ECONOMIC BULLETIN

10/2004

BANCO DE ESPAÑA

All of the Banco de España's regular reports
and publications can be found on the Internet
at http://www.bde.es

ISSN: 1130 - 4987 (print)
ISSN: 1695 - 9086 (online)
Depósito legal: M. 31904 - 1990
Printed in Spain by Artes Gráficas Coyve, S. A.

ABBREVIATIONS

AIAF	Association of Securities Dealers
BCBS	Basel Committee on Banking Supervision
BE	Banco de España
BIS	Bank for International Settlements
CBSO	Central Balance Sheet Data Office
CCR	Central Credit Register
CEMLA	Center for Latin American Monetary Studies
CEPR	Centre for Economic Policy Research
CNE	Spanish National Accounts
CNMV	National Securities Market Commission
CPI	Consumer price index
DGS	Directorate General of Insurance and Pension Funds
EAGGF	European Agricultural Guidance and Guarantee Fund
ECB	European Central Bank
ECCO	ECB External Communications Committee
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
EU-15	Countries making up the European Union as at 31/04/04
EU-25	Countries making up the European Union as from 1/5/04
EUROSTAT	Statistical Office of the European Communities
FASE	Financial Accounts of the Spanish Economy
FDI	Foreign direct investment
FIAMM	Money market funds
FIM	Securities funds
GDI	Gross disposable income
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GNP	Gross national product
GVA	Gross value added
HICP	Harmonised index of consumer prices
IADB	Inter-American Development Bank
ICT	Information and communications technology
IGAE	National Audit Office
IMF	International Monetary Fund
INE	National Institute of Statistics
INVERCO	Association of Collective Investment Institutions and Pension Funds
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
NPISHs	Non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
PPP	Purchasing power parity
QNA	Quarterly National Accounts
SCLV	Securities Clearing and Settlement Service
SDRs	Special drawing rights
SMEs	Small and medium-sized enterprises
TARGET	Trans-European Automated Real-time Gross settlement Express Transfer system
TFP	Total factor productivity
ULCs	Unit labour costs
VAT	Value added tax
XBRL	Extensible Business Reporting Language

COUNTRIES AND CURRENCIES

In accordance with Community practice, the EU countries are listed using the alphabetical order of the country names in the national languages.

BE	Belgium	EUR (euro)
CZ	Czech Republic	CZK (Czech koruna)
DK	Denmark	DKK (Danish krone)
DE	Germany	EUR (euro)
EE	Estonia	EEK (Estonia kroon)
GR	Greece	EUR (euro)
ES	Spain	EUR (euro)
FR	France	EUR (euro)
IE	Ireland	EUR (euro)
IT	Italy	EUR (euro)
CY	Cyprus	CYP (Cyprus pound)
LV	Latvia	LVL (Latvian lats)
LT	Lithuania	LTL (Lithuanian litas)
LU	Luxembourg	EUR (euro)
HU	Hungary	HUF (Hungarian forint)
MT	Malta	MLT (Maltese lira)
NL	Netherlands	EUR (euro)
AT	Austria	EUR (euro)
PL	Poland	PLN (Polish zloty)
PT	Portugal	EUR (euro)
SI	Slovenia	SIT (Slovenian tolar)
SK	Slovakia	SKK (Slovakian koruna)
FI	Finland	EUR (euro)
SE	Sweden	SEK (Swedish krona)
UK	United Kingdom	GBP (Pound sterling)
JP	Japan	JPY (Japanese yen)
US	United States	USD (US 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.
Q1, Q4	Calendar quarters.
H1, H2	Calendar half-years.
bn	Billions (10^9).
m	Millions.
bp	Basis points.
pp	Percentage points.
...	Not available.
—	Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth.
0.0	Less than half the final digit shown in the series.

CONTENTS

1 Overview

The expansion of the world economy has progressively taken root as 2004 has unfolded; generally, however, growth rates are expected to slacken slightly in the second half of the year. The strong increase in oil prices has fed through moderately to the inflation rates of the different economies without the inflationary outlook having so far worsened significantly, and stability prevails on international financial markets. Nonetheless, the persistence of significantly high crude oil prices over the medium-term horizon, as presaged by the futures markets and numerous specialist agencies, might ultimately affect consumer and business expectations and limit growth in the world economy in 2005.

Against this background, the pace of growth in the Spanish economy has remained sustained, similar to that in the first half of the year, without substantial changes in its determinants being perceptible: national demand is driving output growth, while the contribution of net external demand remains very negative. The growing recovery in investment in equipment, which has combined with the ongoing buoyancy of consumption and investment in construction, is the highlight of the latest data, along with the continuing firmness of employment creation. The growth rate of goods exports has stepped up during the year — in relation to the low figures in 2003 and in step with the pick-up on international markets — but their positive contribution has been more than offset by poor tourism results and the notable increase in imports. In terms of sectors, industry and construction have shown the most stable performance.

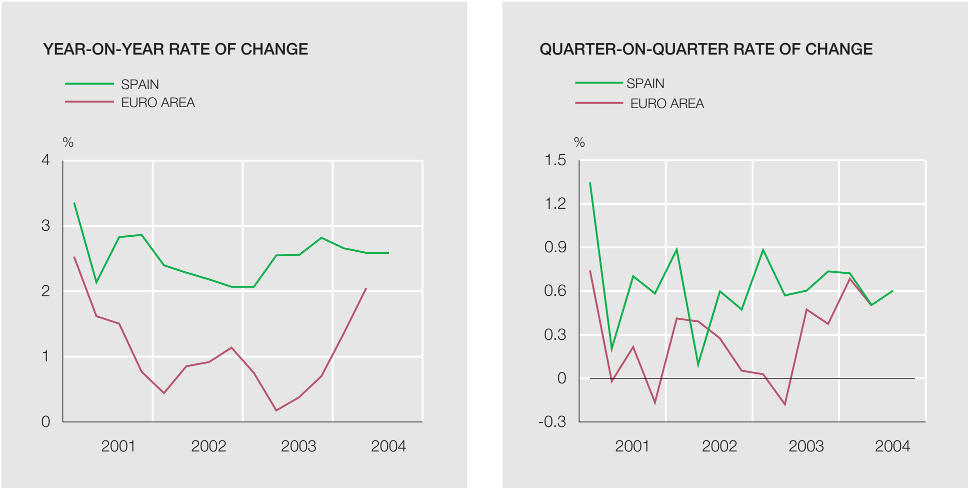
It is estimated that real GDP growth in the Spanish economy in 2004 Q3 compared with the same quarter a year earlier was around 2.6%, in terms of the seasonally adjusted series, unchanged on Q2. The quarter-on-quarter rate is estimated at 0.6%, 0.1 pp up on Q2. The related change in national demand is expected to exceed, by 0.1 p.p. or slightly more, that of the previous quarter (3.8%), while net external demand should subtract 1.5 pp from output growth, a slightly higher figure than the previous quarter.

The persistent mismatch between supply and demand has ultimately destabilised the oil market and pushed the price of crude oil and its main derivatives upwards to historical highs. On the supply side, the natural disasters in the Gulf of Mexico, the social and labour problems in numerous producer countries and continuing tension in the Middle East have considerably affected available oil stocks. And this has been further compounded by the scant flexibility of production to meet growing demand, especially for specific oil derivatives. The increase in demand has been due to the world economic expansion and, in particular, to the high growth of the major central Asian economies, which are strongly energy-dependent. While it is believed crude prices will ease as some of these destabilising factors abate, clouds remain on the horizon, whereby prices are expected to stay high in the medium run.

Naturally, the growth rates of the different economies' main price indices have — albeit somewhat unevenly, depending on the different levels of dependency and on exchange rate movements — reflected the rise in energy products. That said, the credibility of the anti-inflationary policies pursued by the authorities and the fact nominal stability is embedded as a necessary value for retaining competitiveness are limiting the incorporation of price increases into agents' inflation expectations. Also contributing to this are, in certain countries, productivity gains and, in others, wage moderation. That all helps explain the manifest stability on financial markets, the cuts, in certain cases, in long-term interest rates and the limited nature of second-round effects on wages.

GROSS DOMESTIC PRODUCT (a)

CHART 1



SOURCES: ECB, INE and Banco de España.

a. Seasonally adjusted series.

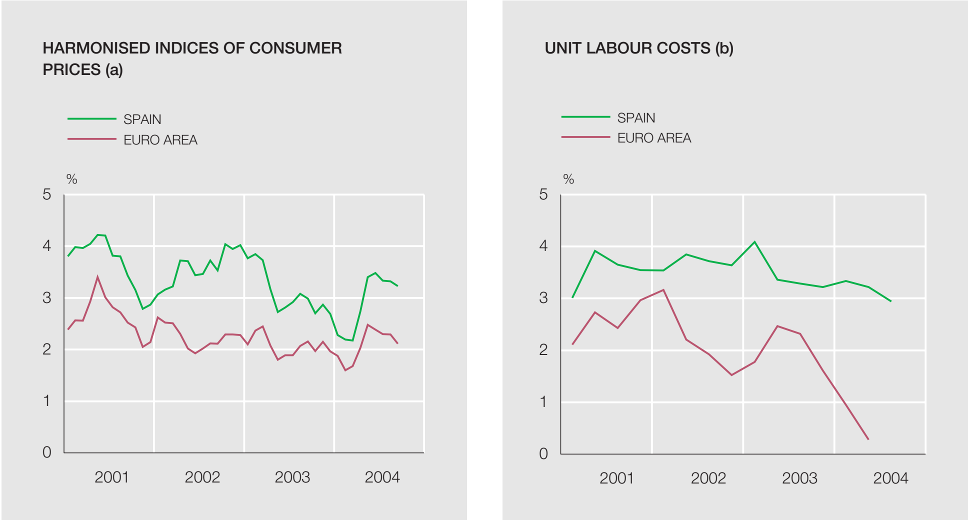
Growth expectations in the US economy have eased as the year has advanced, though they remain particularly high. The strong growth of private investment and productivity gains account for the continuing buoyancy of the US economy, while private consumption has been losing steam, against a background of heavy household debt and doubts about the firmness of employment creation. The latest indicators, almost all survey-based, appear to confirm this diagnosis. In turn, the growing deterioration of external demand and the subsequent increase in the trade deficit may have contributed to the falling trend of the dollar in recent weeks. The gradual upward movements in the federal funds rate to 1.75% in September have not passed through to the longer-dated terms, where there have occasionally been moderate declines.

A mildly decelerating trend has also been the keynote in the main east Asian economies, against a fairly widespread expansionary background. In China, the loss of momentum is proving less than intended by the authorities and the inflation rate stands above its projected level. Price increases are likewise discernible in the Latin-American economies, which are growing notably as a result, above all, of the renewed buoyancy of their domestic demand. The region's financial markets are trending favourably, as these countries' sovereign debt issues and yields reveal. Turning to the economies of the new EU members, results have generally been favourable both in terms of growth and the control of inflation, although on the fiscal front progress has not been so widespread.

The euro area is benefiting from the expansion of international markets, while internal spending has not yet firmed sufficiently. This is the outcome, however, of an uneven state of affairs across the Member States. In some, the contribution of external demand is practically the only factor driving activity, while in others, the increase in output is essentially underpinned by the growing buoyancy of domestic demand, which limits the net positive contribution of the external setting. The indicators available for Q3 confirm this diagnosis, and no substantial changes in the growth rate of the area as a whole are expected, although a slightly lower figure than for Q2 should not be ruled out.

The low level of interest rates and the operation of the automatic stabilisers which the European authorities are generally pursuing are what have given form to the expansionary stance of their macroeconomic policies; these, however, do not suffice to consolidate the recovery in

PRICES AND COSTS CHART 2



SOURCES: Eurostat, ECB and INE.

a. Year-on-year rate of change. To December 2001, the rates relate to those released as at that date.
b. Per unit of output. Year-on-year rate of change calculated on the basis of seasonally adjusted series.

domestic demand. In the case of private consumption, the signs of improvement perceptible in the labour market must take root, and the increase in employment must contribute to dispelling the uncertainty households still harbour when it comes to taking spending decisions, and which could be heightened by the ongoing rise in oil prices. Also, business investment has yet to firm, although here, too, the signs are promising as a result of the continuing favourable financing conditions and the improvement seen in business margins, in the light of contained wage increases and productivity gains.

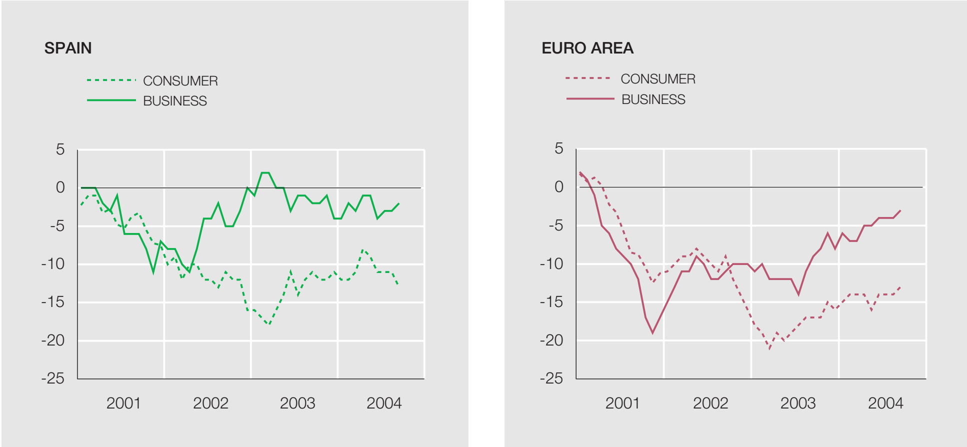
The euro area inflation rate stood at 2.1% in September, food prices having offset the increase in the energy component of the harmonised index. Expectations suggest that the inflation rate will hold at slightly over 2% in the coming months, without relevant second-round effects arising following the increase in energy prices. No doubt contributing to this will be the slowdown in unit labour costs that began in mid-2003. Given the prospect of continuing price stability in the medium run along with a gradual pick-up in the pace of activity, Eurosystem interest rates have remained unchanged at historical lows, providing significant support for the economic expansion in the euro area to firm.

In September, a European Commission communiqué outlined a series of proposals aimed at directing the debate about refining the framework in which fiscal policies in the euro area and in the EU as a whole are pursued. At present, these proposals are being discussed in European fora and will be analysed in the Ecofin Council in the coming months.

In this encouraging external setting and with financing conditions that remain generous, the growth rate of the Spanish economy has stabilised at close to 2.6%, the figure advanced by INE for 2004 Q2 and estimated by the Banco de España for Q3. The latest data show that the rate of change of national demand, excluding stockbuilding, is increasing gradually, as capital goods have moved on to the expansionary path which the other components have broadly been following for several years. The improved international outlook has contributed to restoring — not without some doubt, which remains present — private agents' expectations and

CONFIDENCE INDICATORS

CHART 3



SOURCE: European Commission.

has boosted the growth of goods exports. However, the resilience of imports and the rather discouraging results in the tourist sector (somewhat better in Q3 than in Q2) have sharply restricted output growth. The growing penetration of foreign products in the domestic market, at a far higher rate than that of Spanish products in international markets, and the difficulties besetting the tourist sector should serve as a warning for the problems of competitiveness that might be brewing up. Indeed, these might restrict the pace of real convergence with the euro area countries.

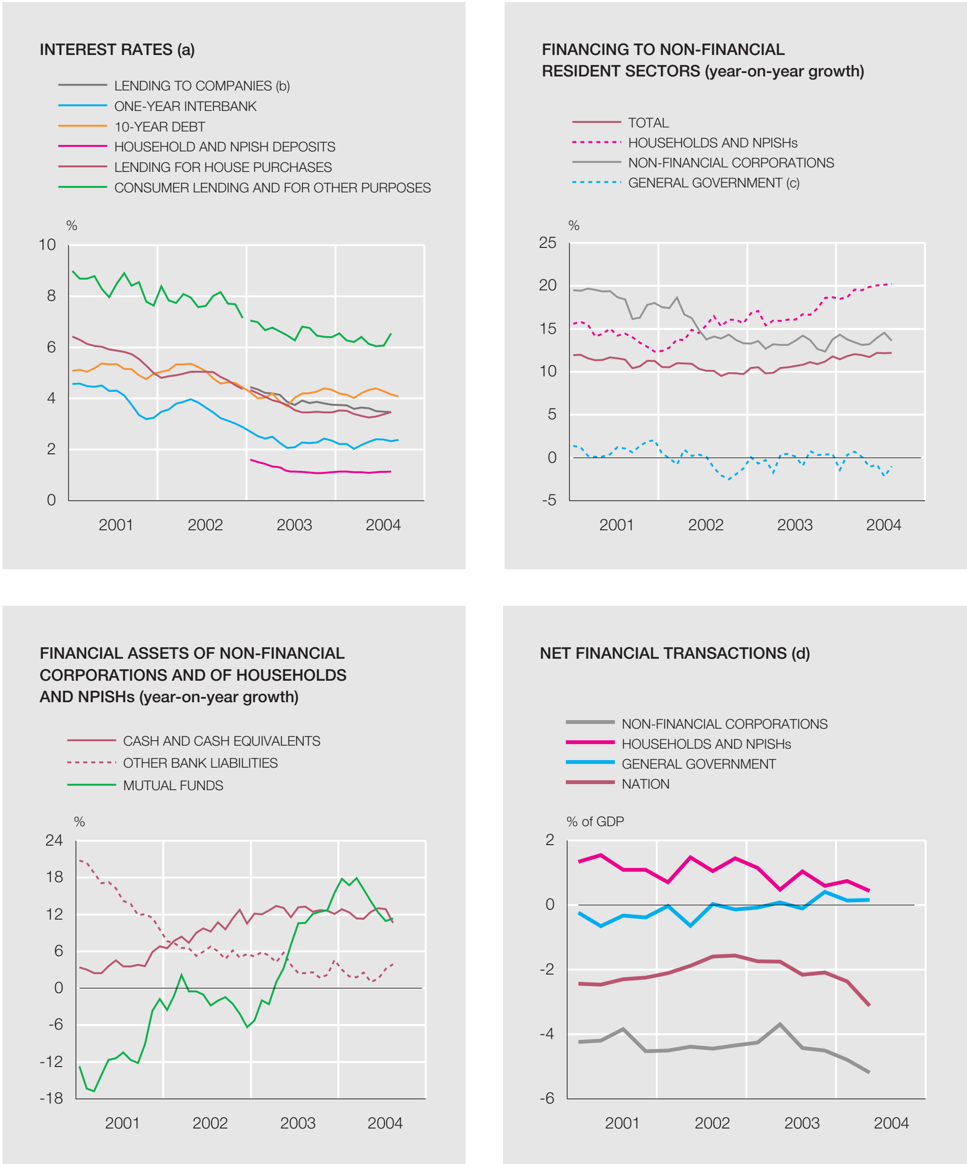
Although some indicators show a slight decelerating trend in private consumption, its growth rate remains substantial, as does that of residential investment. In fact, housing starts have shown renewed life in recent months and, at the same time, house prices continue to rise at very high rates, at around 18% in Q2. Although the growth of household disposable income might be around 3% for the year on average, in real terms, and while employment growth is proving a sound support for household spending, households have continued to resort intensely to debt to finance their consumption and investment flows. On the latest available data, lending to households rose by 20% to August, with the increase in financing for house purchases standing at 24%. This means that households' debt and interest burden as a proportion of their disposable income have continued to rise (the former stands already at around 100%), while saving not earmarked for debt service has continued to decline. Household financial wealth has fallen slightly, on Q2 data, but their net worth has risen as a result of the increase in house prices.

The indicators available for Q3 confirm the pick-up in investment in capital goods, the year-on-year growth rate of which has climbed notably. Brighter expectations in the light of the international outlook and the favourable financial conditions in which businesses are operating are underpinning this recovery. Credit to companies increased by 14% to August and, while the biggest funds have been taken up by the property sectors, the growth of financing to the industrial branches has also been significant. In these circumstances, debt ratios have continued to rise slightly, but the restructuring processes undertaken and the decline in the interest burden and financial pressure shown by various indicators confirm the sound expectations that the recovery in productive investment will take root.

The above-mentioned negative contribution of real net external demand to GDP growth in Q3 is estimated, on the partial information available, to be around 1.5 pp. In the period to August, the growth of goods exports in real terms according to Customs figures was slightly lower than

FINANCIAL INDICATORS OF THE SPANISH ECONOMY

CHART 4



SOURCE: Banco de España.

a. There is a break, in January 2003, in the series of banking rates owing to changes in the data compilation statistical requirements.
b. Weighted average of interest rates on various transactions grouped according to their volume.
c. Consolidated financing: net of securities and loans that are general government assets.
d. Cumulative four-quarter data.

that of our markets. On the data for recent months, there was a perceptible modest pick-up in sales to the EU, although it was non-Community exports which continued to be most robust. Imports continue to rise at very high rates across all goods categories, including energy, and purchases of capital goods are particularly strong. The results for the tourist sector in 2004 to date are proving poor, although some signs of improvement have been seen during Q3. In this connection, the competitive pressures of other markets are affecting a sector highly sensitive to price changes, as shown by the strong increase in Spanish tourist outflows to destinations that have become substantially cheaper as a result of the appreciation of the euro.

Employment growth remains very robust, as highlighted by the Q3 indicators. Specifically, the recently published Labour Force Survey has raised the year-on-year rate of change of employment in Q3 to 25%, exceeding the results for the previous quarter. One of the salient features of the data in recent months is the fact that, although the core of job-creation remains concentrated in the market services and construction branches, the process of decline in employment in industrial activities appears to be easing off. This must be built on in the coming months, without detriment to productivity gains, which should respond to a greater extent to genuine increases linked to the growth of investment and to efficiency in factor use, and not to job destruction, as has been the case in recent years. It is the market services branches which continue to post the sharpest declines in labour productivity.

As relatively high wage increases (when compared with those in other euro area countries) are combining with low productivity growth, the difference between the growth of unit labour costs in the Spanish economy and that in the euro area as a whole continues to widen (see Chart 2). This might ultimately impair the economy's competitiveness, especially if the wage indexation arrangements in place provide for the feed-through of energy price increases to wages, amplifying their effects across the economy.

In September the growth rate of consumer prices (measured by the CPI) stood at 3.2%, as the rise in energy prices was offset by a strong slowdown in unprocessed food prices, following a long period of forceful rises which have now been stripped out of the year-to-year comparison. Among the other more stable components, the changes have been relatively insignificant, with the growth of the index aggregating services and non-energy processed goods standing at 2.8%, around which rate it has been fluctuating in recent months. The inflation differential with the euro area countries, measured via the harmonised indices, was 1.1 pp, with a notably persistent difference of the same order of magnitude, for yet another month, between the growth rates of services prices.

In terms of budgetary policy, the key event was the unveiling of the State budget figures for 2005. The forecasts for end-2004, which point to an overall general government deficit of 0.8% of GDP, are influenced by changes in the accounting treatment given to certain expenditure items and by the decision that the State should assume the debt built up by certain public-sector corporations in the past. Both these changes account for the upward revision of the deficit figures and are in response to the plans to increase the transparency of public finances.

It is important that greater transparency should lead to more disciplined behaviour by the general government sector as a whole. This is needed to address the risks facing the Spanish economy — against a background of loose monetary conditions — in respect of competitiveness and household debt.

2 External environment of the euro area

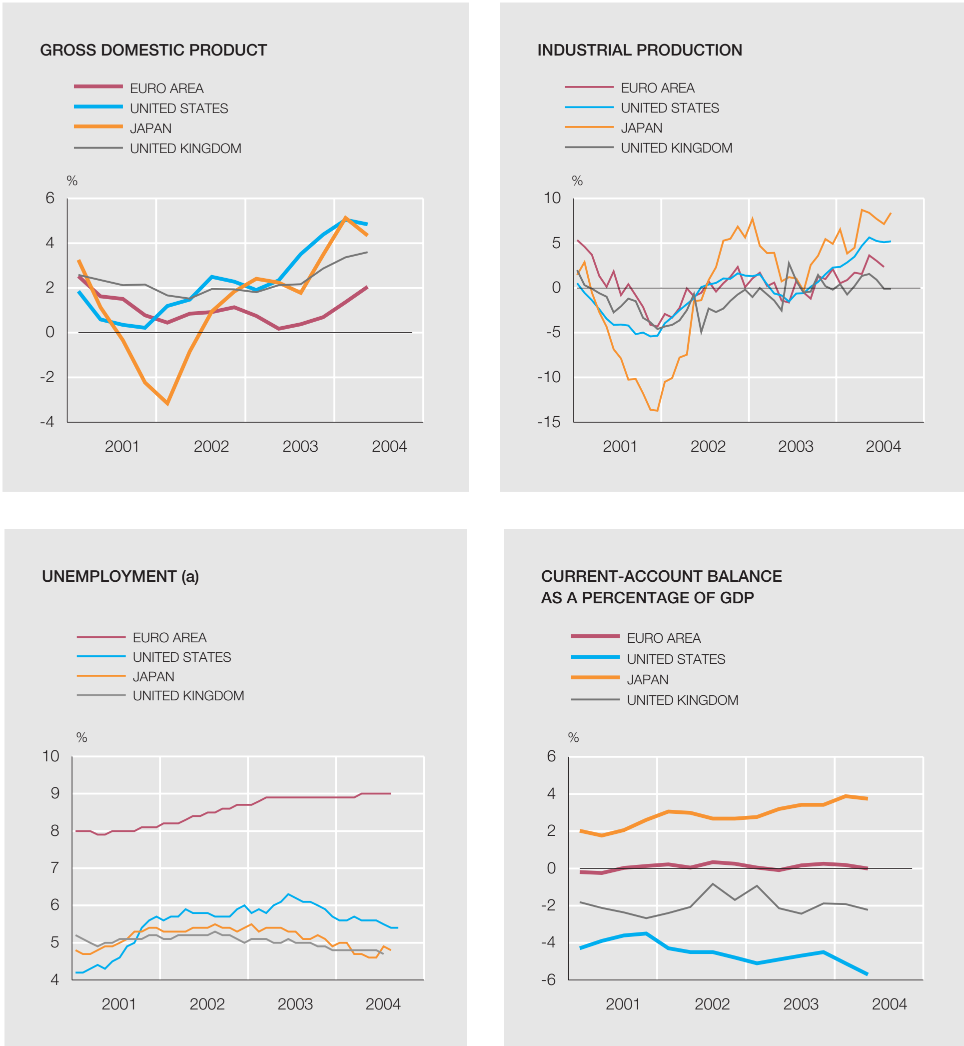
Oil prices have been the centre of attention of markets and agents in recent months. From the start of Q3, the price of a barrel of Brent oil increased by 38%, taking it to an all-time high of $51 per barrel in late October, although the prices of heavy crudes posted appreciably lower increases. This rise in price, which has heightened since mid-September, was encouraged by problems arising from the adverse weather in the Gulf of Mexico and by the social and labour instability in other producer countries. Despite these conjunctural factors, the oil prices discounted by the futures markets for end-2006 increased by $10 from the start of Q3, whereby a substantial part of the rise seen in recent months has ceased to be perceived as transitory. With the exception of the markets for crude oil and other commodities, international financial developments were characterised by low volatility on financial markets, which saw declines in the longest-dated interest rates. Also, the equity markets performed relatively favourably, in a period in which US official interest rates gradually tightened to a level more in keeping with the economy's cyclical position. Corporate bonds and emerging markets' public debt, for their part, behaved favourably. On the currency markets, the dollar was once more weak against the euro, which climbed to stand at above 1.27 per dollar.

In the United States, the first Q3 indicators corresponding to July pointed to a strong surge in activity following the slowdown in GDP in Q2. However, as the quarter unfolded the indicators proved less favourable since many lost momentum, partly and possibly as a reaction to the persistent rise in oil prices. These signs of deceleration should not affect GDP growth considerably in Q3, but they increase the uncertainty about developments in the coming quarters. The labour market does not contribute to dispelling these doubts. In September, employment grew by 96,000 jobs, far below expectations and below the employment created in the spring months. On the prices front, the outlook is not so far a cause for concern. The September CPI stood at 2.5% year-on-year, down from 3.3% at the end of Q2, although the underlying measure climbed to a 12-month rate of 2%, the highest since November 2002. Moreover, in the initial stages of production the rates of increase of prices are higher: the underlying rate for intermediate goods increased by 7.8% in September on a year earlier. Regarding the external sector, the latest trade balance data (which run to August) confirm the last three months as those with the biggest all-time deficit recorded, above $50 billion monthly in each. Behind these recent negative developments is the forceful expansion of imports, which were growing at 20.7% year-on-year in August, driven by the increase in the energy bill.

Japan saw its GDP growth rate slow in Q2 to 4.2% year-on-year, compared with 5.9% in Q1, raising doubts about the soundness of the Japanese recovery. However, into Q3 the pace of activity appears to be somewhat higher than in the preceding quarter. While the supply-side and employment indicators offered moderately positive signs, the demand indicators were less robust. In August, the growth of industrial output accelerated (9.7% year-on-year) along with that of machinery orders (5.4%), and expectations improved, as shown by the Tankan business confidence index for Q3. On the demand side, personal income fell back in August (-1.6% year-on-year) and, in September, consumer confidence deteriorated slightly. The labour market continued to trend favourably in August, creating 290,000 jobs. That lowered the unemployment rate to 4.8% (4.9% in July). Consumer prices posted a 12-month rate of decline of 0.2% in August (–0.1% in July), on a par with underlying inflation (-0.2% in July), which testifies to the difficulties of overcoming price deflation. Conversely, wholesale prices increased at a year-on-year rate of 1.8% in September (1.7% in August), driven by the rise in oil and coal prices.

MAIN MACROECONOMIC INDICATORS
Annual rates of change

CHART 5



SOURCES: Banco de España, national statistics and Eurostat.

