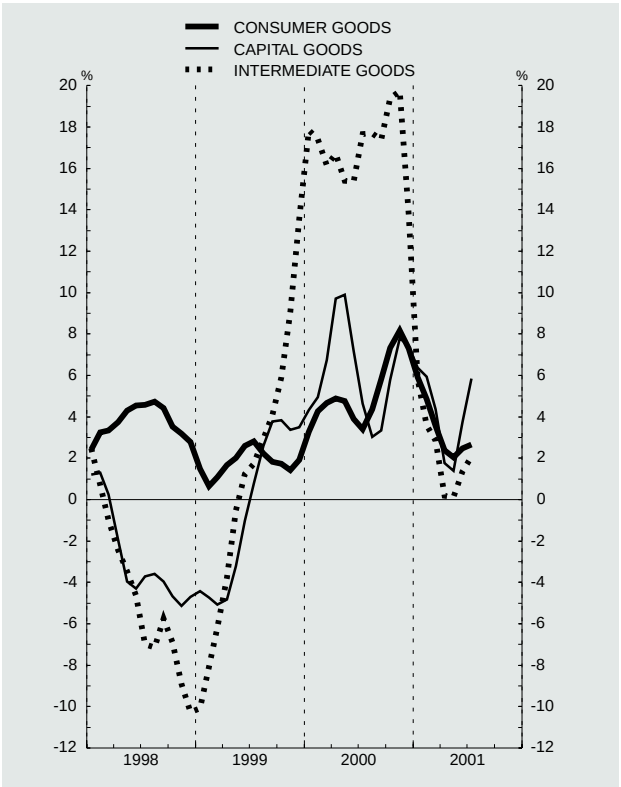
Annual percentage changes

	Exports/dispatches						Imports/arrivals					
	Total	Consumer goods	Capital goods	Intermediate goods			Total	Consumer goods	Capital goods	Intermediate goods		
				Total	Energy	Non-energy				Total	Energy	Non-energy
	1 ■	2	3	4	5	6	7 ■	8 ■	9 ■	10 ■	11	12
98	0.1	3.8	-3.9	-1.5	-20.1	0.0	-2.3	2.9	-2.8	-4.4	-29.5	0.6
99	-0.9	2.0	-9.5	0.1	18.0	-1.1	0.0	1.0	-0.6	-0.3	36.1	-2.7
00	6.2	6.1	-0.9	8.9	80.1	6.6	13.0	5.6	6.9	18.8	94.6	8.0
00 *J-J*	5.7	4.0	0.9	8.9	87.4	6.5	13.1	4.2	8.1	19.3	118.8	7.6
01 *J-J*	4.3	6.5	1.0	3.1	17.4	3.6	2.5	2.5	3.9	2.0	4.6	1.9
00 *Feb*	8.0	3.4	20.0	7.2	99.7	3.9	10.4	4.1	1.8	16.8	148.9	3.1
Mar	3.6	0.9	-3.8	8.4	102.9	6.1	9.5	5.5	1.7	14.4	165.3	0.1
Apr	2.9	4.1	-10.7	7.7	92.2	5.6	14.6	4.3	17.3	18.8	113.8	8.8
May	8.5	7.5	6.9	12.3	91.6	10.0	21.4	6.9	17.6	30.2	74.9	20.9
Jun	8.2	7.1	4.0	8.7	66.8	6.8	8.9	4.6	2.2	13.5	97.6	3.3
Jul	3.6	2.8	-3.4	5.8	67.4	4.3	11.6	-1.6	6.9	19.8	77.1	10.2
Aug	7.1	7.7	7.7	5.9	66.8	4.2	10.6	6.4	-1.8	17.4	69.6	4.4
Sep	6.5	10.4	-5.6	7.4	70.0	5.1	9.7	4.3	-0.1	16.0	68.8	8.2
Oct	5.4	7.8	-8.3	9.0	69.6	7.3	13.9	7.8	5.4	20.0	66.6	9.2
Nov	6.9	8.5	-8.8	12.1	84.2	8.8	18.0	12.1	15.0	21.5	55.5	12.0
Dec	8.4	10.6	-1.8	11.0	59.9	8.2	12.0	7.7	7.8	15.8	44.4	8.8
01 *Jan*	4.1	9.3	-9.1	5.0	40.1	4.2	1.6	-2.1	2.9	2.7	7.2	2.5
Feb	4.4	5.6	-9.5	7.3	17.6	8.2	4.8	6.6	9.1	2.7	9.0	1.5
Mar	3.5	7.4	-8.0	4.1	10.3	5.4	6.0	3.3	8.5	6.4	-3.0	7.2
Apr	5.0	5.4	3.7	3.0	11.5	3.3	-2.4	0.7	-2.9	-3.7	-0.9	-4.2
May	4.7	8.4	-5.3	2.4	21.0	2.8	0.7	1.3	-5.5	2.2	8.2	2.6
Jun	2.8	5.0	7.7	-0.8	12.2	0.0	1.7	1.7	7.0	0.0	7.9	-0.9
Jul	5.9	4.3	26.7	0.9	8.8	1.7	4.9	6.3	8.3	3.3	4.2	4.2

EXPORT AND IMPORT UNIT VALUE INDICES (a)



IMPORT UNIT VALUE INDICES BY PRODUCT GROUP (a)



Sources: ME and BE.

Note: The underlying series for this indicator are in the Tables 17.6 and 17.7 of the Boletín estadístico.

(a) Annual percentage changes (trend obteined with TRAMO-SEATS).

6.1p. State resources and uses according to the National Accounts (ESA 95). Spain

ESP billions

			Current and capital resources						Current and capital uses						Memorandum item: cash-basis deficit		
		Net lending (+) or borrowing (-)	Total	Value added tax (VAT)	Other taxes on products and imports	Interest and other income on property	Income and wealth taxes	Other	Total	Compensation of employees	Interest	Current and capital transfers within general government	Investment grants and other capital transfers	Other	Cash-basis deficit	Revenue	Expenditure
		1=2-8	2=3 a 7	3	4	5	6	7	8=9 a13	9	10	11	12	13	14=15-16	15	16
98		-1 973	16 944	4 017	2 561	928	7 307	2 131	18 917	2 959	3 183	8 627	696	3 452	-1 137	17 519	18 656
99	P	-1 105	18 435	4 754	2 731	978	7 802	2 170	19 540	2 884	2 823	9 592	813	3 428	-1 057	18 364	19 421
00	A	-626	19 835	5 203	2 857	857	8 740	2 178	20 461	2 630	2 794	10 905	682	3 450	-404	19 749	20 153
00 *J-A*	A	-287	12 662	3 460	1 887	376	5 727	1 212	12 950	1 711	1 841	7 373	259	1 766	-1 297	12 581	13 878
01 *J-A*	A	-615	12 957	3 474	1 951	552	5 948	1 031	13 572	1 723	1 880	7 864	254	1 852	-1 764	12 814	14 578
00 *Sep*	A	-165	1 258	470	285	17	427	58	1 423	195	231	900	-51	148	-53	1 267	1 320
Oct	A	1 226	2 859	871	222	25	1 593	149	1 633	191	241	912	53	236	1 305	2 860	1 555
Nov	A	-257	1 406	233	234	312	536	91	1 663	193	235	931	23	281	167	1 565	1 398
Dec	A	-1 143	1 649	169	228	126	458	668	2 792	340	246	788	399	1 019	-526	1 477	2 003
01 *Jan*	A	-204	1 549	26	238	45	1 125	115	1 753	187	247	1 188	-	131	-1 007	1 645	2 652
Feb	A	1 169	2 654	1 569	230	243	515	97	1 485	190	216	851	44	184	800	2 735	1 936
Mar	A	-858	954	260	219	28	311	138	1 812	207	238	1 058	50	260	-720	779	1 499
Apr	A	917	2 577	798	259	35	1 379	106	1 660	201	232	929	32	265	924	2 551	1 626
May	A	-699	960	183	239	31	339	168	1 659	215	236	912	45	250	-580	917	1 497
Jun	A	-967	980	46	244	57	434	199	1 947	328	231	1 020	38	329	-750	905	1 655
Jul	A	273	1 996	711	271	31	867	115	1 722	197	241	1 014	17	255	-180	2 007	2 187
Aug	A	-247	1 287	-119	251	82	978	93	1 533	198	239	891	27	178	-251	1 276	1 527

6.1e. State resources and uses according to the National Accounts (ESA 95). Spain

EUR millions

			Current and capital resources						Current and capital uses						Memorandum item: cash-basis deficit		
		Net lending (+) or borrowing (-)	Total	Value added tax (VAT)	Other taxes on products and imports	Interest and other income on property	Income and wealth taxes	Other	Total	Compensation of employees	Interest	Current and capital transfers within general government	Investment grants and other capital transfers	Other	Cash-basis deficit	Revenue	Expenditure
		1=2-8	2=3 a 7	3	4	5	6	7	8=9 a13	9	10	11	12	13	14=15-16	15	16
98		-11 860	101 836	24 140	15 391	5 577	43 918	12 810	113 696	17 786	19 129	51 851	4 184	20 746	-6 832	105 291	112 123
99	P	-6 641	110 796	28 574	16 413	5 877	46 891	13 041	117 437	17 331	16 967	57 651	4 887	20 600	-6 354	110 370	116 724
00	A	-3 763	119 208	31 269	17 171	5 149	52 531	13 088	122 971	15 807	16 791	65 538	4 100	20 735	-2 431	118 693	121 124
00 *J-A*	A	-1 728	76 100	20 793	11 342	2 261	34 420	7 285	77 828	10 284	11 065	44 314	1 554	10 612	-7 796	75 611	83 407
01 *J-A*	A	-3 699	77 870	20 880	11 728	3 321	35 748	6 194	81 569	10 353	11 298	47 264	1 524	11 130	-10 605	77 012	87 617
00 *Sep*	A	-990	7 561	2 825	1 715	104	2 567	350	8 550	1 171	1 386	5 411	-308	890	-319	7 612	7 931
Oct	A	7 369	17 186	5 233	1 336	148	9 575	893	9 816	1 150	1 448	5 482	319	1 418	7 845	17 190	9 345
Nov	A	-1 542	8 451	1 401	1 409	1 876	3 219	547	9 994	1 159	1 412	5 595	137	1 690	1 001	9 405	8 404
Dec	A	-6 872	9 910	1 018	1 369	760	2 750	4 013	16 782	2 043	1 480	4 736	2 397	6 126	-3 162	8 876	12 038
01 *Jan*	A	-1 224	9 310	154	1 430	272	6 763	691	10 534	1 121	1 487	7 139	-	786	-6 051	9 886	15 937
Feb	A	7 023	15 950	9 431	1 385	1 460	3 093	581	8 927	1 141	1 298	5 115	267	1 106	4 806	16 438	11 633
Mar	A	-5 155	5 737	1 560	1 315	168	1 867	827	10 892	1 246	1 428	6 356	300	1 562	-4 328	4 680	9 009
Apr	A	5 510	15 490	4 797	1 557	210	8 290	636	9 980	1 209	1 396	5 586	194	1 595	5 555	15 329	9 774
May	A	-4 200	5 769	1 100	1 438	186	2 037	1 007	9 968	1 292	1 419	5 484	271	1 503	-3 489	5 509	8 997
Jun	A	-5 811	5 889	279	1 465	343	2 607	1 197	11 701	1 970	1 390	6 133	230	1 979	-4 510	5 437	9 947
Jul	A	1 643	11 994	4 271	1 629	188	5 213	694	10 352	1 182	1 445	6 092	100	1 532	-1 082	12 060	13 142
Aug	A	-1 483	7 732	-713	1 509	496	5 879	561	9 215	1 192	1 435	5 357	163	1 067	-1 506	7 672	9 178

Sources: Ministerio de Hacienda (IGAE)

6.2p. State financial transactions (ESA 95). Spain

ESP billions

		Net lending (+) or net borrowing(-)	Net acquisition of financial assets		Net incurrence of liabilities										Net incurrence of liabilities (excluding other accounts payable)
					Of which		By instrument					By counterpart sector				
			Of which									Held by resident sectors			Rest of the world	
			Total	Deposits at the Banco de España	Total	In currencies other than the peseta/euro	Short-term securities	Goverment bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Other accounts payable	Total	Monetary financial institutions	Other resident sectors		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
98		-1 973	465	74	2 438	1 102	-1 802	4 352	-39	-410	337	1 802	-1 297	3 099	636	2 101
99	P	-1 105	895	761	2 000	-96	-1 103	3 258	-83	-74	2	-1 665	-1 067	-598	3 665	1 998
00	A	-626	1 151	947	1 777	130	-1 445	2 913	-83	69	322	-3 702	-1 718	-1 985	5 479	1 454
00 *J-A*	A	-287	-395	-691	-107	152	-1 037	733	-	100	97	-2 811	-1 608	-1 203	2 703	-204
01 *J-A*	A	-615	-1 149	-3 367	-533	163	-1 041	666	-	-149	-9	-706	798	-1 504	173	-524
00 *Sep*	A	-165	129	69	293	-21	-207	548	-	-19	-29	-457	15	-472	750	322
Oct	A	1 226	1 646	1 547	419	3	-58	495	-	-0	-17	-557	-90	-467	976	437
Nov	A	-257	344	383	601	-2	-131	682	-	-8	58	265	25	240	335	542
Dec	A	-1 143	-573	-362	571	-4	-11	455	-83	-3	213	-144	-60	-84	714	358
01 *Jan*	A	-204	-1 958	-2 123	-1 754	-10	247	-1 757	-	-0	-243	-1 229	101	-1 330	-525	-1 511
Feb	A	1 169	-48	-629	-1 217	-8	83	-375	-	-11	-914	-852	30	-882	-365	-302
Mar	A	-858	757	-616	1 615	-18	-310	957	-	3	966	712	99	612	903	649
Apr	A	917	1 007	0	90	7	-90	-38	-	2	216	867	637	230	-777	-126
May	A	-699	-230	1	469	6	-209	605	-	14	58	161	84	78	308	411
Jun	A	-967	-68	-1	899	193	-417	1 026	-	-3	293	201	407	-206	698	606
Jul	A	273	-331	0	-604	-13	-139	-43	-	13	-434	-844	-403	-441	240	-169
Aug	A	-247	-279	-0	-32	6	-206	291	-	-167	49	277	-157	434	-310	-81

6.2e. State financial transactions (ESA 95). Spain

EUR billions

		Net lending (+) or net borrowing(-)	Net acquisition of financial assets		Net incurrence of liabilities										Net incurrence of liabilities (excluding other accounts payable)
					Of which		By instrument					By counterpart sector				
			Of which									Held by resident sectors			Rest of the world	
			Total	Deposits at the Banco de España	Total	In currencies other than the peseta/euro	Short-term securities	Goverment bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Other accounts payable	Total	Monetary financial institutions	Other resident sectors		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
98		-11 860	2 792	444	14 652	6 624	-10 829	26 157	-236	-2 464	2 024	10 830	-7 793	18 623	3 822	12 628
99	P	-6 641	5 378	4 574	12 019	-577	-6 629	19 581	-499	-447	13	-10 006	-6 411	-3 595	22 026	12 006
00	A	-3 763	6 916	5 690	10 679	779	-8 683	17 506	-499	418	1 937	-22 252	-10 323	-11 929	32 930	8 741
00 *J-A*	A	-1 728	-2 373	-4 152	-646	915	-6 233	4 406	-	600	581	-16 892	-9 664	-7 228	16 247	-1 226
01 *J-A*	A	-3 699	-6 905	-20 236	-3 206	977	-6 256	4 002	-	-896	-56	-4 245	4 795	-9 040	1 039	-3 150
00 *Sep*	A	-990	773	416	1 763	-125	-1 245	3 294	-	-113	-173	-2 745	90	-2 835	4 508	1 936
Oct	A	7 369	9 890	9 296	2 521	21	-349	2 973	-	-0	-103	-3 345	-539	-2 806	5 866	2 624
Nov	A	-1 542	2 068	2 302	3 610	-10	-789	4 097	-	-50	352	1 594	152	1 442	2 016	3 258
Dec	A	-6 872	-3 442	-2 173	3 430	-22	-68	2 736	-499	-20	1 281	-864	-362	-502	4 294	2 149
01 *Jan*	A	-1 224	-11 765	-12 758	-10 541	-59	1 482	-10 561	-	-3	-1 459	-7 388	606	-7 994	-3 153	-9 082
Feb	A	7 023	-290	-3 778	-7 313	-51	501	-2 255	-	-64	-5 495	-5 121	179	-5 300	-2 191	-1 818
Mar	A	-5 155	4 550	-3 700	9 706	-109	-1 865	5 750	-	16	5 805	4 277	597	3 680	5 429	3 901
Apr	A	5 510	6 050	1	540	42	-541	-226	-	10	1 297	5 212	3 829	1 383	-4 673	-757
May	A	-4 200	-1 379	7	2 820	35	-1 253	3 637	-	87	350	969	502	467	1 851	2 471
Jun	A	-5 811	-407	-8	5 404	1 162	-2 507	6 167	-	-17	1 762	1 208	2 445	-1 236	4 196	3 643
Jul	A	1 643	-1 986	0	-3 629	-80	-833	-261	-	76	-2 611	-5 070	-2 420	-2 650	1 441	-1 018
Aug	A	-1 483	-1 677	-0	-194	37	-1 239	1 751	-	-1 001	295	1 667	-942	2 609	-1 861	-489

Source: BE.

(a) Includes other loans, non-negotiable securities, coined money and Caja General de Depósitos (General Deposit Fund)

6.3p. State: Liabilities outstanding. Spain

ESP billions

		Liabilities outstanding (excluding other accounts payable)										Memorandum item:	
		of which		By instrument				By counterpart sector					
		State debt according to the methodology of the excessive deficit procedure	In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world	Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level
								Total	General government	Other resident sectors			
		1	2	3	4	5	6	7	8	9	10	11	12
96		43 922	3 402	13 491	25 342	1 799	3 290	35 022	88	34 934	8 988	2 528	1 362
97		45 617	3 871	11 935	30 041	1 760	1 881	35 196	74	35 122	10 495	1 635	1 206
98		47 243	4 964	9 973	34 103	1 721	1 446	35 807	51	35 756	11 487	1 709	1 067
99	P	49 713	4 061	8 842	37 861	1 638	1 371	34 514	25	34 489	15 223	2 470	884
00	A	51 372	3 953	7 422	40 972	1 555	1 423	31 360	116	31 244	20 128	3 417	903
00 *May*	A	49 683	3 889	8 468	38 109	1 638	1 469	33 524	25	33 499	16 185	1 813	931
Jun	A	50 144	3 854	8 509	38 530	1 638	1 468	33 173	25	33 148	16 996	1 947	930
Jul	A	50 658	4 098	8 317	39 275	1 638	1 428	32 587	25	32 562	18 096	2 342	914
Aug	A	50 606	4 180	7 852	39 652	1 638	1 464	32 179	-	32 179	18 427	1 779	915
Sep	A	50 769	4 175	7 654	40 031	1 638	1 447	31 834	25	31 809	18 960	1 849	881
Oct	A	51 189	4 251	7 591	40 509	1 638	1 452	31 113	25	31 088	20 101	3 395	876
Nov	A	51 451	4 148	7 451	40 924	1 638	1 438	31 551	25	31 526	19 925	3 778	984
Dec	A	51 372	3 953	7 422	40 972	1 555	1 423	31 360	116	31 244	20 128	3 417	903
01 *Jan*	A	50 599	3 940	7 663	39 959	1 555	1 422	30 448	116	30 332	20 267	1 294	916
Feb	A	50 433	3 923	7 739	39 728	1 555	1 411	30 556	116	30 440	19 993	666	946
Mar	A	51 004	3 927	7 427	40 618	1 555	1 404	30 328	116	30 213	20 792	50	1 043
Apr	A	50 794	3 933	7 330	40 503	1 555	1 406	30 872	116	30 756	20 038	50	1 047
May	A	51 228	4 069	7 118	41 137	1 555	1 418	30 972	116	30 856	20 372	51	1 081
Jun	A	51 605	4 054	6 689	41 947	1 555	1 414	30 684	168	30 515	21 089	50	1 066
Jul	A	51 699	3 971	6 545	42 194	1 555	1 405	30 623	168	30 455	21 244	50	1 050
Aug	A	51 468	3 929	6 337	42 341	1 555	1 236	...	168	...	...	50	1 062

6.3e. State: Liabilities outstanding. Spain

EUR millions

		Liabilities outstanding (excluding other accounts payable)										Memorandum item:	
		of which		By instrument				By counterpart sector					
		State debt according to the methodology of the excessive deficit procedure	In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world	Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level
								Total	General government	Other resident sectors			
		1	2	3	4	5	6	7	8	9	10	11	12
96		263 976	20 447	81 084	152 306	10 814	19 772	210 489	529	209 960	54 016	15 195	8 185
97		274 161	23 263	71 730	180 551	10 578	11 303	211 530	445	211 085	63 076	9 829	7 251
98		283 938	29 832	59 939	204 965	10 341	8 692	215 203	305	214 899	69 040	10 273	6 412
99	P	298 779	24 410	53 142	227 552	9 843	8 243	207 436	150	207 286	91 493	14 846	5 310
00	A	308 750	23 759	44 605	246 249	9 344	8 552	188 474	695	187 780	120 970	20 536	5 430
00 *May*	A	298 603	23 371	50 892	229 041	9 843	8 828	201 481	150	201 331	97 272	10 899	5 596
Jun	A	301 373	23 166	51 138	231 569	9 843	8 824	199 376	150	199 226	102 147	11 699	5 590
Jul	A	304 461	24 627	49 987	236 049	9 843	8 583	195 851	150	195 701	108 760	14 077	5 495
Aug	A	304 147	25 125	47 191	238 314	9 843	8 799	193 400	-	193 400	110 746	10 695	5 500
Sep	A	305 130	25 093	46 001	240 591	9 843	8 695	191 328	150	191 178	113 952	11 111	5 292
Oct	A	307 653	25 551	45 624	243 462	9 843	8 725	186 992	150	186 842	120 812	20 407	5 263
Nov	A	309 228	24 930	44 784	245 960	9 843	8 642	189 627	150	189 477	119 752	22 709	5 914
Dec	A	308 750	23 759	44 605	246 249	9 344	8 552	188 474	695	187 780	120 970	20 536	5 430
01 *Jan*	A	304 104	23 681	46 054	240 161	9 344	8 545	182 994	695	182 299	121 804	7 778	5 508
Feb	A	303 107	23 577	46 513	238 772	9 344	8 479	183 644	695	182 949	120 158	4 000	5 685
Mar	A	306 542	23 602	44 640	244 120	9 344	8 439	182 276	695	181 581	124 961	300	6 271
Apr	A	305 279	23 639	44 055	243 430	9 344	8 450	185 542	695	184 847	120 432	300	6 292
May	A	307 886	24 454	42 781	247 237	9 344	8 524	186 144	695	185 449	122 437	308	6 499
Jun	A	310 150	24 365	40 201	252 105	9 344	8 500	184 412	1 012	183 401	126 750	300	6 409
Jul	A	310 716	23 867	39 338	253 590	9 344	8 444	184 048	1 012	183 036	127 680	300	6 309
Aug	A	309 328	23 611	38 084	254 474	9 344	7 426	...	1 012	...	...	300	6 384

Source: BE.