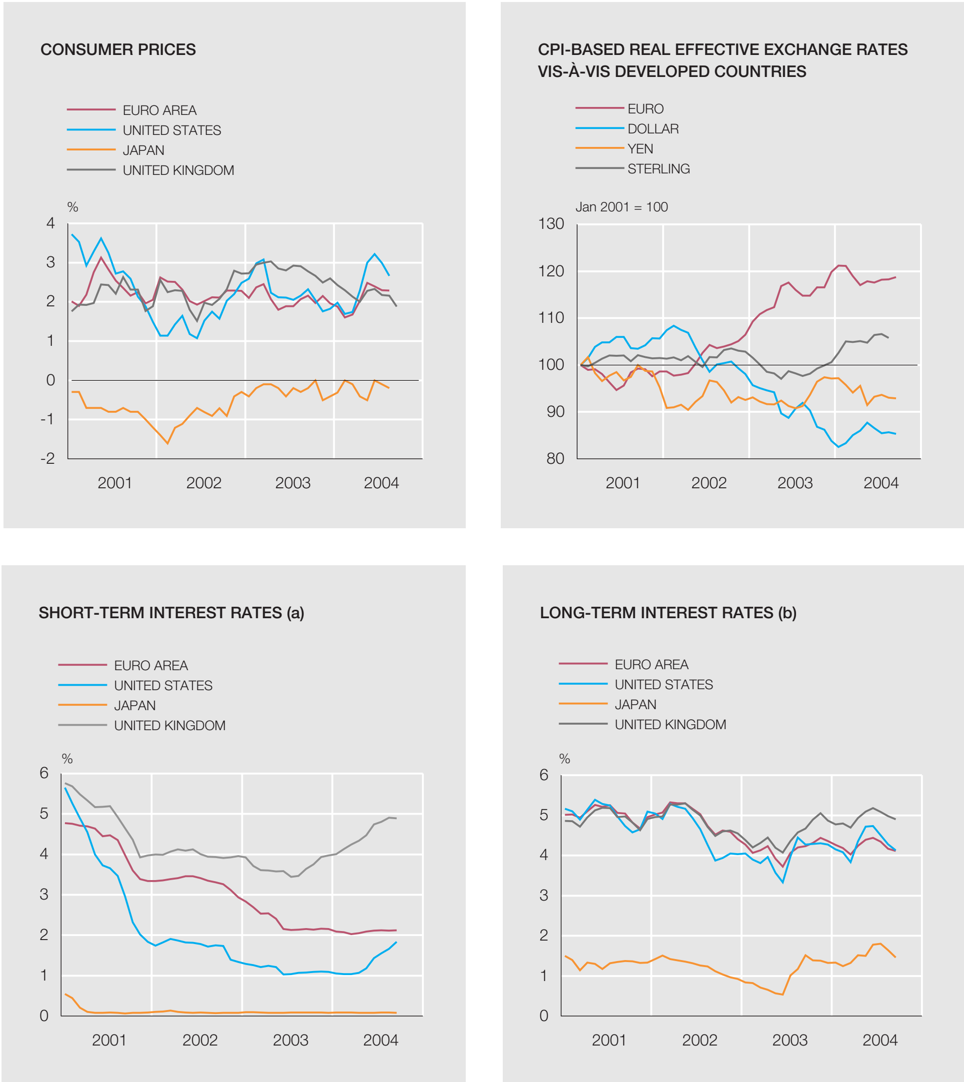
a. Percentage of the labour force.

After having grown at a year-on-year rate of between 3% and 4% in recent quarters (3.6% in Q2), the UK economy has shown signs of slowing in recent months. There were signs of a moderation in house prices, while mortgage loans fell off notably. Further, the index of retail distribution in September posted its worst figure in over a year, presaging a slowdown in consumption which, however, is not yet apparent in retail sales data. And finally, on the production side, there was a fresh decline in industrial activity in August, and the PMI manufacturing index in September was the worst since July 2003. All these developments have not impacted the labour market, where employment has continued to increase, up to a rate of 0.8% in August compared with a year earlier. Adding to this is the strong slowdown in the (harmonised) CPI from 1.3% in August to 1.1% in September, far below the central target (2%) of the Bank of England, which held its official rates at 4.75% at its September and October meetings following the 25 bp rise in August. The trade balance, with a deficit of £4 billion in August, continued to worsen.

In the new EU Member States, GDP growth remained robust in 2004 Q2, standing at over 4% in almost all of them. Of particular note was the high growth - of above 6% year-on-year

PRICES, REAL EXCHANGE RATE AND INTEREST RATES

CHART 6



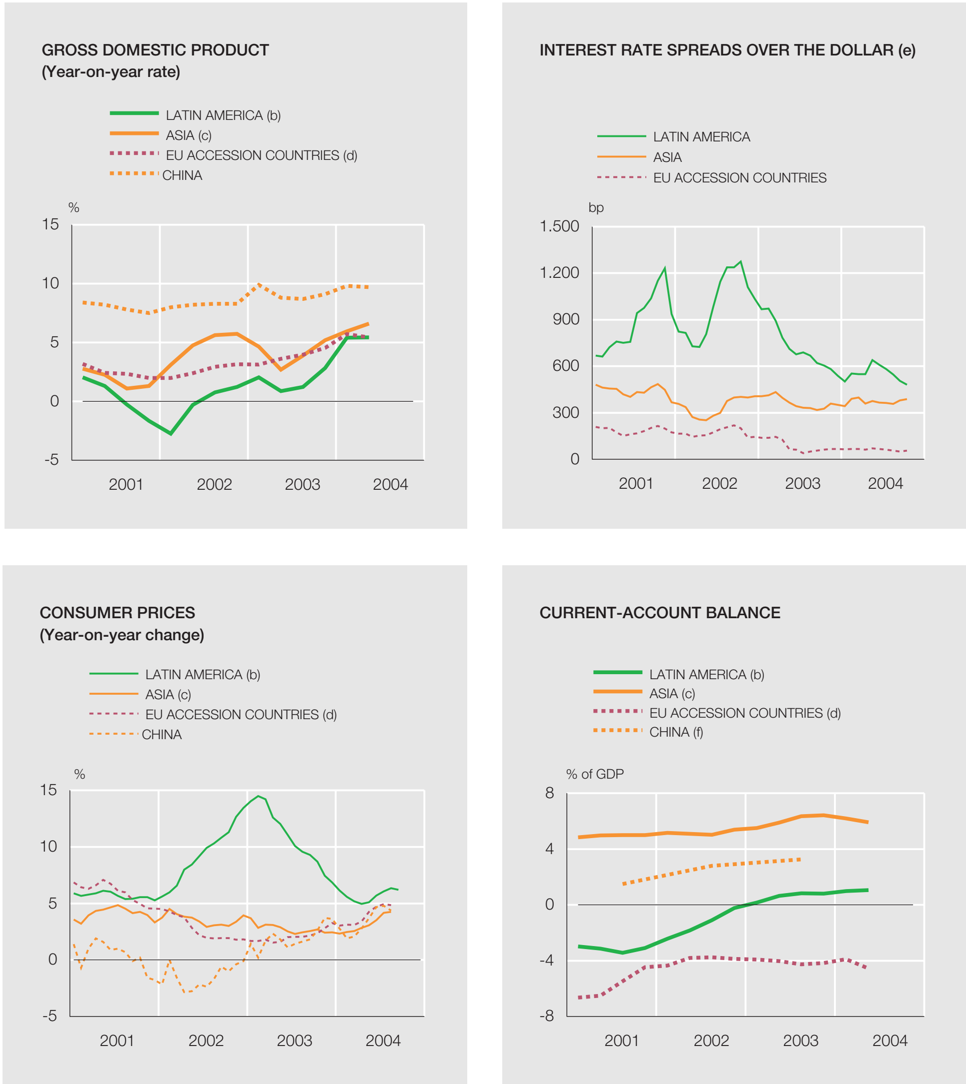
SOURCE: Banco de España.

a. Three-month interbank market interest rates.
b. Ten-year government debt yields.

- in the Baltic States and Poland. The indicators for Q3 showed sizable increases in industrial output and in exports in the main countries of the region. Prices have recently begun to ease, after rising mid-year due in part to the liberalisation of certain administered prices and to the rise in indirect taxes, further to EU accession. Against this background, official interest rates, following the increases mid-quarter in Poland (from 5.75% to 6.5%) and in the Czech Republic (from 2.25% to 2.5%), have held stable since August, and even fell by 1 pp in Hungary to 10.5%. Regarding the fiscal situation, the deficit targets for 2004 set in the Convergence Programmes look as though they will be met in almost all cases, with the notable exception of Hungary, which has already overshot its initial deficit target for the entire year, revising it upwards from 4.6% of GDP to 5-5.3% of GDP. The new Member States' financial markets have held relatively steady, with the key development being the appreciation against the euro of the exchange rates of those countries which let their currencies fluctuate, especially Hungary and Poland. The currencies of the new Member States belonging to ERM II (Slovenia, Estonia and Lithuania) held stable around their central parities.

EMERGING ECONOMIES:
MAIN MACROECONOMIC INDICATORS (a)

CHART 7



SOURCES: National statistics and JP Morgan.

a. The aggregate of the different areas has been calculated using the weight in the world economy of the countries comprising them, drawing on IMF information.
b. Argentina, Brazil, Chile, Mexico, Colombia, Venezuela and Peru.
c. Malaysia, Korea, Indonesia, Thailand, Hong Kong, Singapore and Taiwan.
d. Latvia, Lithuania, Estonia, Czech Republic, Hungary, Poland, Slovenia and Slovakia.
e. JP Morgan EMBI spreads. The EU acceding country data relate to Hungary and Poland. The Asia aggregate does not include China.
f. Annual data.

In the main south-east Asian economies, the Q3 data on activity and exports generally revealed something of a slowdown in relation to the notable buoyancy in Q2. That said, the pace of growth remained firm in most of them, with the exception of South Korea, where the sluggishness of private consumption persists. The gradual increase in inflation rates in all the economies in this area continued, prompted basically by the rise in energy prices. This has begun gradually and adversely to affect the consumer and business confidence indices in several countries. In China, the restrictive administrative measures implemented by the authorities from the start of the year have slowed the economy's growth rate in Q3, albeit only moderately. Chinese GDP growth in Q3 was thus 9.1% year-on-year, compared with 9.6% the previous quarter. However, despite the restrictive measures and the slowdown in the growth of the money supply and of bank lending, the 12-month inflation rate dipped by barely 0.1 pp (to 5.2%) in September, owing to the strong increase in food prices.

In Latin America, the behaviour of the financial markets held firm throughout the quarter, meaning that sovereign spreads resumed similar or lower levels than those at the end of January 2004. The indicators for Q3 continued to confirm the strength of activity seen in the first two quarters of the year and reaffirmed the growing weight of domestic demand as an engine of growth in the region. Nonetheless, the acceleration in activity, along with the rise in energy prices, prompted an increase in inflation in virtually all countries, which induced a tighter monetary policy stance in many cases. As a result, at their September meetings, the Bank of Chile increased its reference interest rate by 25 bp to 2%, and the Bank of Mexico raised the "corto" for the seventh time this year. The Bank of Peru, at its October meeting, raised its benchmark interest rate by 25 bp to 3%, and the Bank of Brazil, at its September and October meetings, raised the SELIC by 25 bp and 50 bp, respectively, to 16.75%. In Argentina, following several months of intense negotiations, the government managed to reach an agreement with the AFJP (retirement and pension fund managers) over the securities currently subject to suspension of payments. This agreement marks a step forward towards finalising the debt rescheduling process.

Q3 saw the continuation of the period of activity growth initiated in the euro area in mid-2003, underpinned by strong world economic expansion, favourable monetary and financial conditions and the more moderate rise in unit labour costs, which is allowing profit margins to recover. The persistence of the factors that spurred GDP growth in the first half of 2004 therefore makes for a scenario conducive to continued recovery in the second half, although a pick-up in the growth rate cannot be expected, as had been envisaged some months ago. In fact, the future of this scenario is threatened by a number of risks, including most notably the uncertain economic effects of the sharp rise in oil prices and the still-faltering start to cyclical recovery in certain European economies. As regards inflation, in summer the rate of change of the HICP progressively declined, since the favourable behaviour of food prices offset the continuing high growth rates of the energy component. However, the resumed escalation of oil prices from mid-September may delay the reduction of euro area inflation below the 2% target, despite wage moderation and a notable rise in productivity.

As far as fiscal policy is concerned, all the signs seem to indicate that in some countries the budget deficit will continue to exceed the upper limit set by the Treaty on European Union. The available indicators suggest that the budget deficit of the area as a whole will not decrease in 2004, which is a cause for concern given the improvement in the economic cycle.

3.1 Economic developments

According to the second euro area National Accounts estimate, in 2004 Q2 the area's quarter-on-quarter GDP growth rate was 0.5% (0.2 pp lower than in the previous quarter), which represented a fresh acceleration of the year-on-year growth rate that raised it to 2% (see Table 1). Hence the more buoyant activity seen in recent quarters remained evident. Although somewhat more moderately than in the early months of the year, the external sector contributed positively to growth, adding 0.2 pp to the quarter-on-quarter rate of change. This was the result of a sharp pick-up in exports driven by strong world economic growth which, nevertheless, was partly offset by an also notable increase in imports. Domestic demand (excluding inventories) continued to be somewhat weak, with no clear response to the stimulus arriving from abroad. Thus its contribution to quarter-on-quarter growth was 0.3 pp, similar to that in 2004 Q1. Notable within domestic demand was the slowdown of private consumption growth to 0.3%, following a rate of 0.7% in the previous quarter, and, working in the opposite direction, the higher growth of government consumption. Investment remained flat as a result of the poor performance of construction, while investment in equipment was more buoyant and grew at 0.7% (against –0.5% in Q1). Finally, stockbuilding made a zero contribution to the quarter-on-quarter GDP growth of the euro area (see Chart 8).

National Accounts analysis by country shows significant disparity of economic behaviour (see Box 1). With the exception of the Netherlands and Greece, the euro area countries saw positive growth, albeit with notable differences in its composition. Countries such as Germany and Italy (with quarter-on-quarter rates of 0.5% and 0.3%, respectively) reported weak domestic demand, and growth was mainly underpinned by the strength of the external sector. In Germany in particular, consumption rose by only 0.1% (following zero growth in the previous quarter) and investment, although it improved with respect to the previous period, again fell – this time by 1% – as a result of the prolongation of the contractionary path of construction. In another group of countries which includes France and Spain (with growth rates of 0.7% and

EURO AREA ECONOMIC INDICATORS TABLE 1

	2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3 (a)	Q4 (b)
GDP								
Year-on-year growth	0.7	0.2	0.4	0.7	1.4	2.0		
Quarter-on-quarter growth	0.0	-0.2	0.5	0.4	0.7	0.5		
European Commission forecasts (c)							(0.3; 0.7)	(0.3; 0.7)
IPI (d)	1.0	-0.8	-0.2	1.3	1.0	2.8	*1.8*	
Economic sentiment	90.5	91.4	94.2	97.7	98.8	100.0	100.5	
Industrial confidence	-11.0	-12.0	-11.4	-7.3	-6.7	-4.7	-3.7	
Manufacturing PMI	49.3	47.1	49.1	52.0	52.8	54.4	53.9	
Services confidence	-5.7	-2.0	5.3	10.3	10.7	11.4	11.3	
Services PMI	48.9	47.9	51.9	56.7	56.0	55.2	54.4	
Unemployment rate	8.8	8.9	8.9	8.9	8.9	9.0	*9.0*	
Consumer confidence	-19.3	-19.3	-17.3	-16.0	-14.3	-14.7	-13.7	
HICP (d) (e)	2.4	1.9	2.2	2.0	1.7	2.4	2.1	
PPI (d) (e)	2.3	1.3	0.9	0.9	0.4	2.4	*3.1*	
Oil price in USD (e)	30.3	27.6	27.1	29.9	33.8	35.3	43.3	49.5
Loans to the private sector (d) (e)	4.8	4.6	4.9	5.6	5.3	6.0	6.5	
Euro area ten-year bond yield	4.2	4.0	4.2	4.4	4.2	4.4	4.2	4.0
US-euro area ten-year bond spread	-0.22	-0.32	0.09	-0.05	-0.11	0.28	0.14	0.15
Dollar/euro exchange rate (e)	1.090	1.143	1.165	1.263	1.222	1.216	1.241	1.261
Appreciation/Depreciation of the euro (e)	3.9	9.0	11.1	20.4	-3.2	-3.8	-1.7	-0.2
Dow Jones EURO STOXX Broad index (e)	-12.9	2.9	4.1	18.1	1.9	3.7	1.5	3.4

SOURCES: Eurostat, ECB and Banco de España.

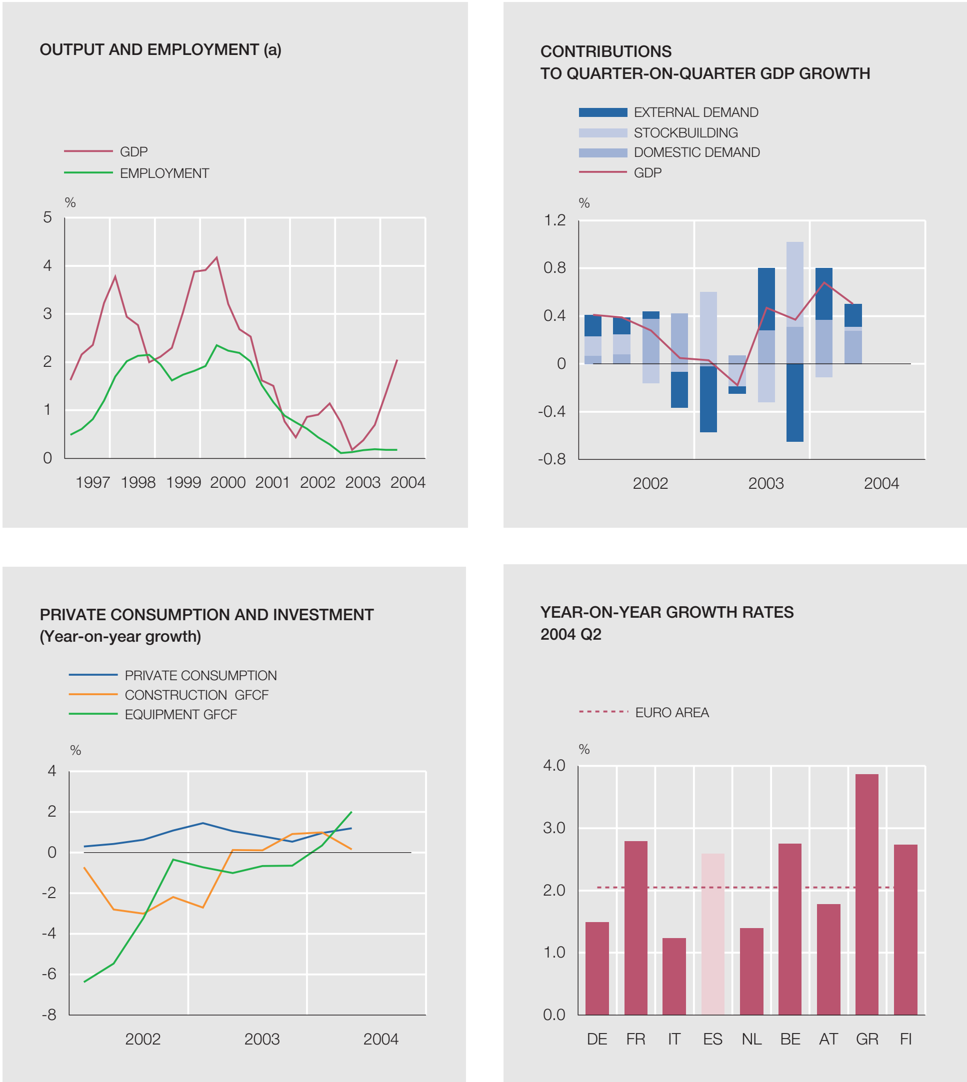
a. The information in italics does not cover a full quarter.
b. Information available up to 21 October 2004.
c. Quarter-on-quarter growth forecasts.
d. Year-on-year growth.
e. End-period data. Figures for exchange rates and the stock market are percentage changes over the year.

0.5%, respectively), domestic expenditure was much more buoyant, while foreign demand contributed negatively to the expansion of output.

By branch of production, the quarter-on-quarter growth rate of value added in the euro area economy, which held steady at 0.7%, was underpinned by the strength of industry and, secondarily, of services, the other branches showing more moderate growth. As to the labour market, employment remained practically stagnant in Q2, recording, as in the opening months of the year, a year-on-year change of 0.2% as a result of job destruction in industry and in construction and of rising employment in services. Given the accelerating pace of activity in the euro area, this employment behaviour led to a notable rise in the year-on-year growth of productivity to 1.9%, up 0.7 pp on the previous quarter. The unemployment rate remained steady at 9% from April to August.

The available information on indicators in Q3 points to unchanged or slightly slower GDP growth compared with the first half of the year (see Table 1 and Chart 9). As regards the supply indicators, the industrial production index decreased by 0.1% in the period July-August with respect to the Q2 average, and its year-on-year growth rate also decreased. The confidence indicators generally remained at levels very similar to those of the preceding quarter. Thus, the industrial confidence indicator compiled by the European Commission improved slightly on average during Q3 (thanks to the favourable assessment of order books), in contrast to the Purchasing Managers' Index for manufacturing industry, which nonetheless remained above the level of 50, which is compatible with the expansionary behaviour of the economy. Construction

EURO AREA NATIONAL ACCOUNTS CHART 8



Sources: Eurostat and national statistics.

a. Year-on-year rates of change.

confidence also rose slightly in the summer months, while the confidence indicators for the services sector barely changed.

On the demand side, the most recent indicators still do not reflect a firm increase in private consumption. Thus, while on average the consumer confidence indicator was somewhat better in 2004 Q3 than in the preceding quarter, the retail confidence index was slightly down. Retail sales in July and August stood on average at the same level as in Q2 and new car registrations performed negatively in that period. As regards investment indicators, firms improved their assessment of industrial order books and capacity utilisation increased, although there was a certain fall-off in their assessment of installed capacity (see Box 2). Finally, the indicators of the external sector signal that its contribution to growth will hold steady, with both the export order books and the export expectations remaining favourable since, although they declined slightly in Q3, they stand at high levels.

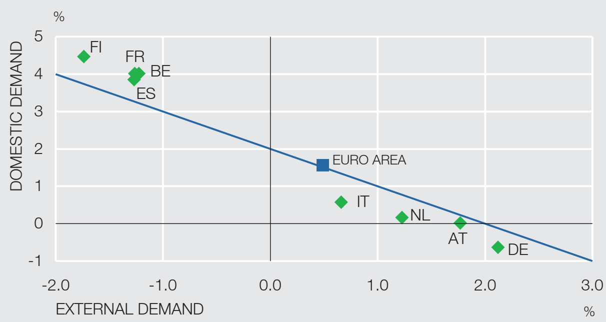
In September the HICP grew year-on-year by 2.1%, down 0.3 pp on June. This decline in the inflation rate conceals uneven behaviour by the more volatile components of the HICP (see

The economic activity of the euro area has been recovering during the past year, with year-on-year growth of 2% in 2004 Q2. This rate of expansion is the result of fairly uneven behaviour among countries. Some, such as France, Spain, Belgium and Finland, posted rates above 2.5%, while others, such as Germany and Italy, grew much more slowly than this. A notable feature of the disparities between these two groups of countries was the difference in the respective contributions of domestic and foreign demand to output, as can be seen in Chart 1 (in which the thick line represents the points at which GDP growth is equal to 2% – the euro area average –). Thus, in the countries whose economic activity has expanded more weakly, the contribution of foreign demand has been much greater than in the more buoyant economies, while in the latter, GDP growth has been underpinned by domestic demand.

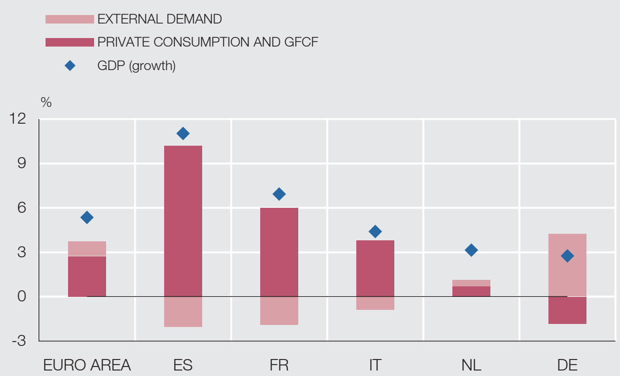
The very different rates of expansion of activity in these two groups of countries and the uneven contributions by foreign and domestic demand are not phenomena exclusive to the most recent economic situation. Since the current cyclical slowdown commenced in the euro area in 2000 Q2, the area's GDP has grown by 5.3% in cumulative terms (see Chart 2). This aggregate growth masks widely differing behaviour among the area's five largest economies, since the rates in Spain and Germany are 11% and 2.8%, respectively, with France, Italy and the Netherlands at intermediate levels (6.9%, 4.4% and 3.1%). This same order of the five countries is seen in the contribution of domestic demand and, with an opposite sign, in the contribution of foreign demand to growth.

In a monetary union there are adjustment mechanisms which, in principle, should contribute to correcting macroeconomic divergences, one of the most prominent of which is that working through changes in external competitiveness. The countries whose domestic demand is performing most weakly should experience lower cost and domestic price pressure, and therefore a gain in competitiveness that will drive exports and, further down the track, domestic demand. However, the effectiveness of this mechanism depends, among other factors, on the degree of nominal wage stickiness, which may make the process costly and lengthy and even prevent it from taking place. In this connection, it is of interest to analyse changes in competitiveness in the three economies (among the larger ones considered here) whose cumulative growth in the period of reference was below the euro area average. Chart 4 shows how the German economy made notable competitiveness gains (as measured by relative changes in its unit labour costs) in the period under consideration, which explains the notable contribution of its exports to output growth. A look at the Netherlands and Italy, however, shows that this process of improved competitiveness is not automatic. In the case of the Netherlands, the slowdown in relative unit labour costs only commenced after a sharp slowdown in activity, while in Italy, despite the prolonged period of economic weakness and the substantial loss in competitiveness, its relative wages continue to show no signs of deceleration. This seems to have resulted in Italian exports making a scant contribution to output growth in the last four years.

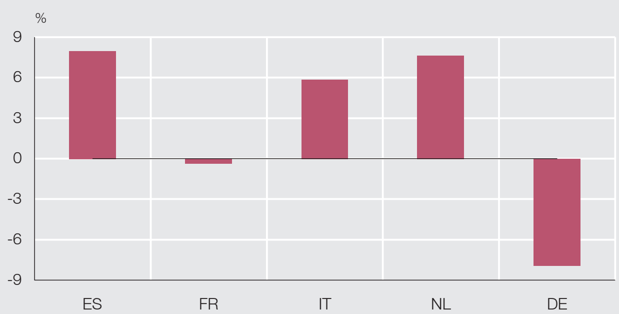
1. CONTRIBUTIONS TO THE GROWTH OF DOMESTIC AND EXTERNAL DEMAND (2004 Q2)



2. CUMULATIVE GROWTH AND CONTRIBUTIONS (a)



3. CUMULATIVE GROWTH OF ULC WITH RESPECT TO THE REST OF THE AREA (a)

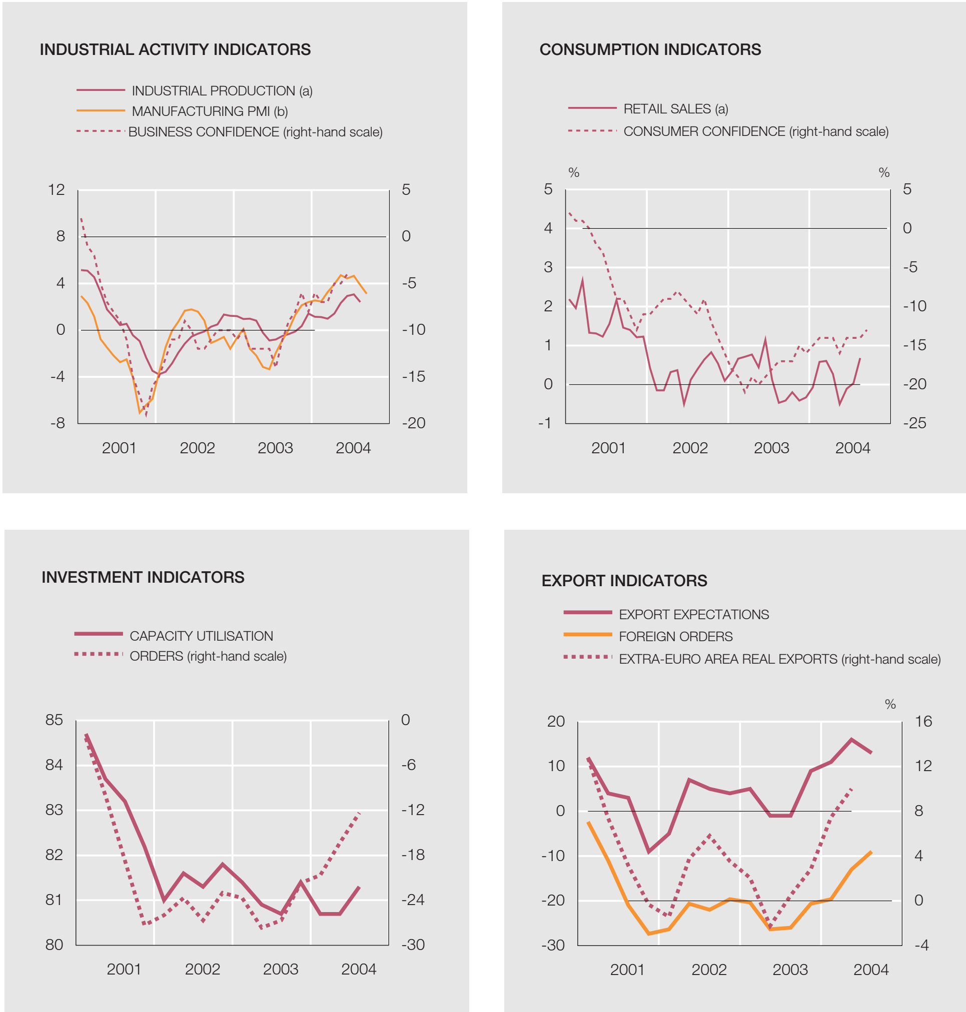


SOURCE: Eurostat and Banco de España.

a. Cumulative growth from 2000 Q2 to 2004 Q2.

EURO AREA. REAL INDICATORS

CHART 9



SOURCES: Eurostat and European Commission.

a. Non-centred annual percentage changes, based on the quarterly moving average of the seasonally adjusted series.
b. Normalised data.

Chart 10). Thus, while energy prices again accelerated (up to growth of 6.4%), in line with the oil price escalation, food prices fell in September by 1.5% year-on-year, due largely to the base effects deriving from their high growth rates a year earlier when Europe was hit by a heat wave. Therefore, underlying inflation, as measured by the year-on-year growth of the HICP excluding unprocessed food and energy (given their more volatile nature), held relatively steady at 2.1% (down 0.1 pp on June) as a result of the persistence shown by the inflation rate of services, of the steady growth rate of the prices of non-energy industrial goods and of the slowdown in processed food prices. Producer prices continued to accelerate because of the further notable rise in oil prices, along with that in commodity prices, which continued to show high year-on-year growth despite falls in recent months. Thus the year-on-year rate of change of the producer price index rose in both July and August, up to 3.1%.

As regards price formation on the supply side, the notable rise in productivity growth in 2004 Q2 and the wage moderation seen in that period (with a year-on-year increase in compensation per employee that held steady at 2.1%) gave rise to a significant slowdown in the growth of unit labour costs (to 0.3%) and to a recovery in profit margins. The sluggishness that has continued to beset the European labour market to date (with employment expectations indica-

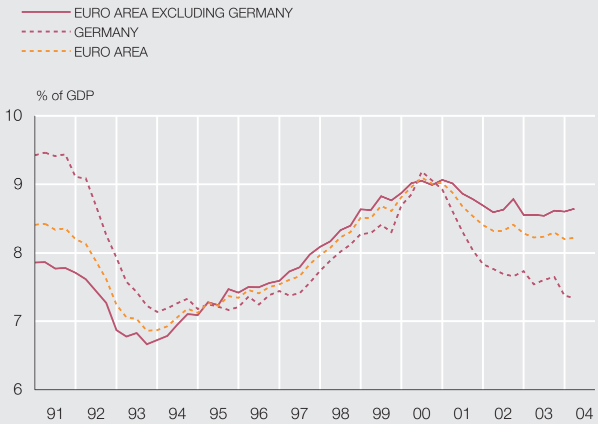
Investment in equipment (which includes machinery and computer hardware, among others), despite its relatively low weight in GDP, exerts a notable influence on the behaviour of output both in the short term (due to its high volatility and its marked procyclical nature) and in the long term (given that it enables capital accumulation and the incorporation of technological progress into productive processes, which leads to improvements in productivity and in the economy's potential GDP). The available evidence seems to indicate that investment in equipment generally moves contemporaneously with GDP. In addition, given its procyclical nature, in the initial stages of a cyclical recovery, such as that currently being seen in the euro area, it will foreseeably expand more briskly than output.

The recent behaviour of these two variables in the euro area has been similar, with year-on-year growth of 2% in 2004 Q2, thus bringing to an end the stage dating from the beginning of 2001 in which the year-on-year change in investment in equipment was lower than that in output (and even negative in many quarters – see Chart 1). As a result, during this last cyclical slowdown, the share of investment in equipment in the GDP of the euro area as a whole progressively declined from 9.1% in 2000 to a low of 8.2% in 2004 Q1 (see Chart 2).

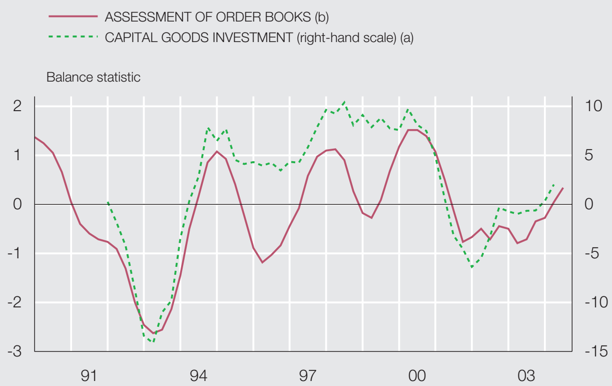
The loss of weight of this investment component is, however, lower than that recorded in the recession of the early 1990s, which amounted to 1.5 percentage points of GDP. Also, it is noteworthy that in the most recent cyclical trough the importance of investment in equipment relative to GDP in the euro area was nearly the same as in the cyclical peak of the early 1990s. A look at individual countries softens somewhat the weakness of this variable, because the results are significantly affected by the lack of investment buoyancy in Germany. If a euro area aggregate that does not consider Germany were analysed, it would be seen that, for example, as early as 2004 Q2 investment in equipment grew more quickly than output (3.4% against 2.3%). In fact, in this group of 11 countries, the share of investment in equipment in GDP has been recovering slightly since 2003 Q3. It therefore seems that investment in equipment in the euro area is starting to respond to the favourable monetary and financial conditions and to the improved business margins.

1. ACTIVITY AND INVESTMENT IN CAPITAL GOODS

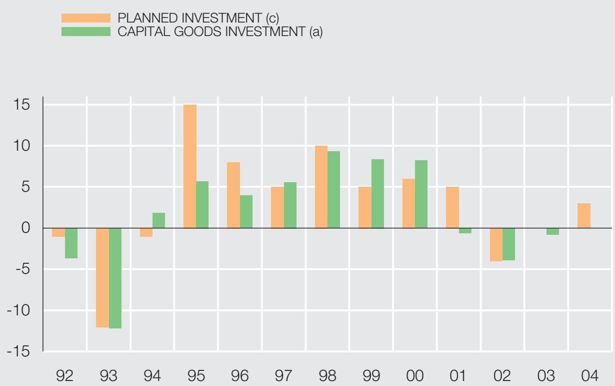
2. WEIGHT OF CAPITAL GOODS INVESTMENT IN GDP



3. ASSESSMENT OF ORDER BOOKS



4. PLANNED INDUSTRIAL SECTOR INVESTMENT



SOURCES: European Commission and Eurostat.

a. Annual percentage change.
b. Normalised series.
c. Change in investment volume with respect to the previous year; projected rate in Q2.

The potential demand for investment can be proxied by the degree of utilisation of installed capacity (insofar as a high use of this capacity may lead it to be expanded) or by firms' expectations as to the future demand for the goods and services they produce (which can be measured, for example, by the assessment made by firms of their order books). This latter indicator is plotted in Chart 3, which shows its high correlation with changes in investment in equipment and the substantial improvement since the beginning of 2003. Finally, Chart 4 shows the findings of the Industrial Investment Survey conducted half-yearly by the European Commission. Specifically, it depicts the outcome of the survey conducted in Q2 of each year, in which manufacturing sector firms are asked about their expectations of the change in investment for the current year. As can be seen in the chart, after two years in which no increase in investment was planned, the expectation in 2004 is for a slight increase of around 3%.

Accordingly, the outlook is moderately favourable for the behaviour of investment in equipment in the euro area, although certain factors of uncertainty (such as the extent of oil price rises) may discourage or delay investment decisions.

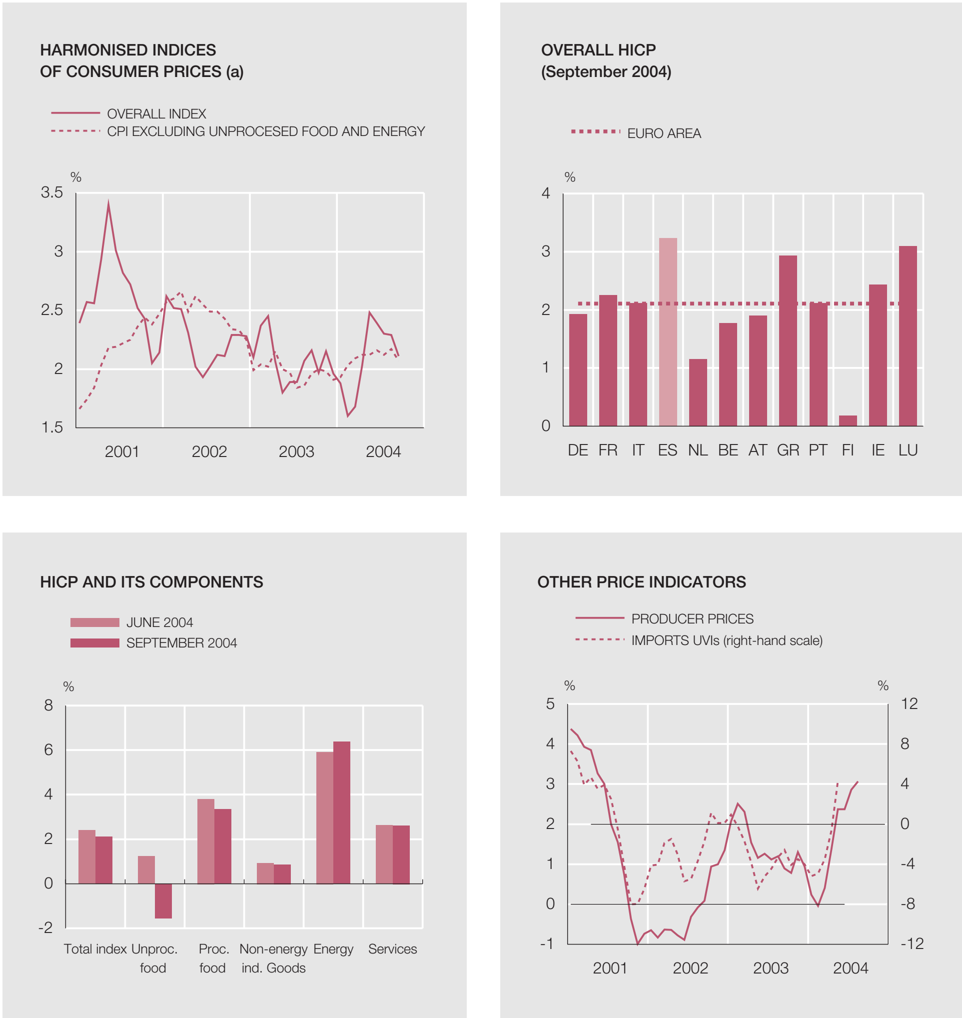
tors that have improved only slightly) is conducive to the continuing moderation of wage growth, as indicated by the wage settlement data available for Q3 (see Chart 11).

The only information on external sector developments in 2004 Q3 is the balance of payments figures for July, which permit only a tentative analysis of changes. The net current account balance of the euro area for the first seven months of the year amounted to €25.6 billion, compared with the deficit of €1.2 billion recorded in the corresponding period of 2003. This notable improvement was basically due to the increased surplus on the goods balance (up from €56.4 billion in 2003 to €75.9 billion in 2004) since, although the cumulative net flows of the services balance also showed a surplus, this was lower than in 2003. Another factor that helped to improve the current account balance was the lower deficit on the income balance. The sign of the basic balance (which, along with the current account balance, includes net direct and portfolio investments) changed from 2003 to 2004: whereas from January to July 2003 there was a surplus of €42.9 billion, the corresponding period of 2004 showed a deficit of €40.6 billion. This was mainly due to a notable fall in capital inflows into the euro area aimed at direct investment in the year to date.

Based on all the foregoing, it seems likely that euro area GDP growth in Q3 and Q4 will stand in the middle or lower half of the forecast range published by the European Commission, which places the quarter-on-quarter rate of change of GDP between 0.3% and 0.7% in each of these two periods. This would be compatible with annual average growth slightly below 2%, which is below the IMF forecast but consistent with that of other international institutions. However, the future poses certain downside risks derived from the international environment, as a consequence of the uncertainty associated with the oil price escalation and its possible influence on agents' confidence and of the persisting macro-financial imbalances in some economic areas. On top of these downside risks, there is the uncertainty generated by the lack of dynamism still apparent in the euro area's domestic demand and the possibility that the oil price hike will pass through to final prices and to wage demands, and affect the economy much more strongly. The scant buoyancy of domestic demand is the result of the disappointing growth in this aggregate in certain countries. However, it is foreseeable that also in these countries the relative strength of foreign demand will finally pass through to more buoyant growth in investment (in line with the favourable financial conditions of firms, the good business outlook and recovering margins) and in consumption, as employment progressively responds to the economic upturn.

On the fiscal side, the notifications by the Member States in September within the framework of the Excessive Deficit Procedure confirmed that the budget deficit of the euro area as a

EURO AREA. PRICE INDICATORS CHART 10
Year-on-year percentage changes



SOURCES: Eurostat and European Central Bank.

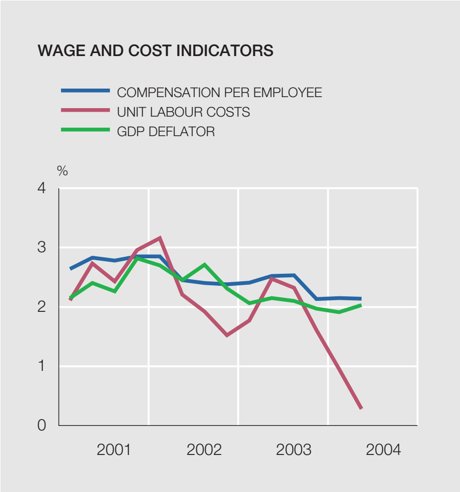
a. There is a break in January 2002 when the series was rebased to 2001.

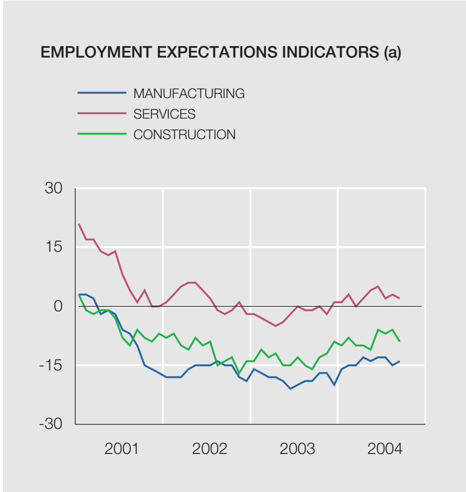
whole amounted to 2.7% of GDP in 2003. The significant upward revision of Greece's recent budget deficits (to 4.1% of GDP in 2000, 4.2% in 2001, 3.7% in 2002 and 4.6% in 2003) was the most remarkable new development in this round of notifications. The revision, which was approximately 2 pp of GDP in each of these four years, was due, among other factors, to the fact that the original accounting for military expenses and interest payments was incomplete and to the overestimated Social Security surplus. These developments underlined the need for accurate information to be obtained promptly on the true situation of the Member States' public finances, in order to preserve the effectiveness and credibility of euro area budget discipline mechanisms.

The fiscal imbalances are not expected to be corrected this year, so the budget deficit could stand at levels slightly worse than those of the previous year (see Table 2). Thus the targets set in the stability programmes (which result in an aggregate deficit of 2.3% of GDP) would not be met at an aggregate level. Unlike in the past three years, this time the deviation cannot be attributed to a more unfavourable economic trend than anticipated when the programmes were drafted. In addition, the imbalance will foreseeably exceed 3% of GDP in various euro area countries. Within these countries, Germany does not expect the deficit to be corrected sig-

EURO AREA. WAGE AND EMPLOYMENT INDICATORS
Year-on-year percentage changes

CHART 11





SOURCES: Eurostat and European Central Bank.

a. Expectations based on European Commission sentiment indicators.

GENERAL GOVERNMENT BUDGET BALANCES OF EURO AREA COUNTRIES (a)

TABLE 2

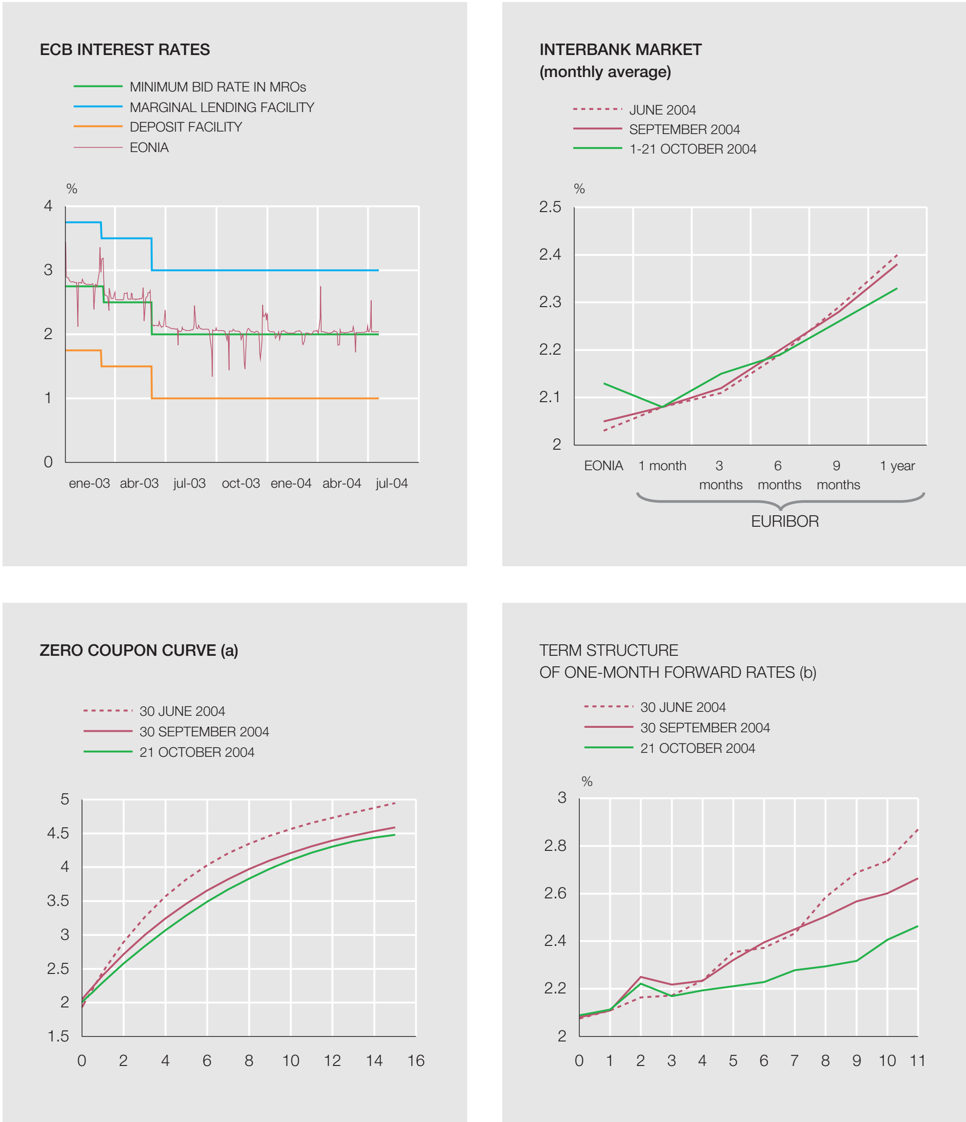
% of GDP

	2000	2001	2002	2003	2004 (b)	2004 (c)
Belgium	0.2	0.4	0.1	0.4	-0.1	0.0
Germany	-1.2	-2.8	-3.7	-3.8	-3.9	-3.3
Greece	-4.1	-4.2	-3.7	-4.6	-5.5	-1.2
Spain	-1.0	-0.5	-0.1	0.4	-0.6	0.0
France	-1.4	-1.5	-3.2	-4.1	-3.7	-3.6
Ireland	4.4	0.9	-0.2	0.1	-0.2	-1.1
Italy	-1.8	-2.6	-2.3	-2.4	-3.0	-2.2
Luxembourg	6.0	6.4	2.8	0.8	-0.8	-1.8
Netherlands	1.5	-0.1	-1.9	-3.2	-2.9	-2.3
Austria	-1.9	0.3	-0.2	-1.1	-1.3	-0.7
Portugal	-3.1	-4.4	-2.7	-2.8	-2.9	-2.8
Finland	7.1	5.2	4.3	2.3	2.3	1.7
PRO MEMORIA: Euro area						
Primary balance	3.1	2.3	1.3	0.7	0.5	
Total balance	-1.0	-1.7	-2.4	-2.7	-2.9	-2.3
Public debt	70.4	69.4	69.4	70.7	71.1	

SOURCES:European Commission, national stability programmes and Banco de España.

a. As a percentage of GDP. Proceeds from the sale of UMTS licences not included. Deficit (-) / surplus (+). The deficits that exceed 0.03 of GDP have been shaded.
b. European Commission forecasts (autumn 2004).
c. Targets of the stability programmes presented between November 2003 and January 2004.

EURO AREA INTEREST RATES CHART 12



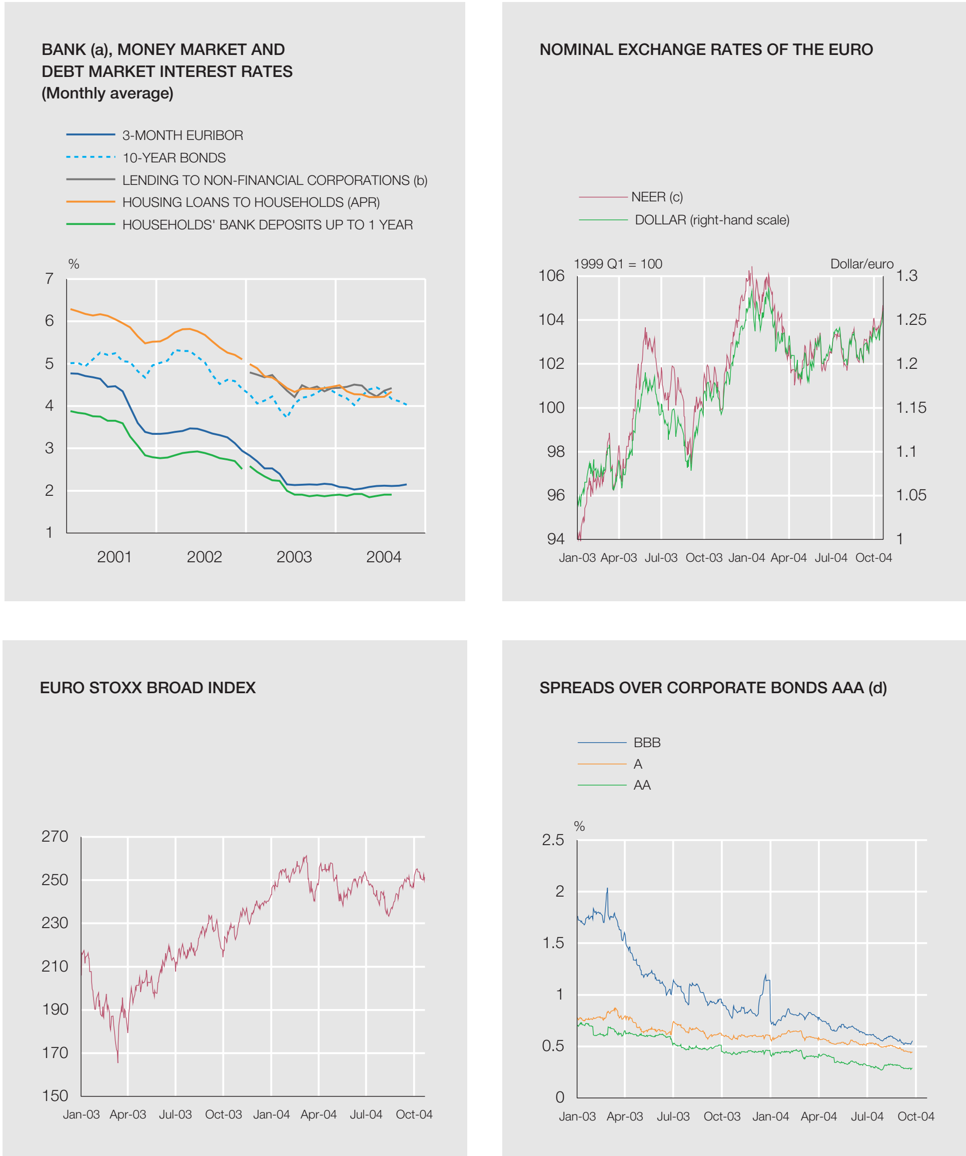
SOURCES: European Central Bank and Banco de España.

a. Estimated using swap market data.
b. Estimated using Euribor data.

nificantly in 2004, given the unlikelihood that the improvement in the health system accounts resulting from the reforms in this sub-sector will suffice to offset the impact of the adverse trend in the tax bases on overall receipts. By contrast, the budget outturn figures available in France point to higher-than-expected tax takings, although their impact on the general government balance will be partly countered by drift in the social security system. Finally, the Greek deficit may exceed official forecasts in 2004 as a result of the adverse trend in tax receipts and of deviations in primary expenditure.

Most of the countries are already preparing their budgets for 2005. The strategy designed in Germany is based on controlling primary expenditure on government consumption and transfers to households and on combating tax fraud. Moreover, the final phase of the income tax cuts will come into force in January. In France the projected deficit of 2.9% of GDP will be achieved thanks to temporary measures worth 0.4% of GDP and to holding central government expenditure unchanged in real terms. In addition, the draft budget contains some minor

EURO AREA INTEREST RATES, EXCHANGE RATE AND STOCK MARKET INDEX CHART 13



SOURCES: Banco de España and European Central Bank.

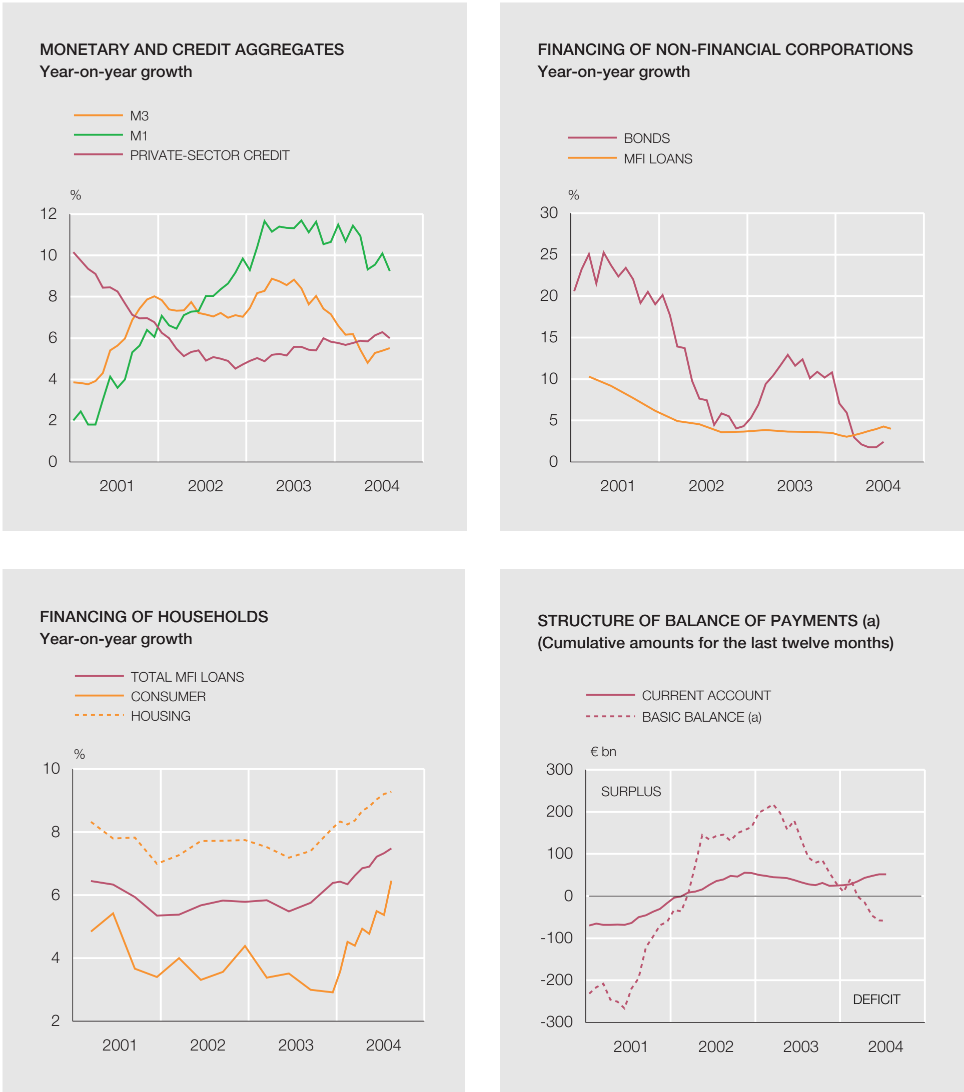
a. Data drawn from new statistics on interest rates compiled by the ECB for new operations.
b. Interest rates over five years.
c. Nominal effective exchange rate index. Narrow group of currencies defined by the ECB.
d. Euro-denominated bonds issued by non-financial corporations.

reductions in tax pressure, including corporate income tax rate cuts, improved tax treatment of first home purchases and an increase in the minimum inheritance tax exemption. In Italy the projected deficit will be 2.7%, due equally to the freezing of real expenditure and to the application of temporary measures. Finally, in Holland the projected deficit for 2005 is 2.6%. In this case, the budgets contain an increase in income tax and in tobacco excise duty, as well as a reform of unemployment benefits designed to stimulate reincorporation of the unemployed into the labour market.