(a) Includes other loans, non-negotiable securities, coined money and Caja General de Depósitos (General Deposit Fund)

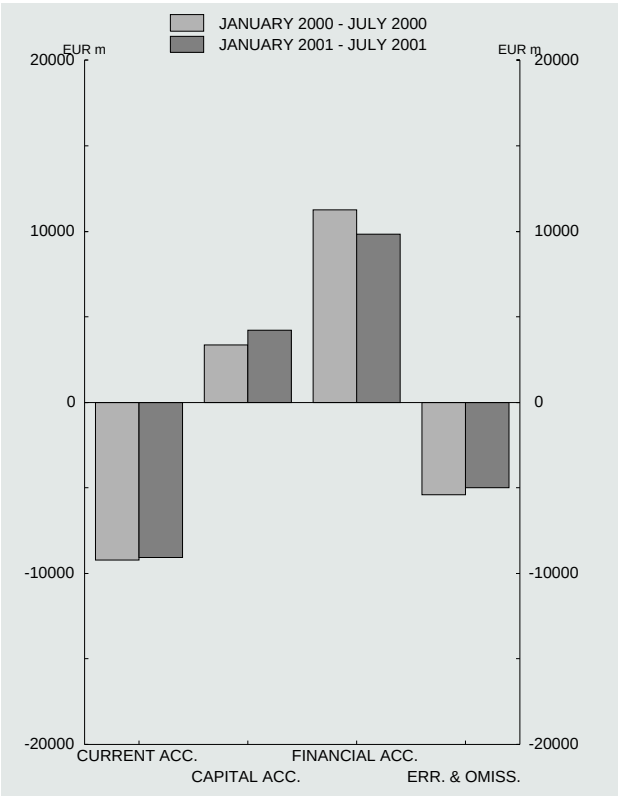
7.1. The Spanish balance of payments vis-à-vis other euro area residents and the rest of the world. Current account

■ Series depicted in chart.

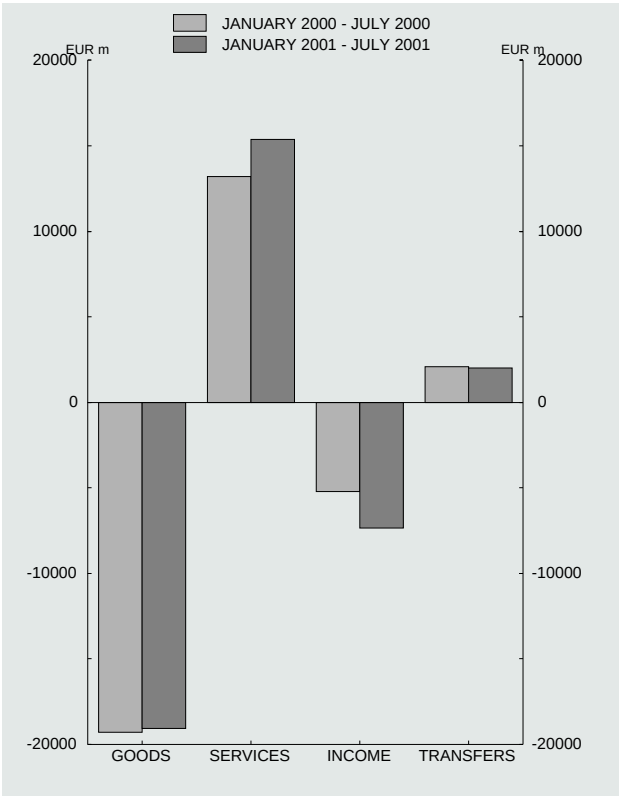
EUR millions

		Current account (a)												Capital account	Current account plus Capital account	Financial account	Errors and omissions
		Total (balance)	Goods			Services				Income			Current transfers (balance)				
			Balance	Receipts	Payments	Balance	Receipts		Payments	Balance	Receipts	Payments		(balance)		(balance) (b)	
							Of which		Of which								
							Total	Tourism and travel	Total	Tourism and travel							
		1=2+5+10+13 ■	2=3-4 ■	3	4	5=6-8 ■	6	7	8	9	10=11-12 ■	11	12	13 ■	14 ■	15=1+14	16 ■	17=-(15+16)
98		-2 598	-18 480	100 444	118 923	19 626	44 189	26 806	24 563	4 491	-6 751	13 092	19 844	3 006	5 680	3 081	-105	-2 977
99		-13 112	-28 585	105 735	134 320	21 524	50 362	30 416	28 838	5 166	-8 904	11 820	20 724	2 853	6 552	-6 561	11 242	-4 682
00		-18 959	-35 643	124 963	160 605	24 216	58 227	33 711	34 011	5 968	-9 055	16 212	25 267	1 523	5 217	-13 741	21 509	-7 768
00	*J-J*	-9 210	-19 302	71 508	90 810	13 201	32 069	18 487	18 868	3 177	-5 210	9 017	14 227	2 101	3 365	-5 845	11 261	-5 416
01	*J-J* A	-9 054	-19 074	78 643	97 717	15 359	36 384	20 907	21 025	3 689	-7 358	12 824	20 183	2 019	4 232	-4 823	9 824	-5 001
00	*Apr*	-1 770	-2 911	9 498	12 409	1 752	4 212	2 350	2 460	425	-485	1 060	1 545	-125	1 132	-638	789	-151
	May	-1 396	-3 423	10 952	14 375	2 399	5 242	3 154	2 843	469	-455	1 563	2 019	83	468	-928	1 564	-635
	Jun	-1 066	-2 610	11 574	14 184	2 390	5 176	3 045	2 786	515	-955	1 266	2 221	109	300	-766	2 233	-1 467
	Jul	-1 823	-3 081	10 341	13 422	2 944	6 008	3 843	3 065	606	-1 591	1 356	2 946	-96	340	-1 483	1 957	-474
	Aug	-1 225	-3 362	7 785	11 147	3 053	5 930	3 962	2 877	627	-834	1 216	2 050	-82	384	-842	969	-127
	Sep	-1 908	-3 445	10 263	13 708	2 315	5 348	3 192	3 032	588	-925	1 339	2 265	147	339	-1 568	2 245	-677
	Oct	-2 059	-3 299	12 069	15 368	2 077	5 382	3 131	3 305	561	-723	1 482	2 205	-115	188	-1 871	2 289	-418
	Nov	-1 045	-2 829	12 370	15 199	2 272	5 224	3 003	2 952	520	-260	1 533	1 792	-228	373	-672	2 241	-1 569
	Dec	-3 512	-3 406	10 967	14 373	1 298	4 275	1 936	2 977	495	-1 103	1 625	2 728	-301	569	-2 944	2 504	439
01	*Jan* P	-1 342	-2 228	10 167	12 395	1 576	4 443	2 290	2 867	468	-1 129	1 993	3 122	439	415	-926	2 114	-1 187
	Feb P	232	-2 096	11 263	13 359	1 251	4 026	2 151	2 775	468	-791	1 398	2 190	1 868	934	1 166	-245	-921
	Mar P	-1 561	-2 444	12 239	14 683	1 902	4 889	2 645	2 987	522	-956	2 085	3 041	-62	193	-1 368	2 285	-917
	Apr P	-1 008	-2 852	10 891	13 743	1 788	4 656	2 612	2 868	485	-335	2 248	2 584	391	1 328	320	-486	166
	May P	-664	-2 774	12 004	14 778	2 750	5 810	3 364	3 060	502	-548	1 897	2 445	-92	751	87	1 111	-1 198
	Jun P	-2 722	-3 770	11 542	15 312	2 473	5 561	3 344	3 088	564	-1 222	1 533	2 756	-203	259	-2 463	2 484	-21
	Jul A	-1 990	-2 911	10 535	13 446	3 619	7 000	4 501	3 381	679	-2 377	1 670	4 046	-322	352	-1 638	2 562	-924

SUMMARY



CURRENT ACCOUNT



Source: BE. Data compiled in accordance with the IMF Balance of Payments Manual (5th edition).

(a) A positive sign for the current and capital account balances indicates a surplus (receipts greater than payments) and, thus, a Spanish net loan abroad (increase in the creditor position or decrease in the debtor position).

(b) A positive sign for the financial account balance (the net change in liabilities exceeds the net change in financial assets) means a net credit inflow, i.e. a net foreign loan to Spain (increase in the debtor position or decrease in the creditor position)

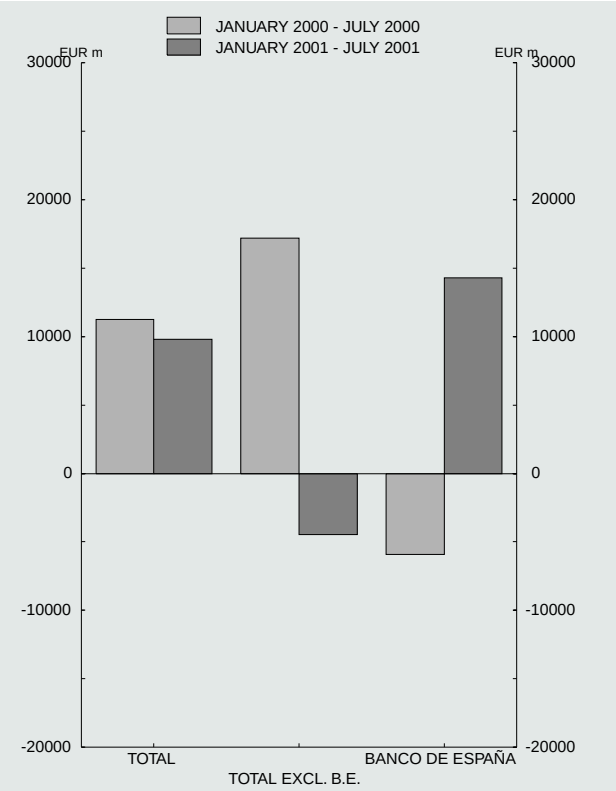
7.2. The Spanish balance of payments vis-à-vis other euro area residents and the rest of the world
Financial account (a)

■ Series depicted in chart.

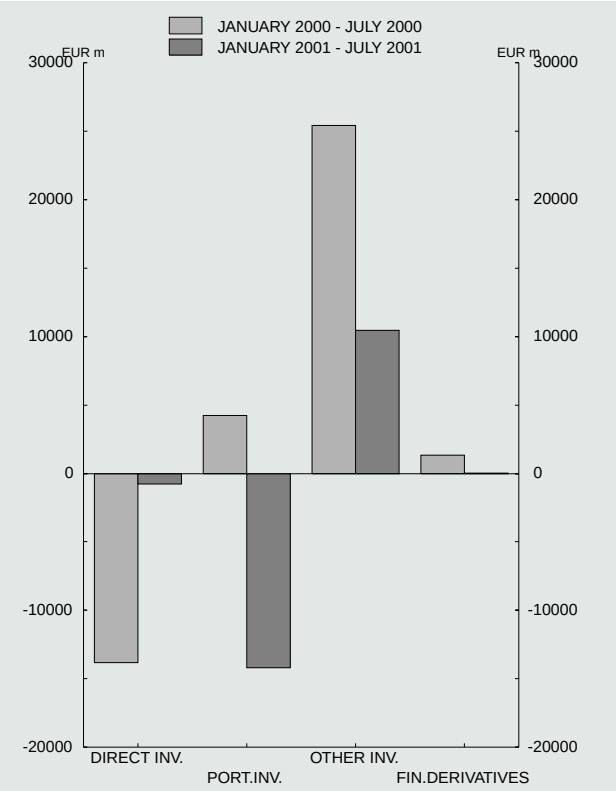
EUR millions

		Financial account	Total, excluding Banco de España										Banco de España				Memorandum item:	
			Total	Direct investment			Portfolio investment			Other investment (d)			Net financial derivatives	Balance	Reserves	Claims with the Eurosystem	Other net assets	Other investment including Banco de España (d)	
		(NCL-NCA)	(NCL-NCA)	Balance (NCL-NCA)	Spanish investment abroad (NCA)	Foreign investment in Spain (NCL) (b)	Balance (NCL-NCA)	Spanish investment abroad (NCA)	Foreign investment in Spain (NCL) (c)	Balance (NCL-NCA)	Spanish investment abroad (NCA)	Foreign investment in Spain (NCL)	(NCL-NCA)	(NCL-NCA)	(e)	(e)	(NCL-NCA)	Spanish investment abroad	Foreign investment in Spain
		1= 2+13 ■	2=3+6+ 9+12 ■	3=5-4 ■	4	5	6=8-7 ■	7	8	9=11-10 ■	10	11	12 ■	13=14+ 15+16 ■	14	15	16	17	18
98		-105	-11 971	-6 410	17 002	10 592	-23 671	39 071	15 400	20 559	20 501	41 060	-2 450	11 867	12 248	-	-381	20 887	41 065
99		11 242	26 311	-24 709	39 501	14 791	-1 402	44 090	42 688	52 148	-14 008	38 140	274	-15 068	20 970	-35 978	-61	22 021	38 130
00		21 509	27 652	-18 561	58 303	39 742	-2 919	65 132	62 212	46 961	9 493	56 453	2 172	-6 143	3 302	-9 250	-195	18 737	56 253
00	*J-J*	11 261	17 185	-13 839	31 695	17 855	4 252	29 269	33 520	25 415	-4 037	21 378	1 357	-5 924	-1 338	-4 818	232	774	21 603
01	*J-J* A	9 824	-4 468	-751	18 840	18 088	-14 189	31 847	17 658	10 456	4 580	15 036	17	14 291	313	12 959	1 019	-8 428	16 006
00	*Apr*	789	5 191	-183	2 695	2 512	-3 330	2 687	-643	8 151	-4 886	3 265	552	-4 402	409	-4 287	-524	-636	2 704
	May	1 564	1 501	-562	9 025	8 463	-5 009	5 798	789	6 417	3 484	9 901	654	63	385	27	-350	3 475	9 570
	Jun	2 233	-4 618	-921	1 940	1 019	214	5 353	5 567	-4 154	1 720	-2 434	243	6 852	-143	6 944	51	-5 212	-2 372
	Jul	1 957	15 106	-10 554	13 846	3 292	14 060	2 374	16 434	11 642	-10 443	1 199	-42	-13 149	-1 757	-11 754	362	1 305	1 555
	Aug	969	-5 722	-690	2 405	1 715	2 408	1 642	4 051	-8 551	5 820	-2 730	1 110	6 691	1 495	5 640	-443	182	-3 172
	Sep	2 245	9 106	-5 286	6 132	847	2 244	6 707	8 952	11 521	7 311	18 832	627	-6 861	314	-7 403	228	14 697	19 043
	Oct	2 289	9 963	-1 469	5 084	3 615	3 835	5 048	8 883	7 622	-2 065	5 557	-25	-7 673	1 692	-9 199	-167	7 151	5 407
	Nov	2 241	181	-5 845	8 205	2 360	-2 063	3 709	1 646	7 825	-1 376	6 449	264	2 060	1 034	1 005	20	-2 374	6 477
	Dec	2 504	-3 060	8 568	4 782	13 350	-13 595	18 756	5 161	3 128	3 840	6 968	-1 161	5 564	104	5 525	-65	-1 693	6 894
01	*Jan* P	2 114	-7 693	-635	2 281	1 646	-1 775	1 438	-336	-5 724	20 519	14 795	440	9 806	-798	9 791	813	10 700	15 580
	Feb P	-245	-4 857	-1 311	2 840	1 529	-6 493	7 033	540	2 662	-4 886	-2 224	285	4 611	-1 098	4 599	1 110	-9 505	-1 133
	Mar P	2 285	-1 568	-604	1 226	623	1 293	5 070	6 362	-3 043	10 155	7 112	786	3 853	619	3 534	-300	6 626	6 817
	Apr P	-486	-4 599	-234	5 114	4 881	-979	964	-15	-1 600	-4 142	-5 742	-1 786	4 113	826	3 606	-320	-7 760	-6 074
	May P	1 111	10 872	3 126	-506	2 620	-1 567	5 897	4 330	8 898	-2 464	6 435	415	-9 761	954	-10 387	-329	7 953	6 136
	Jun P	2 484	-3 216	-1 272	5 481	4 208	-2 203	7 950	5 747	607	-6 687	-6 080	-348	5 700	331	5 760	-391	-12 459	-6 482
	Jul A	2 562	6 592	178	2 403	2 581	-2 464	3 494	1 030	8 654	-7 914	740	223	-4 030	-522	-3 943	435	-3 983	1 163

FINANCIAL ACCOUNT



FINANCIAL ACCOUNT, EXCLUDING BANCO DE ESPAÑA
Breakdown



Source: BE. Data compiled in accordance with the IMF Balance of Payments Manual (5th edition).

(a) Changes in assets (NCA) and changes in liabilities (NCL) are both net of repayments. A positive (negative) sign in NCA columns indicates an outflow (inflow) of foreign financing. A positive (negative) sign in NCL columns implies an inflow (outflow) of foreign financing.

(b) This does not include direct investment in quoted shares, but does include portfolio investment in unquoted shares.

(c) This includes direct investment in quoted shares, but does not include portfolio investment in unquoted shares. (d) Mainly, loans, deposits and repos.

(e) A positive (negative) sign indicates a decrease (increase) in the reserves and/or claims of the BE with the Eurosystem

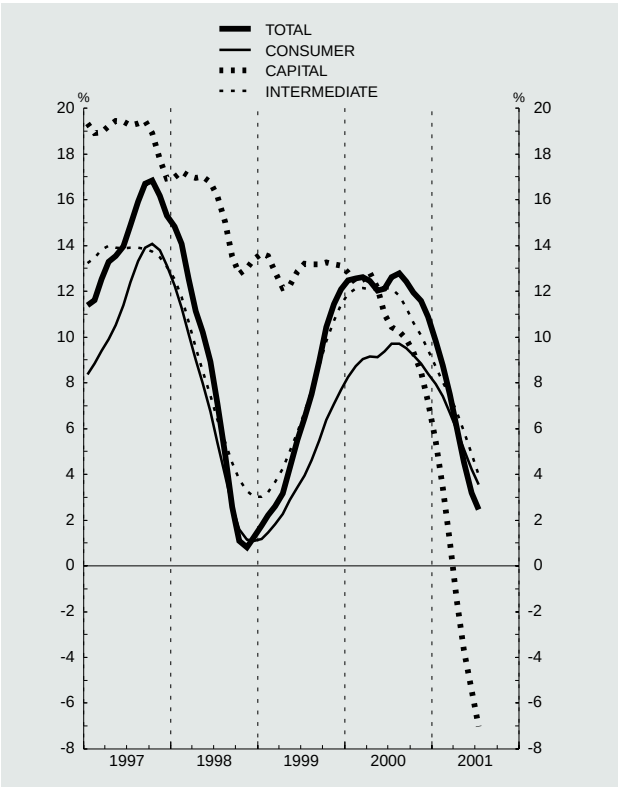
7.3 Spanish foreign trade with other euro area countries and with the rest of the world. Exports and dispatches

■ Series depicted in chart.

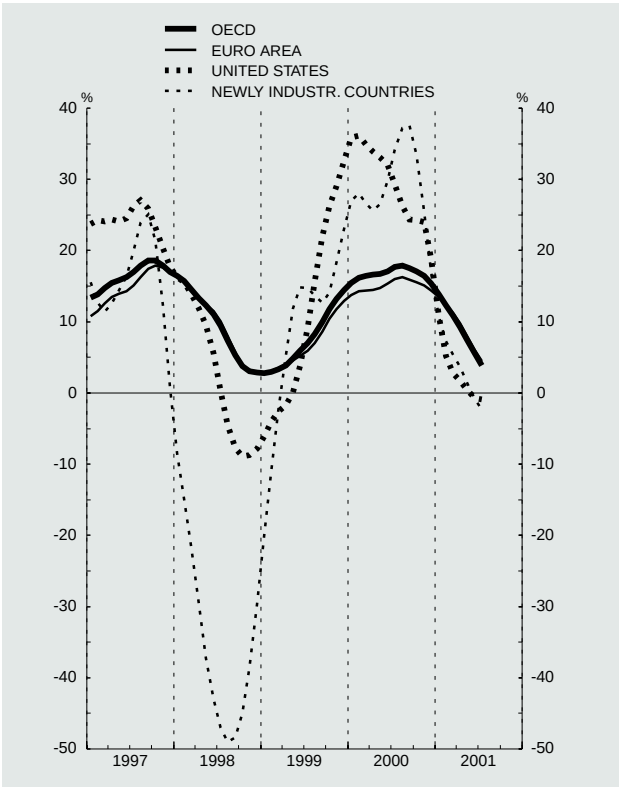
EUR millions and annual percentage changes

	Total			By product (deflated data)(a)					By geographical area (nominal data)								
						Intermediate			O E C D								
	EUR millions	Nominal	Deflated	Consumer	Capital	Total	Energy	Non-energy	Total	European Union	of which: Euro area	United States of America	Other OECD members	OPEC	Other American countries	Newly industrialised countries	Other
	1	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10	11 ■	12 ■	13	14	15	16 ■	17
97	93 419	19.4	15.8	13.8	21.8	15.6	12.2	15.8	18.9	8.5	16.2	25.2	22.2	16.4	17.7	14.6	27.1
98	99 849	6.9	6.8	5.2	8.2	7.5	-0.2	7.8	8.4	13.9	9.2	2.5	7.2	8.2	7.1	-35.2	2.1
99	104 789	4.9	5.7	3.1	16.5	4.4	-4.9	4.8	6.4	5.2	5.8	9.8	6.5	-8.2	-4.7	4.8	1.8
00	124 177	18.5	11.7	8.9	13.7	13.1	9.2	13.2	17.5	18.1	15.4	31.6	16.2	21.7	13.0	32.4	28.0
00 *Jun*	11 399	19.1	10.1	13.2	-10.7	16.7	19.0	16.6	17.6	13.2	15.8	54.1	16.6	45.2	9.5	33.1	29.7
Jul	10 148	15.6	11.6	11.0	4.1	15.2	20.7	14.9	16.3	16.9	16.8	16.1	16.1	19.8	-4.9	32.2	17.9
Aug	7 704	28.8	20.3	17.9	12.6	24.9	-4.0	26.7	30.3	30.2	29.6	33.2	30.1	2.2	16.6	40.2	32.2
Sep	10 155	17.1	10.0	6.9	17.6	9.9	-9.1	10.8	13.9	17.1	9.0	10.4	13.1	42.8	6.7	41.5	45.4
Oct	11 957	18.3	12.3	12.0	20.5	9.1	2.7	9.3	18.9	21.7	17.1	24.4	17.4	16.9	-12.2	48.9	31.2
Nov	12 206	23.6	15.6	12.9	29.5	12.6	-1.2	13.2	24.2	22.1	18.5	52.7	22.8	47.4	-8.0	30.3	31.6
Dec	10 623	15.3	6.4	-0.3	15.3	8.7	15.8	8.5	14.5	12.3	14.6	21.7	14.6	27.9	17.3	-1.8	20.6
01 *Jan*	9 896	19.8	15.0	15.3	27.8	8.5	-9.4	10.7	16.5	15.0	15.1	9.8	17.6	45.9	28.3	15.9	41.2
Feb	10 960	14.9	10.0	12.1	10.5	8.1	3.6	8.2	13.5	12.9	15.0	-7.1	15.5	18.6	12.5	8.6	28.4
Mar	11 999	9.6	5.9	3.6	14.8	5.0	-21.0	5.7	9.7	15.2	11.5	-3.2	8.9	6.4	-0.9	-4.5	16.3
Apr	10 633	13.5	8.1	8.8	-13.5	16.2	8.0	16.5	11.6	10.5	14.1	3.1	12.8	34.4	10.9	18.7	25.9
May	11 800	9.4	4.4	9.1	-16.4	9.6	-29.0	11.2	13.0	18.4	13.0	8.9	11.4	-4.7	-29.5	-4.7	12.2
Jun	11 473	0.6	-2.1	-2.8	-9.9	1.2	-31.4	2.4	-1.1	0.1	-0.3	-17.9	-0.0	-9.7	28.5	-0.6	7.7
Jul	10 432	2.8	-2.9	-1.3	-16.1	0.8	-26.6	1.8	-0.5	-4.1	-3.5	13.2	-0.4	16.6	15.5	-6.0	20.7

BY PRODUCT
Annual percentage changes (trend obtained with TRAMO-SEATS method)



BY GEOGRAPHICAL AREA
Annual percentage changes (trend obtained with TRAMO-SEATS method)



Sources: ME and BE.