Finally, the proposals of the recent European Commission Communication aimed at improving the application framework of EU fiscal policies include notably the following. First, the refocusing of the definition of a nearly balanced or surplus budget position so as to take into account key aspects of each country's specific situation, such as its level of debt and its implicit liabili-

MONETARY AND CREDIT AGGREGATES AND BALANCE OF PAYMENTS

CHART 14



SOURCES: Banco de España and European Central Bank.

a. The basic balance is approximated by the sum of the balance on current account and direct and portfolio investment.

ties, its potential growth, its public investment and the existence of budget reforms to improve the quality of the sector's accounts. Second, the European Commission is considering the idea that more importance should be given to public debt in the monitoring of a country's fiscal situation. For this purpose, it will have to specify what constitutes a satisfactory pace of debt ratio reduction in those countries in which this variable exceeds the reference level of 60% of GDP. Finally, the Commission has also suggested the possibility of reconsidering the role attributed to the behaviour of economic activity in the application of the excessive deficit procedure.

3.2 Monetary and financial developments

In its 2004 Q3 meetings, the Governing Council of the ECB decided not to change the monetary policy stance, considering that it remained consistent with achieving the objective of price stability in the medium term. Consequently, the interest rates on the main refinancing operations, deposit facility and marginal lending facility remained steady at 2%, 1% and 3%, respectively. This low interest rate level thus contributed to strengthening the process of recovery of domestic demand in the euro area.

In summer, money market interest rates were fairly steady (see Chart 12). By contrast, forward rate curves showed a downward movement between June and September at terms of more than six months, although expectations persist of a moderate rise in official interest rates in the future. On the information available up to August, the interest rates set by credit institutions in their lending and deposit transactions did not change significantly and they continue at historically low levels (see Chart 13).

Ten-year government bond yields trended downward in 2004 Q3 in both the euro area and the US, although the sharper fall in the US narrowed the positive spread between the US long-term interest rate and that in Europe. The parallel movement in long-term interest rates in the two areas suggests that, to an increasing extent, the factors that determine the expectations as to future interest rates in one of the economies (basically due to changes in the outlook for activity growth or prices) also affect the conditioning factors of the other region. Against a backdrop of rising oil prices, the decrease in long-term rates is somewhat anomalous, since it seems to show that this phenomenon can affect growth prospects more than inflation expectations.

On the foreign-exchange markets, the euro exchange rate also showed steady behaviour in summer, although a certain tendency to appreciate since mid-September has taken it to a level of nearly USD 1.26 per euro at the date this Bulletin went to press. The nominal effective exchange rate of the euro recorded only slight fluctuations, although in the last few weeks it has appreciated by nearly 2%. Over the summer the euro area equity markets continued to lack any clear trend. In mid-October, the cumulative return thus far in the year of the Dow Jones Euro Stoxx broad index was 3.4%, down slightly on end-June.

The M3 monetary aggregate accelerated somewhat in Q3, with a year-on-year rate of change of 6% in September (see Chart 14). Credit to the private sector continued to grow steadily, and the year-on-year growth rate for September stood at 6.3%. However, this is the result of uneven behaviour in household and corporate credit. Thus lending to households continued to accelerate, both in consumer credit and, principally, in loans for house purchases, which in September were up by 8% year-on-year. However, credit to non-financial corporations showed a slower rate of growth. Furthermore, despite the decrease in spreads between corporate debt and government debt, firms only had moderate recourse to bond issuance. This raises some doubts as to whether firms are able or willing to finance fresh investment projects, although it may also be a sign of the strength of corporate self-financing sources. In Spain, lending to households and non-financial corporations continued to show very high growth rates, twice those in the euro area as a whole.

Some days prior to the publication of the Quarterly National Accounts (QNA) for 2004 Q2, INE revised the National Accounts estimates for the Spanish economy for the period 2000-2003, resulting in slightly higher GDP growth, in real terms, for these years. The QNA for Q2 included these new estimates, which entailed a change in the quarterly profiles for recent years and a slight – in this case downward – revision of real GDP growth in 2004 Q1 (from 2.8% to 2.7%). On the basis of these figures, the QNA estimates for Q2 showed that domestic demand in this period increased at a real year-on-year rate of 3.8%, 0.3 pp up on Q1. The source of this greater buoyancy of demand was the take-off in investment in capital goods, following the slackness of this variable in previous quarters, against the background of a sustained rise in both private and government consumption and in investment in construction. The negative contribution of external demand was significantly greater, as a result of the strength of imports accompanying the pick-up in domestic spending and weaker exports, where the fall-off in tourism revenue was particularly influential. Overall, the year-on-year growth rate of real GDP declined by 0.1 pp in Q2 to 2.6%.

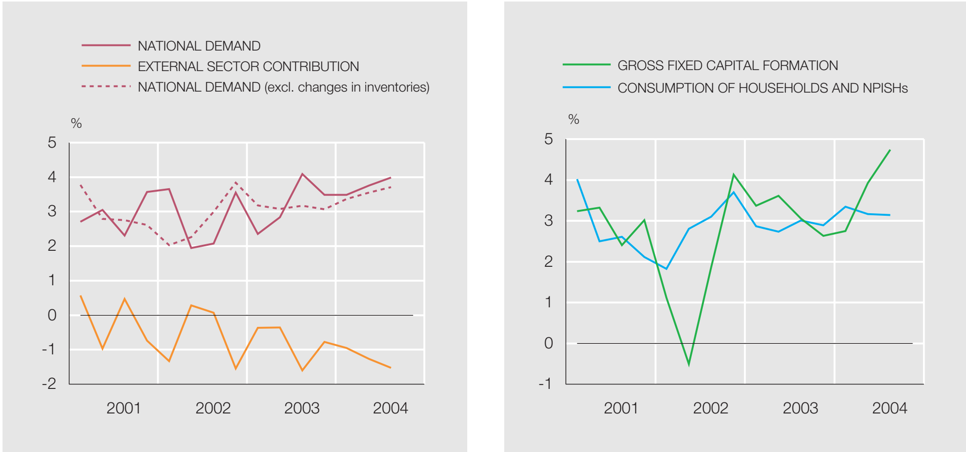
The information available for Q3 reveals that domestic demand remains considerably buoyant, outpacing the rate of increase recorded in the previous quarter and underpinned by the acceleration in gross fixed capital formation. Consumption would have grown at a rate close to that recorded in Q2. However, it is estimated that the negative contribution of the external sector to growth may have been 1.5 pp in the summer months, as imports continued to grow sharply – since the pick-up in investment in capital goods continued – and the performance of exports scarcely improved (see Chart 15). As a result of these movements, real GDP is estimated to have stabilised during the summer at a rate of 2.6% year-on-year.

From the standpoint of value added, the slight slowdown in Q2 was mainly evident in the contraction of agricultural activity and in the loss of momentum of market services. Conversely, the performance of overall industrial activity was favourable, against a backdrop of recovery in investment in capital goods and the ongoing buoyancy of consumption. Construction was once again the most dynamic branch, despite slowing slightly in Q2. The economic indicators for Q3 do not show significant changes in these trends: in particular, activity in the primary sector underwent a fresh cut in the summer months and the growth rate of market services eased further, while the rate of increase of value added in overall industrial activities tended to stabilise. Turning to employment, the modest slowdown witnessed in Q2 came to a halt in the summer months, when the decline in industrial employment was appreciably corrected, and there was continuing intense job creation in construction and services.

The stability of the estimated growth rate for employment in Q3 has entailed the extension of the low growth path for apparent labour productivity. Productivity gains have been particularly small in the market economy, where services activities have continued to generate jobs at a rate higher than that of value added. Given these developments, unit labour costs have continued to increase at a rate of over 3%, and only in the industrial branches have they behaved more moderately. Nonetheless, the notable increase in final prices and the as yet moderate growth in import prices have enabled rising costs to be absorbed without bringing to a halt the ongoing widening of margins. In this respect, mention may be made of the intensity with which unit surpluses in construction are continuing to grow; moreover, although to a lesser extent, margins have also widened in the industrial branches. Among the indicators of final prices, the CPI quickened slightly in the summer months, mainly as a result

MAIN DEMAND AGGREGATES (a)

CHART 15



SOURCES: INE and Banco de España.

a. Year-on-year percentage change based on seasonally adjusted series.

of dearer oil imports, the effect of which on the overall index was partly offset by cheaper food.

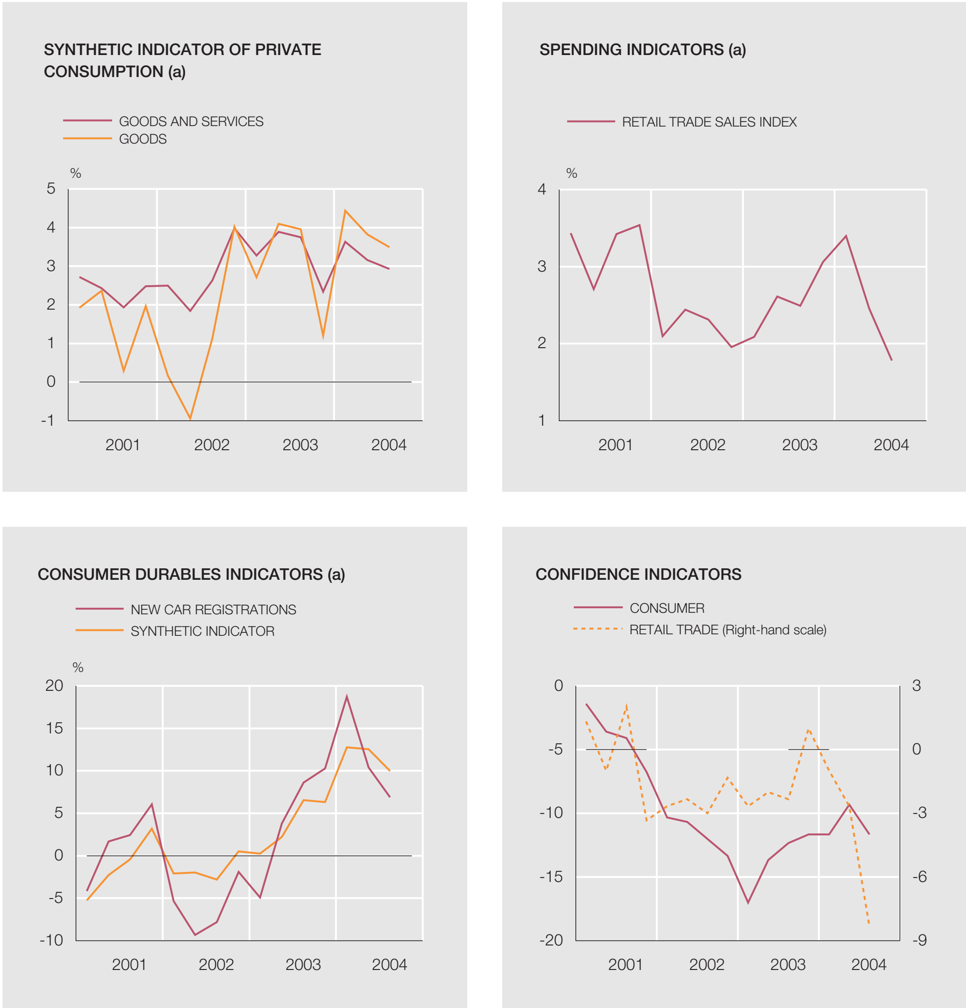
4.1 Demand

On QNA estimates, the pace of household final consumption spending eased slightly in 2004 Q2, placing the related year-on-year growth rate at 3.2% in real terms. The latest information would suggest that this mild slowdown has continued during Q3. Contributing to the firmness which private consumption spending has been showing, underpinned by the expansion of household disposable income, are the gains in net real wealth in this sector and the continuing generous financing conditions which, overall, are checking the recovery in the household saving ratio and increasing the level of household debt.

As earlier mentioned, the indicators available suggest scant moderation in the rate of increase of consumption in Q3 (see Chart 16). The new synthetic indicator of consumer goods and services moved on a mildly slowing profile in this period, more intensely so in the case of goods and, in particular, consumer durables, the substantial buoyancy of which eased during Q3. This partly reflects the slight loss in momentum of new car registrations to September. Among the remaining indicators related to household spending, the overall index of retail sales lost steam in July and August, in line with the deterioration shown by the retail trade confidence indicator to September. The consumer confidence indicator also fell back in September, after having held stable for three months running. The slide here was due to worse expectations over unemployment and the possibility of saving.

However, the main determinants of private consumption continue to trend favourably. The growth of household disposable income in real terms is underpinned by the ongoing increase in employment and by the relatively expansionary contribution of general government: despite the petering out of the positive impact of the personal income tax reform in 2003, the acceleration in benefit payments linked to unemployment and to pensions has added to this contribution. Household wealth continues on the up, mainly as a result of the rising value of property assets, to which house price increases are contributing. Financial wealth has trended much more moderately than in the first half of the year owing to the adverse impact of the rising trend of oil prices on stock market prices during the summer. Against a background marked, moreover, by the low cost of financing, the saving ratio may have fallen slightly. And this, along with the increase in residential invest-

PRIVATE CONSUMPTION INDICATORS CHART 16



SOURCES: INE, European Commission, ANFAC and Banco de España.

a. Year-on-year percentage change based on the seasonally adjusted series.

ment referred to later in this report, has placed household lending capacity at a very low level.

In 2004 Q2, the growth rate of general government final consumption held at 4.3% year-on-year. For Q3, based on the trend of personnel costs provided by the State budget outturn (the only information available to date), no significant changes are expected in the pace of this aggregate.

Gross fixed capital formation quickened significantly in 2004 Q2, growing at a year-on-year rate of 3.9%, 1.2 pp up on the increase posted in Q1. This was the result of the notable pick-up in investment in capital goods, which increased by 4% in real terms, after having been flat in the two previous quarters. The other two components of gross fixed capital formation, namely construction and investment in other products, registered growth rates of 4.2% and 2.9%, respectively, very similar to those of the previous quarter. The estimates for Q3 show a maintenance of these trends, with a fresh acceleration in investment in equipment, making this the most buoyant component of demand, and the continuing expansionary momentum of investment in construction, at a rate similar to that recorded in the first half of the year.

GROSS FIXED CAPITAL FORMATION

CHART 17

SOURCES: INE, European Commission, Ministerio de Fomento, OFICEMEN, Instituto Nacional de Empleo and Banco de España.

a. Year-on-year percentage change based on the seasonally adjusted series.
b. Level of original series.

The turnaround in investment in capital goods seen in Q2 would have firmed in the summer months, according to the indicators available (see Chart 17). In particular, the indicator of apparent investment in capital goods, compiled with as yet incomplete information for Q3, shows an accelerated growth profile to which imports of this type of good have contributed significantly. Also, surveys of capital goods producers' orders reveal a substantial improvement in August, a favourable trend seen also in the assessment of orders for industry as a whole. Capacity utilisation has increased slightly in Q3, while the proportion of companies that consider they have excess capacity has fallen, with both these indicators testifying to the presence of a favourable climate for investment.

The information on non-financial corporations, compiled by the Banco de España Central Balance Sheet Data Office, indicates that Spanish companies' activity grew at a sustained rate until 2004 Q2, based on the ongoing expansion of firms whose main activity is in the services sector – especially those relating to the distribution trade – and on the recovery of industrial corporations. The rise in activity was accompanied by a moderate increase in personnel costs, improved financial revenue and fresh cuts in financial costs. This meant ordinary net profit was very favourable and profit ratios high. As a result of this generation of resources, some of the more indebted companies were able to reduce their debt levels, and the business sector has been able, in general, to position itself advantageously with a view to undertaking new investment plans, as the uncertainty over the expansion of the world economy dispels.

On QNA estimates, the year-on-year growth rate of investment in construction fell by 0.1 pp in Q2 to 4.2%, though this variable remained the most buoyant component of domestic demand. This robustness is not in line with the significant slowdown that quarter in the Construction Industry Survey (ECIC) compiled by the Ministerio de Fomento, which is the main reference indicator for measuring both activity in the branch and expenditure on these products. The year-on-year growth rate of the value of work undertaken by construction companies, according to the Survey, was 0.6% in Q2, following the increase of 4.8% observed in Q1. This sudden loss of momentum affected the various types of construction work, although the slowdown in the case of civil engineering work was particularly sharp and should be interpreted with caution until confirmed by additional information. Other indicators of construction activity weakened to some degree in the spring months, albeit not with the intensity shown by the ECIC, but the latest data point to renewed vigour in Q3. Thus, the production of certain materials used in construction and the apparent consumption of cement have, on information to August, picked up following their more moderate growth in Q2, and the indicators of employment in construction have trended similarly.

The growth of construction in recent quarters has been largely underpinned by the highly favourable behaviour of house-building, derived from the sharp increase in housing starts that took place in 2003. According to building permits and approvals, the surface area of residential building to be built increased by 20% last year; and according to housing starts figures, an all-time high of over 620,000 units was reached in 2003 as a whole, whereas 330,000 houses have been started in the first half of 2004. As to the outlook for residential investment in the coming quarters, it should be borne in mind that the surface area to be built further to architect association approvals to July grew by 10% year-on-year which, given the average period between approval and the start of the work and the average time taken for execution of this type of work, would mean a slight moderation could be projected for next year following an increase in 2004 which might exceed that posted in 2003. The outlook for non-residential building on the basis of work approvals suggests a continuation of the contractionary profile. In the case of civil engineering work, public sector procurement showed renewed vigour in June and July, with growth of 11.2% being recorded between January and July. That would point to a greater increase in this type of work in 2005.

On QNA estimates for 2004 Q2, net external demand subtracted 1.3 pp from GDP growth in this period, widening the negative contribution of the previous quarter by 0.3 pp (see Chart 15). The growth of real goods and services exports eased to 4.7% year-on-year, down from 5.5% in Q1. Meanwhile, real flows of imports continued to quicken, up to 8.1% year-on-year compared with 7.8% in the previous quarter. With the full set of short-term economic information on foreign trade for Q2 available, the deterioration in net external demand in this period can be confirmed, and might even be sharper than that which the QNA figures reflect. As discussed at the start of this section, the as yet incomplete information available for 2004 Q3 points to the maintenance of a high negative contribution in this period, since the acceleration in goods and services imports would have offset the pick-up in exports from their scant buoyancy the previous quarter.

In any event, the behaviour of exports in recent quarters has come about against a backdrop of notably buoyant world trade, which has intensified as the improvement in the US economy and in the main Asian countries firmed. The countries of the euro area, Spain's principal market, also showed significant momentum, at least during Q2. The loss of competitiveness that built up in 2003

FOREIGN TRADE
Percentage change on year ago

CHART 18

SOURCES: INE, Ministerio de Economía, Ministerio de Hacienda and Banco de España.

a. QNA data at constant prices.
b. Deflated seasonally adjusted series.
c. Seasonally adjusted series.

against the developed countries, and which only lessened slightly in the first half of 2004 thanks to the trend of export relative prices, would be checking progress by Spanish sales abroad. On the imports side, the strength of purchases of consumer and capital goods is underpinned by the expansionary behaviour of these final demand components and by the decline in their prices in euro. Intermediate goods imports have also picked up, in line with the strength of industrial activity.

As to the recent behaviour of the foreign trade indicators, goods exports in real terms, the year-on-year growth rate of which slowed in 2004 Q2 to 2.2% according to Customs figures deflated by the related UVIs, rebounded somewhat in July and August when they posted a year-on-year increase of 9.5% (see Chart 18). Given the volatility characterising these flows, the data should be assessed with some caution, especially bearing in mind that the trend of the indicator projects a slightly declining path. Over the course of the first eight months of the year, goods exports grew by 5.7%, somewhat down on the average figure for the previous year (6.2%). In terms of regions, exports to Community[1] markets quickened slightly during this

1. The former EU 15.

period to a rate of 4.4% in real terms, compared with 3.9% in 2003. Real exports outside the Community continued to progress at a high rate of 8.7%, though this was slightly down on 2003. In this latter group, sales to Japan and to the rest of the Asian continent were notably buoyant, and those to Latin America picked up; however, exports to the central and eastern European countries lost momentum and those to the United States remained very moderate.

Real tourism revenues slipped by 2.2% in Q2, according to QNA figures, following their flatness throughout the previous year and in the opening months of 2004. This decline was accompanied by a 2% fall in exports of other services, bearing notably on the overall export performance. Both nominal and real tourism indicators reflected fairly negative results in Q2 which, though they eased to some extent during the summer, are not solely attributable to one-off factors such as the terrorist bombings of 11 March or the sporting events in Portugal. Other more structural factors have had an influence on the poor tourism results of late, such as the progressive loss of competitiveness against the eastern Mediterranean countries, which compete with Spain in the same sun and beach segment. On the latest available information, the sluggishness of the indicators of visitors lodged in hotels and overnight stays has tended to ease during Q3, although over the first nine months of the year as a whole, both reflect a rather poor performance: foreign visitors lodged in hotels increased by 0.9% and overnight stays fell by 2.4%, revealing a reduction in the average stay by tourists in hotels, as well as a reduction in their average spending. The indicator of tourists entering Spain increased by 1.4% on average in the summer months, meaning the growth in 2004 to date stands at 1.9%. Of note this year has been the slowdown in British tourism (the United Kingdom is the biggest supplier of tourists for Spain), the ongoing slackness in recent years of the German market and the decline in French tourism. In the coming quarters, the impact on tourism of the expected pick-up in the main European countries might be countered by the higher prices arising from the hike in crude oil prices and by the adverse trend of price competitiveness.

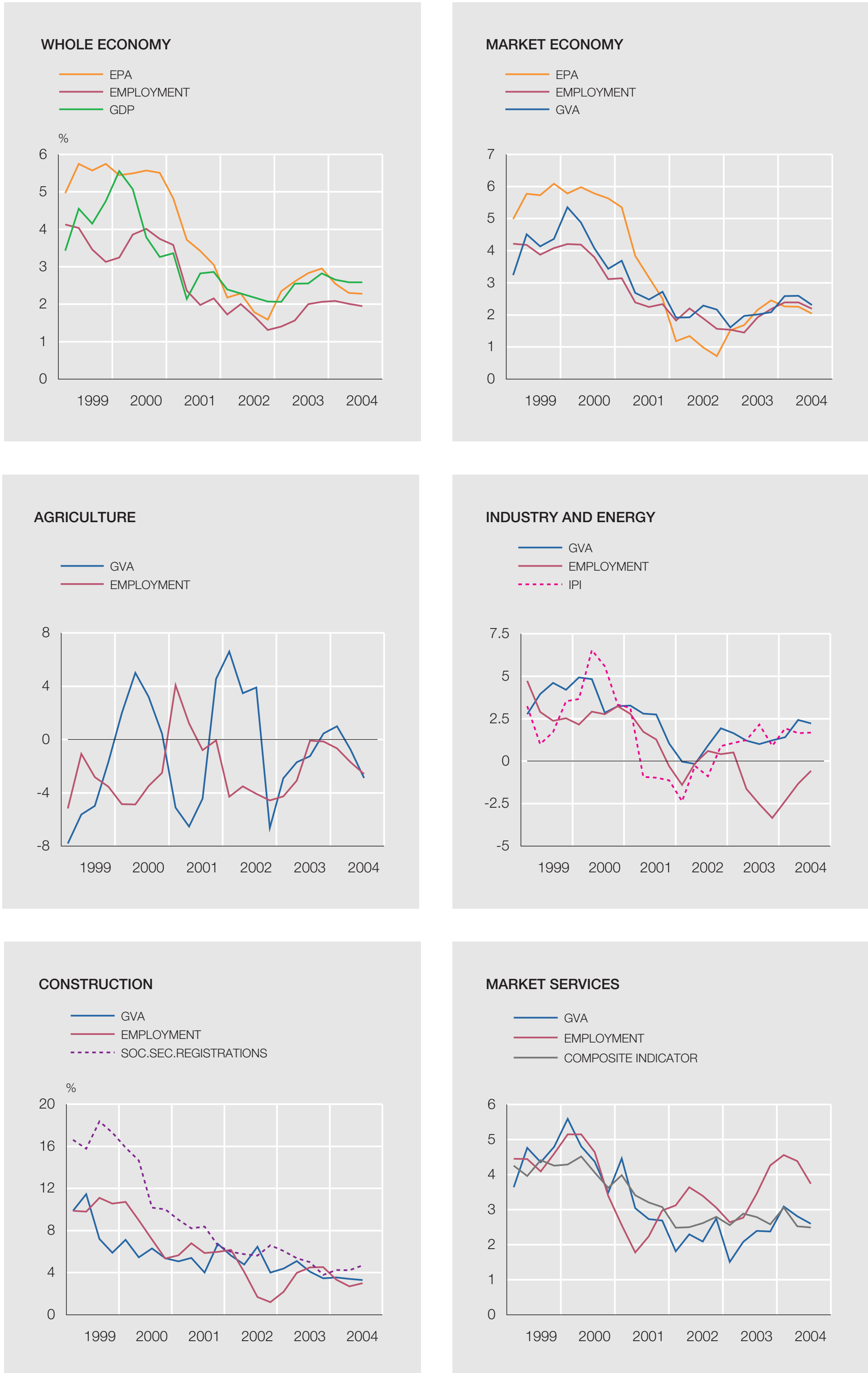
Real goods imports were notably robust during 2004 Q2, according to deflated Customs figures. This buoyancy heightened in July and August at a rate of 15.1%, projecting notable growth for Q3 as a whole. During the two summer months there was a most significant increase in imports of capital goods. Their growth exceeded 30%, partly because of the influence of certain extraordinary purchases relating to naval transport material and earth-moving machinery. Purchases of non-energy intermediate goods also picked up, while consumer goods imports grew sharply. During the first eight months of the year as a whole, the real increase in imports was 11.2%, up on the related average for the previous year. Real imports of services posted growth of 3.4% in Q2 on QNA figures, the outcome of the slackness in purchases of non-tourist services (–0.4%) and of the dynamism of Spanish residents' consumption outside our borders (20.2%). This dynamism is partly influenced by the low levels observed a year earlier, coinciding with the war in Iraq, although it is also underpinned by the same factors accounting for the growth of private consumption and by the strength of the euro.

4.2 Output and employment

From the supply standpoint, it is estimated that the growth of value added in the market economy, after holding stable in the first half of 2004, slowed mildly in Q3, making itself particularly felt in agriculture and in market services (see Chart 19). Value added in agriculture worsened notably in Q2, resulting in a decline of 0.8% year-on-year which may have intensified during the summer. These poor results came about despite the favourable weather conditions, marked by heavy rainfall, during the spring. Production in the case of most crops grew very moderately, with the exception of cereals, which rose considerably. Fruit production fell substantially, while expectations about the olive harvest point to a return to its historic levels, far off the highs reached in 2003. Lastly, products of animal origin – milk and eggs – moved on a

GROSS VALUE ADDED AND EMPLOYMENT BY BRANCH OF ACTIVITY (a)

CHART 19



SOURCES: Instituto Nacional de Estadística, Ministerio de Trabajo y Asuntos Sociales and Banco de España.

a. Year-on-year percentage rates based on seasonally adjusted series. Employment in terms of full-time equivalent jobs. For incomplete quarters, the year-on-year rate for the period available within the quarter is taken.

slowing path. Foreseeably, at least in the short run, value added in this branch will continue to move at a negative year-on-year rate.

The period 2004 Q2 saw a reinvigoration of the industry and energy branch, whose value added had been posting low and virtually stable growth rates during the previous quarters. On QNA figures, activity in this branch accelerated by 1 pp to 2.4% year-on-year, driven mainly by the above-mentioned recovery in investment in capital goods. It is estimated that growth may have eased slightly in Q3, despite the fresh rise in domestic demand. This was partly due to a base effect on the growth of value added in energy which, in 2003, was propelled by the high consumption brought on by the August heatwave. The short-term indicators for industry have emitted somewhat more uneven signs in Q3, although on the whole they confirm the recovery in industrial activities. The results of the industrial production index in July and August point to a slight slowdown for the quarter as a whole, while intermediate goods imports advanced significantly in these same months and orders in industry picked up during the quarter. However, the confidence indicator for the sector worsened in relation to Q2, following the profile of the expected trend for output, while employment continued to shrink, albeit at a less sharp rate than in the spring.

Value added in construction slowed by 0.2 pp in Q2 to a year-on-year rate of 3.4%. As discussed in the previous section on analysing investment in construction, the strength of this sector has been underpinned in recent months by the rise in residential building, while non-residential building has moved on a contractionary trend as, temporarily, civil engineering works may have done. The indicators available for Q3 do not, in any event, shows signs of a significant weakening.

On QNA estimates, the acceleration in activity in the services branch in 2004 Q1 did not run into Q2; in that period services slowed by 0.3 pp to 2.9% year-on-year. The loss of steam was common to the two related components, although somewhat more moderate in the case of non-market services. The rate of increase of market services was cut by 0.3 pp to 2.8%. The information in the short-term indicators points to a further loss of vigour in Q3. The composite market services indicator (ISIS) showed a slight loss of momentum in the July-September period, while the opinion-based surveys evidenced a deterioration in business confidence with regard both to the assessment of the present situation and the outlook for the future. Nonetheless, Social Security registrations quickened in the summer after having fallen off in the previous quarter.

Developments in the respective market services activities differed considerably, although there was a notable slowdown in wholesale and retail trade, witnessed in the slight slide in Social Security registrations to August and in the loss of steam in the retail sales index. The hotel and catering trade also weakened in Q3, as seen in the slowdown in Social Security registrations; nonetheless, the sound performance of national tourism provided for a recovery in August, according to the indicators of overnight stays in hotels. Among the remaining services branches, real-estate, rental and business services activities (the latter including IT and R+D) proved very dynamic, as testified by the related Social Security registrations. The transport, storage and communications branch also trended favourably overall, especially in postal services and telecommunications, while air transport growth remained modest, in line with that observed in Q2.