Note: The underlying series for this indicator are in Tables 17.4 and 17.5 of the Boletín estadístico.

(a) Series deflated by unit value indices.

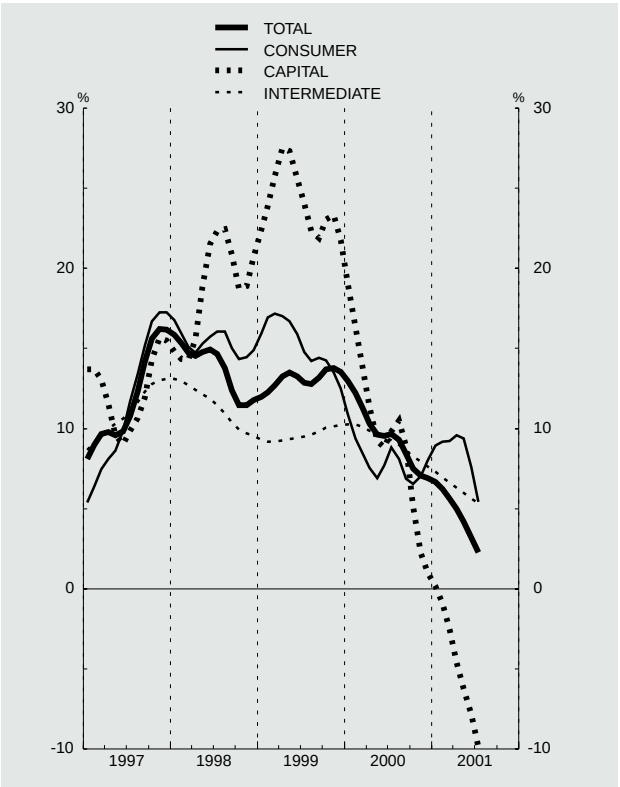
7.4 Spanish foreign trade with other euro area countries and with the rest of the world. Imports and arrivals

■ Series depicted in chart.

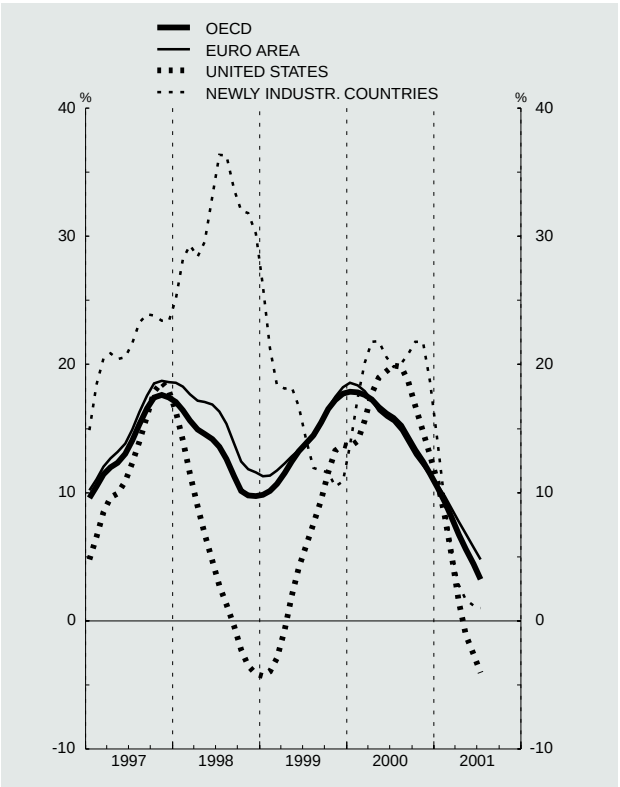
EUR millions and annual percentage changes

	Total			By product (deflated data)(a)					By geographical area (nominal data)								
						Intermediate			O E C D								
	EUR millions	Nominal	Deflated	Consumer	Capital	Total	Energy	Non-energy	Total	Euro-pean Union	of which: Euro area	United States of America	Other OECD member	OPEC	Other American countries	Newly industrialised countries	Other
	1	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10	11 ■	12 ■	13	14	15	16 ■	17
97	109 469	16.2	12.2	12.0	12.0	12.4	1.7	14.1	14.9	14.6	15.6	15.5	15.0	21.5	19.9	24.2	21.1
98	122 856	12.2	15.0	16.3	21.9	12.5	13.8	12.2	14.7	17.4	17.5	2.6	15.2	-15.2	3.6	30.6	10.3
99	139 094	13.2	13.2	14.8	22.6	9.7	-0.6	11.0	12.4	10.3	11.7	8.9	13.5	15.8	12.6	16.4	18.1
00	169 468	21.8	7.9	6.3	7.1	8.8	9.5	8.9	15.7	16.5	15.6	14.4	15.5	95.1	14.6	19.6	36.1
00 *Jun*	14 680	22.3	12.3	3.6	9.3	17.1	37.7	15.1	14.5	18.0	15.9	20.8	12.9	150.9	4.7	19.1	40.4
Jul	13 889	21.7	9.0	23.4	1.2	5.7	28.5	3.3	15.5	6.1	15.6	14.2	18.9	108.9	-2.5	10.7	41.5
Aug	11 505	31.0	18.4	9.1	30.8	19.2	23.5	18.6	25.6	22.4	23.3	58.9	23.6	95.1	12.3	23.1	36.4
Sep	14 183	14.9	4.7	-0.8	20.3	2.5	-5.1	3.4	10.9	8.3	10.3	18.4	11.1	70.2	1.1	18.3	19.0
Oct	15 885	21.1	6.3	5.6	1.9	8.2	42.8	5.3	12.6	10.3	10.4	31.6	11.8	116.8	30.9	20.6	42.7
Nov	15 708	23.7	4.9	6.4	-9.1	9.5	39.6	6.6	16.0	13.0	16.0	-0.7	19.1	95.5	8.4	46.3	44.4
Dec	14 893	13.9	1.7	-1.8	-1.1	4.4	18.8	2.9	6.7	9.0	4.8	21.1	4.7	62.8	49.5	10.7	37.2
01 *Jan*	12 851	17.4	15.6	25.6	6.0	10.0	6.9	15.5	15.7	3.5	15.9	22.5	19.5	10.8	9.2	22.7	34.0
Feb	13 830	12.5	7.3	7.9	-0.2	9.5	4.6	10.0	12.4	8.9	14.2	15.8	13.3	9.2	4.3	9.1	17.2
Mar	15 210	5.5	-0.4	1.6	1.1	-1.7	15.5	-3.6	4.3	-0.7	5.1	19.0	4.7	1.3	15.8	-7.0	18.5
Apr	14 140	10.0	12.7	18.0	-7.7	18.1	9.7	19.1	8.7	-2.1	8.5	-10.7	14.6	-3.2	40.1	5.7	22.7
May	15 258	2.5	1.8	14.5	-8.0	0.4	-11.6	1.9	3.2	-1.1	8.6	-28.0	9.0	-0.6	-20.5	-4.0	8.8
Jun	15 845	7.9	6.1	15.1	-2.6	5.4	-0.8	6.2	7.6	-3.4	4.8	16.6	10.3	-0.4	2.7	1.2	19.8
Jul	13 897	0.1	-4.6	-9.7	-13.4	0.6	-3.0	1.2	-3.4	-2.9	-2.1	-15.2	-2.6	-1.2	22.4	-0.1	17.9

BY PRODUCT
Annual percentage changes (trend obtained with TRAMO-SEATS)



BY GEOGRAPHICAL AREA
Annual percentage changes (trend obtained with TRAMO-SEATS)



Sources: ME and BE.

Note: The underlying series for this indicator are in Tables 17.2 and 17.3 of the Boletín estadístico.

(a) Series deflated by unit value indices.

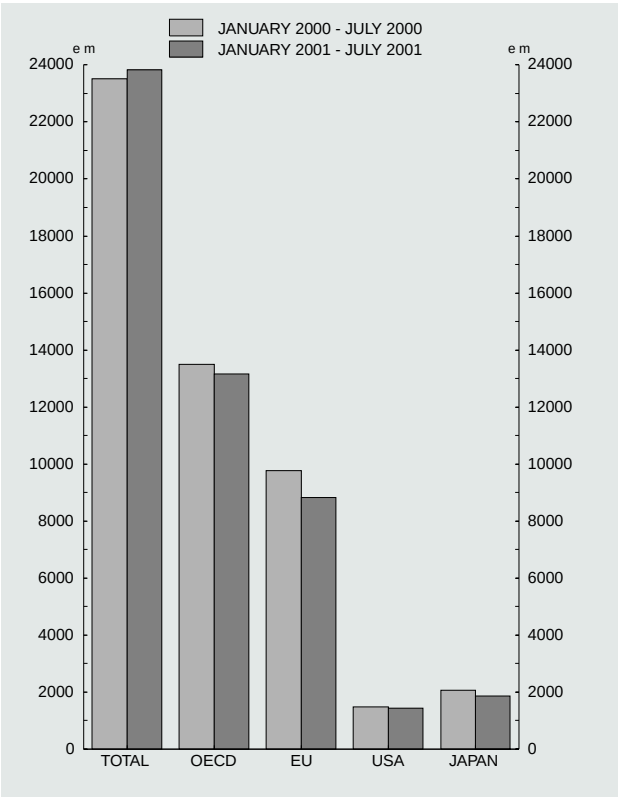
7.5 Spanish foreign trade with other euro area countries and with the rest of the world. Trade balance: geographical distribution

■ Series depicted in chart.

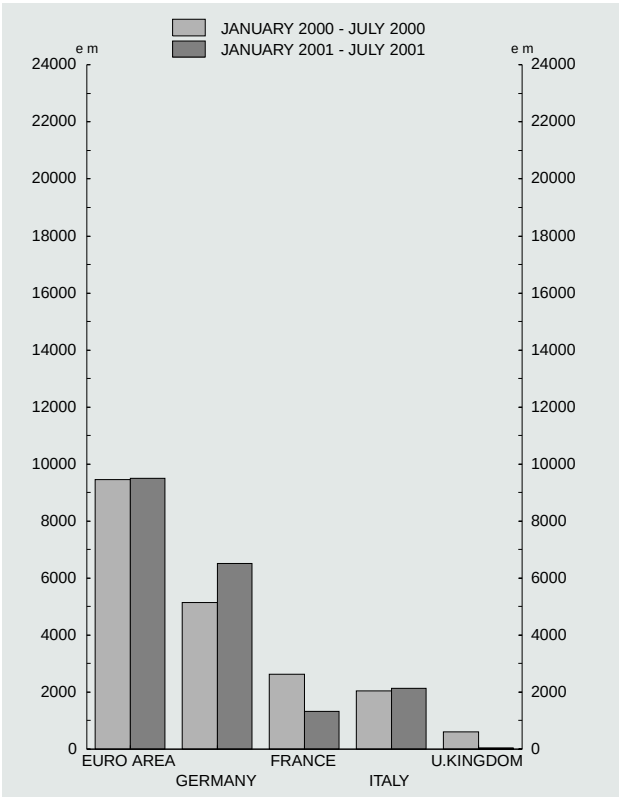
EUR millions

	World total	OECD											OPEC	Other American countries	Newly industrialised countries	Other
		Total	European Union						United States of America	Japan	Other OECD members					
			Total	Euro area				United Kingdom	Other EU members							
				Total	of which: Germany	of which: France	of which: Italy									
	1 ■	2 ■	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9	10 ■	11 ■	12	13	14	15	16
98	-23 007	-17 316	-11 974	-556	-5 398	-3 138	-2 952	-1 053	-10 365	-2 839	-2 773	270	-3 447	1 589	-1 542	-2 291
99	-34 305	-24 373	-17 970	-4 904	-8 169	-4 448	-3 572	-1 640	-11 425	-3 055	-3 301	-48	-4 642	885	-1 933	-4 243
00	-45 291	-26 645	-20 065	-5 968	-9 828	-4 873	-4 272	-1 861	-12 236	-2 707	-3 616	-258	-10 879	936	-2 151	-6 551
00 *J-J*	-23 510	-13 491	-9 770	-9 451	-5 140	-2 630	-2 045	-604	284	-1 479	-2 066	-176	-5 606	542	-1 264	-3 691
01 *J-J*	-23 836	-13 151	-8 824	-9 498	-6 509	-1 327	-2 140	-48	723	-1 445	-1 864	-1 018	-5 554	507	-1 309	-4 329
00 *Jul*	-3 740	-2 244	-1 731	-1 711	-1 145	-261	-355	-76	55	-172	-321	-20	-803	74	-180	-587
Aug	-3 801	-2 083	-1 465	-1 424	-717	-298	-187	-110	69	-245	-262	-111	-867	65	-156	-759
Sep	-4 028	-2 377	-1 792	-1 809	-1 100	-371	-375	-80	98	-252	-295	-38	-936	-29	-178	-508
Oct	-3 928	-2 176	-1 587	-1 469	-862	-245	-337	-200	82	-219	-385	15	-1 104	126	-188	-585
Nov	-3 502	-1 767	-1 260	-1 262	-823	-286	-289	-200	201	-238	-294	25	-1 126	113	-202	-521
Dec	-4 270	-2 718	-2 082	-1 939	-829	-648	-568	-237	94	-316	-294	-25	-1 040	104	-192	-424
01 *Jan*	-2 954	-1 254	-767	-1 010	-845	-126	-210	125	118	-163	-280	-45	-894	61	-194	-674
Feb	-2 870	-1 507	-970	-1 053	-742	-279	-273	-46	129	-217	-229	-91	-700	120	-209	-574
Mar	-3 210	-1 735	-1 048	-1 101	-877	-95	-231	-44	97	-339	-294	-54	-889	105	-157	-533
Apr	-3 507	-2 194	-1 635	-1 516	-1 022	-235	-255	-191	72	-182	-239	-137	-598	16	-170	-562
May	-3 458	-1 908	-1 176	-1 335	-952	-137	-366	31	128	-230	-295	-207	-764	39	-215	-610
Jun	-4 373	-2 626	-1 672	-1 728	-1 074	-177	-444	3	52	-306	-283	-365	-962	105	-176	-713
Jul	-3 465	-1 927	-1 555	-1 756	-997	-278	-361	73	128	-8	-245	-119	-746	59	-188	-663

CUMULATIVE TRADE DEFICIT



CUMULATIVE TRADE DEFICIT



Source: ME.

Note: The underlying series for this indicator are in Tables 17.3 and 17.5 of the Boletin estadistico.

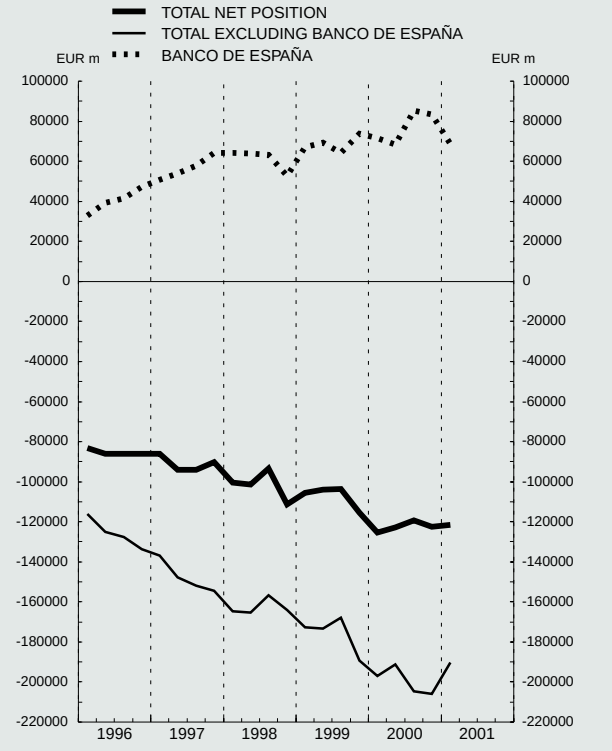
7.6. Spanish international investment position vis-à-vis other euro area residents and the rest of the world
Summary

■ Series depicted in chart.

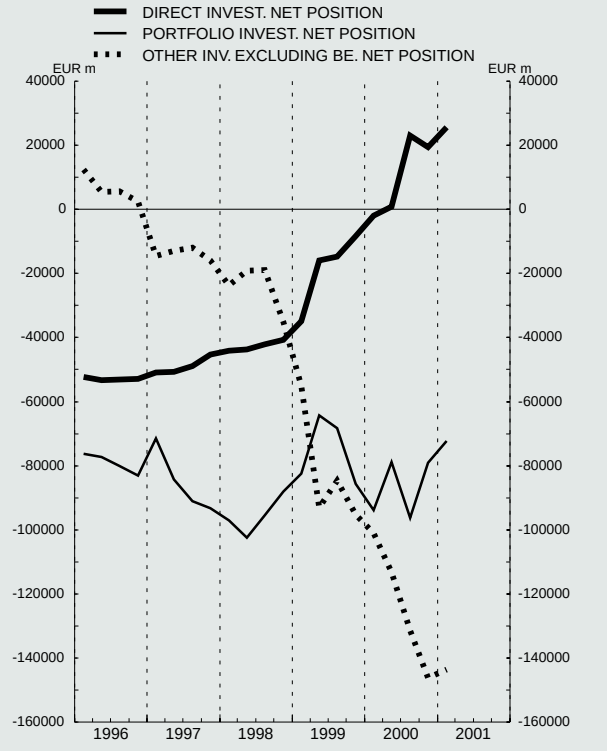
End-of-period stocks in EUR millions

		Net international investment position (assets-liabil.)	Total excluding Banco de España									Banco de España			
			Net position excluding Banco de España (assets - liabil.)	Direct investment			Portfolio investment			Other investment			Banco de España net position (assets-liabil.)	Reserves	Assets vis-à-vis the Eurosystem	Other net assets (assets-liabil.)
				Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)				
		1=2+12 ■	2=3+6+9 ■	3=4-5 ■	4	5	6=7-8 ■	7	8	9=10-11 ■	10	11	12=13a15 ■	13	14	15
93	P	-80 210	-117 139	-47 891	20 543	68 434	-76 065	12 654	88 720	6 817	113 227	106 410	36 929	36 843	-	85
94	P	-79 502	-114 275	-52 286	23 806	76 091	-52 865	13 688	66 553	-9 124	104 339	113 463	34 773	34 708	-	65
95	P	-82 529	-109 895	-52 683	26 454	79 137	-73 019	13 309	86 328	15 807	130 085	114 278	27 366	27 263	-	102
96	P	-86 133	-133 535	-52 899	31 468	84 367	-83 045	16 649	99 693	2 409	133 470	131 061	47 403	47 658	-	-256
97	P	-90 310	-154 621	-45 293	44 399	89 692	-93 310	31 774	125 085	-16 018	143 327	159 345	64 311	64 174	-	137
98 *Q1*	P	-100 447	-164 791	-44 084	48 404	92 487	-97 053	41 556	138 610	-23 654	161 313	184 967	64 344	64 225	-	119
Q2	P	-101 515	-165 362	-43 702	50 771	94 473	-102 487	45 865	148 352	-19 173	167 179	186 352	63 847	63 791	-	56
Q3	P	-93 263	-156 566	-42 179	54 455	96 634	-95 471	51 503	146 974	-18 916	175 225	194 140	63 303	62 854	-	450
Q4	P	-111 391	-163 933	-40 763	59 159	99 922	-88 067	69 624	157 691	-35 103	160 511	195 614	52 542	52 095	-	447
99 *Q1*	P	-105 537	-172 584	-34 951	65 832	100 783	-82 447	87 597	170 044	-55 185	165 471	220 657	67 046	45 874	20 779	394
Q2	P	-104 042	-173 441	-16 001	88 110	104 112	-64 335	109 015	173 350	-93 104	146 701	239 806	69 399	38 153	30 838	408
Q3	P	-103 674	-167 810	-14 722	92 987	107 709	-68 322	113 033	181 355	-84 766	148 887	233 653	64 137	35 903	28 090	143
Q4	P	-115 460	-189 204	-8 275	106 407	114 682	-85 737	119 268	205 005	-95 191	149 993	245 184	73 743	37 288	36 028	427
00 *Q1*	P	-125 336	-196 866	-1 980	114 582	116 561	-93 820	133 237	227 056	-101 067	158 494	259 561	71 530	39 763	31 776	-10
Q2	P	-122 853	-191 362	806	129 045	128 240	-78 972	145 783	224 755	-113 195	156 930	270 125	68 509	39 354	29 092	63
Q3	P	-119 216	-204 584	23 104	157 735	134 631	-96 358	158 425	254 784	-131 330	164 607	295 937	85 368	42 750	42 610	7
Q4	P	-122 442	-205 958	19 355	172 339	152 984	-79 138	181 744	260 882	-146 176	161 985	308 160	83 516	38 234	45 278	4
01 *Q1*	P	-121 635	-190 392	25 622	183 003	157 381	-72 356	195 523	267 880	-143 657	190 591	334 249	68 757	41 350	27 355	52

INTERNATIONAL INVESTMENT POSITION



COMPONENTS OF THE POSITION



Source: BE.

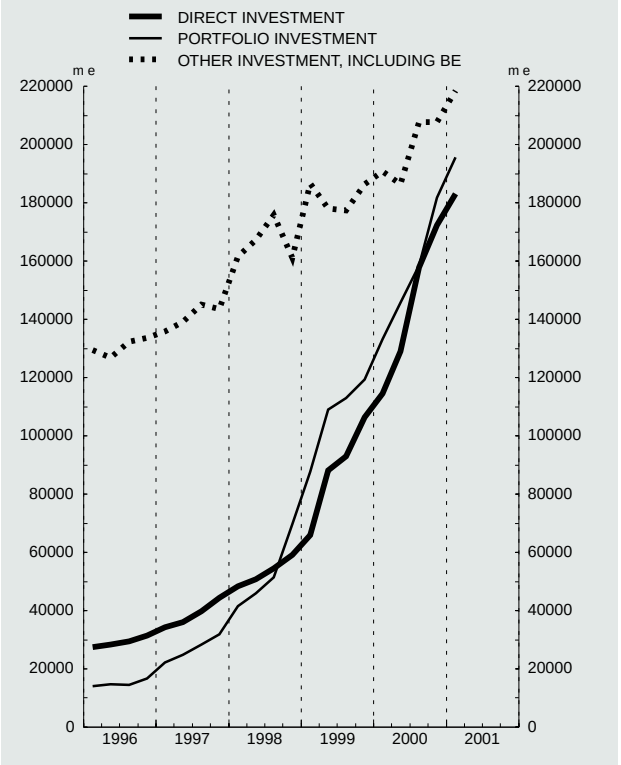
Note: The information in this table has been rearranged to adapt it to the new presentation of the Balance of Payments data. The reasons for these purely formal changes can be consulted in the Notes dated 17 April 2001 'Changes to the tables presenting the Balace of Payments' and 'Banco de España claims on the Eurosystem in the Balance of Payments' on the Banco de España website (http://www.bde.es, under the 'Balance of Payments' chapter in the section 'Statistics').

7.7. Spanish international investment position vis-à-vis other euro area residents and the rest of the world. Breakdown by investment

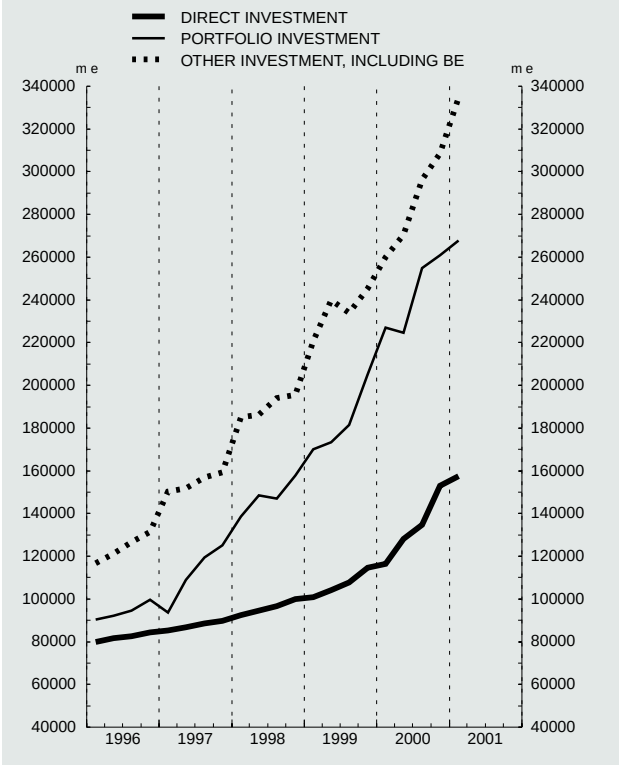
End-of-period stocks in EUR millions

		Direct investment				Portfolio investment				Other investment, including Banco de España	
		Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad		Foreign investment in Spain			
		Shares and other equities	Intercompany debt transactions	Shares and other equities	Intercompany debt transactions	Shares and mutual funds	Debt securities	Shares and mutual funds	Debt securities	Spanish investment abroad	Foreign investment in Spain
		1	2	3	4	5	6	7	8	9	10
93	P	18 780	1 763	56 483	11 951	1 954	10 700	19 501	69 218	113 357	106 454
94	P	22 247	1 559	63 913	12 178	2 735	10 953	19 115	47 438	104 467	113 526
95	P	24 519	1 935	66 386	12 751	2 748	10 562	23 677	62 651	130 265	114 356
96	P	29 098	2 369	70 934	13 433	3 501	13 148	30 760	68 933	133 652	131 499
97	P	41 202	3 197	76 799	12 894	8 421	23 353	42 611	82 474	143 510	159 391
98 *Q1*	P	44 521	3 883	78 223	14 264	10 753	30 803	59 830	78 780	161 497	185 032
Q2	P	46 572	4 199	79 518	14 955	13 854	32 011	62 836	85 516	167 285	186 402
Q3	P	50 014	4 440	80 868	15 766	14 553	36 951	50 598	96 377	175 721	194 187
Q4	P	53 368	5 791	82 688	17 234	17 122	52 502	64 941	92 750	161 010	195 665
99 *Q1*	P	60 498	5 334	84 069	16 714	20 442	67 154	67 465	102 579	186 691	220 704
Q2	P	82 666	5 445	86 709	17 403	25 028	83 987	69 777	103 572	177 988	239 847
Q3	P	86 024	6 963	88 989	18 720	29 420	83 613	67 551	113 804	177 295	233 827
Q4	P	99 042	7 365	96 070	18 612	34 849	84 419	86 414	118 591	186 482	245 218
00 *Q1*	P	106 727	7 855	96 862	19 699	47 508	85 728	95 759	131 297	190 736	260 037
Q2	P	120 903	8 143	107 306	20 934	54 147	91 636	90 472	134 284	186 482	270 522
Q3	P	143 914	13 820	110 419	24 211	59 354	99 071	104 886	149 898	207 657	296 370
Q4	P	157 508	14 831	128 296	24 688	73 806	107 938	99 600	161 282	207 720	308 614
01 *Q1*	P	164 519	18 484	130 871	26 511	77 543	117 980	99 406	168 474	218 371	334 621

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



Source: BE.
Nota: See footnote to Indicator 7.6

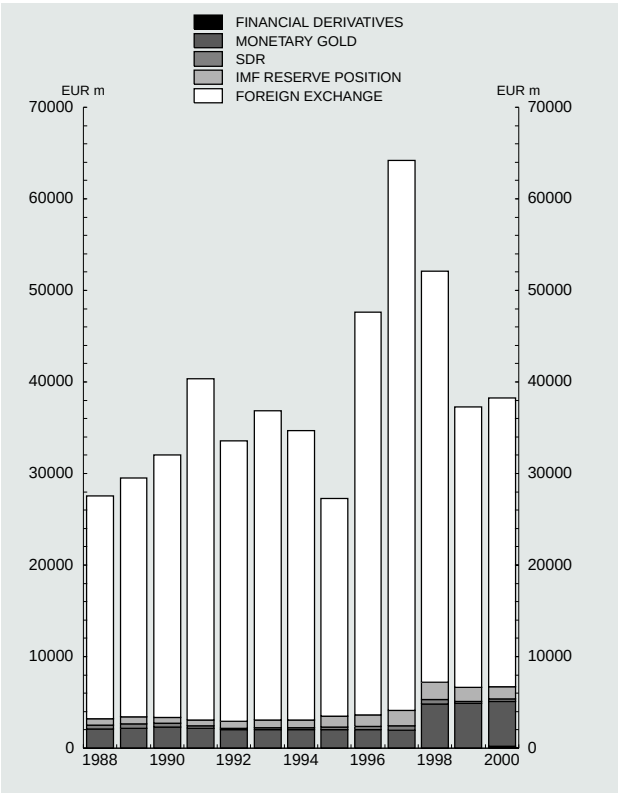
7.8. Spanish reserve assets

■ Series depicted in chart.

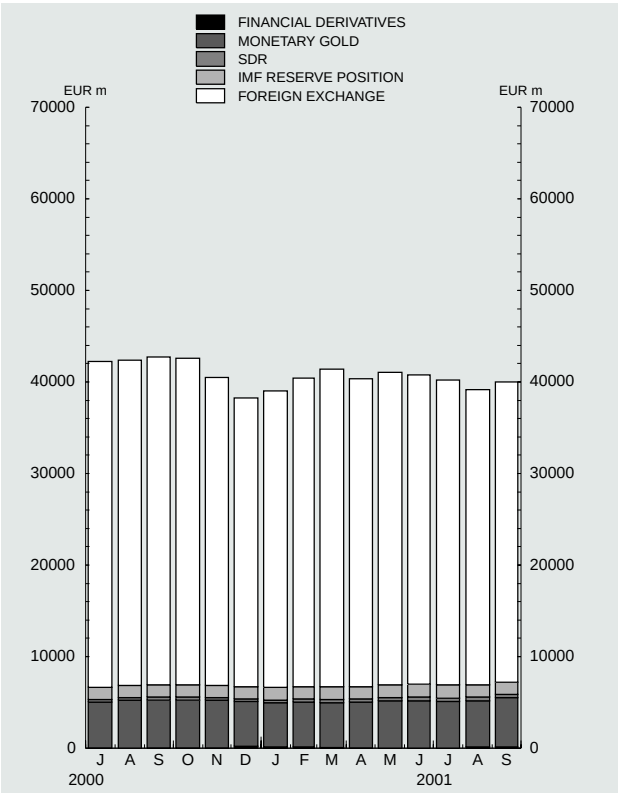
EUR millions

		Reserve assets						Memorandum item: gold
		Total	Foreign exchange ■	Reserve position in the IMF ■	SDRs ■	Monetary gold ■	Financial derivatives	Millions of troy ounces
		1	2	3	4	5	6	7
97		64 174	60 017	1 735	432	1 990	...	15.6
98		52 095	44 914	1 876	492	4 814	...	19.5
99	R	37 288	30 639	1 517	259	4 873	...	16.8
00 *Apr*		41 253	34 389	1 491	288	5 087	-1	16.8
May		39 710	33 178	1 347	293	4 908	-16	16.8
Jun		39 354	32 645	1 327	288	5 092	2	16.8
Jul		42 243	35 573	1 349	293	5 029	-1	16.8
Aug		42 393	35 516	1 344	314	5 229	-11	16.8
Sep		42 750	35 811	1 356	317	5 263	4	16.8
Oct		42 568	35 653	1 343	326	5 252	-7	16.8
Nov		40 503	33 651	1 304	329	5 202	17	16.8
Dec		38 234	31 546	1 271	312	4 931	175	16.8
01 *Jan*		39 001	32 339	1 383	347	4 775	157	16.8
Feb		40 438	33 706	1 337	361	4 878	156	16.8
Mar		41 380	34 673	1 366	369	4 936	35	16.8
Apr		40 362	33 628	1 342	369	4 992	31	16.8
May		41 025	34 095	1 384	394	5 315	-163	16.8
Jun		40 776	33 817	1 375	391	5 356	-163	16.8
Jul		40 200	33 310	1 436	383	5 105	-34	16.8
Aug		39 147	32 237	1 346	384	5 037	143	16.8
Sep		39 971	32 735	1 348	385	5 361	143	16.8

RESERVE ASSETS
END-OF-YEAR POSITIONS



RESERVE ASSETS
END-OF-MONTH POSITIONS



Source: BE.

Note: From January 1999 the assets denominated in euro and other currencies vis-à-vis residents of other euro area countries are not considered reserve assets. To December 1998, data in pesetas have been converted to euro using the irrevocable euro conversion rate. Since January 1999, all reserve assets are valued at market prices. As of January 2000 reserve assets data have been compiled in accordance with the IMF´s new methodological guidelines published in the document 'Data Template on International Reserves and Foreign Currency Liquidity. Operational Guidelines', October 1999 (http://dsbb.imf.org/guide.htm). Using this new definition, total reserve assets as at 31.12.99 would have been EUR 37835 million instead of the ammount of EUR 37288 million published in this table.

8.1.a Consolidated balance sheet of the Eurosystem. Net lending to credit institutions and its counterparts

Average of daily data, EUR millions

	Net lending							Counterparts								
	Total	Open market operations				Standing facilities		Autonomous factors					Other liabilities (net) in euro	Actual reserves of credit institutions	Debt certificates
		Main refinancing operations	Longer-term refinancing operations	Fine-tuning and structural reverse operations (net)	Other	Marginal lending facility	Deposit facility	Total	Banknotes	Net liabilities to general government	Gold and net assets in foreign currency	Other (net)			
	1=2+3+4+5+6-7	2	3	4	5	6	7	8=9+10-11+12	9	10	11	12	13	14	15
00 *Apr*	196 507	137 496	60 000	-	55	381	1 424	77 114	351 691	-15 944	380 145	121 512	2 607	110 521	6 265
May	201 476	142 572	59 998	-	19	351	1 464	79 634	352 966	-17 091	378 624	122 383	2 481	113 096	6 265
Jun	204 045	144 629	59 905	319	50	312	1 170	80 917	354 516	-18 030	377 911	122 343	2 668	114 194	6 265
Jul	219 147	159 998	59 193	-	36	178	257	95 957	357 923	-8 299	382 268	128 602	3 132	113 793	6 265
Aug	219 301	164 697	54 697	-	31	206	330	96 967	357 866	-8 729	381 909	129 740	3 369	112 700	6 265
Sep	224 314	174 667	49 523	-	86	259	221	101 026	354 492	-3 929	380 427	130 890	3 700	113 403	6 184
Oct	222 895	177 500	44 999	-	38	469	110	97 550	354 053	-12 414	402 844	158 756	5 425	115 345	4 574
Nov	233 215	188 182	45 001	-	24	232	224	107 249	352 259	-5 446	396 723	157 159	6 951	115 159	3 856
Dec	260 769	215 427	45 000	-	77	560	294	131 026	365 743	325	393 893	158 851	7 529	118 430	3 784
01 *Jan*	247 374	201 537	46 087	-1	17	319	586	117 652	363 951	-13 398	380 535	147 633	6 587	119 351	3 784
Feb	238 812	185 273	49 998	-	24	3 973	455	107 849	353 929	-15 882	377 063	146 865	5 224	121 954	3 784
Mar	238 441	183 318	55 372	-	39	135	423	109 667	352 208	-17 787	375 043	150 290	4 027	120 962	3 784
Apr	229 862	165 306	59 111	3 476	-133	2 327	225	99 619	355 019	-23 209	385 360	153 170	3 349	123 110	3 784
May	216 975	145 390	59 100	12 695	17	502	728	86 393	351 862	-31 136	384 447	150 115	3 510	123 288	3 784
Jun	221 839	162 810	59 186	-	32	234	423	90 024	350 643	-26 346	384 827	150 553	3 536	124 496	3 784
Jul	222 461	162 582	60 000	-	15	192	328	86 136	350 371	-27 870	402 490	166 126	3 129	129 413	3 784
Aug	219 323	159 304	60 001	-	40	145	167	85 322	344 357	-22 214	401 876	165 055	3 101	127 116	3 784
Sep	210 473	144 849	60 001	5 489	13	415	294	73 426	332 632	-25 866	401 039	167 699	4 839	128 425	3 784

8.1.b Balance sheet of the Banco de España. Net lending to credit institutions and its counterparts

Average of daily data, EUR millions

	Net lending							Counterparts									
	Total	Open market operations				Standing facilities		Autonomous factors					Other liabilities (net) in euro			Actual reserves of credit institutions	Banco de España certificates
		Main refinancing operations	Longer-term refinancing operations	Fine-tuning and structural reverse operations (net)	Other	Marginal lending facility	Deposit facility	Total	Banknotes	Net liabilities to general government	Gold and net assets in foreign currency	Other (net)	Total	Of euro area residents	Rest		
	1=2+3+4+5+6-7	2	3	4	5	6	7	8=9+10-11+12	9	10	11	12	13=14+15	14	15	16	17
00 *Apr*	12 483	8 777	3 702	-	6	-	2	31 786	54 617	5 910	42 229	13 488	-29 972	-20 976	-8 996	8 978	1 691
May	15 440	10 703	4 874	-	1	-	138	35 286	54 362	9 464	42 254	13 715	-30 058	-24 712	-5 346	8 521	1 691
Jun	17 687	12 145	5 508	24	4	5	-	35 919	54 671	9 484	42 197	13 960	-29 158	-24 355	-4 803	9 235	1 691
Jul	17 202	12 255	4 952	-	-	-	5	33 558	56 029	6 144	43 217	14 602	-27 586	-23 955	-3 631	9 538	1 691
Aug	14 310	10 804	3 510	-	1	-	5	37 330	55 879	9 892	43 188	14 748	-33 929	-24 482	-9 447	9 218	1 691
Sep	12 370	10 285	2 087	-	1	-	3	35 716	55 407	8 285	42 797	14 821	-34 195	-30 173	-4 021	9 238	1 610
Oct	11 619	9 443	2 178	-	1	0	4	39 571	55 218	10 789	44 887	18 451	-37 256	-33 855	-3 401	9 304	-
Nov	13 248	11 175	2 066	-	6	-	0	50 524	54 429	23 221	43 399	16 272	-46 643	-38 553	-8 090	9 367	-
Dec	14 053	12 563	1 475	-	12	4	1	47 160	55 989	17 561	42 842	16 453	-42 747	-42 739	-8	9 640	-
01 *Jan*	13 999	12 119	1 905	-	11	-	36	44 794	54 883	16 726	41 316	14 502	-40 924	-40 950	26	10 128	-
Feb	11 608	8 996	2 206	-	2	407	2	34 508	53 423	9 818	41 144	12 412	-32 916	-32 959	43	10 015	-
Mar	12 807	10 558	2 240	-	9	-	0	26 402	53 199	1 569	41 199	12 832	-23 596	-23 642	46	10 002	-
Apr	14 119	10 690	2 847	378	0	210	6	28 642	53 804	2 323	42 564	15 079	-24 623	-24 688	66	10 099	-
May	15 932	11 995	2 468	1 379	-2	91	-	29 834	52 783	3 402	41 724	15 372	-24 365	-24 456	91	10 463	-
Jun	15 874	13 571	2 300	-	3	-	0	31 885	52 889	4 888	41 801	15 908	-25 800	-25 888	88	9 789	-
Jul	14 682	13 006	1 678	-	-2	-	0	30 252	53 683	2 381	43 454	17 641	-26 269	-26 325	56	10 699	-
Aug	15 270	13 410	1 856	-	3	0	-	30 029	52 819	3 370	43 450	17 290	-25 218	-25 268	50	10 459	-
Sep	14 418	11 620	2 492	313	-1	-	7	30 248	51 555	4 972	43 423	17 144	-26 594	-26 658	64	10 764	-

Sources: ECB for Table 8.1.a and BE for Table 8.1.b.

8.2 Liquid financial assets (a) of non-financial corporations, households and NPISHs resident in Spain

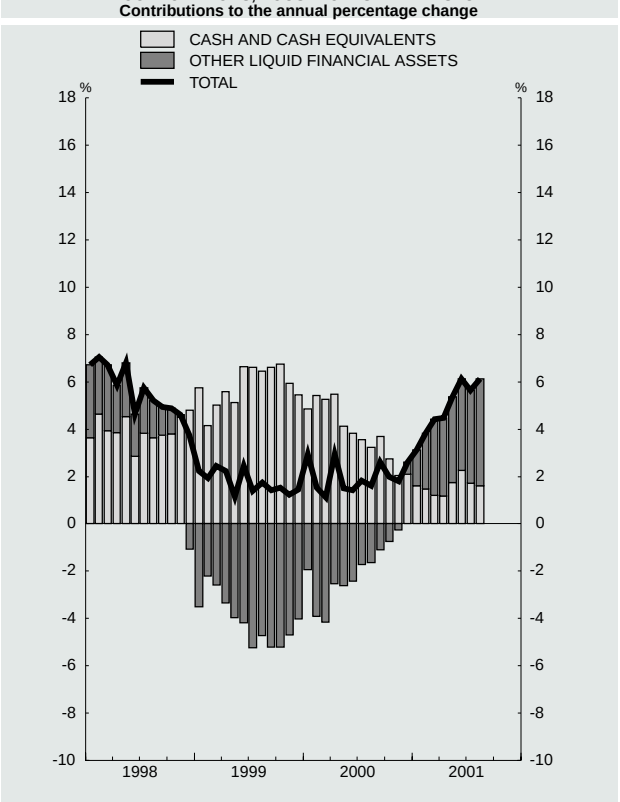
■ Series depicted in chart.