On QNA estimates, employment – measured in terms of full-time equivalent jobs – slowed by 0.1 pp in Q2 but increased by 2.0% on the same quarter a year earlier. Since this moderation in employment was matched by a slight slowdown in GDP, apparent labour productivity growth held at a modest rate of 0.6% year-on-year, in line with its pattern since the summer of

2003. The growth rate of employment is estimated to have held at around 2% in Q3, while productivity gains remained at the same rate as in the first half of the year. In the market economy, both employment and value added sustained stable growth rates (2.4% and 2.6%, respectively) during the first six months of the year, meaning that apparent labour productivity posted a scant year-on-year rate of 0.2%, without any improvement in this connection being estimated in Q3 (see Chart 19).

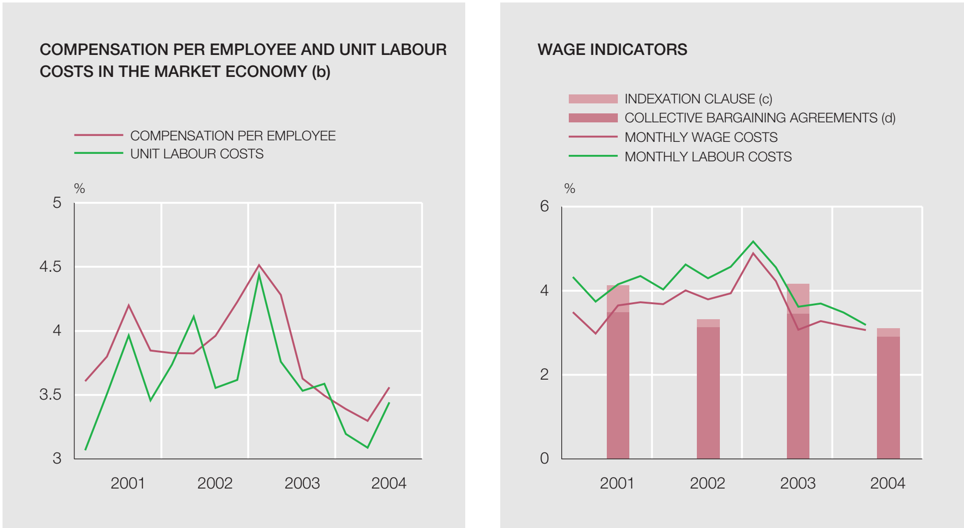
The main employment indicators slowed more sharply in 2004 Q2 than QNA figures had estimated: the year-on-year growth rate of employment according to the EPA (Spanish Labour Force Survey) fell by 0.3 pp (from 2.6% to 2.3%) and growth in the number of Social Security registrations dipped from 2.9% to 2.6% from Q1 to Q2. However, both indicators showed a clear recovery in the summer months. Registrations quickened by 0.1 pp (to 2.7%) and the increase in employment according to the Q3 EPA was 2.5%. The INEM data on employment contracts signed continued to show very high growth moving on a slightly accelerating path in the three quarters of 2004 to date, reflecting the high job turnover present in the Spanish labour market.

As can be seen in Chart 19, the growth of employment in QNA terms slowed in Q2 in all branches of activity, with the exception of industry (excluding energy) where job destruction eased appreciably. This resulted in apparent labour productivity growth of 3.8%, down on the figure for Q1 (4.4%). The EPA data for Q3 indicate that this moderating trend did not intensify in the summer, whereby productivity in this branch continues to expand. In construction, employment rose by 2.7% in Q2, lowering its rate of increase in year-on-year terms. This slowdown allowed a slight pick-up in apparent productivity gains which would not have been sustained in Q3, for which period the employment indicators point to greater job creation, a trend confirmed by the EPA data. Finally, a substantial differential was maintained in services between the rate of increase in employment in the market-oriented and non-market branches. In the former, employment remained robust, increasing by 4.4% in Q2, 0.2 pp down on Q1, while in the latter the rate of change of employment declined by 0.4 pp to 0.5%, extending the slowing path embarked upon in mid-2003. A fresh slowdown in employment in the market services branches had been estimated for Q3, with the EPA figures evidencing a flat, though still high, rate of increase. Finally, in agriculture, the process of net job destruction heightened in Q2, having extended throughout the summer months, although the EPA data point to moderation.

The slight slowdown in employment on QNA data for Q2 was concentrated among dependent employees, with the related year-on-year growth rate standing at 2.0%, 0.2 pp down on Q1. For the self-employed there was an increase of 2.1%, an acceleration of 0.5 pp on the opening months of the year. This more prominent role of self-employment had also been detected in the EPA, somewhat more intensely so: dependent employment increased by 2.2% in Q2, marking a deceleration of 0.6 pp, while the numbers of self-employed grew by 2.6%, more than 1 pp up on Q1. In Q3 both groups grew by 2.5% according to EPA figures, signifying that the slowing path of dependent employment has, for the moment, been checked. Regarding the composition of this group, in respect of contract duration, both permanent and temporary employees slowed in the first half of 2004, albeit with the former proving more resilient. The Q3 data, however, reveal a notable rise in temporary employees, with growth of 4.1% (1.4% in Q2), and a further slowdown in the case of permanent employees (from 2.6% to 1.8%). This uneven development prompted a significant increase in temporary employees in relation to total workers, with the proportion rising to 31.2%, this representing the first year-on-year increase in this proportion since 2000. With regard to working-day length, there has been divergence throughout the year, with a continuous slowdown in full-time employees but a rising

WAGES AND LABOUR COSTS (a)

CHART 20



SOURCES: Instituto Nacional de Estadística, Ministerio de Trabajo y Asuntos Sociales and Banco de España.

a. Percentage change on same quarter a year earlier.
b. Rates based on QNA seasonally adjusted series.
c. Previous year's indexation clause.
d. Settlement in the year to date.

path for part-time workers, with the proportion of such workers in relation to total employees climbing to 8.5% in Q3, almost 1 pp up on a year ago. INEM information shows that the weight of permanent hires has held virtually stable over the first nine months of the year, while part-time contracts have gained in weight, their rates in 2004 to date increasing to 22.8%, although the biggest rise has been in fixed-term contracts.

The labour force, though it remained very robust in Q3, saw its year-on-year growth rate slow once again from 2.1% in the spring to 1.8%, due to the fact that the number joining the labour market (129,100) was the lowest since 1998. This also meant that the rise in the participation rate, which stood at 56% in the summer period, was slightly lower than usual for the time of year, as a result of which the year-on-year figure was 0.7 pp up. The breakdown by sex shows that the participation rate increased in the quarter for both men and women, to 68% for men, and to 44.7% for women. In both instances, and as is the case with the aggregate rate, the increase is smaller than that observed in the same period a year earlier. As job-creation exceeded the increase in new working population entrants, there was a notable reduction in unemployment in Q3 (61,300 fewer unemployed than in the previous quarter), whereby the unemployment rate dipped by 0.4 pp to 10.5%. This fall is the biggest decline in unemployment for this time of year over the last five years. In year-on-year terms, the reduction in the unemployment rate intensified (0.6 pp down on a year earlier). The registered unemployment data confirm the EPA results, as developments proved more favourable in Q3 (an increase of 1.1%) than in Q2 (when unemployment increased by 2.4%).

4.3 Costs and prices

On QNA figures, the growth rate of labour costs per unit of value added dipped very slightly in Q2 to 3.1%, both in the economy as a whole, where the related cut was 0.2 pp, and in the market economy, where the slowdown amounted to only 0.1 pp (see Chart 20). These developments were in line with the 0.1 pp cut in the rate of increase of compensation per employee – to 3.8% in the economy as a whole and to 3.3% in the market economy – and with the 0.1 pp increase in the growth of productivity for the economy as a whole (measured as value-

PRICES AND COSTS BY BRANCH OF ACTIVITY (a) CHART 21

SOURCES: INE and Banco de España.

a. Non-centred percentage change on a year ago based on QNA seasonally adjusted series.

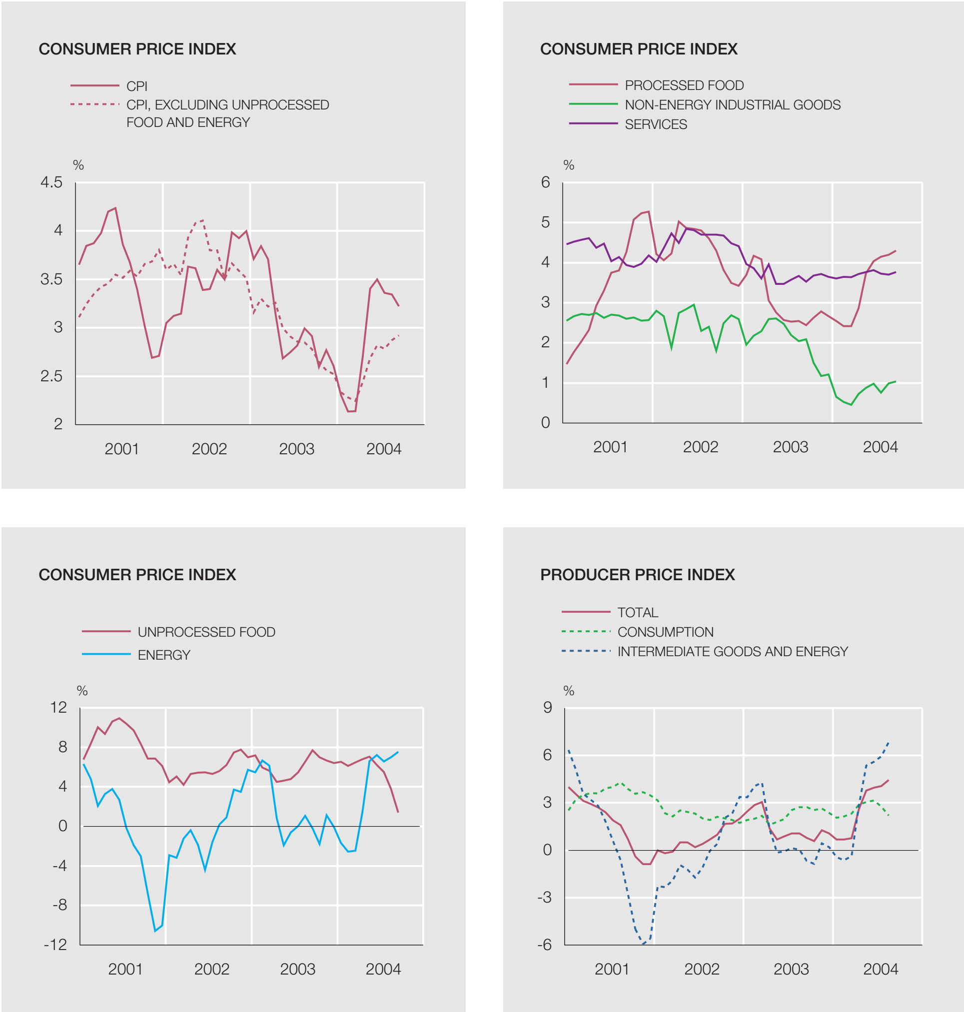
added per employee), while in the market economy the change in productivity held stable. It is estimated that labour costs per unit of value added would have risen in Q3, in step with the increase in compensation per employee, without productivity having changed significantly.

The QNA estimate of the slowdown in compensation per employee in the market economy for Q2 was on a lower scale than that reflected in the ETCL (quarterly survey of labour costs), which placed the year-on-year increase in monthly labour costs per employee at 3.2%, 0.3 pp down on Q1. In respect of the different components, both wage costs and non-wage costs slowed, although the latter did so to a greater extent (0.9 pp), decelerating to 3.5%. The wage component posted growth of 3.1%, 0.1 pp less than in Q1, although with differing developments across the different branches of activity: the biggest slowdown was in industry, followed by construction (the sector with the biggest year-on-year increase), while labour costs in services quickened.

Drawing on information from collective bargaining agreements recorded to 31 August, wage settlements stood at 2.9%, 0.6 pp less than in 2003, before including the wage indexation clauses. These agreements already affect almost 6 million workers and most are revised agreements. In the case of the latter, wage settlements stood at 2.9%, while in newly signed agreements the related rate was 3.0%. These figures are close to the ceiling implicit in the renewed Inter-Confederal Collective Bargaining Agreement entered into in 2003, which entailed main-

PRICE INDICATORS (a)
Spain

CHART 22



SOURCE: INE.

a. Twelve-month percentage change based on the original series.

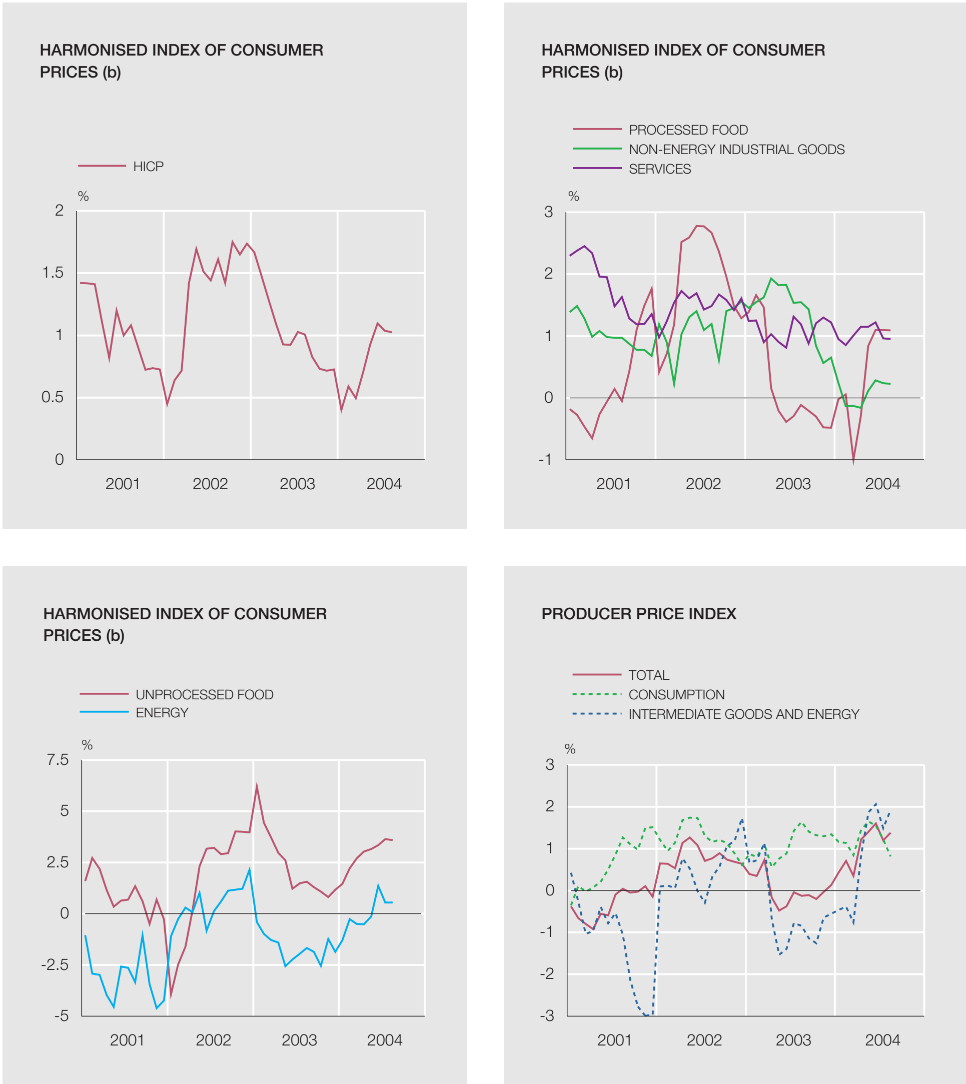
taining the wage rate-setting arrangements whereby increases are determined by adding a differential warranted by productivity gains to the official inflation forecast (2%). As has habitually been the case, wage increases agreed at company level (2.4%) were below those reached in agreements of a wider scope (3.0%). In 2004, the proportion of agreements including wage indexation clauses will be around 80%, a similar percentage to 2003. However, it is estimated that their impact on wages in 2005 will exceed that observed in 2004 (around 0.2 pp), given the more unfavourable trend of inflation. The incorporation of the recent rise in inflation into newly signed agreements that are yet to be finalised might pose an additional risk.

The slowdown in unit labour costs in Q2 did not translate into a greater easing in value added deflators, as a result of the more expansionary behaviour of operating margins (see Chart 21). Specifically, the value-added deflator for the economy as a whole increased by 3.8% in Q2, 0.1 pp higher than in Q1, while for the market economy the related rate was 3.9%, up from 3.7% in the first quarter. The unit surplus posted year-on-year growth of around 5%, consolidating the widening of margins initiated in Q1 after their more moderate behaviour last year. In the main branches, this made for an ongoing widening of margins in industry and, especially, in construction, and an easing of the narrowing of margins that has been seen in services.

PRICE INDICATORS

Differentials vis-à-vis the euro area (a)

CHART 23



SOURCES: Eurostat and Banco de España.

a. Twelve-month percentage change based on the original series.
b. To December 2001, the series are those published at that date.

The indicators available for Q3 broadly confirm the patterns of the previous months. The growth of the deflator in the services and construction branches is tending to stabilise, but the acceleration discernible in industry and energy is dragging the market economy deflator up. Something similar is happening with unit labour costs (the only ones moving on a rising trend are in the industrial branches), whereby there are no relevant changes in margins.

The GDP deflator stood at 3.7% in Q2, 0.1 pp up on Q1, in line with the above-mentioned trend of the value-added deflator. Nonetheless, the final demand deflator quickened by 0.7 pp to 3.3% as a result of the considerable rise in imported goods prices, against a background of strong purchases abroad. Specifically, the imports deflator posted growth of 2.5% in Q2, compared with –0.3% in Q1, essentially reflecting pressures in the oil market.

The private consumption deflator quickened by 0.4 pp to 2.9% in Q2, a much more moderate performance than that observed in the CPI, the main indicator of final prices, the growth of which stood at 3.2% in this same period, 1 pp above the related rate for Q1.

In Q3, the year-on-year increase in consumer prices practically stabilised at a rate of 3.3% (0.1 pp down on the September figure). This was the outcome of the highly differing behaviour of some of its components, with the slowdown in unprocessed food prices offset by the upward momentum of energy prices and, to a lesser extent, of processed food prices, which took the CPI excluding fresh food and energy to a year-on-year rate of 2.9% for the period on average.

Energy prices have been the most inflationary component these past months. Their 12-month rate of change increased by 2 pp from Q2 to Q3, up to 7%. Heating and vehicle fuel prices embarked on an upward trajectory in August which has yet to turn down. Natural gas prices increased in July, and that of butane did so at the start of Q4. All these developments reflect the pressures of crude oil prices on international markets, which have been rising throughout Q3 and stood above $47 per barrel in late September, up from $35 in early July. The increase in processed food prices in June was also notable, tending subsequently to stabilise. This was largely determined by the behaviour of olive oil prices.

Conversely, there was a notably strong deceleration in unprocessed food prices, the 12-month growth rate of which fell by almost 5 pp from June to September. During these months the increases in the prices of eggs and certain meats a year earlier were stripped out of the index, while there was a considerable slowdown in the rising trajectory of fruit and vegetable prices. The 12-month growth of non-energy industrial goods prices held fairly stable, at below 1%, the same as services; however, in this latter case the rate of increase is particularly high, at around 3.7%. In recent months the items relating to tourism and the hotel and catering trade have trended somewhat more moderately.

The growth rate of the HICP for Q3 on average was 3.3%, virtually unchanged on the previous quarter. Euro area-wide inflation held at 2.3%, meaning the differential in September was slightly wider than 1 pp in September (see Chart 23). The deterioration seen in the related differential for goods was offset by the slight narrowing of the services differential. There was a significant widening between the growth rates of food prices, since the slowdown in the Spanish economy, while significant, was less than that in the euro area as a whole. The differential also widened in the case of industrial goods, owing to the fact that the acceleration in energy goods prices was sharper in Spain.

The producer price index continued to increase gradually during Q3, with its year-on-year growth rate rising to 4.6% in September compared with the figure of 3.4% for Q2 on average. The marked deterioration in energy and intermediate-goods producer prices largely account for this development. Consumer-goods prices behaved more moderately and capital-goods prices accelerated slightly. The performance of producer prices in the euro area was similar, with their 12-month growth rate standing at 3.1% in August, 1 pp above the average for Q2.

4.4 The State budget

In late September the government submitted the draft State budget for 2005, which sets a target for the year of attaining a surplus of 0.1% of GDP, in line with the provisions of the Pluriannual Programme of Budgetary Stability 2005-2007. The draft budget estimates that the year 2004 will close with a deficit on general government non-financial transactions, in National Accounts terms, of 0.8% of GDP, compared with the balanced budget initially projected. This discrepancy is mainly due to a series of adjustments made between the budgetary accounts and National Accounts (which had not been taken into account in the 2004 budget), and the assumption by the State of the debt of RENFE (the State-owned Railway Company) as part of the restructuring of the railway system. In respect of the sub-sectors, the central

The Social Security System posted a surplus of €6.94 billion in 2004 in the period to July, 10.9% up on the same period in 2003. That places it in line with the outturn to April, but runs counter to the strong reduction in the surplus resulting from comparing the initial budget for 2004 with the outturn of the previous year[1] (see adjoining table). Both revenue and expenditure slowed in recent months. In the case of revenue, this deceleration was due, above all, to the different timing of certain interest received[2] (which is in the table included under “Other”), and the growth of total revenue stood at 6.9%. The slowdown in expenditure arose chiefly from temporary disability benefits and its growth rate stood at 6.3%, somewhat below the figure budgeted.

Receipts from social security contributions held at a growth rate of 7.1%, which is something of a slowdown on the trend maintained during 2003, despite the increase in the rates for certain special regimes[3]. The number of Social Security registrations increased by 2.7% to September 2004, only slightly below the 3% growth recorded in the two previous years.

Expenditure on contributory pensions continued to grow at a rate of 6.5%, below budget, though substantially up on the growth for 2003 as a whole. The number of contributory pensions continued to trend very moderately, increasing by 0.7% in the period to July, somewhat below the projected figure and the growth recorded the previous year.

Contributions received by INEM rose by 7.4% in 2004 in the period to March, above the budgeted projection of 6.6%, while rebates on contributions in respect of employment-promoting contracts increased by 8.2% to April, in contrast to the 21.4% growth budgeted.

Expenditure on unemployment benefits increased by 8.9% to August, against 5.9% in 2003 as a whole. Behind this rise lay the increase in the eligibility ratio, which stood at 73.8% in July 2004, substantially up on the end-2003 level. The number of beneficiaries thus grew by 5.7% in 2004 to July, compared with average growth of 3.2% the previous year. Meanwhile, registered unemployment showed an increase of 2.5% to September, virtually unchanged on 2003 as a whole.

1. This reduction is due to the fact that, as in previous years, revenue relating to contributions is highly under-estimated in budgetary forecasts. 2. In July 2003, interest revenue arose on government debt securities assigned to the Reserve Fund, while in 2004 the revenue in this connection arose in February and April. 3. These increases in rates are linked to financing the greater coverage for temporary disability or sickness.

SOCIAL SECURITY SYSTEM (a)
Transfers to regional governments allocated (b)
Current and capital transactions, in terms of recognised entitlements and obligations

EUR m and %

	Outturn	Budget		Outturn JAN-APR	Outturn JAN-JUL		
	2003	2004	% change	% change	2003	2004	% change
	1	2	3=2/1	4	5	6	7=6/5
1 Revenue	82,503	82,221	-0.3	7.4	47,468	50,762	6.9
Social security contributions (c)	77,332	76,753	-0.7	7.2	44,329	47,489	7.1
Current transfers	4,267	4,672	9.5	7.8	2,697	2,899	7.5
Other (d)	904	797	-11.9	34.7	441	374	-15.3
2 Expenditure	73,511	78,691	7.0	6.7	41,208	43,821	6.3
Wages and salaries	1,777	1,907	7.3	5.2	1,009	1,072	6.2
Goods and services	1,496	1,497	0.1	6.2	732	784	7.1
Current transfers	69,788	74,775	7.1	6.7	39,309	41,816	6.4
Benefits	69,787	74,774	7.1	6.7	39,308	41,816	6.4
Contributory pensions	60,151	64,307	6.9	6.4	33,931	36,140	6.5
Sickness	5,154	5,312	3.1	13.1	2,681	2,883	7.5
Other	4,481	5,155	15.0	3.4	2,697	2,793	3.6
Other current transfers	1	1	3.0	—	0	1	—
Other (e)	451	512	13.7	25.2	158	148	-6.0
3 Balance	8,992	3,530	-60.7	9.9	6,259	6,941	10.9

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 not available.
b. Transfers from the ISM to the regional governments to finance transferred health-care and social services have been distributed among the various expenditure captions on the basis of the percentages obtained from the general government accounts for 1997.
c. Including surcharges and fines.
d. Excluding surcharges and fines.
e. Reduced by the disposal of investments.

government deficit will rise to 1.8% of GDP (owing to the aforementioned adjustments and to the cancellation by the State of its outstanding debt with the Andalusia regional government), while the regional governments (thanks to this latter payment) and Social Security Funds will run respective surpluses of 0.2% and 0.8% of GDP, with local governments maintaining a balanced budget.

The draft State budget for 2005 provides estimates of State revenue and expenditure, in cash-basis terms, for the year 2004 (see Table 3). According to the outturn projection, the State will post a slightly smaller deficit than that initially forecast, as a result of above-budget growth in revenue and of lower interest payments which, overall, will offset the upward deviation of primary expenditure. This will come about mainly due to the increase in current transfers linked to the cancellation of the Andalusia regional government debt and in the goods and services caption.

On National Accounts methodology, the State posted a surplus in 2004 to end-September of €845 million (0.1% of GDP) on its non-financial transactions. This was above the surplus of €214 million euro in this same period the previous year (see Table 3), due to growth in revenue of 3%, somewhat higher than the 2.2% growth in expenditure. In both cases, but especially in that of expenditure (due to the above-mentioned accounting adjustments), the actual growth rates to September are below the forecast for the year as a whole offered by the outturn projection, which points to a State deficit of €14.28 billion (1.8% of GDP).

In cash-basis terms, the State budget outturn to September resulted in a deficit of €2.51 billion (0.3% of GDP), compared with the deficit of €6.42 billion (0.8% of GDP) recorded during the same period in 2003. These figures mark an improvement on the public finances to June, as a result of an acceleration in revenue and of the practical stabilisation in the decline in expenditure. Revenue thus increased by 4.0%, compared with the decline of 0.8% to June, while expenditure fell by 1.0%, compared with the reduction of 0.9% in the first half of the year.

To analyse revenue, there is information on total tax takings raised by the State and by the territorial governments. This latter information is not included in Table 3 but is more illustrative for evaluating tax takings. The total revenue figures indicate that both direct and indirect taxes quickened appreciably in Q3, unlike other revenue. Personal income tax takings increased by 1.5% to September, compared with the 5.3% decline in the first half of the year, as the effect of speedier refunds and other asymmetrical effects that took place in the first six months compared with the same period in 2003[2] were progressively offset during Q3. In this respect, the outturn projection figure for tax takings implies a further acceleration in personal income tax in the second half of the year to growth of 3.0%. The growth rate of corporate income tax (17.2%) remained high following the settlement of the final tax payable, although in the closing months of the year it might slow if the outturn projection (13.1% for the year as a whole) holds. Turning to indirect tax, the growth of VAT takings, also affected by speedier refunds in the first half of the year, quickened in Q3 to 8.5%, in line with the annual close of the outturn projection. Conversely, the rate of increase of excise duties fell in the summer months (reflecting the freeze on rates) to 4.3%; other revenue also slowed in Q3 and underwent a decline of 3.0% in September.

2. First, withholdings in the opening months of 2003 were higher since they did not reflect the reform of personal income tax and, further, the change in the calendar for revenue from certain general government sectors in 2003 raised revenue from withholdings for that year.

STATE BUDGET OUTTURN TABLE 3

EUR m and %

	Outturn 2003	Percentage change 2003/2002	Outturn projection 2004	Percentage change 2004/2003	Outturn JAN-JUN Percentage change	Outturn 2003 JAN-SEP	Outturn 2004 JAN-SEP	Percentage change
	1	2	3	4=3/1	5	6	7	8=7/6
1 Revenue	109,655	1.1	111,116	1.4	-0.8	76,532	79,592	4.0
Direct taxes	56,510	1.8	57,531	1.8	-5.3	37,525	39,189	4.4
Personal income tax	32,824	1.7	30,549	-6.9	-13.6	23,532	22,591	-4.0
Corporate income tax	21,912	2.3	24,773	13.1	17.2	12,722	14,907	17.2
Other (a)	1,774	-3.7	2,209	24.5	48.4	1,271	1,691	33.0
Indirect taxes	39,084	2.8	40,930	4.7	2.1	29,269	30,959	5.8
VAT	27,130	5.5	28,466	4.9	-0.9	20,406	21,715	6.4
Excise duties	9,787	-5.4	9,889	1.0	8.9	7,266	7,388	1.7
Other (b)	14,061	-5.6	12,655	-10.0	4.4	9,738	9,445	-3.0
Other net revenue	14,061	-5.6	12,655	-10.0	4.4	9,738	9,445	-3.0
2 Expenditure	113,787	2.4	117,754	3.5	-0.9	82,955	82,105	-1.0
Wages and salaries	18,450	5.1	19,415	5.2	3.5	13,334	13,919	4.4
Goods and services	2,996	5.4	3,454	15.3	32.4	1,966	2,383	21.2
Interest payments	19,788	4.9	17,888	-9.6	-19.5	16,203	13,689	-15.5
Current transfers	58,078	-0.4	62,364	7.4	2.1	42,162	43,049	2.1
Contingency fund	…	…	…	…	…	…	…	…
Investment	7,535	7.0	7,629	1.2	-1.9	4,966	4,712	-5.1
Capital transfers	6,940	7.5	7,004	0.9	1.3	4,324	4,352	0.7
3 Cash-basis balance (3=1-2)	-4,132	…	-6,638	…	…	-6,424	-2,513	…
MEMORANDUM ITEM: NATIONAL ACCOUNTS								
Resources	110,449	1.9	115,972	5.0	-2.6	77,581	79,888	3.0
Uses	112,566	0.7	130,251	15.7	2.1	77,367	79,043	2.2
Net lending (+) or borrowing (-) (c)	-2,117	…	-14,279	…	…	214	845	…

SOURCE: Ministerio de Economía y Hacienda.

a. Includes revenue from the tax on the income of non-residents.
b. Includes taxes on insurance premiums and tariffs.
c. Figures in accordance with the method used in the Excessive Deficit Procedure.