EUR millions and %

		Total		Cash and cash equivalents						Other liquid financial assets							Memorandum items	
							12-month % change						12-month % change				Liquid financial assets broadly defines (d)	
		Stocks	12-month % change	Stocks	12-month % change	Contribution to col.2	Cash	Sight deposits	Savings deposits (b)	Stocks	12-month % change	Contribution to col.2	Other deposits (c)	Repos	Credit institutions' securities	Money-market and fixed income mutual fund shares	Stocks	12-month % change
		1	2 ■	3	4 ■	5 ■	6	7	8	9	10 ■	11 ■	12	13	14	15	16	17
98		539 528	3.7	231 738	12.1	4.8	0.7	19.5	12.4	307 790	-1.8	-1.1	-7.1	-25.0	-11.5	10.3	581 732	8.1
99		547 262	1.4	261 185	12.7	5.5	8.3	14.1	13.8	286 078	-7.1	-4.0	11.9	-16.5	37.9	-22.5	621 122	6.8
00		561 582	2.6	272 700	4.4	2.1	-0.4	9.1	2.4	288 882	1.0	0.5	25.4	26.0	-21.4	-29.8	637 543	2.6
00	*May*	536 519	1.5	258 173	9.2	4.1	5.4	11.0	9.5	278 346	-4.7	-2.6	24.1	9.3	-1.5	-31.4	613 739	4.0
	Jun	545 339	1.4	268 448	8.3	3.8	6.2	10.0	7.8	276 892	-4.5	-2.4	24.7	12.2	-5.6	-32.7	623 890	3.8
	Jul	547 191	1.8	269 120	7.6	3.6	4.4	9.7	7.3	278 070	-3.2	-1.7	25.2	20.0	-4.8	-32.7	625 457	4.3
	Aug	543 363	1.6	264 417	7.0	3.2	4.4	8.7	6.8	278 946	-3.0	-1.6	26.5	20.9	-4.1	-33.9	624 532	4.4
	Sep	549 998	2.6	270 908	7.9	3.7	4.2	12.0	5.8	279 090	-2.0	-1.1	27.2	27.6	-3.3	-34.6	630 753	5.1
	Oct	543 991	2.0	264 195	5.9	2.7	2.7	9.3	4.2	279 795	-1.4	-0.8	26.2	25.0	-10.4	-33.1	624 839	4.4
	Nov	548 011	1.8	263 862	4.4	2.1	2.2	8.2	1.8	284 149	-0.5	-0.3	25.0	20.8	-16.2	-30.3	622 793	2.5
	Dec	561 582	2.6	272 700	4.4	2.1	-0.4	9.1	2.4	288 882	1.0	0.5	25.4	26.0	-21.4	-29.8	637 543	2.6
01	*Jan*	554 601	3.1	263 790	3.4	1.6	-0.3	6.7	2.1	290 811	2.9	1.5	25.4	20.7	-19.8	-26.0	630 875	3.4
	Feb	555 440	3.8	264 691	3.1	1.5	-0.6	6.3	1.7	290 750	4.5	2.4	25.9	12.6	-18.2	-23.0	628 633	2.3
	Mar	562 589	4.4	267 137	2.5	1.2	-1.6	5.5	1.5	295 452	6.2	3.2	25.3	11.1	-16.4	-19.6	632 608	1.9
	Apr	565 422	4.5	268 056	2.4	1.2	-2.8	5.6	2.0	297 366	6.4	3.3	24.4	5.6	-19.3	-17.5	637 389	2.5
	May	565 318	5.4	267 529	3.6	1.7	-3.4	7.1	3.8	297 788	7.0	3.6	24.1	6.2	-22.6	-16.2	638 471	4.0
	Jun	578 717	6.1	280 686	4.6	2.2	-4.4	8.5	5.1	298 031	7.6	3.9	22.8	6.6	-25.9	-13.6	650 479	4.3
	Jul P	578 053	5.6	278 473	3.5	1.7	-5.6	6.6	4.9	299 580	7.7	3.9	21.4	-0.3	-19.1	-10.6	647 856	3.6
	Aug P	576 694	6.1	273 204	3.3	1.6	-6.4	6.9	4.7	303 490	8.8	4.5	20.9	0.7	-17.4	-7.6	644 076	3.1

LIQUID FINANCIAL ASSETS OF NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Annual percentage change

LIQUID FINANCIAL ASSETS OF NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Contributions to the annual percentage change



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.6 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. As full information is only avalaible, for the end of each calendar quarter, the data for the intervening months are partially estimated and revised when final quarterly data become avalaible.

(b) Deposits redeemable at up to and including 3 months' notice. (c) Deposits redeemable at over 3 months' notice and time deposits.

(d) Defined as liquid financial assets plus shares in mutual funds other than money-market and fixed-income funds.

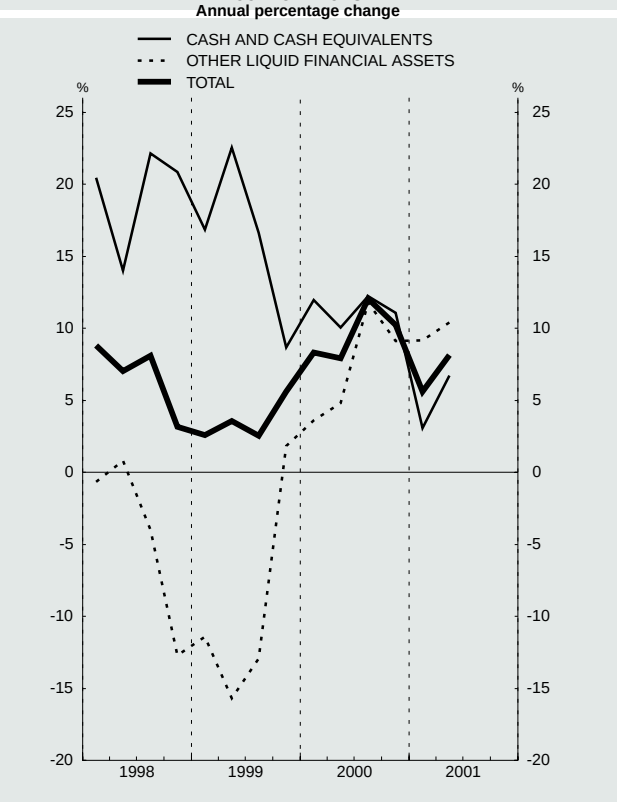
8.3 Liquid financial assets (a) of non-financial corporations resident in Spain

■ Series depicted in chart.

EUR millions and %

	Total		Cash and cash equivalents					Other liquid financial assets						Memorandum items	
						4-quarter % change					4-quarter % change			Liquid financial assets broadly defines (d)	
	Stocks	4-quarter % change	Stocks	4-quarter % change	Contribution to col. 2	Cash and sight deposits	Savings deposits (b)	Stocks	4-quarter % change	Contribution to col. 2	Other deposits (c)	Repos	Credit institutions' securities & mutual funds shares	Stocks	4-quarter % change
	1	2 ■	3	4 ■	5 ■	6	7	8	9 ■	10 ■	11	12	13	14	15
98	82 403	3.2	45 611	20.9	9.9	21.5	5.2	36 793	-12.7	-6.7	6.7	-33.7	16.5	86 042	5.8
99	87 022	5.6	49 565	8.7	4.8	8.8	5.2	37 457	1.8	0.8	30.8	-8.1	-1.4	94 039	9.3
00	95 940	10.2	55 062	11.1	6.3	11.0	13.1	40 878	9.1	3.9	45.5	21.2	-25.9	103 536	10.1
98 *Q2*	81 820	7.0	41 158	14.0	6.6	14.1	11.4	40 662	0.8	0.4	0.6	-10.0	21.8	84 541	9.1
Q3	80 231	8.1	41 944	22.2	10.2	21.6	35.2	38 287	-4.0	-2.1	1.9	-19.5	21.6	82 535	9.0
Q4	82 403	3.2	45 611	20.9	9.9	21.5	5.2	36 793	-12.7	-6.7	6.7	-33.7	16.5	86 042	5.8
99 *Q1*	79 728	2.6	45 063	16.8	8.4	17.4	4.2	34 665	-11.4	-5.8	19.9	-36.7	10.2	84 362	5.4
Q2	84 721	3.5	50 433	22.5	11.3	23.8	-3.5	34 288	-15.7	-7.8	13.3	-36.5	0.3	90 476	7.0
Q3	82 257	2.5	48 917	16.6	8.7	18.0	-12.2	33 340	-12.9	-6.2	30.4	-32.1	-7.5	88 223	6.9
Q4	87 022	5.6	49 565	8.7	4.8	8.8	5.2	37 457	1.8	0.8	30.8	-8.1	-1.4	94 039	9.3
00 *Q1*	86 367	8.3	50 447	11.9	6.8	12.2	6.3	35 919	3.6	1.6	37.8	7.8	-17.1	94 568	12.1
Q2	91 444	7.9	55 502	10.1	6.0	10.2	6.3	35 942	4.8	2.0	55.0	7.5	-24.6	99 299	9.8
Q3	92 168	12.0	54 901	12.2	7.3	12.4	7.6	37 267	11.8	4.8	58.7	19.5	-22.4	100 244	13.6
Q4	95 940	10.2	55 062	11.1	6.3	11.0	13.1	40 878	9.1	3.9	45.5	21.2	-25.9	103 536	10.1
01 *Q1*	91 213	5.6	51 997	3.1	1.8	2.8	10.6	39 216	9.2	3.8	38.7	10.0	-16.5	98 215	3.9
Q2	98 906	8.2	59 219	6.7	4.1	6.6	8.3	39 687	10.4	4.1	27.5	8.1	-5.5	106 082	6.8

LIQUID FINANCIAL ASSETS OF NON-FINANCIAL CORPORATIONS
Annual percentage change



LIQUID FINANCIAL ASSETS OF NON-FINANCIAL CORPORATIONS
Contributions to the annual percentage change

Source: BE.

GENERAL NOTE: Tables 8.2 to 8.6 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds.

(b) Deposits redeemable at up to and including 3 months' notice.

(c) Deposits redeemable at over 3 months' notice and time deposits.

(d) Defined as liquid financial assets plus shares in mutual funds other than money-market and fixed_income funds.

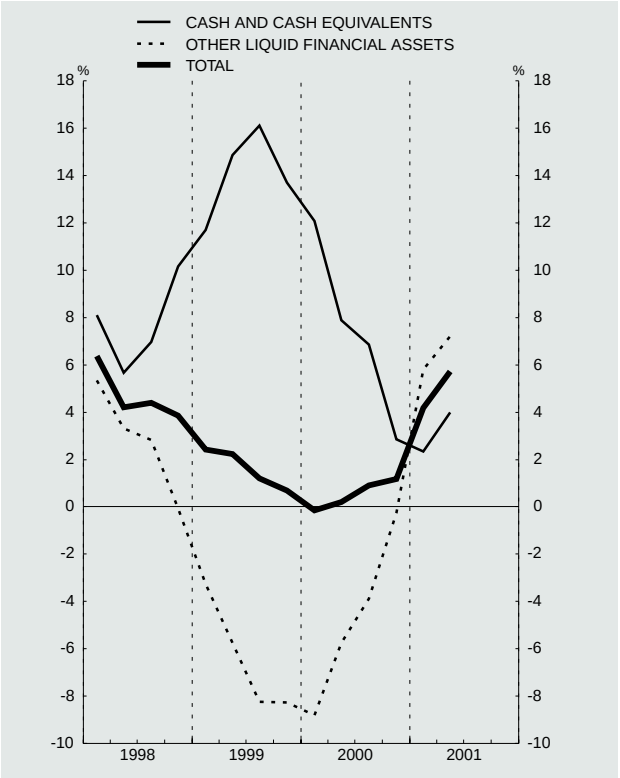
8.4 Liquid financial assets (a) of households and NPISHs resident in Spain

■ Series depicted in chart.

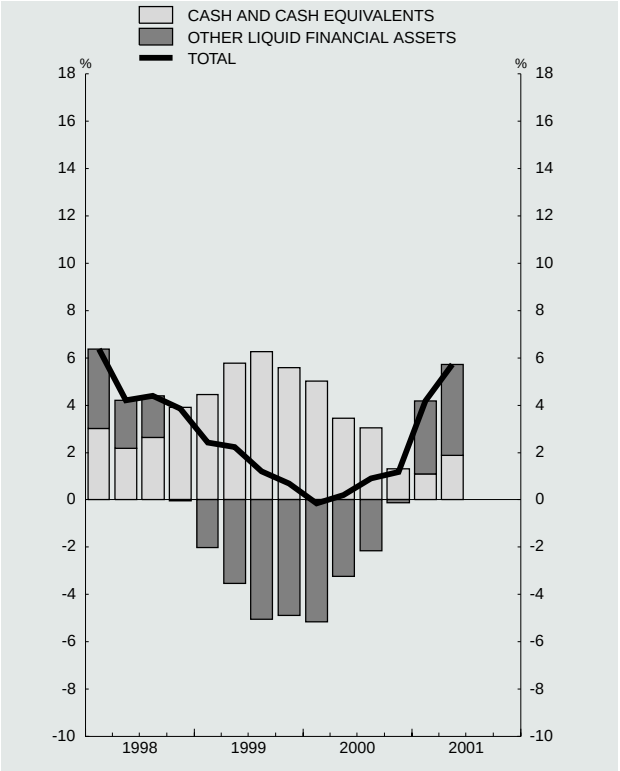
EUR millions and %

	Total		Cash and cash equivalents						Other liquid financial assets							Memorandum items	
	Stocks	4-quarter % change	Stocks	4-quarter % change	Contribution to col. 2	4-quarter % change			Stocks	4-quarter % change	Contribution to col. 2	4-quarter % change				Liquid financial assets broadly defines (d)	
						Cash	Sight deposits	Savings deposits (b)				Other deposits (c)	Repos	Credit institutions' securities	Money-market and fixed-income mutual fund shares (d)	Stocks	4-quarter % change
	1	2 ■	3	4 ■	5 ■	6	7	8	9	10 ■	11 ■	12	13	14	15	16	17
98	457 124	3.8	186 127	10.1	3.9	0.9	16.8	12.6	270 997	-0.1	-0.0	-7.8	-11.7	-14.8	9.6	495 690	8.5
99	460 240	0.7	211 620	13.7	5.6	8.3	19.0	13.9	248 621	-8.3	-4.9	10.7	-26.1	18.9	-23.2	527 083	6.3
00	465 642	1.2	217 638	2.8	1.3	-0.4	7.1	2.2	248 004	-0.2	-0.1	24.0	32.7	-25.9	-29.7	534 007	1.3
98 *Q2*	443 083	4.2	171 823	5.7	2.2	2.1	5.4	8.0	271 260	3.3	2.0	-11.7	-14.6	-0.3	23.1	473 281	8.2
Q3	448 323	4.4	174 110	7.0	2.6	0.9	10.5	8.9	274 213	2.8	1.8	-10.4	-11.2	-11.1	19.3	473 448	6.1
Q4	457 124	3.8	186 127	10.1	3.9	0.9	16.8	12.6	270 997	-0.1	-0.0	-7.8	-11.7	-14.8	9.6	495 690	8.5
99 *Q1*	453 132	2.4	187 549	11.7	4.4	2.9	19.1	13.2	265 583	-3.3	-2.0	-4.4	-27.9	-9.6	0.7	500 922	6.8
Q2	453 012	2.2	197 368	14.9	5.8	4.5	20.6	18.0	255 644	-5.8	-3.5	0.5	-29.2	7.0	-9.2	510 798	7.9
Q3	453 744	1.2	202 164	16.1	6.3	6.2	23.8	17.9	251 580	-8.3	-5.0	4.0	-31.1	8.4	-16.4	512 078	8.2
Q4	460 240	0.7	211 620	13.7	5.6	8.3	19.0	13.9	248 621	-8.3	-4.9	10.7	-26.1	18.9	-23.2	527 083	6.3
00 *Q1*	452 419	-0.2	210 227	12.1	5.0	6.0	17.1	12.7	242 192	-8.8	-5.2	18.7	2.3	-5.5	-32.4	526 231	5.1
Q2	453 895	0.2	212 946	7.9	3.4	6.2	9.7	7.8	240 949	-5.7	-3.2	22.7	18.5	-10.0	-33.0	524 591	2.7
Q3	457 830	0.9	216 007	6.8	3.1	4.2	11.4	5.8	241 823	-3.9	-2.2	25.1	38.1	-18.2	-34.7	530 510	3.6
Q4	465 642	1.2	217 638	2.8	1.3	-0.4	7.1	2.2	248 004	-0.2	-0.1	24.0	32.7	-25.9	-29.7	534 007	1.3
01 *Q1*	471 376	4.2	215 140	2.3	1.1	-1.6	7.7	1.4	256 236	5.8	3.1	24.3	12.4	-21.8	-19.5	534 393	1.6
Q2	479 811	5.7	221 467	4.0	1.9	-4.4	10.1	5.0	258 344	7.2	3.8	22.4	4.8	-44.0	-13.4	544 396	3.8

LIQUID FINANCIAL ASSETS OF HOUSEHOLDS AND NPISHs
Annual percentage change



LIQUID FINANCIAL ASSETS OF HOUSEHOLDS AND NPISHs
Contributions to the annual percentage change



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.6 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds.

(b) Deposits redeemable at up to and including 3 months' notice.

(c) Deposits redeemable at over 3 months' notice and time deposits.

(d) Defined as liquid financial assets plus shares in mutual funds other than money-market and fixed-income funds.

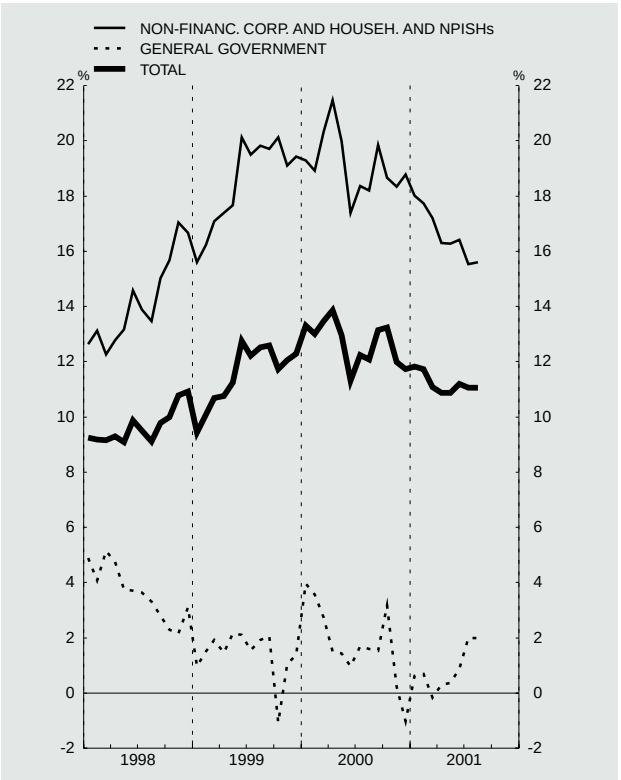
8.5 Financing of non-financial sectors resident in Spain (a)

■ Series depicted in chart.

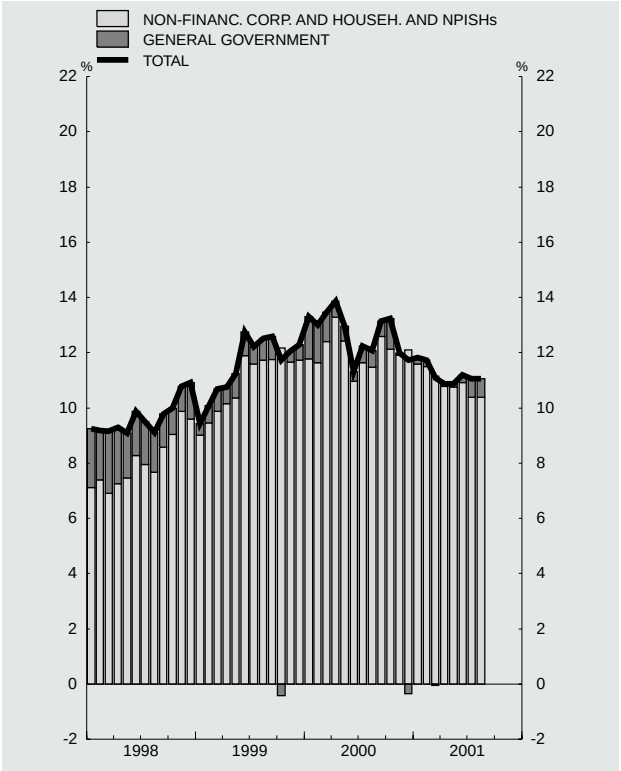
EUR millions and %

	Total			12-month % change						Contributions to col. 3					
	Stocks	Effective flow	12-month % change	General government (b)	Non-financial corporations and households and NPISHs					General government (b)	Non-financial corporations and households and NPISHs				
						Resident credit institutions' loans	Securitisation funds	Securities other than shares	External loans			Resident credit institutions' loans	Securitisation funds	Securities other than shares	External loans
	1	2	3 ■	4 ■	5 ■	6	7	8	9	10 ■	11 ■	12	13	14	15
98	778 122	14 372	10.9	3.1	16.7	16.1	56.1	-0.1	23.3	1.3	9.6	7.9	0.5	-0.0	1.2
99	876 410	17 820	12.3	1.4	19.4	16.4	60.4	19.3	36.8	0.5	11.7	8.4	0.7	0.4	2.2
00	981 840	17 850	11.7	-1.0	18.8	17.9	38.1	-12.7	29.9	-0.4	12.1	9.4	0.7	-0.3	2.3
00 *May*	914 453	5 996	13.0	1.4	20.0	18.1	53.4	3.9	32.3	0.5	12.4	9.4	0.8	0.1	2.2
Jun	930 170	15 740	11.3	1.0	17.4	16.2	68.4	8.1	18.7	0.4	11.0	8.4	1.0	0.2	1.4
Jul	942 811	13 210	12.2	1.7	18.4	17.4	57.2	-8.2	25.4	0.6	11.6	9.0	0.9	-0.2	1.9
Aug	941 265	-2 392	12.1	1.6	18.2	17.2	48.3	-8.9	27.1	0.6	11.5	8.9	0.8	-0.2	2.0
Sep	961 978	19 131	13.1	1.5	19.8	18.4	32.2	-9.3	36.6	0.6	12.6	9.6	0.6	-0.2	2.7
Oct	960 397	-1 748	13.2	3.2	18.7	16.9	31.0	-9.8	37.2	1.1	12.1	9.0	0.5	-0.2	2.8
Nov	963 720	3 652	12.0	0.2	18.3	18.0	25.2	-14.2	29.0	0.1	11.9	9.5	0.5	-0.3	2.3
Dec	981 840	17 850	11.7	-1.0	18.8	17.9	38.1	-12.7	29.9	-0.4	12.1	9.4	0.7	-0.3	2.3
01 *Jan*	993 353	11 980	11.8	0.6	18.0	15.9	38.6	-3.8	34.2	0.2	11.6	8.4	0.7	-0.1	2.7
Feb	992 770	-745	11.7	0.7	17.7	15.9	22.0	3.0	32.2	0.2	11.5	8.4	0.4	0.1	2.6
Mar	1 006 912	12 424	11.1	-0.2	17.2	15.2	19.8	-0.6	34.8	-0.1	11.1	8.0	0.4	-0.0	2.8
Apr	1 009 695	3 797	10.9	0.3	16.3	13.8	21.7	-3.5	37.0	0.1	10.8	7.4	0.4	-0.1	3.0
May	1 018 103	6 577	10.9	0.4	16.3	14.4	14.7	-4.4	34.1	0.1	10.8	7.7	0.3	-0.1	2.8
Jun	1 038 666	20 517	11.2	0.9	16.4	15.0	4.2	-5.9	35.1	0.3	10.9	8.1	0.1	-0.1	2.9
Jul	P 1 051 699	13 097	11.0	2.0	15.5	13.5	10.2	2.4	32.9	0.7	10.4	7.3	0.2	0.0	2.8
Aug	P 1 049 097	-2 535	11.0	2.0	15.6	13.3	10.1	5.4	33.6	0.7	10.4	7.1	0.2	0.1	2.9

FINANCING OF NON-FINANCIAL SECTORS
Annual percentage change



FINANCING OF NON-FINANCIAL SECTORS
Contributions to the annual percentage change



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.6 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) The 12-month % changes are calculated as the effective flow of the period / the stock at the beginning of the period. As full information is only available for the end of each calendar quarter, the data for the intervening months are partially estimated and revised when final quarterly data become available.