On the expenditure side, current spending quickened slightly during Q3, offsetting the slower pace of capital expenditure. Notably, the goods and services heading continued to post higher growth (21.2% to September), although the outturn projection anticipates a moderation in these expenses in Q4, and wages and salaries also quickened to a rate of 4.4% in September. Interest payments, the profile of which is determined by the timing of government bond redemptions, quickened notably in Q3 (although their rate remained negative), a trend which should continue in the closing months of the year according to the outturn projection. The growth rate of current transfers held firm during Q3 at 2.1%, although a strong acceleration in this expenditure is estimated for the end of the year owing – as mentioned earlier – to the cancellation of the debt with the Andalusia regional government. Finally, capital expenditure[3] slowed in this quarter, especially real investment, the rate of which dipped to 5.1%, although the outturn projection estimates a correction of this trend in the closing months.

3. It should be borne in mind that the assumption by the State of RENFE's debt, referred to in the main body of the text, is considered as a financial transaction in the budget outturn, and with no impact therefore on either this expenditure or the cash-basis balance. SEC 95, however, treats the assumption of this debt as a non-financial transaction and, therefore, as impacting capital expenditure and net State borrowing/lending.

BALANCE OF PAYMENTS: MAIN COMPONENTS (a) TABLE 4

EUR m

		JANUARY-JULY	
		2003	2004
CREDITS	Current account	144,665	149,848
	Goods	83,464	87,400
	Services	38,654	38,265
	Tourism	*20,600*	*20,495*
	Other services	*18,054*	*17,769*
	Income	12,867	13,820
	Current transfers	9,681	10,363
	Capital account	5,018	5,142
	Current + capital accounts	149,683	154,990
DEBITS	Current account	155,301	169,414
	Goods	102,999	114,038
	Services	23,441	24,837
	Tourism	*3,898*	*4,715*
	Other services	*19,544*	*20,122*
	Income	19,918	21,312
	Current transfers	8,943	9,228
	Capital account	582	544
	Current + capital accounts	155,883	169,958
BALANCES	Current account	-10,637	-19,567
	Goods	-19,535	-26,638
	Services	15,213	13,428
	Tourism	*16,702*	*15,781*
	Other services	*-1,489*	*-2,353*
	Income	-7,052	-7,492
	Current transfers	738	1,135
	Capital account	4,436	4,598
	Current + capital accounts	-6,200	-14,968

SOURCE: Banco de España.

a. Provisional data.

4.5 The balance of payments and the capital account of the economy

In the first seven months of 2004, the balance on current and capital account resulted in a deficit of €14.97 billion, €8.77 billion up on the same period a year earlier. This was due to the notable widening in the current-account deficit to €19.57 billion, since the surplus on capital transactions increased slightly. The unfavourable performance of the current account came about due to the strong rise in the merchandise deficit, the deterioration in the surplus on services and the widening of the deficit on income, while the surplus on current transfers increased substantially.

In the January-July 2004 period the trade deficit widened by €7.1 billion to €26.64 billion in relation to the same period a year earlier. Expressed as a year-on-year rate, the deficit increased by 36.4%, accentuating the markedly deteriorating profile characterising it during the first three quarters of the previous year. The robustness of real import flows, far greater than that of exports, combined with the worsening terms of trade are what account for the marked deterioration in the trade deficit.

As regards services, the surplus to end-July stood at €13.43 billion, €1.78 billion down on the same period in 2003. This deterioration made for a year-on-year decline of 11.7%, which was attributable to the 5.5% reduction in the tourism surplus and to the deficit on non-tourist services. The buoyancy of tourism revenues in the opening months of the year was checked in the wake of the terrorist bombings on 11 March, and this item has fallen uninterruptedly since April, in line with the unfavourable performance of the sector. Tourism payments rose to 21% in the January-July period, intensifying the accelerating profile initiated in late 2003, against the background of restored normality in the worldwide geopolitical environment, driven by the improvement in consumer confidence and the strength of the euro.

The income deficit stood at €7.49 billion in the period January-July 2004, signifying an increase of €441 million on the same period a year earlier. The widening of the income deficit was the result of the behaviour of the resident private sector, especially the financial sector, while the general government deficit was marginally corrected. In the case of the financial sector, the widening of the income deficit was due to the increase in payments linked to fixed-income instruments, especially to covered bonds, and in the case of the non-financial private sector the deterioration of the balance was the outcome of the increase in payments associated with direct and portfolio investment, relating to the distribution of dividends by resident corporations.

The surplus on the balance of current transfers stood at €1.13 billion during the period under study, €398 million up on the same period in 2003. Revenue increased by 7%, the result of the rise in flows received from the public sector, especially EU flows relating to the European Social Fund, while Community funds for the private sector in connection with the EAGGF-Guarantee fund declined slightly. Payments grew by 3.2% owing to the increase in those earmarked for Community coffers via the GNP resource and traditional own Funds, and to the momentum maintained by emigrants' remittance payments.

Finally, the surplus on capital account was €4.6 billion, €162 million up on the same period in 2003. Despite this improvement, net capital transfers from the EU, which is the biggest item in quantitative terms, declined in this period as a result of the fall-off in ERDF structural funds and in the EAGGF-Guidance Fund, while Cohesion Fund flows trended favourably.

5 Financial developments

5.1 Overview

In 2004 Q3, the decisions of the non-financial private sector continued to be taken against a background of generous monetary and financial conditions. Interest rates remained at very low levels, although their behaviour varied across instruments. In the euro area money market there were scant changes over the period as a whole and one-year EURIBOR stood in September at 2.38%, 2 basis points (bp) down from June. Public debt yields fell; that on the Spanish ten-year bond reached 4.08%, a decline of 31 bp from the previous quarter. By contrast, the interest rates applied by credit institutions to firms and households rose somewhat during the same period, although, on average, they remained at lower levels than in 2003. Meanwhile, the cost of financing via fixed-income securities fell, as a consequence of the decline in both the yield on public debt and in the risk premiums demanded (see Chart 24).

On domestic and international stock markets prices fell significantly in the first half of August, a movement associated with the surge in oil prices. Subsequently, there commenced a recovery that was cut short at the end of September, against a background of further oil price rises. Despite this, as at the cut-off date for this article, the Madrid Stock Exchange General Index had risen by 8% since the beginning of the year. This performance was better than that of the euro area EURO STOXX broad index, which rose by 3% over the same period, and that of the US S&P 500, which was little changed from its end-2003 level. At the same time, implied price volatility remained at low levels, despite the tension in the oil market.

In the housing market, the Q2 data did not confirm the slight slowdown in prices observed between January and March. Thus, between April and June, the value of property continued to grow at an annual rate of more than 17%, with some differences according to the type of housing. In the case of used housing, the rate of growth moderated for the second quarter running, to 17.7%, while the price of new housing rose by 16.7% in relation to the same period of the previous year, more than one percentage point up on the rate recorded in March.

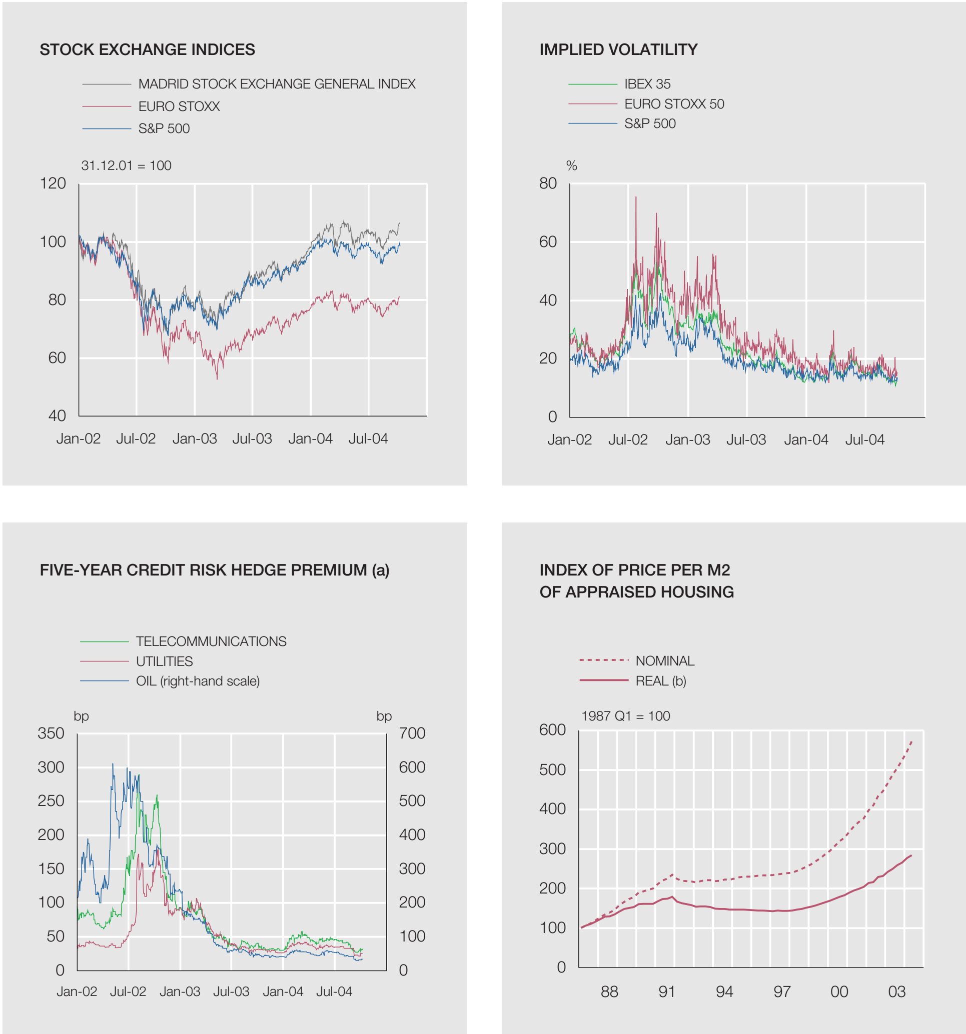
Against this background, financing to the non-financial private sector and, in particular, households remained highly buoyant, driven again by the behaviour of the property sector. Thus, the annual growth rate of loans to households for house purchase rose slightly, to stand in June at somewhat more than 23%, and bank lending to property services accelerated to a rate of more than 43%. In both cases, these figures represent highs for the past few years. The provisional Q3 information does not show any significant change in the behaviour of household and corporate borrowing.

The rise in household liabilities was accompanied by a further contraction in saving after debt service, which remained at very low levels, and entailed an increase in debt ratios and in the debt burden relative to the annual gross disposable income (GDI) of the sector. In addition, in June, household net financial wealth, measured in terms of GDP, was slightly below its March levels, although the net wealth of households continued to follow the rising path of recent years, as a result of the upward trend in property prices.

The overall financial position of households remained solid and is no obstacle to the sector's spending retaining its current tempo over the next few quarters. However, the margin available to absorb possible shocks of an adverse nature has continued to narrow, given the decline in the different savings indicators. At the same time, the ongoing rise in indebtedness continues to raise the sensitivity of household consumption and investment decisions to unfavourable

PRICE INDICATORS FOR VARIOUS ASSETS

CHART 24



SOURCES: Bloomberg, Credit Trade and Banco de España.

a. Average asset-weighted premia. On 22.6.03 a change in the contractual conditions of European firms came into force. The new contract carries lower premia (around 10%).
b. Deflated by the CPI.

changes, such as an increase in interest rates. Also, it should not be forgotten that the dispersion of the distribution of debt among the population suggests that the vulnerability of some groups of the population is comparatively higher than the aggregate indicators would suggest.

In the case of corporations, however, the recent developments in their financial situation have been more favourable. Although their net borrowing and aggregate debt ratios remained on an upward path in Q2, the debt burden arising from interest fell slightly and the synthetic indicators show a decline in the financial pressure on employment and, to a greater extent, on investment. In addition, the available microeconomic information seems to confirm that the rebuilding of balance sheets by large corporations may have been concluded, while the expected profits of listed companies improved, albeit not across all sectors and terms[1].

1. Box 4 offers an initial analysis of the relationship between this indicator and the capital investment of non-financial corporations.

NET FINANCIAL TRANSACTIONS
Cumulative four-quarter data

TABLE 5

% GDP	1999	2000	2001	2002	2003			2004	
					Q2	Q3	Q4	Q1	Q2
National economy	-1.0	-2.5	-2.2	-1.6	-1.8	-2.2	-2.1	-2.4	-3.1
Non-financial corporations and households and NPISHs	-0.3	-2.3	-3.4	-2.9	-3.2	-3.4	-3.9	-4.0	-4.8
Non-financial corporations	-2.3	-3.4	-4.5	-4.3	-3.7	-4.4	-4.5	-4.8	-5.2
Households and NPISHs	2.0	1.1	1.1	1.4	0.5	1.0	0.6	0.7	0.4
Financial institutions	0.5	0.8	1.6	1.5	1.4	1.3	1.4	1.5	1.5
General government	-1.2	-0.9	-0.4	-0.1	0.1	-0.1	0.4	0.1	0.2

SOURCE: Banco de España.

The generosity of the financing conditions for non-financial corporations, their solid aggregate financial position, the recovery in analysts' expectations regarding the long-term profits of listed firms, the signs of improvement in industry and the indications that the rebuilding of balance sheets by large companies may have been concluded make up a positive scenario from the viewpoint of growth of productive investment. However, the high levels of debt are a risk factor, insofar as adverse developments such as a rise in interest rates or a decline in profit may have a significant impact on the sector's spending decisions.

5.2 Households

Financing conditions for households remained generous in Q3. Although the lending rates applied by credit institutions to new business rose, the levels reached are still below the average levels in 2003. In terms of purpose, the upward movement was most intense in the case of consumer and other loans, the cost of which reached 6.54% in August, a rise of 50 bp from June. In the case of loans for house purchase, there was an increase of 17 bp, to 3.46%.

The macroeconomic and financial background remained conducive to the expansion of external financing. Between April and June, household demand for credit stood, in cumulative four-quarter terms, at 10.6% of GDP, 0.6 pp higher than in March (see Table 6). These developments continued to reflect the behaviour of lending for house purchase, which represents around 70% of total lending to households and has displayed a smoothly accelerating profile over the year, to reach an annual growth rate of more than 23% in June. Financing for consumption and other purposes, by contrast, grew at significantly lower rates, of around 13%. Provisional Q3 information suggests that household debt has remained buoyant.

As for portfolio decisions, between April and June household investment in financial assets was, in cumulative twelve-month terms, equal to 11.4% of GDP, 0.4 pp higher than in March. Investment was directed, somewhat more intensively than in previous months, towards the most liquid assets (basically, cash and deposits), which reached 5.3% of GDP, as against 4.5% in the previous quarter. By contrast, investment in mutual fund shares and in shares and other equity, excluding mutual fund shares, did not change significantly, standing at 2.2% and 1% of GDP, respectively.

The high rate of growth of household liabilities meant that debt ratios remained on the upward path that has characterised them in recent years, so that the value of debt stood in June at around 99% of the sector's GDI (see Chart 26). The associated debt burden increased again for the third consecutive quarter, to 13.4% of GDI, although the interest

TRANSACTIONS OF HOUSEHOLDS, NPISHs AND NON-FINANCIAL CORPORATIONS
Cumulative four-quarter data

TABLE 6

% GDP	2000	2001	2002	2003	2004	
				Q4	Q1	Q2
HOUSEHOLDS AND NPISHs						
Financial transactions (assets)	9.6	7.8	8.8	10.1	11.0	11.4
Cash and cash equivalents	0.9	1.2	3.8	4.4	4.3	4.5
Other deposits and fixed-income securities (a)	6.1	3.4	1.5	-0.2	0.2	0.8
Shares and other equity (b)	1.5	-0.2	0.8	0.8	1.0	1.0
Mutual funds	-3.3	0.8	0.2	2.3	2.3	2.2
FIAMM	*-1.2*	*1.3*	*0.7*	*0.6*	*0.1*	*0.0*
FIM	*-2.0*	*-0.5*	*-0.5*	*1.7*	*2.3*	*2.2*
Insurance technical reserves	3.5	2.7	2.6	2.1	2.0	1.9
Of which:						
Life assurance	*2.1*	*1.5*	*1.5*	*0.7*	*0.7*	*0.8*
Retirement	*1.1*	*0.9*	*0.9*	*1.1*	*1.1*	*0.9*
Other	0.9	0.0	-0.1	0.8	1.2	1.1
Financial transactions (liabilities)	8.6	6.8	7.3	9.5	10.3	11.0
Credit from resident financial institutions (c)	7.0	5.4	7.2	9.3	10.0	10.6
House purchase credit (c)	*5.3*	*4.8*	*5.1*	*7.2*	*7.8*	*8.3*
Consumer and other credit (c)	*1.6*	*0.6*	*2.1*	*2.1*	*2.1*	*2.3*
Other	1.5	1.3	0.1	0.2	0.4	0.4
NON-FINANCIAL CORPORATIONS						
Financial transactions (assets)	26.2	16.4	16.4	17.1	15.7	16.1
Cash and cash equivalents	0.9	1.7	1.6	0.9	0.6	1.3
Other deposits and fixed-income securities (a)	1.2	0.7	1.7	1.5	0.7	0.0
Shares and other equity	14.1	6.1	6.8	6.7	5.3	5.4
Of which:						
Vis-à-vis the rest of the world	*10.5*	*4.6*	*5.1*	*4.6*	*3.2*	*3.6*
Other	10.1	7.9	6.2	7.9	9.1	9.3
Financial transactions (liabilities)	29.6	21.0	20.8	21.6	20.5	21.3
Credit from resident financial institutions (c)	7.5	6.5	6.3	7.0	7.1	7.7
Foreign loans	3.5	4.0	3.0	2.8	2.4	2.3
Fixed-income securities (a)	-0.9	0.0	-0.4	-0.1	0.0	-0.1
Shares and other equity	12.8	5.3	6.0	5.0	3.7	3.5
Other	6.7	5.2	5.8	6.9	7.3	7.9
MEMORANDUM ITEM: YEAR-ON-YEAR GROWTH RATES (%):						
Financing (d)	18.1	15.6	14.3	15.8	16.0	16.6
Households and NPISHs	17.3	12.3	15.6	18.7	19.5	20.1
Non-financial corporations	18.7	18.0	13.3	13.8	13.4	13.9

SOURCE: Banco de España.

a. Not including unpaid accrued interest, which is included under "other".
b. Excluding mutual funds.
c. Including securitised loans.
d. Defined as the sum of bank credit extended by resident credit institutions, foreign loans, fixed-income securities and financing through securitisation vehicles.

COMPANY PROFIT EXPECTATIONS AND INVESTMENT DECISIONS.

BOX 4

Investment decisions hinge, among other factors, on the comparison between the expected return on the project and the opportunity cost of the funds invested. Thus, to explain the path and future prospects for business capital formation, it may be useful to analyse variables related to the expected return on new capital acquired. The expected long-term profits of stock-market analysts compiled by the Institutional Brokers Estimate System for listed companies, offer an approximation of this concept. However, it should be noted that such expectations are those of analysts and not of the companies and that, consequently, they are opinions on average returns and not the marginal ones, which are strictly the relevant ones in this context.

The adjoining charts show, for the period 1997-2003, the average growth expectations for long-term profits and the investment/capital ratio of the main Spanish non-financial companies listed on the stock exchange[1]. The left-hand chart shows, for each year of the sample, the average value of these two variables for all the firms considered. As expected, a clear positive relationship can be seen between these two variables. The results for 2001 and, in particular, for 2000 are particularly significant, when the substantial volumes of investment undertaken coincided with high rates of growth of expected profits. Also, in 2003 the low net acquisition of capital co-existed with a decline in the returns anticipated by analysts. The right-hand chart also shows average values for the variables in question, but in this case calculated over time and for each sector[2]. The relationship is also a positive one, although weaker than in the previous analysis.

This analysis, based on simple temporal and cross-sectional correlations between the indicator of long-term profit expectations and investment, offers evidence that the former contains some information with respect to the latter. Accordingly, and with the appropriate caveats given the absence, for lack of information, of a deeper analysis of the relationship between these two variables, the recovery in the indicator during 2004 may help to explain the recent increase in the buoyancy of productive investment.

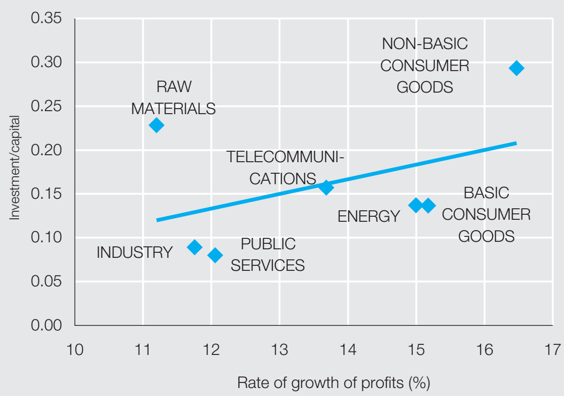
1. The aggregate variables are obtained from the sum of the individual data weighted according to the total capital of each firm.

2. The sectoral data have been obtained as the sum of the various firms belonging to each productive sector, weighted by their capitalisation.

LONG-TERM PROFITS AND INVESTMENT/CAPITAL RATIO

1. TEMPORAL ANALYSIS

2. CROSS-SECTIONAL ANALYSIS



SOURCE: IBES

component was unchanged at 4.1%. As a result, the sector's ability to save after deducting financial obligations (saving after debt service) fell to very low levels (0.7% of GDI). Also, net financial transactions in Q2 were negative, so that, in cumulative four-quarter terms, financial saving fell to historically low levels: 0.4% of GDP (see Table 5). This contraction was reflected in a decline in financial wealth from March, although this variable continued to display positive year-on-year growth rates. Household net wealth, however, continued to rise on account of the upward trend in house prices (see Chart 25 and 26).

HOUSEHOLDS AND NPISHs
(cumulative four-quarter data)

CHART 25

Source: Banco de España.

a. Includes revaluation and other changes in volume.

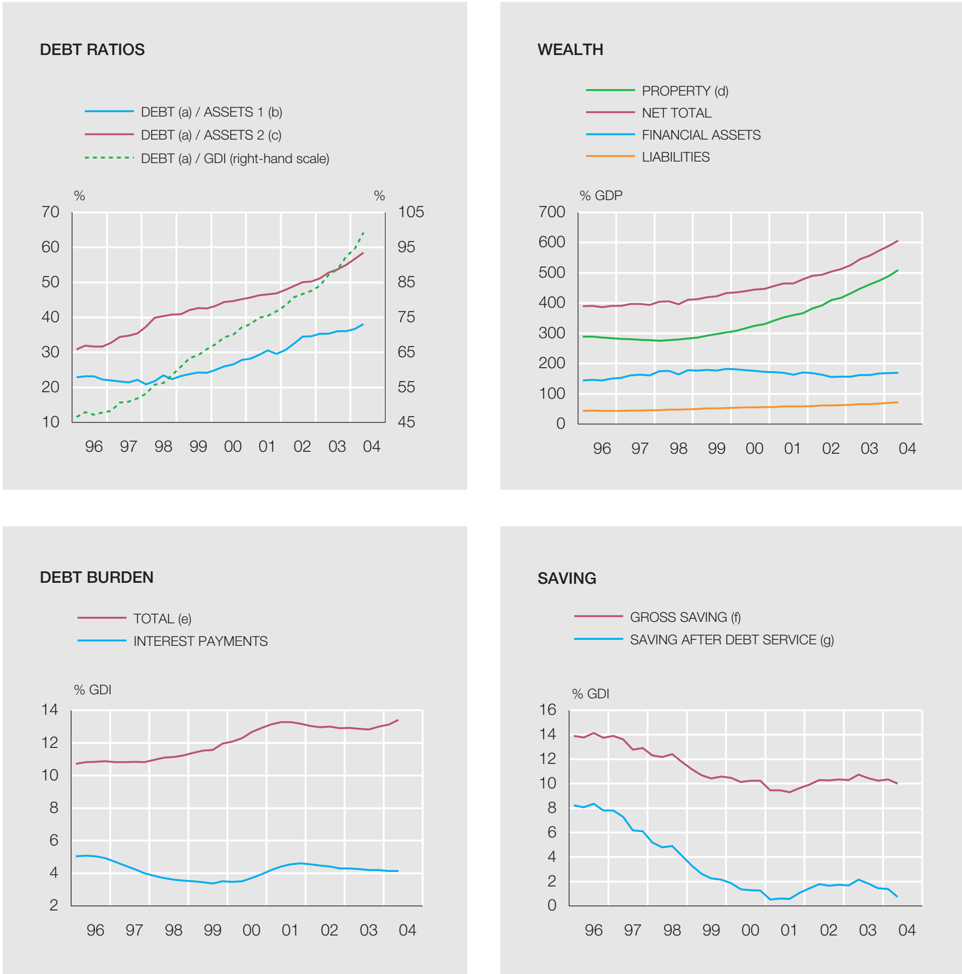
Despite the decline in saving in aggregate terms, the latest Household Expenditure Survey data for Q2, indicated an increase in the number of households declaring that they are able to devote funds to saving, to 37.4%, the highest level since mid-2002. This was compatible, however, with an increase in the proportion of household units declaring that they have problems making ends meet (more than 12%).

5.3 Non-financial corporations

Financing conditions for corporations also remained generous in Q3. Lending rates were little changed and therefore stayed at low levels, below those in 2003. The cost of new credit, for an amount of more than EUR one million, stood at 2.88%, having fallen by 21 bp between July and August. During the same period, the rate on loans up to EUR one million increased by 6 bp, to 4.21%. On fixed-income markets, the cost of financing fell, reflecting the decline in the yield on public debt and in the risk premiums demanded. Finally, the conditions for raising funds on equity markets showed no significant changes, given that prices and their volatility held relatively stable.

Against this background the sector's liabilities-side transactions, between April and June, were buoyant. In cumulative twelve-month terms, they reached 21.3% of GDP, up 0.8 pp from the previous quarter (see Table 6). By component, the annual growth rate of interest-bearing external borrowing rose to around 14%, a rate that, on the provisional information available, was sustained between July and September. The breakdown by instrument shows that the sector made net repayments of – mainly long-term – fixed-income securities, without there being any evidence that firms were resorting to issuance through subsidiaries abroad. In fact, the importance of the flow of financing via external loans continued to fall, to 2.3% of GDP. By contrast, the importance of credit raised from resident institutions continued to rise. The funds obtained through this channel reached 7.7% of GDP, up 0.6 pp from the previous quarter. Meanwhile, the issuance of shares and other equity fell again, to reach, in cumulative twelve-month terms, 3.5% of GDP. Finally, according to the Central Balance Sheet Data Office (CBQ), the volume of the debt of large corporations increased for the second consecutive quarter, which may indicate that the rebuilding of balance sheets undertaken by certain firms in 2002 and 2003 has been completed.

INDICATORS OF THE FINANCIAL POSITION OF HOUSEHOLDS AND NPISHs CHART 26



SOURCE: Banco de España.

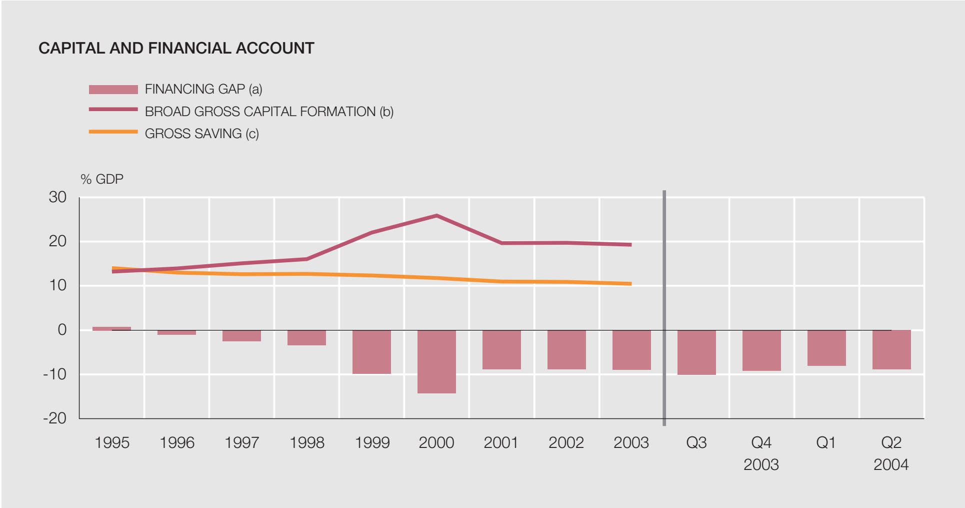
a. Includes bank credit and securitisation.
b. Assets 1 = Total financial assets - "other".
c. Assets 2 = Assets 1 - shares - shares in FIM.
d. Calculated on the basis of the estimated changes in the stock of housing, in the average area per house and in the price per square metre.
e. Estimated interest payments plus debt repayments.
f. Balance of households' use of disposable income account.
g. Gross saving less estimated debt repayments.