(b) Total liabilities less deposits.

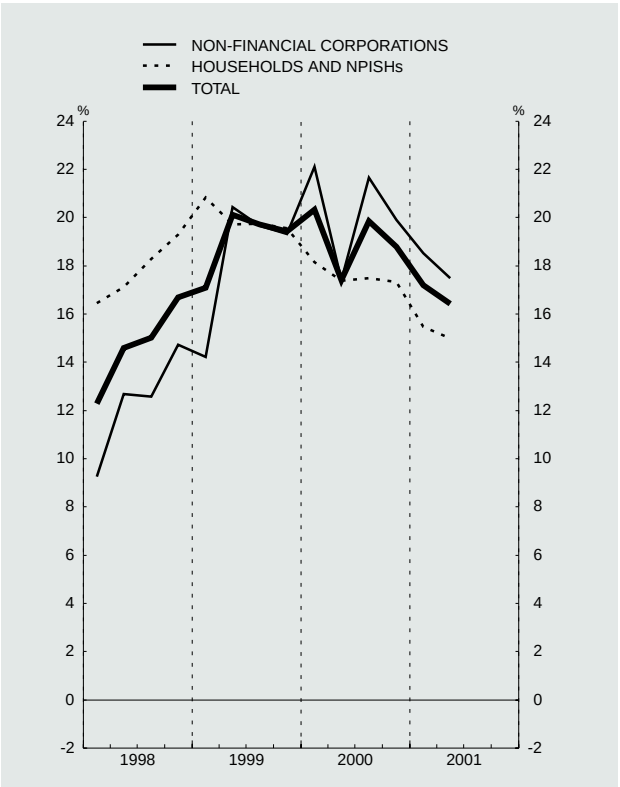
8.6. Financing of non-financial corporations, households and NPISHs resident in Spain (a)

■ Series depicted in chart.

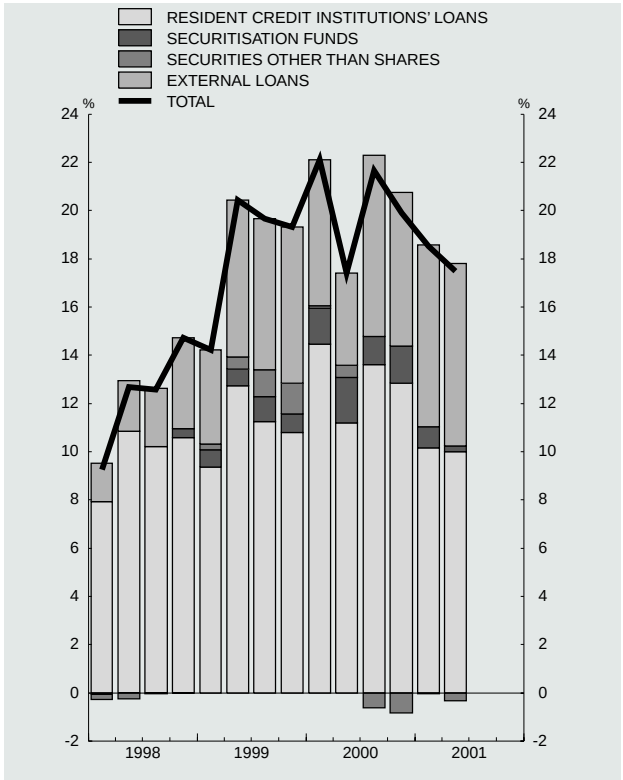
EUR millions and %

	Non-financial corporations														Households and NPISHs		
	Total			Resident credit institutions' loans			Financing by securitisation funds		Securities other than shares			External loans			Stocks	Effective flow	4-quarter % change
	Stocks	Effective flow	4-quarter % change	Stocks	4-quarter % change	Contribution to col.3	Stocks (b)	4-quarter % change	Stocks	4-quarter % change	Contribution to col.3	Stocks	4-quarter % change	Contribution to col.3			
	1	2	3 ■	4	5	6 ■	7	8	9	10	11 ■	12	13	14 ■	15	16	17 ■
98	264 092	34 018	14.7	194 662	14.2	10.6	5 832	17.5	17 419	-0.1	-0.0	46 179	23.5	3.8	205 910	33 509	19.3
99	318 596	51 014	19.3	222 321	14.7	10.8	7 867	34.9	20 778	19.3	1.3	67 630	37.0	6.5	245 453	40 289	19.6
00	385 225	63 435	19.9	262 564	18.4	12.8	12 749	62.1	18 134	-12.7	-0.8	91 778	30.0	6.4	287 430	42 525	17.3
98 *Q2*	245 737	11 082	12.7	181 564	14.9	10.9	4 997	-0.7	16 945	-2.9	-0.2	42 231	12.3	2.1	191 611	11 577	17.1
Q3	251 597	7 028	12.6	186 200	13.9	10.2	4 932	-0.8	17 279	-0.3	-0.0	43 185	14.5	2.4	196 227	5 202	18.3
Q4	264 092	12 164	14.7	194 662	14.2	10.6	5 832	17.5	17 419	-0.1	-0.0	46 179	23.5	3.8	205 910	9 991	19.3
99 *Q1*	267 724	3 112	14.2	192 523	12.8	9.4	6 521	33.4	18 314	3.4	0.3	50 367	22.9	3.9	216 510	10 751	20.8
Q2	297 332	27 927	20.4	211 460	17.2	12.7	6 677	33.6	18 236	7.6	0.5	60 958	37.9	6.5	228 187	11 810	19.7
Q3	303 000	6 294	19.7	213 560	15.2	11.2	7 575	53.6	20 093	16.3	1.1	61 771	36.5	6.3	234 204	6 208	19.8
Q4	318 596	13 680	19.3	222 321	14.7	10.8	7 867	34.9	20 778	19.3	1.3	67 630	37.0	6.5	245 453	11 521	19.6
00 *Q1*	330 711	11 252	22.1	230 415	20.1	14.5	10 540	61.6	18 603	1.6	0.1	71 153	32.1	6.0	255 138	9 776	18.2
Q2	351 343	20 540	17.4	243 878	15.7	11.2	12 280	83.9	19 714	8.1	0.5	75 471	18.7	3.8	267 121	12 168	17.4
Q3	373 503	20 160	21.7	254 012	19.3	13.6	11 082	46.3	18 225	-9.3	-0.6	90 185	36.8	7.5	274 464	7 484	17.5
Q4	385 225	11 483	19.9	262 564	18.4	12.8	12 749	62.1	18 134	-12.7	-0.8	91 778	30.0	6.4	287 430	13 096	17.3
01 *Q1*	395 799	9 099	18.5	263 422	14.6	10.2	13 443	27.5	18 487	-0.6	-0.0	100 446	35.0	7.5	294 057	6 688	15.5
Q2	417 478	20 684	17.5	278 467	14.4	10.0	13 065	6.4	18 556	-5.9	-0.3	107 390	35.3	7.6	306 719	12 796	15.0

FINANCING OF NON-FINANCIAL CORP. HOUSEHOLDS AND NPISHs
Annual percentage change



FINANCING OF NON-FINANCIAL CORPORATIONS
Contributions to the annual percentage change



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.6 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) The 4-quarter % changes are calculated as the effective flow of the period / the stock at the beginning of the period.

(b) Provisional data.

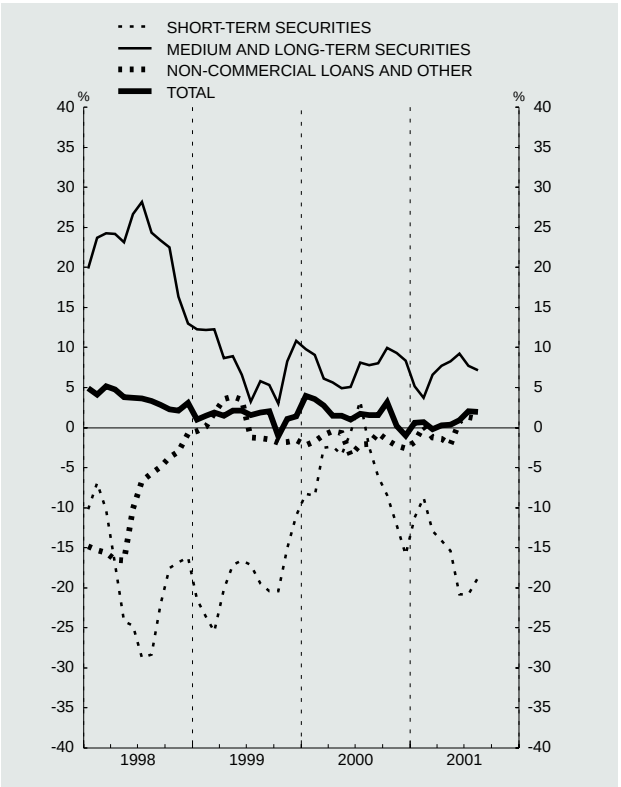
8.8. Net financing of Spain's general government

■ Series depicted in chart.

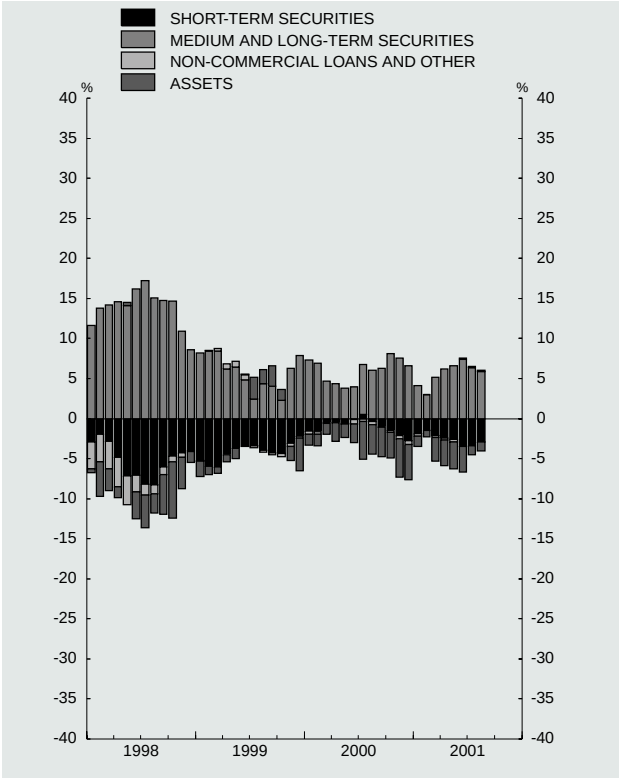
EUR millions and %

		Net financing			Monthly change in stocks						12-month % change in stocks					Contribution to 12-month % change in net stocks of liabilities			
					Liabilities				Assets		Liabilities					Liabilities			
		Net stock of liabilities	Monthly change (columns 4-8-9)	12-month % change of col. 1	Total	Securities		Non-commercial loans and other (a)	Deposits at the Banco de Espana	Other deposits (b)	Total	Securities		Non-commercial loans and other (a)	Assets	Securities		Non-commercial loans and other (a)	Assets
						Short-term	Medium and long-term					Short-term	Medium and long-term			Short-term	Medium and long-term		
		1	2	3 ■	4	5	6	7	8	9	10	11 ■	12 ■	13 ■	14	15 ■	16 ■	17 ■	18 ■
98	P	308 120	9 304	3.1	13 390	-11 786	25 608	-432	1 433	2 653	4.1	-16.2	13.0	-0.8	15.6	-3.9	8.6	-0.1	-1.4
99	P	312 361	4 241	1.4	16 644	-6 700	24 212	-868	8 020	4 383	4.9	-11.0	10.9	-1.6	41.1	-2.2	7.9	-0.3	-4.0
00	A	309 185	-3 176	-1.0	10 563	-8 605	20 562	-1 395	8 319	5 419	3.0	-15.8	8.3	-2.6	32.2	-2.8	6.6	-0.4	-4.4
00 *Mar*	A	317 580	6 039	2.7	-780	409	-1 620	431	-6 751	-67	3.7	-2.5	6.1	-0.9	12.0	-0.4	4.7	-0.2	-1.3
Apr	A	307 697	-9 883	1.5	-2 997	23	-3 551	531	5 514	1 373	3.4	-2.3	5.7	-0.4	18.8	-0.4	4.4	-0.1	-2.4
May	A	310 649	2 952	1.4	1 828	-576	2 466	-63	-891	-234	2.7	-3.4	4.9	-0.7	12.9	-0.6	3.8	-0.1	-1.6
Jun	A	311 705	1 056	1.0	1 825	254	2 627	-1 056	1 709	-940	2.9	-0.6	5.1	-3.5	18.5	-0.1	4.0	-0.6	-2.3
Jul	A	313 022	1 317	1.7	3 885	-1 200	5 043	42	438	2 130	5.8	3.3	8.1	-2.1	44.1	0.5	6.2	-0.4	-4.7
Aug	A	314 378	1 356	1.6	-1 301	-2 836	2 166	-631	-2 477	-181	4.8	-2.4	7.8	-2.0	34.2	-0.4	6.0	-0.4	-3.7
Sep	A	314 010	-368	1.5	1 569	-1 149	2 721	-3	1 507	430	4.6	-6.1	8.0	-0.7	31.8	-1.0	6.3	-0.1	-3.6
Oct	A	304 920	-9 090	3.2	2 493	-321	3 097	-283	10 590	993	5.5	-8.4	10.0	-1.6	19.3	-1.5	8.1	-0.3	-3.2
Nov	A	301 357	-3 563	0.2	1 378	-885	2 823	-559	3 025	1 916	4.3	-12.2	9.3	-2.2	29.6	-2.1	7.6	-0.4	-4.8
Dec	A	309 185	7 828	-1.0	885	-127	643	370	-6 569	-374	3.0	-15.8	8.3	-2.6	32.2	-2.8	6.6	-0.4	-4.4
01 *Jan*	A	317 753	8 568	0.6	-4 576	1 392	-6 119	151	-12 435	-709	1.7	-11.2	5.2	-1.8	10.4	-1.9	4.1	-0.3	-1.3
Feb	A	313 676	-4 077	0.7	559	440	-1 043	1 162	-3 376	8 013	1.3	-8.8	3.7	0.2	5.8	-1.5	3.0	0.0	-0.8
Mar	A	317 057	3 382	-0.2	3 343	-1 811	5 489	-334	-2 473	2 435	2.5	-12.9	6.6	-1.3	24.5	-2.1	5.2	-0.2	-3.0
Apr	A	308 608	-8 449	0.3	-999	-581	-872	454	1 485	5 964	3.1	-14.1	7.7	-1.4	22.0	-2.4	6.2	-0.2	-3.2
May	A	311 814	3 206	0.4	2 303	-1 178	3 962	-481	1 289	-2 192	3.2	-15.4	8.3	-2.2	23.1	-2.6	6.6	-0.4	-3.3
Jun	A	314 469	2 655	0.9	3 102	-2 633	5 213	522	1 062	-614	3.5	-20.8	9.2	0.8	22.0	-3.5	7.4	0.1	-3.2
Jul	A	319 282	4 813	2.0	1 113	-952	1 727	339	-2 122	-1 578	2.7	-20.8	7.7	1.3	7.6	-3.4	6.3	0.2	-1.2
Aug	A	320 624	1 342	2.0	-1 178	-1 242	841	-777	751	-3 270	2.8	-18.8	7.2	1.1	8.4	-2.9	5.9	0.2	-1.2

NET FINANCING OF GENERAL GOVERNMENT
Annual percentage changes



NET FINANCING OF GENERAL GOVERNMENT
Contributions to the annual percentage change



Source: BE.

(a) Including coined money and Caja General de Depositos.

(b) Tax collection accounts are not included.

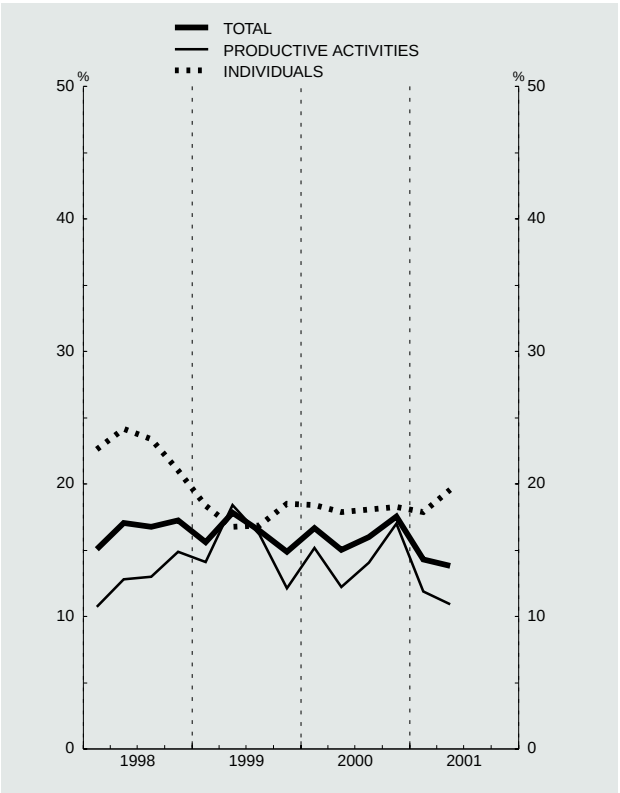
8.9 Credit by end-use of banks, savings banks and credit co-operatives resident in Spain

■ Series depicted in chart.

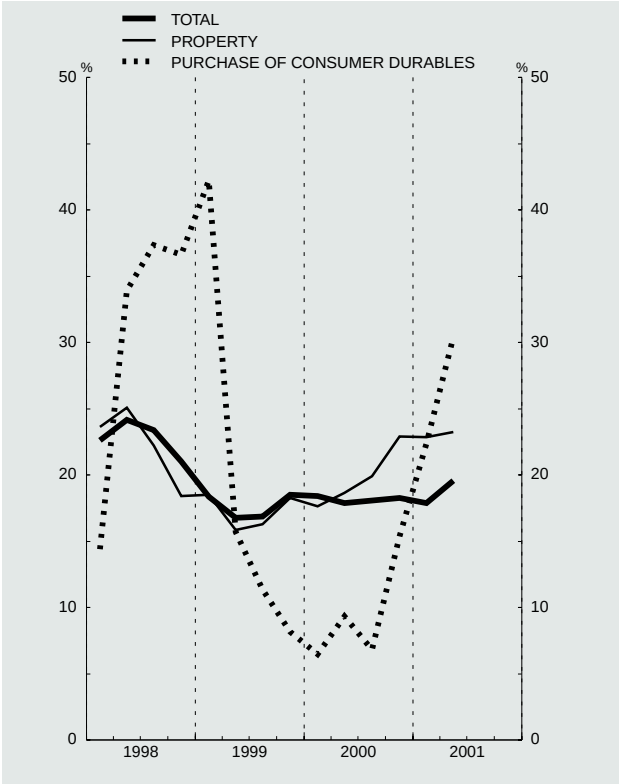
EUR millions and percentages

	Total (b)	Financing of productive activities					Financing of individuals						Financing of private non-profit entities	Unclassified (banks, savings banks and Official Credit Entities (a)	Unclassified: credit co-operatives
		Total	Agriculture and fisheries	Industry excluding construction	Construction	Services	Total	Home purchases	Home improvements	Real-estate purchases	Purchases of consumer durables	Other			
	1 ■	2 ■	3	4	5	6	7 ■	8 ■	9	10	11 ■	12	13	14	15
98	390 146	204 942	7 587	58 094	26 673	112 589	156 868	108 333	5 116	1 717	16 064	25 638	1 553	8 200	18 583
99	448 139	229 823	8 758	63 803	31 901	125 361	185 868	128 126	5 726	3 141	17 379	31 496	2 279	8 104	22 065
00	526 633	268 883	9 453	69 670	38 524	151 236	219 845	157 468	6 551	3 799	20 048	31 979	2 279	9 595	26 031
98 *Q2*	360 612	187 794	7 197	55 422	25 871	99 303	146 540	101 991	4 851	1 412	14 353	23 933	1 493	7 843	16 943
Q3	372 192	194 116	7 407	55 549	26 431	104 729	151 563	105 632	4 927	1 576	15 417	24 011	1 506	7 251	17 756
Q4	390 146	204 942	7 587	58 094	26 673	112 589	156 868	108 333	5 116	1 717	16 064	25 638	1 553	8 200	18 583
99 *Q1*	397 581	205 929	7 819	56 496	27 122	114 491	162 698	112 981	5 109	1 962	16 518	26 128	1 667	8 221	19 086
Q2	424 911	222 323	8 328	65 785	29 592	118 618	171 129	118 150	5 335	2 835	16 609	28 200	1 880	9 479	20 100
Q3	433 569	225 503	8 415	64 096	30 411	122 581	177 118	122 842	5 507	2 966	17 164	28 639	1 954	8 060	20 934
Q4	448 139	229 823	8 758	63 803	31 901	125 361	185 868	128 126	5 726	3 141	17 379	31 496	2 279	8 104	22 065
00 *Q1*	463 929	237 208	8 700	65 469	33 640	129 399	192 618	132 891	6 012	3 122	17 590	33 004	2 386	9 000	22 718
Q2	488 802	249 516	9 083	65 235	35 704	139 495	201 753	140 170	6 021	3 253	18 161	34 149	2 416	11 085	24 032
Q3	502 957	257 195	9 364	67 056	37 371	143 405	209 144	147 315	6 228	3 560	18 334	33 707	2 457	9 275	24 885
Q4	526 633	268 883	9 453	69 670	38 524	151 236	219 845	157 468	6 551	3 799	20 048	31 979	2 279	9 595	26 031
01 *Q1*	530 387	265 420	9 127	67 279	37 932	151 082	227 068	163 236	6 859	4 195	21 520	31 257	2 150	9 154	26 595
Q2	556 262	276 720	9 176	68 956	40 082	158 506	241 216	172 713	7 123	4 783	23 678	32 919	2 193	8 303	27 830

CREDIT BY END-USE
Annual percentage changes



CREDIT TO INDIVIDUALS BY END-USE
Annual percentage changes



Source: BE.

(a) Official Credit Entities are included from 1992.