The breakdown by productive activity of the main source of financing of the sector, namely credit from resident institutions, shows a significant acceleration in funds granted to construction and services between April and June. This greater buoyancy was particularly intense in the case of property services, where the growth was around 43% in year-on-year terms, up three percentage points from March, although there was also an increase in the rate of growth in other services. In industry there was a moderate recovery in bank borrowing, in line with the improvement in the activity of this sector, although in year-on-year terms there continued to be a slight contraction.

As regards the net acquisition of financial assets, in Q2, non-financial corporations increased the volume of their investments, which in cumulative four-quarter terms reached 16.1% of GDP (see Table 6). This behaviour was common to most items, but not to the aggregate of other deposits and fixed-income securities, owing to the lower acquisition of short-term securities by credit institutions.

NON-FINANCIAL CORPORATIONS
Cumulative four-quarter data

CHART 27



SOURCE: Banco de España.

a. Financial resources that cover the gap between real and permanent financial investment and gross saving.
b. Includes gross capital formation, stockbuilding and foreign equities.
c. Includes capital transfers.

The result of the assets and liabilities-side transactions was a significant increase in the sector's net borrowing which, in cumulative twelve-month terms, reached 5.2% of GDP, up 0.4 pp from March. Meanwhile, the financing gap, which approximates the net funds necessary to undertake the gross capital formation and the permanent financial investment abroad, increased by even more (0.8 pp), to 8.8% of GDP (see Chart 27).

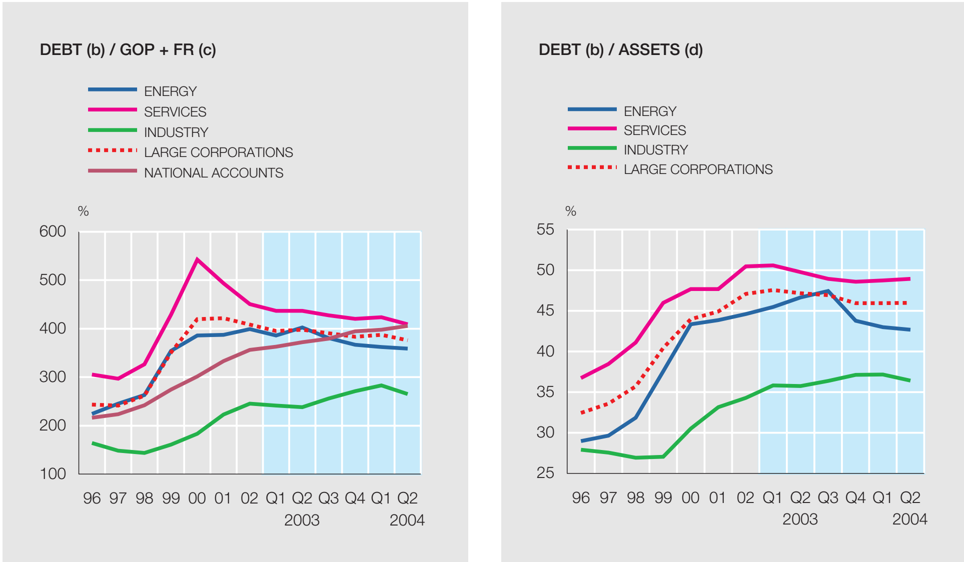
The financial results of the corporations reporting to the quarterly survey of the Central Balance Sheet Data Office (CBQ) continued to improve in Q2. Ordinary net profit increased in the first half by 22.5%, over 10 pp more than in the same period of the previous year, although a significant part of this change is attributable to the positive impact of lower financial costs and, in particular, higher financial revenue (dividends) from foreign subsidiaries. As a result, the ordinary return on equity was 10.7% in the first half, as against 9% in the same period a year earlier, an improvement that was seen across all the productive branches, although most strongly in services and industry. By contrast, net profit fell, in year-on-year terms, reflecting the less favourable behaviour of extraordinary revenue.

Despite the corporations' solid financial results, their recourse to borrowing meant that the aggregate debt ratios continued to rise in Q2, although the debt burden arising from interest declined slightly, as a consequence of the cumulative fall in the cost of financing over the last twelve months, to 17.2% of the gross operating surplus (to which financial revenue is added; see Charts 28 and 29). By contrast, according to the CBQ, the slower rate of growth of external financing of the major firms, together with the favourable trend in profits, led to a slight contraction in the ratio of debt to profits, while the debt burden also fell.

The behaviour of the debt, debt burden and profitability of the corporations reporting to the CBQ led to a reduction in the aggregate synthetic indicators of financial pressure on employment and, to a greater extent, on investment (see Chart 30).

DEBT RATIOS OF NON-FINANCIAL CORPORATIONS (a)

CHART 28

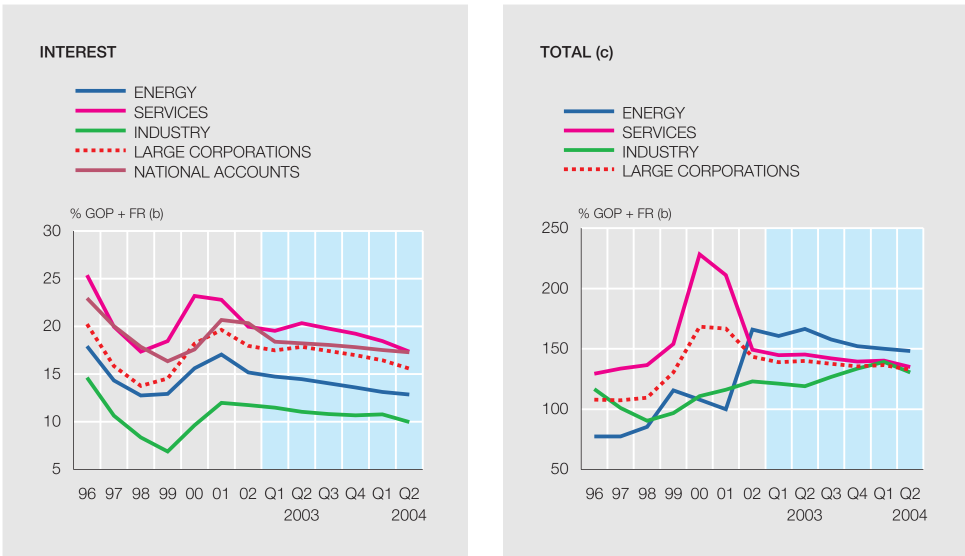


SOURCE: Banco de España.

a. All the series, except "National Accounts", are calculated with CBSO information. Up to 2002, the information is from the CBSO annual survey (CBA). Thereafter, the indicators have been estimated drawing on the CBSO quarterly survey (CBQ).
b. Interest-bearing borrowed funds.
c. Gross operating profit plus financial revenue.
d. Defined as total inflation-adjusted assets less non-interest-bearing liabilities.

DEBT BURDEN OF NON-FINANCIAL CORPORATIONS (a)

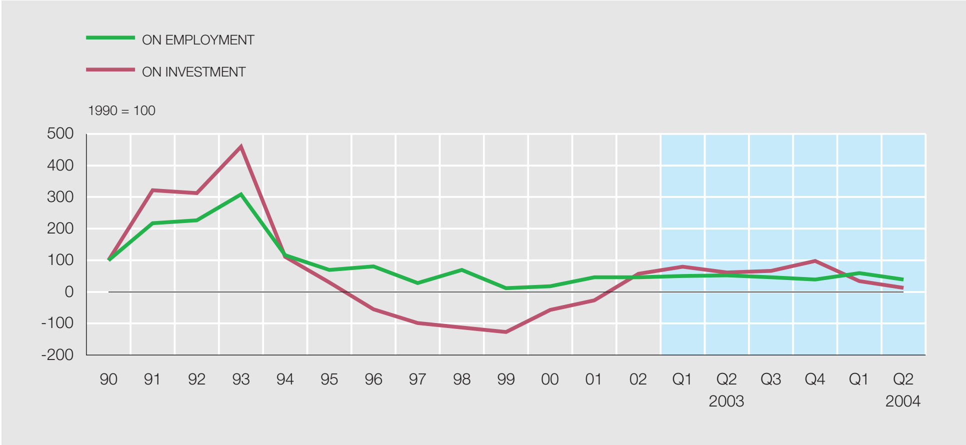
CHART 29



SOURCE: Banco de España.

a. All the series, except "National Accounts", are calculated with CBSO information. Up to 2002, the information is from the CBSO annual survey (CBA). Thereafter, the indicators have been estimated drawing on the CBSO quarterly survey (CBQ).
b. Gross operating profit plus financial revenue.
c. Includes interest plus interest-bearing short-term debt.

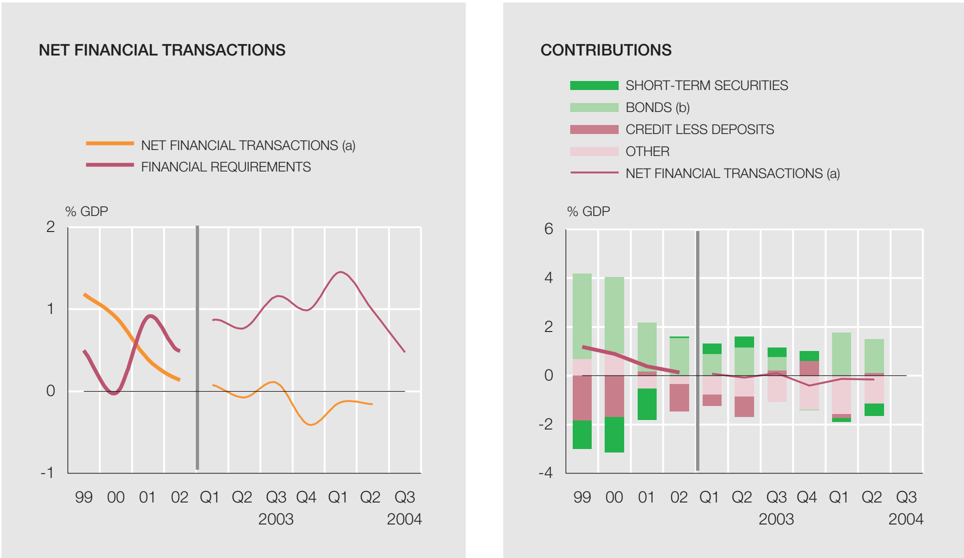
SYNTHETIC INDICATORS OF FINANCIAL PRESSURE ON NON-FINANCIAL CORPORATIONS (a) CHART 30



SOURCE: Banco de España.

a. A higher (lower) value than 100 denotes more (less) financial pressure than the reference level.

GENERAL GOVERNMENT CHART 31
Cumulative four-quarter data



SOURCE: Banco de España.

a. Sign changed.
b. Not including unpaid accrued interest, which is included under "other".

5.4 General government

In 2004 Q2, there was a slight increase in the positive balance of the net financial transactions of the general government sector, in cumulative twelve-month terms (see Chart 31). By subsector, Social Security ran a surplus, while the central, regional and local governments all recorded positive net borrowing.

The breakdown by instrument of financial transactions shows positive net issuance of long-term securities, amounting to 1.4% of GDP, largely offset by the net redemption of short-term securities equivalent to 0.5% of GDP, and by a so-called “other” component that basically includes the purchase of public debt by the Social Security Reserve Fund.

FINANCIAL TRANSACTIONS OF THE NATION
Cumulative four-quarter data

TABLE 7

% GDP

	2000	2001	2002	2003	2004	
				Q4	Q1	Q2
NET FINANCIAL TRANSACTIONS	-2.5	-2.2	-1.6	-2.1	-2.4	-3.1
FINANCIAL TRANSACTIONS (ASSETS)	25.0	12.2	13.7	13.5	12.1	13.7
Gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0
Cash and deposits	2.8	-2.7	3.5	0.8	1.3	2.7
Securities other than shares	3.9	7.2	4.3	7.0	4.8	4.3
Of which:						
Credit institutions	*-0.3*	*2.0*	*0.5*	*3.7*	*3.6*	*3.3*
Institutional investors (a)	*3.7*	*5.4*	*3.5*	*3.4*	*1.3*	*0.7*
Shares and other equity	15.6	5.1	5.3	4.7	4.7	5.5
Of which:						
Non-financial corporations	*10.5*	*4.6*	*5.1*	*4.6*	*3.2*	*3.6*
Institutional investors (a)	*3.2*	*0.5*	*-0.1*	*1.1*	*1.7*	*1.8*
Loans	2.7	2.5	0.6	1.0	1.2	1.2
FINANCIAL TRANSACTIONS (LIABILITIES)	27.5	14.4	15.3	15.6	14.4	16.8
Deposits	6.7	2.8	4.4	7.5	5.0	7.0
Securities other than shares	7.1	3.1	4.5	5.6	8.9	9.5
Financial institutions	*1.1*	*1.5*	*3.2*	*6.7*	*7.6*	*8.2*
Rest of resident sectors	*6.0*	*1.6*	*1.2*	*-1.1*	*1.3*	*1.3*
Shares and other equity	9.4	4.6	4.1	0.8	-0.6	-1.5
Of which:						
Non-financial corporations	*7.7*	*4.1*	*3.5*	*0.9*	*-0.6*	*-1.0*
Loans	4.1	4.3	3.4	3.2	2.8	2.8
Other, net (b)	0.3	-0.4	-1.2	-1.4	-1.6	-0.9

SOURCE: Banco de España.

a. Insurance corporations and portfolio investment institutions.
b. Includes the asset-side caption reflecting insurance technical reserves.

Provisional 2004 Q3 information points to a reduction in the financial requirements indicator, which shows the sector's recourse to the financial markets and can be taken as a pointer to the behaviour of general government (dis)saving. This led, in cumulative twelve-month terms, to a reduction in the issuance of bonds and to a redemption of short-term securities, as well as an increase in deposits (net of credits).

5.5 The rest of the world

In 2004 Q2, the net borrowing of the Spanish economy increased, in cumulative twelve-month terms, to 3.1% of GDP. The deterioration in the balance of the nation's financial transactions was basically the result of lower financial saving by households and corporations, given that there was no significant change in the behaviour of the other sectors (see Table 5).

The net acquisition of external assets increased to 13.7% of GDP, in cumulative twelve-month terms, up 1.6 pp from Q1 (see Table 7). This was the result, as in previous quarters, of an increase in flows to deposits and a decline in those to securities other than shares. Also, purchases of shares and other equity, especially by non-financial corporations, recovered to levels exceeding those seen in recent years. According to provisional balance-of-payments data, the rate of decline in direct investment abroad has begun to moderate; between January and July the volume of transactions was only slightly down on the same period a year earlier.

NET FINANCIAL ASSETS VIS-À-VIS THE REST OF THE WORLD (a)
Q4 data

TABLE 8

% GDP	1999	2000	2001	2002	2003	2004 (b)
National economy	-29.6	-26.2	-27.0	-30.9	-38.0	-39.4
Non-financial corporations and households and NPISHs	-17.3	-9.4	-10.2	-11.6	-14.7	-13.4
Non-financial corporations	-24.1	-16.7	-17.6	-19.3	-23.2	-22.0
Households and NPISHs	6.8	7.3	7.4	7.7	8.5	8.6
Financial institutions	8.2	8.3	8.6	6.5	-0.8	-2.3
Credit institutions (c)	-7.5	-11.5	-13.9	-14.3	-22.0	-22.5
Institutional investors (d)	16.3	20.7	24.3	24.4	27.5	28.1
Other financial institutions	-0.6	-0.9	-1.8	-3.6	-6.3	-7.9
General government	-20.5	-25.1	-25.4	-25.8	-22.4	-23.7

SOURCE: Banco de España.

a. Calculated as the difference between the stocks of financial assets and liabilities vis-à-vis the rest of the world according to quarterly financial accounts data.
b. Q2 data.
c. Defined in accordance with the First Banking Directive.
d. Insurance corporations and portfolio investment institutions.

On the liabilities side, net capital inflows amounted to 16.8% of GDP, in cumulative twelve-month terms, as against 14.4% in the previous quarter. This increase was observed in most instruments, but not in shares and other equity. Non-residents made net sales of shares and other equity equal to 1.5% of GDP, with listed shares accounting for a large proportion of such sales. An increasing and significant part of foreign investment in Spain was in the form of deposits and securities other than shares issued by financial institutions (in particular, interbank deposits and bonds issued by credit institutions). At the same time, according to the balance of payments, capital inflows in the form of direct investment continued to fall; in the period January to July they amounted to only 25% of those in the same period of 2003. By instrument, flows of direct investment were basically concentrated in property, since non-residents made capital divestments and inter-company financing shrank to very low levels.

Finally, provisional information available shows that, in 2004 Q2, the debit position of the Spanish economy vis-à-vis the rest of the world stood at 39.4% of GDP, a decline of more than one percentage point from end-2003 (see Table 8).

Introduction

As Table 1 and Chart 1 show, during the first half of 2004 the overall set of corporations reporting to the Central Balance Sheet Data Office annual (CBA) and quarterly (CBQ) surveys maintained a growth rate similar to that of the past three years, although something of a slowdown in the rate of change for this period (a nominal increase in GVA of 5.1%) compared with the first half of 2003 (6.1%) is discernible. However, as specified in previous articles, this performance has been highly influenced by the course of oil prices and its effects on corporations in the refining sector, which are over-represented in the CBQ sample. Excluding this sector, the GVA of the aggregate grew 5.1% in the first half of 2004, up from 4.7% in 2003 Q1. The recent period can thus be affirmed to have been characterised by a sustained and relatively stable nominal growth path.

Underpinning the expansion of activity has been the performance of services companies, especially in wholesale and retail trade, and the improvement in industrial corporations during 2004 Q2. The buoyancy of wholesale and retail trade is consistent with the trend of private services and with consumption, as reflected in QNA figures, though a deceleration can be seen in respect of the GVA growth of business enterprises during the same period a year earlier. This slight moderation in business activity is also influenced by the greater cost of fuel marketing and wholesale and retail trade corporations' inputs. The recovery in industrial corporations is also in line with the QNA results for 2004 Q2, and with the take-off witnessed in investment in capital goods (also according to QNA figures). The scant data available on exports by CBQ corporations indicate that the improvement in the euro area economy had not yet led to a significant increase in Spanish exports to its member countries during the first half of the year.

Personnel costs grew by 2.4% during the first half of 2004, down from 4.6% in the same period a year earlier. This was the result of a 0.5% reduction in staffing and a 2.9% increase in average compensation over the first six months of 2004 as a whole. As indicated in the last report (published in the July 2004 *Economic Bulletin*), employment has been strongly affected by the staffing adjustments at a major corporation in the telecommunications sector. If this corporation is disregarded, the estimated rate of change for employment amounts to 0.6%, a figure which, first, reflects the weight of these one-off adjustments at the corporations making up the CBQ sample; and further, it confirms the generalisation of job creation even in a sample such as the CBQ one, which includes some large companies belonging to sectors in the process of opening up to competition (the electricity sector, and transport and communications), which in most cases are also immersed in employment adjustment processes. Average compensation (which posted an increase of 2.9% in the first half of the year) held on a trend of greater containment in relation to the rate recorded in the same period in 2003 (3.8%), as anticipated by the Q1 data. Its quarterly profile over the year shows, however, a slightly rising trend, in parallel with the behaviour of the inflation rate.

As a result of the moderate trend of personnel costs during the period in question in 2004, gross operating profit grew at a rate of 7.2%, only slightly down on a year earlier (7.4%). This, along with the favourable trend of financial revenue (which increased by 21.7% owing to the inflow of dividends from subsidiaries abroad) and of financial costs (which fell again, this time by 5.4%, as a result of the decline in interest rates), led ordinary net profit to increase by 22.5%, a substantially higher rate than that obtained in the first six months of 2003 (12.1%). Consequently, returns on investment held at high, and growing, levels compared with 2003.

PROFIT AND LOSS ACCOUNT. YEAR-ON-YEAR CHANGES AND PROFIT RATIOS

TABLE 1

Growth rates of the same corporations on the same period a year earlier

	CBA STRUCTURE	CBA		CBQ (a)		
DATABASES	2002	2001	2002	03 Q1-Q4/ 02 Q1-Q4	03 Q1-Q2/ 02 Q1-Q2	04 Q1-Q2/ 03 Q1-Q2
Number of corporations		8,438	7,695	827	854	721
Total national coverage		30.2%	27.9%	15.2%	15.5%	14.0%
PROFIT AND LOSS ACCOUNT						
1. VALUE OF OUTPUT	100.0	4.0	2.7	3.9	4.5	4.9
Of which:						
Net amount of turnover and other operating income	131.1	6.5	3.6	4.5	3.9	5.8
2. INPUTS (including taxes)	67.9	3.2	1.6	2.8	3.5	4.7
Of which:						
Net purchases	40.3	-1.4	-0.8	1.5	2.7	4.0
Other operating costs	27.5	8.7	6.7	6.6	5.6	6.9
S.1. GROSS VALUE ADDED AT FACTOR COST [1-2]	32.1	5.9	5.1	5.7	6.1	5.1
3. Personnel costs	16.7	5.8	5.3	3.8	4.6	2.4
S.2. GROSS OPERATING PROFIT [S.1-3]	15.4	5.9	4.8	7.3	7.4	7.2
4. Financial revenue	2.8	40.9	-7.8	21.4	5.6	21.7
5. Financial costs	3.2	19.1	-3.8	-0.9	0.7	-5.4
6. Depreciation and operating provisions	7.0	4.3	4.4	0.0	3.8	-2.8
S.3. ORDINARY NET PROFIT [S.2 + 4-5-6]	8.0	13.6	3.8	20.8	12.1	22.5
7. Capital gains and extraordinary revenue	5.5	-11.8	59.5	-11.5	-3.1	-63.1
8. Capital losses and extraordinary expenses	5.0	10.5	35.6	-26.8	-8.6	-45.3
9. Other (net provisioning and income tax)	7.6	30.4	109.8	-53.8	-75.5	15.1
S.4. NET PROFIT [S.3 + 7-8-9-10]	0.9	-17.6	-75.9	(b)	(b)	-9.3
R.1 Return on investment (before taxes)	(S.3+5.1)/NA	7.6	7.8	7.8	6.7	7.6
R.2 Interest on borrowed funds/ interest-bearing borrowing	5.1/IBB	5.1	4.4	4.2	4.2	3.9
R.3 Ordinary return on equity (before taxes)	S.3/E	9.5	10.7	11.0	9.0	10.7
R.4 ROI - cost of debt (R.1 - R.2)	R.1-R.2	2.5	3.5	3.6	2.5	3.7
R.5 Debt ratio	IBB/NA	48.3	50.4	52.2	52.4	51.2

SOURCE: Banco de España.

a. All the data in these columns have been calculated as the weighted average of the quarterly data.
b. Rate not significant or not calculable because the relevant figures are of opposite sign.
c.The variables in the formulas are expresed as absolute values. NA = Net Assets (net of non-interest-bearing borrowing); E = Equity; IBB = Interest-Bearing-Borrowing; NA = E + IBB. The financial costs in the numerators of ratios R.1 and R.2 only include that portion of financial costs which is interest on borrowed funds (5.1) and not commissions and cash discounts (5.2).
Note: Internal accounting movements have been edited out of items 4,5,7,8 and 9.

Thus, in the first half of 2004, the return on investment and the ordinary return on equity were 7.6% and 10.7%, respectively, both clearly up on the same period a year earlier (6.7% and 9%). The trend of the return on investment and the additional reduction in the cost of external financing meant that the ROI – cost of debt spread was also clearly positive, comfortably exceeding the mid-2003 level. Lastly, the excellent performance of the ordinary profit is reflected in that of net profit since, despite the lower extraordinary revenue received during the first half of 2004 (which account for the net profit having fallen by 9.3%), this balance represents 27% of the total GVA generated in the period.

In sum, the latest CBQ information highlights – bearing in mind the particularities of the corporations making up this sample – the fact that during the first half of 2004 Spanish corporations continued to post a sustained growth rate, substantially unchanged on the previous period.

VALUE ADDED, EMPLOYEES, PERSONNEL COSTS AND COMPENSATION PER EMPLOYEE TABLE 2.A
BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS
Growth rate 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	CBT (a)			CBA	CBT (a)			CBA	CBT (a)			CBA	CBT (a)		
	2002	03 Q1-Q4	03 Q1-Q2	04 Q1-Q2	2002	03 Q1-Q4	03 Q1-Q2	04 Q1-Q2	2002	03 Q1-Q4	03 Q1-Q2	04 Q1-Q2	2002	03 Q1-Q4	03 Q1-Q2	04 Q1-Q2
Total	5.1	5.7	6.1	5.1	1.6	0.5	0.8	-0.5	5.3	3.8	4.6	2.4	3.6	3.3	3.8	2.9
SIZE																
Small	4.0	—	—	—	1.2	—	—	—	5.3	—	—	—	4.1	—	—	—
Medium	7.1	3.1	1.2	6.8	2.2	0.1	0.6	-0.1	6.1	4.5	5.5	3.9	3.8	4.4	4.9	4.0
Large	4.9	5.8	6.4	5.0	1.6	0.5	0.8	-0.5	5.2	3.7	4.5	2.3	3.6	3.2	3.7	2.8
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE																
Energy	-4.9	8.5	11.0	1.2	-3.0	-1.4	-1.8	-2.2	0.2	2.6	3.1	2.2	3.3	4.1	5.0	4.5
Industry	2.4	1.4	2.6	3.9	-0.8	-0.9	-0.1	-1.5	3.1	2.5	3.8	1.4	3.9	3.4	3.9	2.9
Wholesale and retail trade	11.2	10.0	9.7	6.8	6.9	4.3	4.3	4.3	8.9	7.7	8.1	4.7	1.9	3.3	3.6	0.4
Transport and communications	9.6	3.8	4.0	5.4	-2.0	-0.5	-0.1	-2.1	5.3	2.5	3.3	0.9	7.4	3.0	3.4	3.1

SOURCE: Banco de España.

a. All the data in these columns have been calculated as the weighted average of the quarterly data.

Against this background, services corporations – especially those engaging in wholesale and retail trade – are holding on a positive trend, in line with the buoyancy of household consumption, and a take-off in industrial activity is perceptible, with employment trending favourably except in sectors subject to staff adjustment processes. These developments, combined with the moderate trend of personnel costs, improved financial revenue and the persistent decline in financial costs, account for the favourable course of ordinary net profit and, in short, for the continuing high profit ratios. On the basis of these data, the firming of world economic growth, which already encompasses the euro area economies, is expected to contribute to underpinning the pick-up in business investment, as shown by other information sources. Nonetheless, certain risks persist, associated essentially with the Middle East crisis and oil prices. These may generate inflationary pressures and dent short-term growth expectations.

Activity

The CBQ data show that the reporting corporations' activity grew sustainedly during the first half of 2004. GVA grew at a nominal rate of 5.1%, down on the figure of 6.1% a year earlier (see Table 2.A). Influencing this slowdown have been oil refining corporations, which have been greatly affected by the strong rise in oil prices and in margins in this sector. No comment would be necessary on the influence of this on the rates of the aggregate were the representation of refining corporations in line with that of the other sectors, but the fact is that virtually all the companies engaging in this activity are part of the CBQ sample, meaning that the disturbances affecting them overly influence the results for the aggregate. This is evident if it is borne in mind that these corporations showed growth of 5% in the first six months of 2004 after having posted growth of 98.1% in the first half of 2003 and that, if they are eliminated for the calculation of the aggregate, GVA growth for the rest of the sample resulted in figures of 5.1% and 4.7% in 2004 and 2003, respectively.

The increase in productive activity is due to the favourable trend of wholesale and retail trade corporations, underpinned by the course of private consumption, and to the pick-up in industrial activity, which is benefiting from the growth in investment in capital goods. As regards external activity, Table 3 shows that the weight of imports increased in the first half of 2004 in rela-

NON-FINANCIAL CORPORATIONS REPORTING TO THE CENTRAL BALANCE SHEET DATA OFFICE (a)

CHART 1

REPORTING NON-FINANCIAL CORPORATIONS		1999	2000	2001	2002	2003
Number of corporations	CBA	8,265	8,513	8,438	7,695	—
	CBT	885	895	869	852	827
% of GDP of the sector non-financial corporations	CBA	31.8	30.7	30.2	27.9	—
	CBT	17.9	16.6	15.8	15.6	15.2

SOURCE: Banco de España.