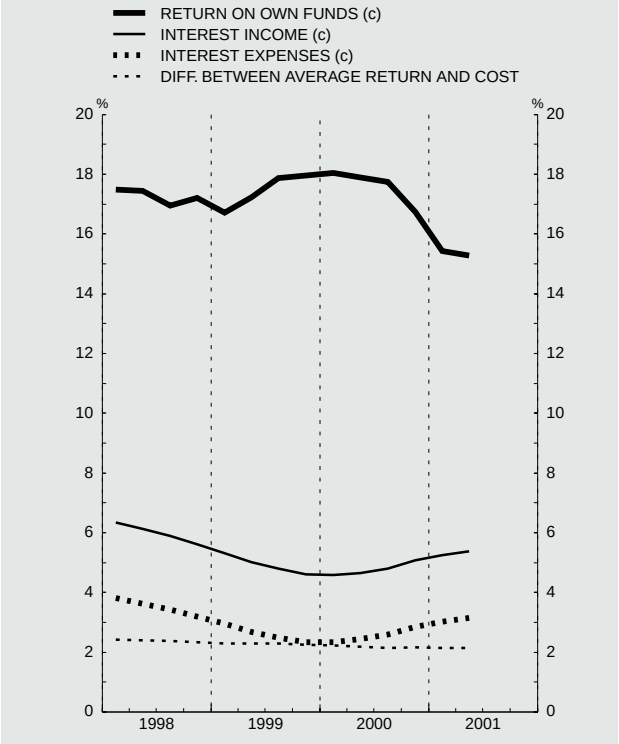
(b) Credit data obtained from the accounting statements established for supervision of resident institutions.

8.10. Profit and loss account of banks, savings banks and credit co-operatives resident in Spain

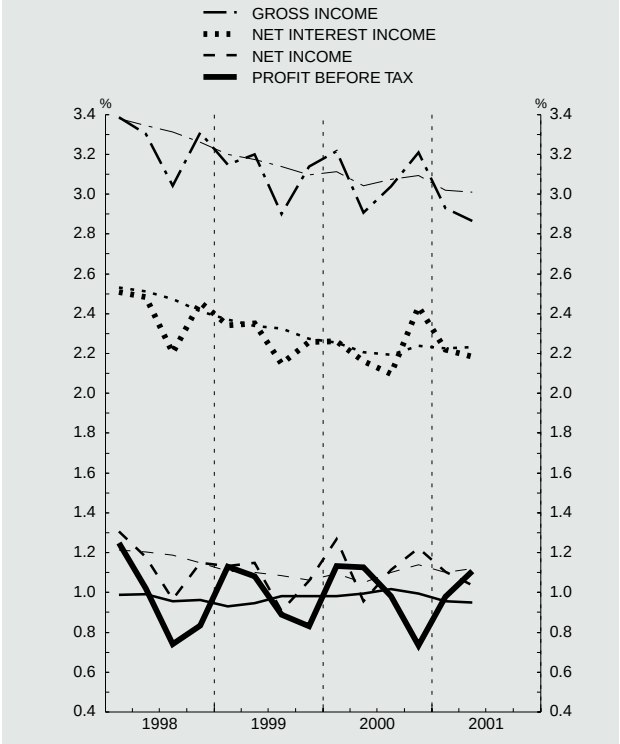
■ Series depicted in chart.

	As a percentage of the adjusted average balance sheet										Percentages			
	Interest income 1 ■	Interest expenses 2 ■	Net interest income 3 ■	Non interest income and expenses 4	Gross income 5 ■	Operating expenses: 6	Of which: Staff costs 7	Net income 8 ■	Provisions and other income and expenses 9	Profit before tax 10 ■	Return on own funds (a) 11 ■	Average return on lending operations (b) 12	Average cost of borrowing operations (b) 13	Difference (12-13) 14 ■
98	5.4	2.9	2.5	0.9	3.3	2.2	1.3	1.2	-0.8	0.8	15.6	6.0	3.7	2.3
99	4.6	2.3	2.3	0.9	3.1	2.1	1.2	1.1	-0.3	0.8	15.9	4.9	2.7	2.3
00	5.7	3.3	2.4	0.8	3.2	2.0	1.2	1.2	-0.6	0.7	11.9	5.5	3.3	2.2
98 *Q2*	5.8	3.4	2.5	0.8	3.3	2.1	1.3	1.2	-0.2	1.0	17.1	6.5	4.1	2.4
Q3	5.3	3.1	2.2	0.8	3.0	2.1	1.3	1.0	-0.2	0.7	13.4	6.3	3.9	2.4
Q4	5.4	2.9	2.5	0.9	3.3	2.2	1.3	1.2	-0.3	0.8	15.6	6.0	3.7	2.3
99 *Q1*	4.8	2.5	2.3	0.8	3.1	2.0	1.2	1.1	-0.0	1.1	20.8	5.7	3.4	2.3
Q2	4.6	2.3	2.4	0.8	3.2	2.1	1.3	1.1	-0.1	1.1	19.1	5.4	3.1	2.3
Q3	4.4	2.3	2.1	0.8	2.9	2.0	1.2	0.9	-0.0	0.9	16.0	5.1	2.9	2.3
Q4	4.6	2.3	2.3	0.9	3.1	2.1	1.2	1.1	-0.2	0.8	15.9	4.9	2.7	2.3
00 *Q1*	4.7	2.5	2.3	1.0	3.2	1.9	1.2	1.3	-0.1	1.1	21.2	4.9	2.7	2.2
Q2	4.9	2.7	2.2	0.7	2.9	2.0	1.2	1.0	0.2	1.1	18.5	5.0	2.8	2.2
Q3	5.0	2.9	2.1	0.9	3.0	1.9	1.2	1.1	-0.1	1.0	15.4	5.2	3.0	2.1
Q4	5.7	3.3	2.4	0.8	3.2	2.0	1.2	1.2	-0.5	0.7	11.9	5.5	3.3	2.2
01 *Q1*	5.4	3.2	2.2	0.7	2.9	1.8	1.1	1.1	-0.1	1.0	15.9	5.7	3.5	2.1
Q2	5.4	3.2	2.2	0.7	2.9	1.8	1.1	1.0	0.1	1.1	17.9	5.8	3.7	2.1

PROFIT AND LOSS ACCOUNT
Percentages of the adjusted average balance sheet and returns



PROFIT AND LOSS ACCOUNT
Percentages of the adjusted average balance sheet



Source: BE.

Note: The underlying series for this indicator are in Table 89.61 of the BE Boletín estadístico.

(a) Profit before tax divided by own funds (capital,reserves, and general risk fund less losses from previous financial years and intangible assets).

(b) Only those financial assets and liabilities which respectively give rise to financial income and costs have been considered to calculate the averge return and cost.

(c) Average of the last four quarters.

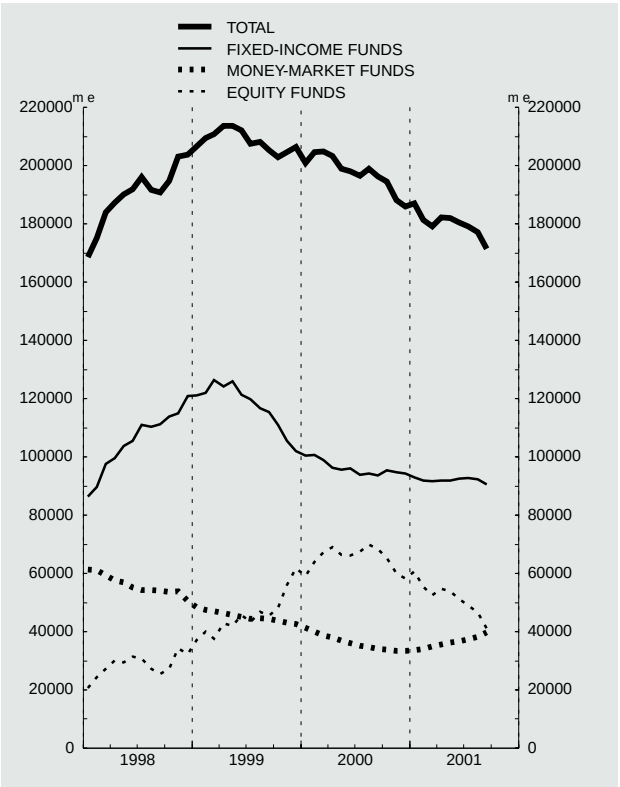
8.11. Mutual funds resident in Spain

■ Series depicted in chart.

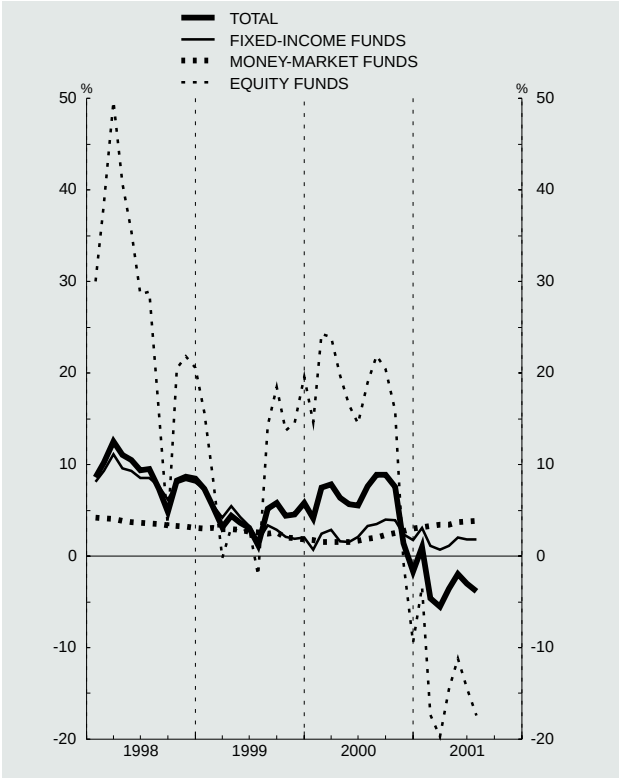
EUR millions

		Total				Money-market funds				Fixed-income funds				Equity funds			
			Of which				Of which				Of which				Of which		
		Net asset value	Monthly change	Net funds invested	Return over last 12 months	Net asset value	Monthly change	Net funds invested	Return over last 12 months	Net asset value	Monthly change	Net funds invested	Return over last 12 months	Net asset value	Monthly change	Net funds invested	Return over last 12 months
		1 ■	2	3	4 ■	5 ■	6	7	8 ■	9 ■	10	11	12 ■	13 ■	14	15	16 ■
98		203 774	41 324	28 165	8.5	50 643	-10 454	-12 268	3.1	120 791	36 522	26 086	8.1	32 340	15 256	14 347	20.5
99		206 292	2 518	-8 496	5.8	42 596	-8 047	-8 645	1.8	102 042	-18 748	-19 642	2.0	61 653	29 313	19 791	19.6
00		186 025	-20 267	-14 317	-1.7	33 325	-9 271	-10 156	3.0	94 361	-7 681	-14 670	1.8	58 339	-3 314	10 509	-9.4
00	*Jun*	198 074	-796	-948	5.5	35 997	-949	-975	1.7	95 972	376	-547	2.1	66 104	-224	574	14.5
	Jul	196 568	-1 506	-1 939	7.6	35 154	-843	-1 013	1.9	93 860	-2 112	-1 369	3.3	67 554	1 450	444	19.0
	Aug	198 995	2 427	-735	8.8	34 822	-332	-400	2.1	94 191	331	-690	3.5	69 982	2 428	355	21.9
	Sep	196 159	-2 836	-676	8.9	34 027	-796	-690	2.3	93 722	-469	-828	4.0	68 410	-1 572	842	20.4
	Oct	194 509	-1 650	-1 370	7.6	33 741	-286	-530	2.5	95 443	1 720	-1 038	3.9	65 325	-3 085	197	15.9
	Nov	188 117	-6 392	-1 039	1.4	33 316	-425	-531	2.8	94 698	-745	-517	2.3	60 103	-5 222	9	-0.7
	Dec	186 025	-2 092	-1 149	-1.7	33 325	9	-67	3.0	94 361	-336	-622	1.8	58 339	-1 764	-459	-9.4
01	*Jan*	187 105	1 079	-2 064	0.9	33 591	266	107	3.2	92 915	-1 446	-98	3.1	60 599	2 260	-2 073	-3.3
	Feb	181 391	-5 713	-541	-4.6	34 037	447	355	3.3	91 878	-1 037	-11	1.2	55 476	-5 123	-885	-17.3
	Mar	179 082	-2 309	-930	-5.5	34 946	908	793	3.4	91 639	-239	-707	0.7	52 497	-2 978	-1 016	-19.7
	Apr	182 303	3 221	254	-3.6	35 595	649	567	3.5	91 967	328	234	1.1	54 741	2 244	-547	-14.5
	May	182 075	-227	573	-1.9	36 204	608	600	3.7	91 962	-5	-338	2.0	53 910	-831	311	-11.2
	Jun P	180 536	-1 540	264	-3.0	36 721	517	414	3.8	92 589	627	615	1.8	51 226	-2 684	-765	-14.4
	Jul P	179 064	-1 472	-231	-3.8	37 376	655	511	3.8	92 656	67	-102	1.8	49 032	-2 193	-641	-17.4
	Aug P	177 086	-1 979	...	...	38 201	825	...	...	92 291	-365	...	...	46 594	-2 438	...	...
	Sep P	171 375	-5 711	...	...	39 723	1 523	...	...	90 520	-1 771	...	...	41 132	-5 462	...	...

NET ASSET VALUE



RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

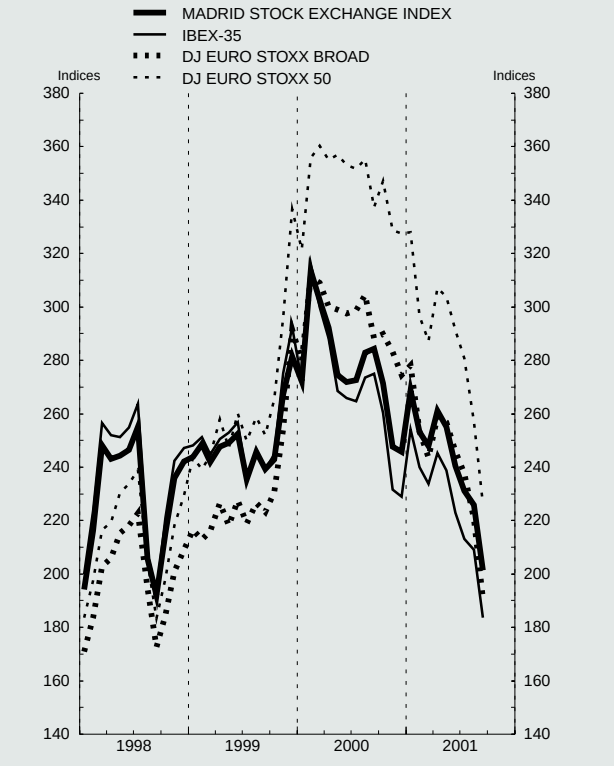
8.12. Share price indices and turnover on securities markets. Spain and euro area

■ Series depicted in chart.

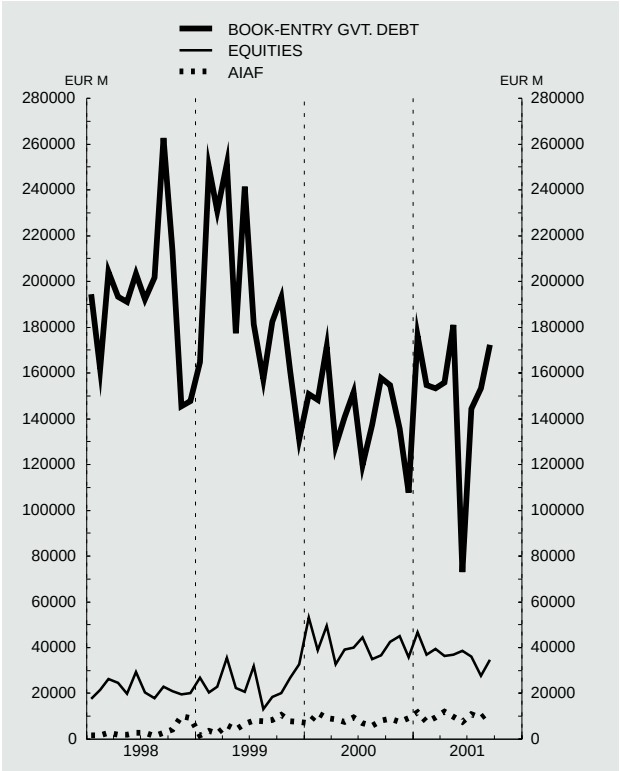
Indices, EUR millions and thousands of contracts

	Share price indices				Turnover on securities markets							
	General Madrid Stock Exchange	IBEX 35	Dow Jones EURO STOXX indices		Stock market		Book-entry government debt	AIAF fixed-income market	Financial options (thousands of contracts)		Financial futures (thousands of contracts)	
			Broad	50	Equities	Bonds			Fixed-income	Shares and other equities	Fixed-income	Shares and other equities
	1 ■	2 ■	3 ■	4 ■	5 ■	6	7 ■	8 ■	9	10	11	12
98	817.97	9 333.30	283.45	3 102.16	261 276	53 148	2 311 155	43 120	843	1 676	17 390	8 417
99	894.36	10 078.64	328.85	3 827.45	291 975	44 718	2 320 769	75 121	16	7 281	3 600	5 066
00	994.21	10 754.59	420.44	5 038.57	492 981	39 692	1 703 705	99 827	-	17 168	1 095	4 168
00 *Jun*	974.06	10 581.30	424.57	5 145.35	39 898	4 162	151 545	9 618	-	2 297	114	320
Jul	976.96	10 531.60	426.47	5 122.80	44 591	3 663	119 633	6 901	-	1 180	55	260
Aug	1 013.79	10 884.70	434.68	5 175.12	34 906	2 678	137 366	5 800	-	640	54	270
Sep	1 018.89	10 950.00	411.30	4 915.18	36 642	2 594	157 902	8 075	-	2 241	91	331
Oct	972.81	10 363.10	413.65	5 057.46	42 493	2 873	154 809	8 865	-	928	47	350
Nov	887.10	9 214.50	404.20	4 790.08	45 111	3 108	135 564	7 591	-	2 129	47	376
Dec	880.71	9 109.80	391.80	4 772.39	35 779	2 665	107 564	9 175	-	2 794	76	305
01 *Jan*	962.58	10 116.00	397.05	4 779.90	46 693	2 694	176 359	11 812	-	1 686	38	520
Feb	907.44	9 551.40	361.66	4 318.88	36 839	2 467	154 801	7 412	-	2 059	41	701
Mar	888.41	9 308.30	347.78	4 185.00	39 496	4 937	153 212	9 480	-	4 481	64	1 404
Apr	935.78	9 761.00	369.46	4 473.95	36 348	5 017	155 722	12 115	-	1 058	29	611
May	914.21	9 500.70	366.47	4 426.24	36 796	5 464	180 858	9 679	-	1 562	16	508
Jun	861.33	8 878.40	350.99	4 243.91	38 625	4 894	73 087	7 635	-	2 692	33	1 587
Jul	827.75	8 480.00	339.30	4 091.38	35 965	5 183	144 253	10 899	-	1 491	10	372
Aug	808.86	8 321.10	314.80	3 745.02	27 565	4 454	153 242	9 273	-	1 179	7	311
Sep P	721.94	7 314.00	272.46	3 296.66	34 706	4 460	172 391	12 307	-	2 032	24	426

SHARE PRICE INDICES
JAN 1994 = 100



TURNOVER ON SECURITIES MARKETS



Sources: Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (columns 1, 2, 5 and 6); Reuters (columns 3 and4); AIAF (column 8) and Spanish Financial Futures Market (MEFFSA) (columns 9 to 12)

9.1. Interest rates. Eurosystem and money market. Euro area and Spain

■ Series depicted in chart.

Averages of daily data. Percentages per annum

	Eurosystem monetary policy operations				Money market											
	Main refinancing operations: weekly tenders	Longer term refinancing operations: monthly tenders	Standing facilities		Euro area: deposits (Euribor) (a)				Spain							
									Non-transferable deposits				Govermment-securities repos			
			Marginal lending	Deposit	Overnight (EONIA)	1-month	3-month	1-year	Overnight	1-month	3-month	1-year	Overnight	1-month	3-month	1-year
	1 ■	2	3 ■	4 ■	5 ■	6	7 ■	8 ■	9	10	11	12	13	14	15	16
98	-	-	-	-	3.09	3.34	3.88	3.15	4.33	4.33	4.24	4.00	4.08	4.04	3.97	3.86
99	3.00	3.26	4.00	2.00	3.04	3.51	2.96	3.83	2.72	2.84	2.94	3.16	2.66	2.70	2.76	2.76
00	4.79	4.75	5.75	3.75	4.83	4.95	4.39	4.88	4.11	4.22	4.38	4.77	4.05	4.13	4.27	4.63
00 *Jun*	4.29	4.49	5.25	3.25	4.29	4.37	4.50	4.96	4.27	4.34	4.50	4.95	4.20	4.26	4.41	4.78
Jul	4.30	4.59	5.25	3.25	4.31	4.41	4.58	5.11	4.30	4.38	4.57	5.10	4.27	4.32	4.48	4.99
Aug	4.68	4.84	5.25	3.25	4.42	4.57	4.78	5.25	4.41	4.55	4.78	5.27	4.33	4.46	4.67	5.02
Sep	4.65	4.84	5.50	3.50	4.59	4.70	4.85	5.22	4.58	4.68	4.85	5.19	4.53	4.60	4.74	5.12
Oct	4.80	5.06	5.75	3.75	4.76	4.85	5.04	5.22	4.74	4.83	5.03	5.19	4.69	4.75	4.91	-
Nov	4.82	5.03	5.75	3.75	4.83	4.92	5.09	5.19	4.83	4.91	5.08	5.16	4.80	4.84	4.92	5.10
Dec	4.79	4.75	5.75	3.75	4.83	4.95	4.94	4.88	4.83	4.93	4.93	4.86	4.78	4.79	4.76	-
01 *Jan*	4.76	4.66	5.75	3.75	4.76	4.80	4.77	4.57	4.75	4.78	4.75	4.56	4.72	4.67	4.60	4.38
Feb	4.78	-	5.75	3.75	4.99	4.80	4.76	4.59	4.96	4.78	4.73	4.59	4.89	4.65	4.59	4.42
Mar	4.75	4.47	5.75	3.75	4.78	4.78	4.71	4.47	4.77	4.75	4.70	4.48	4.75	4.68	4.55	4.34
Apr	4.77	4.67	5.75	3.75	5.06	4.78	4.68	4.48	4.98	4.78	4.67	4.46	4.84	4.66	4.54	4.32
May	4.55	4.49	5.50	3.50	4.65	4.66	4.64	4.52	4.63	4.63	4.63	4.51	4.53	4.55	4.47	4.31
Jun	4.54	4.36	5.50	3.50	4.54	4.53	4.45	4.31	4.53	4.51	4.45	4.29	4.48	4.43	4.32	4.17
Jul	4.51	4.39	5.50	3.50	4.51	4.52	4.47	4.31	4.50	4.50	4.44	4.30	4.49	4.45	4.35	4.18
Aug	4.50	4.20	5.25	3.25	4.49	4.46	4.35	4.11	4.48	4.44	4.36	4.11	4.45	4.36	4.23	4.10
Sep	3.55	3.55	4.75	2.75	3.99	4.05	3.98	3.77	3.98	4.03	3.96	3.76	3.97	3.94	3.87	3.69

EUROSYSTEM: MONETARY POLICY OPERATIONS AND EURO AREA OVERNIGHT DEPOSITS

INTERBANK MARKET: EURO AREA 3-MONTH AND 1-YEAR RATES

Source: ECB (columns 1 to 8).

(a) To December 1998, synthetic euro area rates have been calculated on the basis of national rates weighted by GDP

9.2. Interest rates: Spanish short-term and long-term securities markets

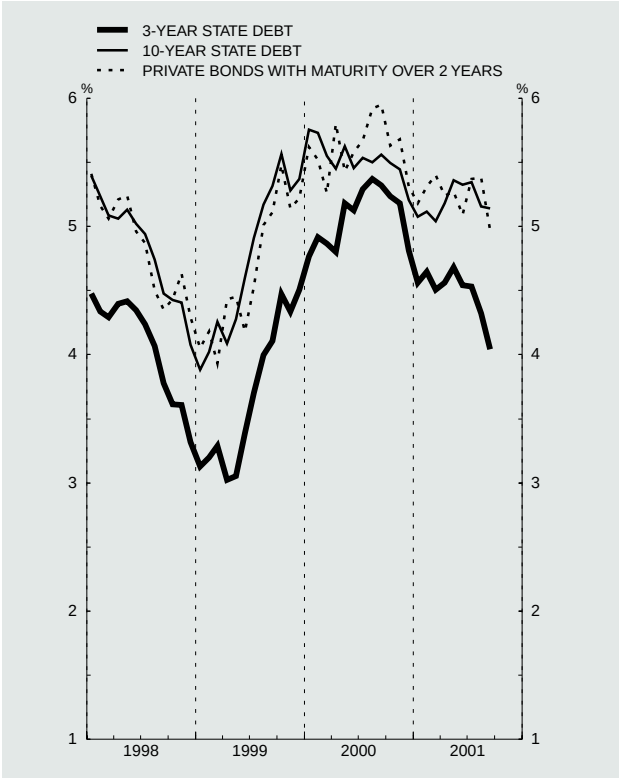
■ Series depicted in chart.

Percentages per annum

	Short-term securities				Long-term securities							
	One-year Treasury bills		One-year commercial paper		State debt							Private bonds with a maturity of over two years traded on the AIAF
	Marginal rate at issue	Secondary market: outright spot purchases between market members	Rate at issue	Secondary market: outright spot purchases	Marginal rate at issue					Secondary market. Book-entry debt. Outright spot purchases between market members		
					3-year bonds	5-year bonds	10-year bonds	15-year bonds	30-year bonds	At 3-years	At 10-years	
	1 ■	2	3 ■	4	5	6	7	8	9	10 ■	11 ■	12 ■
98	3.82	3.79	3.96	3.99	4.15	4.48	4.93	5.22	5.59	4.07	4.83	4.84
99	3.04	3.01	3.12	3.14	3.79	4.12	4.77	5.08	5.43	3.69	4.73	4.65
00	4.65	4.62	4.76	4.79	5.10	5.28	5.56	5.68	5.93	5.07	5.53	5.61
00 *Jun*	4.76	4.82	4.95	5.06	5.10	5.18	5.43	5.58	-	5.13	5.46	5.58
Jul	4.99	4.96	5.14	5.05	5.20	5.40	5.54	-	5.82	5.29	5.53	5.67
Aug	5.12	5.06	5.12	5.25	5.31	5.35	5.47	5.55	-	5.37	5.50	5.92
Sep	5.07	5.05	5.22	5.19	5.42	5.42	5.58	-	5.68	5.32	5.56	5.95
Oct	5.09	5.05	5.15	5.30	5.24	5.33	5.58	5.70	-	5.23	5.49	5.63
Nov	5.04	5.01	5.17	5.25	5.19	5.36	5.53	-	5.91	5.18	5.45	5.68
Dec	4.72	4.65	4.86	5.04	4.81	4.99	5.24	5.50	-	4.81	5.20	5.31
01 *Jan*	4.41	4.33	4.57	4.67	4.54	4.69	5.10	-	5.63	4.56	5.08	5.18
Feb	4.35	4.34	4.55	4.67	-	4.69	5.08	5.30	-	4.64	5.12	5.31
Mar	4.27	4.29	4.38	4.54	4.59	-	5.07	-	5.61	4.50	5.04	5.40
Apr	4.33	4.34	4.45	4.66	-	4.64	5.11	5.29	-	4.56	5.18	5.24
May	4.44	4.36	4.69	4.61	4.67	-	5.23	-	5.80	4.68	5.36	5.27
Jun	4.17	4.15	4.33	4.34	-	4.84	5.40	5.54	-	4.54	5.33	5.09
Jul	4.25	4.19	4.33	4.39	4.65	-	5.46	-	5.98	4.53	5.35	5.37
Aug	4.00	3.99	4.16	4.29	-	4.66	5.25	5.40	-	4.32	5.16	5.38
Sep	3.55	3.55	3.82	3.68	4.30	-	5.24	-	5.77	4.04	5.14	4.97

PRIMARY MARKET

SECONDARY MARKET



Sources: Main issuers (column 3); AIAF (columns 4 and 12).

9.3 Interest rates:banks and savings banks resident in Spain

■ Series depicted in chart.

Percentages

		Banks									Savings banks							
		Lending rates					Borrowing rates				Lending rates				Borrowing rates			
		Synthetic rate ■ 1	Commercial discount up to three months 2	Credit accounts at 1-3 years 3	Loans at 3 years and over 4	Mortgage loans over 3 years ■ 5	Synthetic rate ■ 6	Current accounts 7	Repos on bills up to three months 8	Deposits at 1-2 years ■ 9	Synthetic rate ■ 10	Credit accounts at 1-3 years 11	Loans at 3 years and over 12	Mortgage loans over 3 years ■ 13	Synthetic rate ■ 14	Current accounts 15	Repos on bills up to three months 16	Deposits at 1-2 years ■ 17
98	M	5.82	6.31	5.99	7.37	5.56	2.66	2.49	4.02	2.88	6.04	7.02	8.29	5.76	2.79	2.21	3.99	3.34
99	M	4.69	5.25	4.66	6.13	4.59	1.64	1.54	2.63	1.98	5.05	6.22	7.48	4.88	1.93	1.64	2.56	2.28
00	M	5.84	6.42	5.71	7.24	5.71	2.43	2.07	4.04	3.29	6.03	7.21	8.24	5.82	2.61	2.10	3.94	3.43
00	*Jun*	5.75	6.57	5.49	7.24	5.65	2.42	1.97	4.17	3.32	5.97	7.21	8.16	5.75	2.62	2.10	4.02	3.48
	Jul	6.16	6.55	5.82	7.18	5.88	2.47	2.03	4.26	3.62	6.15	7.29	8.46	5.90	2.65	2.20	4.15	3.57
	Aug	6.49	6.65	6.15	7.30	5.98	2.59	2.23	4.33	3.58	6.35	7.50	8.52	6.08	2.71	2.22	4.21	3.64
	Sep	6.25	6.77	6.19	7.81	6.24	2.66	2.27	4.55	3.11	6.42	7.50	8.67	6.23	2.85	2.30	4.37	3.83
	Oct	6.20	6.95	6.13	7.74	6.16	2.85	2.40	4.71	3.94	6.53	7.80	8.79	6.40	2.99	2.41	4.55	3.96
	Nov	6.15	7.01	6.70	7.63	6.22	3.02	2.49	4.83	3.91	6.68	7.86	8.79	6.47	3.00	2.46	4.64	4.03
	Dec	6.19	6.94	6.11	7.45	6.26	3.01	2.50	4.82	3.98	6.55	7.66	8.60	6.49	3.03	2.46	4.70	4.01
01	*Jan*	6.01	6.96	6.09	7.63	6.25	3.04	2.57	4.75	3.52	6.58	7.72	8.95	6.53	3.02	2.49	4.61	3.98
	Feb	6.09	7.05	6.46	7.10	6.13	3.06	2.59	4.75	3.45	6.38	7.71	8.89	6.43	3.03	2.49	4.70	3.84
	Mar	5.92	6.89	6.21	7.45	5.97	3.09	2.61	4.66	3.84	6.26	7.53	8.75	6.32	2.98	2.45	4.56	3.80
	Apr	6.13	6.88	6.04	7.51	5.81	3.04	2.59	4.68	3.26	6.19	7.60	8.54	6.24	2.97	2.51	4.49	3.67
	May	5.99	6.88	6.00	7.66	5.76	3.00	2.64	4.50	3.16	6.09	7.56	8.72	6.10	2.96	2.48	4.41	3.69
	Jun	5.74	6.80	5.86	7.37	5.64	2.95	2.51	4.46	3.06	5.94	7.09	8.62	5.97	2.88	2.45	4.31	3.60
	Jul	5.71	6.83	6.01	7.26	5.63	2.91	2.47	4.38	3.00	5.96	7.33	8.54	5.91	2.85	2.36	4.34	3.61
	Aug	5.81	6.77	6.10	7.93	5.59	2.91	2.49	4.43	3.12	5.98	7.44	8.66	5.85	2.84	2.43	4.23	3.54
	Sep	5.38	6.53	6.01	7.38	5.48	2.66	2.33	3.92	2.62	5.74	7.43	8.55	5.77	2.68	2.25	3.87	3.30

BANKS

SAVINGS BANKS

Source: BE.

Note: The underlying series for this indicator are in Tables 18.3 and 18.4 of the BE Boletín estadístico.

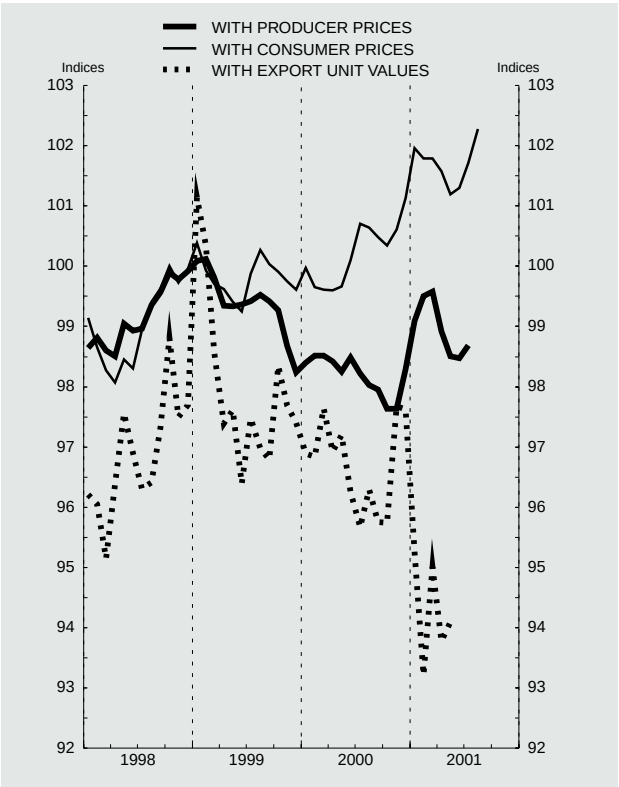
9.4 Indices of Spanish competitiveness vis-à-vis the EU and the euro area.

■ Series depicted in chart.

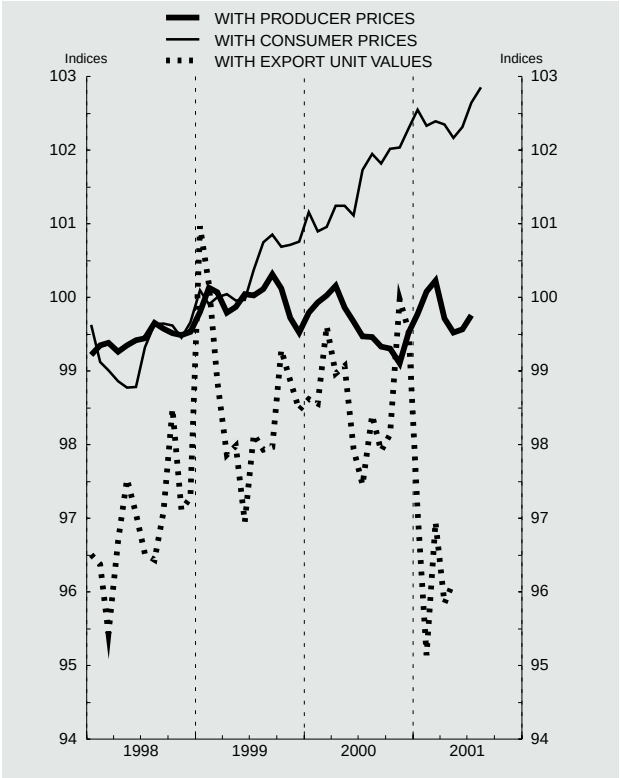
Base 1999 QI = 100

	Vis-à-vis the EU									Vis-à-vis the euro area			
	Total (a)				Nominal component (b)	Price component (c)				Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Based on export unit values
	Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Based on export unit values		Based on producer prices	Based on consumer prices	Based on manufacturing unit costs	Based on export unit values				
	1 ■	2 ■	3	4 ■	5	6	7	8	9	10 ■	11 ■	12	13 ■
98	99.2	99.1	98.3	96.9	99.8	99.3	99.2	98.4	97.0	99.4	99.3	98.3	96.9
99	99.4	99.8	99.6	98.0	99.5	99.9	100.3	100.1	98.5	100.0	100.3	100.1	98.6
00	98.2	100.2	102.2	96.7	98.5	99.7	101.7	103.7	98.2	99.6	101.5	103.7	98.7
99 *Q3*	99.5	100.1	99.5	97.1	99.4	100.1	100.7	100.1	97.7	100.1	100.7	99.9	98.0
Q4	98.7	99.8	99.5	97.8	99.1	99.7	100.7	100.4	98.7	99.8	100.7	100.4	98.9
00 *Q1*	98.5	99.8	99.8	97.1	98.6	99.9	101.1	101.2	98.5	99.9	101.0	101.3	98.9
Q2	98.4	99.8	101.2	96.8	98.5	99.9	101.3	102.8	98.3	99.9	101.2	102.8	98.7
Q3	98.1	100.6	103.0	95.9	98.6	99.5	102.1	104.5	97.3	99.4	101.8	104.5	97.9
Q4	97.9	100.7	104.5	97.0	98.4	99.4	102.3	106.2	98.6	99.3	102.1	106.3	99.2
01 *Q1*	99.4	101.9	105.9	94.5	99.1	100.3	102.8	106.9	95.4	100.0	102.4	107.1	96.4
Q2	98.6	101.4	106.1	...	98.8	99.8	102.6	107.4	...	99.6	102.3	107.8	...
00 *Dec*	98.3	101.1	...	97.6	98.7	99.6	102.5	...	98.9	99.5	102.3	...	99.5
01 *Jan*	99.1	102.0	...	95.2	99.1	100.0	102.9	...	96.1	99.8	102.5	...	97.1
Feb	99.5	101.8	...	93.2	99.1	100.4	102.7	...	94.0	100.1	102.3	...	95.1
Mar	99.6	101.8	...	95.0	99.1	100.5	102.7	...	95.9	100.2	102.4	...	96.9
Apr	98.9	101.6	...	93.8	98.9	100.0	102.7	...	94.8	99.7	102.4	...	95.8
May	98.5	101.2	...	94.1	98.8	99.7	102.5	...	95.3	99.5	102.2	...	96.1
Jun	98.5	101.3	...	...	98.7	99.7	102.6	...	...	99.6	102.3	...	...
Jul	98.7	101.7	...	...	98.7	100.0	103.0	...	...	99.8	102.6	...	...
Aug	...	102.3	...	...	99.1	...	103.2	...	...	...	102.9	...	...
Sep	...	...	...	...	99.1	...	...	...	...	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE UE



INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE EURO AREA



Source: BE.

(a) Outcome of multiplying nominal and price components. A decline in the index denotes an improvement in the competitiveness of Spanish products.

(b) Geometric mean calculated using a double weighting system based on 1995-1997 foreign trade figures.

(c) Relationship between the price indices of Spain and of the group.

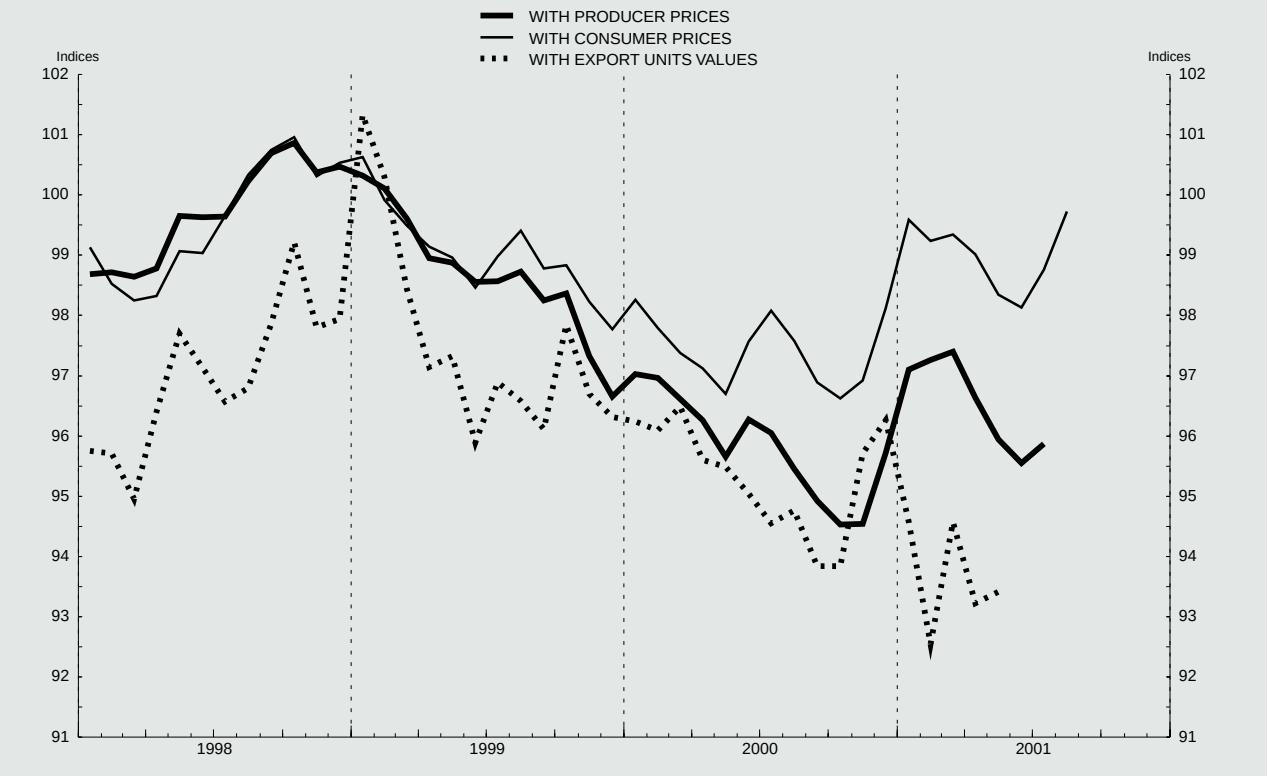
9.5 Indices of Spanish competitiveness vis-à-vis the developed countries.

■ Series depicted in chart.

Base 1999 QI = 100

	Total (a)				Nominal component (b)	Price component (c)			
	Based on producer prices	Based on consumer	Based on manufacturing unit labour costs	Based on export unit values		Based on producer prices	Based on consumer prices	Based on manufacturing unit labour cost	Based on export unit values
	1 ■	2 ■	3	4 ■	5	6	7	8	9
98	99.7	99.6	98.6	97.0	100.4	99.3	99.2	98.2	96.6
99	98.7	99.0	99.0	97.6	98.7	100.0	100.3	100.3	98.8
00	95.8	97.4	99.6	95.3	95.8	100.1	101.7	104.1	99.5
99 *Q3*	98.5	99.1	98.7	96.5	98.4	100.1	100.7	100.3	98.1
Q4	97.5	98.3	98.3	97.0	97.6	99.8	100.7	100.7	99.3
00 *Q1*	96.9	97.8	98.2	96.3	96.7	100.2	101.1	101.6	99.6
Q2	96.1	97.1	98.9	95.4	95.8	100.2	101.3	103.1	99.5
Q3	95.5	97.5	100.2	94.4	95.5	99.9	102.1	104.9	98.8
Q4	94.9	97.2	101.2	95.3	95.0	100.0	102.4	106.6	100.3
01 *Q1*	97.3	99.4	103.7	93.9	96.7	100.6	102.8	107.2	97.2
Q2	96.0	98.5	103.3	...	95.9	100.2	102.7	107.8	...
00 *Dec*	95.7	98.1	...	96.3	95.7	100.1	102.6	...	100.6
01 *Jan*	97.1	99.6	...	94.6	96.8	100.3	102.8	...	97.7
Feb	97.3	99.2	...	92.5	96.6	100.7	102.7	...	95.8
Mar	97.4	99.3	...	94.6	96.6	100.8	102.8	...	97.9
Apr	96.6	99.0	...	93.2	96.3	100.3	102.8	...	96.8
May	95.9	98.3	...	93.4	95.8	100.1	102.6	...	97.5
Jun	95.6	98.1	...	...	95.5	100.1	102.8	...	...
Jul	95.9	98.8	...	...	95.7	100.2	103.2	...	...
Aug	...	99.7	...	...	96.4	...	103.4	...	...
Sep	...	...	...	...	96.5	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS-À-VIS THE DEVELOPED COUNTRIES



Source: BE.

(a) Outcome of multiplying nominal and cost/price components. A decline in the index denotes an improvement in the competitiveness of Spanish products.

(b) Geometric mean calculated using a double weighting system based on 1995-1997 foreign trade figures.

(c) Relationship between the price indices of Spain and of the group.

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