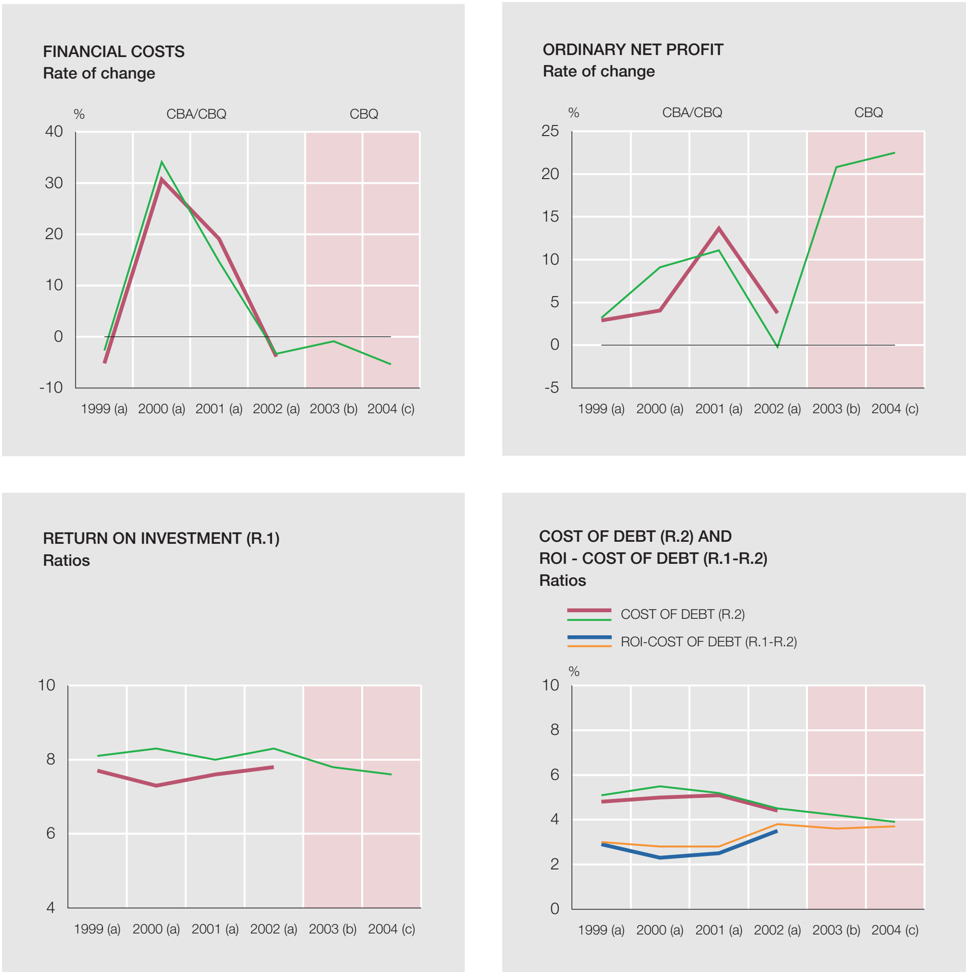
a. 1999, 2000, 2001 and 2002 data are the average data of the four quarters of each year (CBQ) in relation to the previous year for the corporations reporting to the annual survey (CBA).
b. Average of the four quarters of 2003 in relation to the same period in 2002.
c. Data for the first two quarters of 2004 in relation to the same period in 2003.

tion to their relative significance in 2003, while that of exports declined slightly. That is consistent with the fact that the contribution of external demand to GDP remained negative, as evidenced by alternative sources. Table 3 also displays the fall in the percentage of turnover intended for other European Union countries, which reveals that the situation in these countries, despite showing greater stability and vigour, has not yet made for a full recovery in trading activity.

At a more detailed level of analysis, it was once again wholesale and retail trade corporations which recorded the sharpest increase in productive activity (GVA grew by 6.9%), although the

NON-FINANCIAL CORPORATIONS REPORTING TO THE CENTRAL BALANCE SHEET DATA OFFICE (cont.)

CHART 1



REPORTING NON-FINANCIAL CORPORATIONS		1999	2000	2001	2002	2003	2004
Number of corporations	CBA	8,265	8,513	8,438	7,695	—	—
	CBQ	885	895	869	852	827	721
% of GDP of the sector non-financial corporations	CBA	31.8	30.7	30.2	27.9	—	—
	CBQ	17.9	16.6	15.8	15.6	15.2	14.0

SOURCE: Banco de España.

a. 1999, 2000, 2001 and 2002 data are the average data of the four quarters of each year (CBQ) in relation to the previous year for the corporations reporting to the annual survey (CBA).
b. Average of the four quarters of 2003 in relation to the same period in 2002.
c. Data for the first two quarters of 2004 in relation to the same period in 2003.

increase was not as big on this occasion as the previous year (9.7%). Nonetheless, this slowdown has been influenced by the impact of crude oil and refining prices on fuel marketing corporations. Excluding these latter companies (which, in view of their fragmentation, are not as well represented in the sample as refining corporations), the rate of change of GVA in the wholesale and retail trade sector would decline by 0.1 pp in the period under study (10.5%, against 10.4% in the first half of the years 2003 and 2004, respectively). This information confirms the data available in other sources on the course of private consumption which, though one of the driving forces of economic growth, appears to be beginning to show signs of peter-

EMPLOYMENT AND PERSONNEL COSTS
Details based on changes in staff levels

TABLE 2.B

		TOTAL CBQ CORPORATIONS 04 Q1 - Q2	CORPORATIONS INCREASING (OR NOT CHANGING) STAFF LEVELS	CORPORATIONS REDUCING STAFF LEVELS
Number of corporations		721	396	325
PERSONNEL COSTS				
Initial situation 03 Q2 (€m)		11,089.3	6,357.1	4,732.2
Rate 04 Q2/ 03 Q2		2.4	6.9	-3.7
AVERAGE COMPENSATION				
Initial situation 03 Q2 (€)		19,213.1	17,807.0	21,510.0
Rate 04 Q2/ 03 Q2		2.9	2.8	4.6
NUMBER OF EMPLOYEES				
Initial situation 03 Q2 (000s)		577	357	220
Rate 04 Q2/ 03 Q2		-0.5	4.0	-7.8
Permanent	Initial situation 03 Q2 (000s)	480	299	181
	Rate 04 Q2/ 03 Q2	-0.6	3.2	-6.8
Non-permanent	Initial situation 03 Q2 (000s)	97	58	39
	Rate 04 Q2/ 03 Q2	0.0	8.3	-12.2

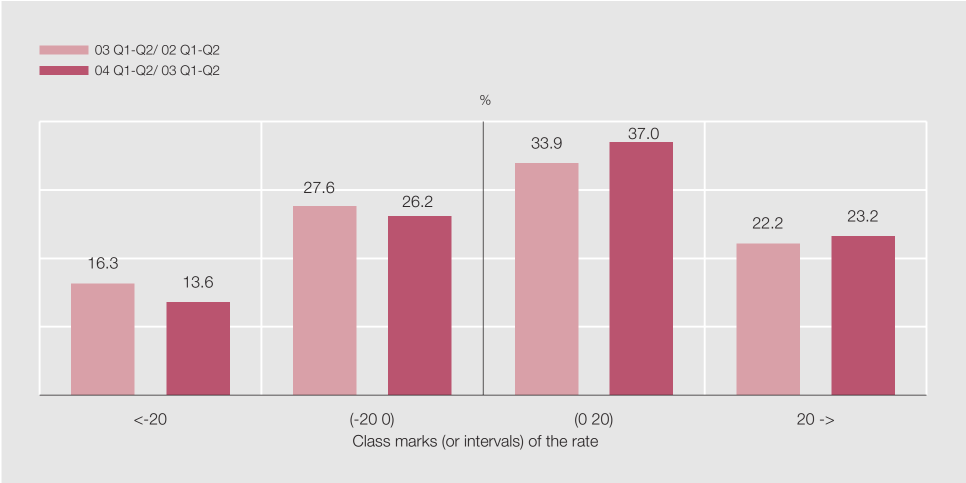
SOURCE: Banco de España.

ing out. Transport and communications corporations also moved on an expansionary path with GVA growth at 5.4%, somewhat over 1 pp higher than in 2003. This was a continuation of the good performance seen in this sector in recent years, and was particularly the case in the mobile telephony sub-sector and, more recently, in air transport-related companies. At a somewhat lower level is the improvement witnessed in industrial companies, at which there were also higher increases in activity than the previous year, with rises in GVA totalling 3.9% in the first half of 2004, compared with 2.6% in the first half of the previous year. Undoubtedly, the improvement in investment in capital goods has been conducive to the greater buoyancy of the industrial sector which, however, has not benefited from the momentum of external activity, as indicated. Finally, the behaviour of energy corporations was more subdued than the other aggregates. Their GVA grew by 1.2% during the first half of 2004, clearly below the figure of 11% in the same period a year earlier. The behaviour of the two main sub-sectors making up the energy aggregate explains the limited increase in activity. First, the decline in GVA in oil refining came about, especially in Q1, further to the strong contraction in the output-inputs margin, associated with the high volatility of crude oil prices. That led GVA here to grow by only 5% in 2004, following the extraordinary growth recorded in 2003 (98.1%). Second, the electricity, gas and water production sector showed an increase of 0.6% in GVA, 5 pp down on a year earlier. This decline is due, on one hand, to the reduction in sale prices recorded at gas companies, which are immersed in a process of liberalisation, and, on the other (albeit to a lesser extent), to the higher costs borne by electricity generation companies, which appreciably cut the amount of electricity produced through hydroelectric plants (which have lower generating costs), the result bearing adversely on these companies' GVA.

Lastly, Chart 2 shows the distribution of GVA growth across the aggregate of corporations, irrespective of their size. GVA at 60.2% of the corporations increased in the first six months of 2004, the related figure in the first half of 2003 standing at 56.1%, signifying a generalised improvement in the activity of the reporting corporations.

DISTRIBUTION OF CORPORATIONS BY RATE OF CHANGE IN GVA AT FACTOR COST

CHART 2



SOURCE: Banco de España.

Employment and personnel costs

Personnel costs rose by 2.4% in the first half of 2004 at the CBQ corporations, entailing growth 2 pp below that of the same period a year earlier. The greater moderation in the growth of this item is due both to the course of employment, which fell slightly (–0.5%), and to average compensation, which increased by 2.9%, below the rate obtained a year earlier.

The reduction in employment reflected in the quarterly sample in this period was influenced, as discussed in previous quarterly reports, by the heavy staffing adjustment at a major corporation in the telecommunications sector. That accounts for the deterioration in this variable to date in 2004, and in the coming quarters it will continue affecting the year-on-year rate. If this corporation is stripped out of the calculation, employment growth of 0.6% is obtained for the other corporations. If, moreover, it is borne in mind that there is an over-representation in the CBQ sample of large corporations belonging to certain sectors that have been reducing staff numbers (such as energy, and transport and communications, which are undergoing restructuring and a progressive opening up to competition), the above-mentioned rate of 0.6% takes on additional significance. Regarding the other sectors, that of wholesale and retail trade is, as usual, to the fore, and continues to offer the most favourable figures in respect of employment. During the first half of 2004, the average number of employees in corporations in this sector increased by 4.3%, an identical rate to the same period a year earlier. That highlights the resilience of and sound prospects for this sector. Finally, the recent upturn in industrial activity has not led to this sector resuming a path of employment creation. During the first six months of the year the corporations in this aggregate saw a reduction in their average staff levels (–1.5%) which was worse than in the related period in 2003 (–0.1%). However, the quarterly profile of industry shows a reduction in job destruction in 2004 Q2, in step with the improvement in recent months in productive activity. Foreseeably, then, to the extent that the recovery firms, it might be accompanied by positive rates of employment at industrial corporations.

Average compensation grew by 2.9% during the first half of 2004, an appreciably lower rate than that recorded a year earlier (3.8%). This moderation is essentially due to the course followed in 2004 Q1, in which period average compensation grew by 2.4%, since during 2004 Q2 the rate has risen to 3.5% compared with the same period a year earlier, a trend no doubt affected by the upward pressure on oil prices. In all sectors, similar behaviour to that discussed for the aggregate of all corporations, excepting the wholesale and retail trade sector, was ob-

PURCHASES AND TURNOVER OF CORPORATIONS REPORTING DATA ON PURCHASING SOURCES AND SALES DESTINATIONS
Structure

TABLE 3

		CBA	CBQ (a)	
		2002	03 Q1-Q2	04 Q2-Q1
Total corporations		7,695	721	721
Corporations reporting source/destination		7,695	700	700
Percentage of net purchases according to source	Spain	68.3	75.5	74.4
	Total abroad	31.7	24.5	25.6
	EU countries	19.4	19.4	20.5
	Third countries	12.3	5.1	5.1
Percentage of net turnover according to destination	Spain	82.7	83.3	83.6
	Total abroad	17.3	16.7	16.4
	EU countries	12.8	12.9	12.6
	Third countries	4.5	3.8	3.9

SOURCE: Banco de España.

a. All the data in these columns have been calculated as the weighted average of the relevant quarterly data.

PERSONNEL COSTS, EMPLOYEES AND AVERAGE COMPENSATION
Percentage of corporations in specific situations

TABLE 4

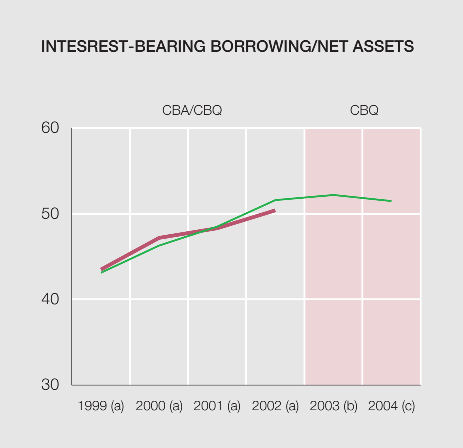
	CBA		CBQ (a)			
	2001	2002	02 Q1 - Q4	03 Q1 - Q4	03 Q1 - Q2	04 Q1 - Q2
Number of corporations	8,438	7,695	852	827	854	721
PERSONNEL COSTS	100	100	100	100	100	100
Falling	21.8	27.7	32.9	30.5	28.0	32.5
Constant or rising	78.2	72.3	67.1	69.5	72.0	67.5
AVERAGE NUMBER OF EMPLOYEES	100	100	100	100	100	100
Falling	27.9	30.5	42.9	45.2	43.6	45.2
Constant or rising	72.1	69.5	57.1	54.8	56.4	54.8
AVERAGE COMPENSATION RELATIVE TO INFLATION	100	100	100	100	100	100
Lower growth (b)	39.2	47.5	49.6	43.1	42.4	45.9
Higher or same growth (b)	60.8	52.5	50.4	56.9	57.6	54.1

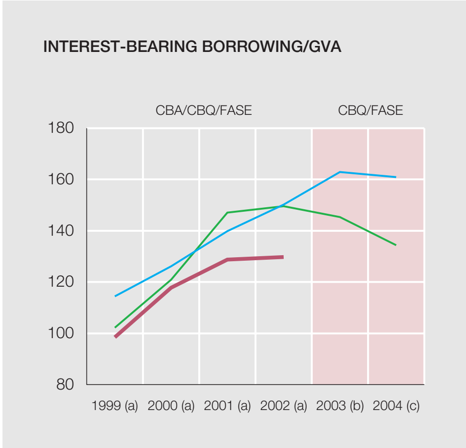
SOURCE: Banco de España.

a. Weighted average of the relevant quarters for each column.
b. Twelve-month percentage change in the CPI.

ALTERNATIVE DEBT RATIOS

CHART 3





SOURCE: Banco de España.

a. 1999, 2000, 2001 and 2002 data are the average data of the four quarters of each year (CBQ) in relation to the previous year for the corporations reporting to the annual survey (CBA).
b. Average of the four quarters of 2003.
d. Projection based on the information of the first two quarters of 2004.
Note: The data for the aggregate of non-financial corporations (FASE) are the sum of securities other than shares and loans.

servable, with lower growth in average compensation than the average for the six-month period as a whole (0.4%). The greater moderation in this sector is associated with its employment-creating capacity since, as Table 2.B shows, the average compensation of the aggregate of corporations that created employment grew, on average, by 2.8%, while the aggregate of firms that cut their staff levels saw their wage costs increase by 4.6% on average.

Finally, Table 4 shows a slight increase in the proportion of firms destroying employment (45%) in 2004 and a decline in the percentage of firms increasing their average wages by a lower rate than that of inflation. That said, at more than 54% of corporations average wages are growing above the rate of inflation.

Profits, margins and rates of return

The growth of productive activity and the moderate increases in personnel costs led the gross operating profit to grow by 7.2% in the first half of 2004, a very similar rate to the previous year (7.4%). Net ordinary profit (Table 5) grew by 22.5% (compared with 12.1% in the first half of 2003), assisted by the reduction in financial costs and, in particular, by financial revenue (dividends) from subsidiaries abroad. Influencing the rate of change of financial costs (-5.4%) were the following factors:

	04 Q1-Q2/03 Q1-Q2
Change in financial costs	**–5.4%**
A. Interest on borrowed funds (1+2)	*–5.9%*
1. Due to the cost (interest rate)	–7.1%
2. Due to the amount of interest-bearing debt	+1.2%
B. Commissions and cash discounts	*+0.5%*

It is apparent from this that the lower financial costs borne by corporations were due exclusively to interest rate cuts, while the effect derived from the net inflow of financing was limited. The increase in interest-bearing debt is compatible with a reduction in the debt ratio featured in Table 1. Indeed, Chart 3 presents two debt ratios, both of which show a slowdown in 2004.

GROSS OPERATING PROFIT, ORDINARY NET PROFIT, RETURN ON INVESTMENT AND ROI-COST OF DEBT (R.1 - R.2).
BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS
Ratios and growth rates of the same corporations on the same period a year earlier

TABLE 5

	GROSS OPERATING PROFIT				ORDINARY NET PROFIT				RETURN ON INVESTMENT (R.1)				ROI-COST OF DEBT (R.1-R.2)			
	CBA	CBQ (a)			CBA	CBT (a)			CBA	CBT (a)			CBA	CBT (a)		
	2002	03 Q1 - Q4	03 Q1 - Q2	04 Q1 - Q2	2002	03 Q1 - Q4	03 Q1 - Q2	04 Q1 - Q2	2002	03 Q1 - Q4	03 Q1 - Q2	04 Q1 - Q2	2002	03 Q1 - Q4	03 Q1 - Q2	04 Q1 - Q2
Total	4.8	7.3	7.4	7.2	3.8	20.8	12.1	22.5	7.8	7.8	6.7	7.6	3.5	3.6	2.5	3.7
SIZE																
Small	2.0	—	—	—	4.4	—	—	—	8.2	—	—	—	2.8	—	—	—
Medium	8.4	1.2	-4.7	10.9	5.5	1.8	-7.8	39.9	8.5	8.7	8.4	9.6	4.1	4.7	4.4	5.9
Large	4.5	7.5	8.0	7.0	3.6	21.8	13.2	21.8	7.8	7.8	6.7	7.6	3.4	3.6	2.5	3.7
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE																
Energy	-6.7	10.5	13.4	0.9	-9.4	16.0	6.3	5.9	9.1	8.4	7.5	8.3	5.3	4.8	3.9	4.7
Industry	1.5	-0.1	1.1	6.9	-2.0	0.7	2.5	21.1	8.3	8.5	8.7	9.0	3.6	4.4	4.5	5.2
Wholesale and retail trade	14.5	12.8	11.7	9.6	16.8	13.4	18.0	6.5	12.5	11.8	11.3	10.2	7.7	7.7	7.1	6.4
Transport and communications	13.0	4.6	4.6	8.5	38.3	9.7	9.1	16.7	8.9	11.6	10.3	13.9	4.2	7.0	5.5	9.6

SOURCE: Banco de España.

a. All the data in these columns have been calculated as the weighted average of the quarterly data.

The first measures debt as a proportion of total assets (see bottom of Table 1 and the left-hand panel of Chart 3). Its course is influenced both by the change in interest-bearing financing borrowed on the market (slightly positive in the first half of 2004, as indicated above), which is included in the numerator, and by the total financial funds available (own and interest-bearing borrowed funds). The fall in debt is compatible with the slight increase in interest-bearing borrowed funds, as occurs in the period under study, since the ratio denominator grew proportionately more than the numerator owing to the positive trend of ordinary profit and to the increase in net capital issues for the period. The alternative ratio in Chart 3 (interest-bearing borrowed funds to GVA) relates a stock (the level of debt) and a flow (GVA), and it also allows CBA and CBQ data to be compared with those available for the sector non-financial corporations in the *Financial Accounts of the Spanish Economy* compiled by the Banco de España. This ratio also shows that, during the first half of 2004, there was a mild slowdown in debt.

As a result of the increase in ordinary net profit during the first half of 2004, the return on investment (7.6%) was higher than in the same period in 2003. And this, combined with the fact that the interest on borrowed funds/interest-bearing borrowing ratio underwent a further reduction to 3.9% (owing to the above-mentioned reduction in interest rates), meant that the ROI – cost of debt ratio once again stood at a high value (3.7), more than 1 pp up on the first half of 2003 (2.5). Lastly, net profit fell by 9.3%. Behind this result are the lower capital gains and extraordinary revenue shown by corporations in 2004, after significant operations of this type being recorded in the first half of 2003. Notwithstanding, the amount of net profit obtained during the first half of 2004 remains very positive, accounting for 27% of the GVA of the total aggregate of corporations, which is an additional indicator of the soundness of the firms in the sample.

In sum, during the first half of 2004 Spanish corporations have enjoyed sustained growth, in line with that in the preceding half-year period. Services are confirmed to be performing well, especially wholesale and retail trade. Moreover, industry appears to be taking off to some ex-

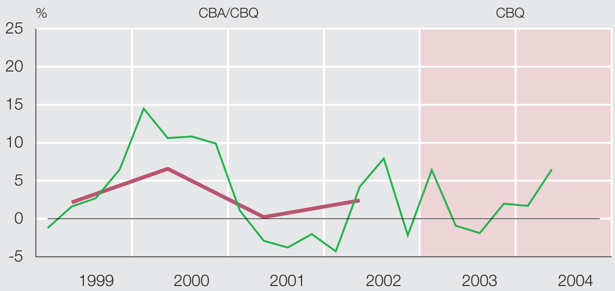
The productive activity of Spanish industry grew significantly in the first six months of 2004. GVA in this period increased by 3.9%, clearly up on the figure of 2.6% posted in the first half of 2003, although it was in Q2 that the sharpest growth was recorded. The more expansionary behaviour of investment in capital goods largely explains the greater buoyancy of industrial activity. Against this background, the sub-sectors benefiting most from the industrial recovery have been “glass, ceramics and metals”, “electrical, electronic and optical material and equipment”, with respective increases in GVA of 5.9% and 6%, and “other manufacturing” which, after several consecutive years of declines in GVA, grew by 4.6% in the first half of 2004.

Industrial corporations’ personnel costs increased by 1.4%, against 3.8% the previous year. As with the other firms in the sample, this was a more moderate trend, and the result of a fall in employment of –1.5% and of an increase in average compensation of 2.9%. Despite the reduction in average employment, the result for Q2 (–0.8%) shows a turnaround in relation to developments in the preceding quarters. The expansion of industrial activity, along with the moderate rise in personnel costs, meant that ordinary profits grew sharply. The gross operating profit posted a rate of 6.9%, while the ordinary net profit, boosted by the inflow of dividends and the reduction in financial costs, showed an increase of 21.1%. This favourable trend led to high ordinary returns and to a reduction in the ratio measuring the cost of borrowed funds, meaning that the ROI-cost of debt spread widened to 5.2, exceeding the figure for the first half of 2003 by 0.7 pp.

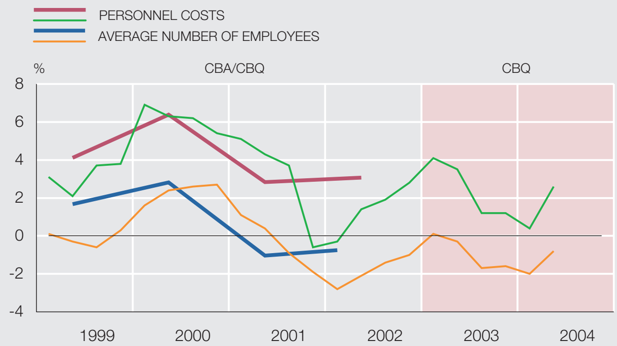
Overall, industrial corporations trended favourably in the first half of 2004, driven by the greater vigour of investment in capital goods, which has made for sharp growth in their activity, especially in Q2, generating sizable surpluses and high returns. The employment figures, though not yet positive, have also improved as the year has unfolded. If this trend firms, job creation is likely to be resumed in the coming months. The consolidation of the improvement in the international situation and, accompanying this, greater dynamism in world trade should contribute positively to employment in the coming months. In any event, some risks remain. These stem from the entry of new competitors, from international pressures and from developments in crude oil prices, which may affect growth in the industrial sector in view of its greater exposure and sensitivity to the international economic situation.

PERFORMANCE OF THE INDUSTRIAL CORPORATIONS REPORTING TO THE CBSO (a)

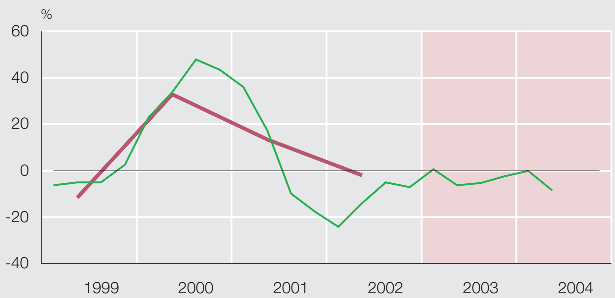
GROSS VALUE ADDED AT FACTOR COST
Rate of change



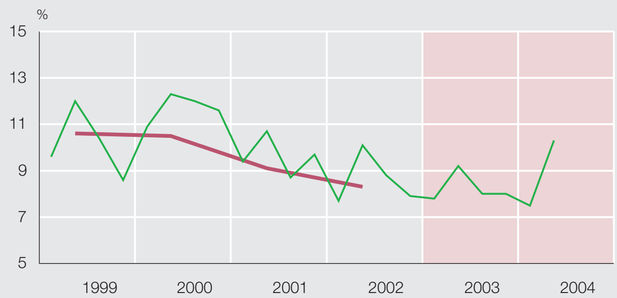
EMPLOYMENT AND WAGES
Rate of change



FINANCIAL COSTS



RETURN ON INVESTMENT
Ratios



REPORTING INDUSTRIAL CORPORATIONS		1999				2000				2001				2002				2003				2004			
Number of corporations	CBA	3,038				2,974				2,814				2,464				—				—			
	CBQ	422	406	397	387	433	413	391	377	402	392	381	364	389	375	364	352	370	362	350	330	331	251	—	—
% of GDP of the sub-sector industrial corporations	CBA	31.2				31.4				28.2				24.9											
	CBQ	28.4	29.0	27.1	27.1	26.6	26.7	25.3	25.4	21.9	23.2	21.7	23.1	20.9	24.2	22.7	20.7	20.7	24.6	21.8	21.3	20.6	18.2	—	—

SOURCE: Banco de España.

STRUCTURE OF REPORTING CORPORATIONS' RETURN ON INVESTMENT AND ORDINARY RETURN ON EQUITY

TABLE 6

		CBQ			
		RETURN ON INVESTMENT (R.1)		ORDINARY RETURN ON EQUITY (R.3)	
		03 Q2 - Q1	04 Q2 - Q1	03 Q2 - Q1	04 Q2 - Q1
Number of corporations		854	721	854	721
Percentage of corporations by profitability bracket	R <= 0%	24.5	23.5	27.5	25.8
	0% < R <= 5%	19.3	20.9	15.2	15.6
	5% < R <= 10%	15.2	14.2	10.8	10.4
	10% < R <= 15%	11.6	12.1	10.0	9.5
	15% < R	29.5	29.2	36.5	38.6
Memorandum item: Average return		6.7	7.6	9.0	10.7

SOURCE: Banco de España.

a. All the data in these columns have been calculated as the weighted average of the quarterly data.

tent, wage costs are moderating somewhat and employment is trending favourably, although staff adjustments persist in certain sectors. There have also been significant increases in financial revenue, while financial costs continue to decline, which has contributed to the highly favourable trend of ordinary net profit. All these factors explain why Spanish corporations continue to record high returns which, combined with the generous financing conditions on the markets, will enable new investment plans to be undertaken if the favourable outlook firms.

20.9.2004.

Half-yearly report on the Latin American economy

Introduction

Following several years of low growth, the pace of economic activity gathered strong momentum in the first half of 2004. For the region's main countries taken as a whole, year-on-year GDP growth stood comfortably above 5% in the first two quarters of the year. Growth was above 3.5% in all of them at the end of June, highlighting the fact that the expansionary phase is generalised in Latin America. Further, after some uncertainty at the start of Q2, the region's financial markets were able to ride the start of the cycle of rising rates in the United States without excessive difficulty, and thus helped strengthen the favourable short-term prospects for the Latin-American countries. The incipient impetus of domestic demand, which firmed during the first six months of 2004 after a period of slackness, should continue to buoy activity in the second half of the year, offsetting the gradual closing of the output gaps and the smaller expected contribution of external demand. Fiscal policies, following a period of strong restrictiveness, were able to adopt a somewhat more expansionary stance and contribute, too, to boosting activity. In any event, the improved public finances position suggests that the degree of fiscal discipline has not weakened, though caution remains necessary here.

Against this favourable international background, one of the factors of risk for economic developments in the region is that inflation pressures may take root and force the monetary policy stance to be tightened further than was already the case in some countries in the first half of the year. Such a scenario might slow the recovery, but would be unlikely to interrupt it. Also, a downward adjustment in commodity prices might adversely affect the external accounts and detract more quickly than desirable from the current solid contribution of exports to growth. Taking a broader view, public finances continue to be fragile and external debt remains high, while capital flows and, in particular, direct investment have not regained the vigour observed a few years back. Accordingly, the current favourable circumstances should be harnessed – and there are signs this is happening in most countries – to lessen economic and financial vulnerability, increase support for reform and restore the attractiveness of the region for investors.

Economic and financial developments in the area

EXTERNAL ENVIRONMENT

Against the backdrop of the global economic expansion (see Chart 1), the predominant factor on international financial markets during the first half of the year was the expectations of the start of interest rate rises in the United States. At the outset of Q2, the emergence of potential inflationary pressures, generated by the strong rise in crude oil prices and underscored by the favourable data on US activity and employment, prompted an upward revision of expectations about future rises in interest rates. It also led to a notable increase of around 100 bp in long-term rates in the developed countries, which increased the slope of the yield curve even more. Although the indicators of global risk-aversion did not undergo significant changes, investors reacted by unwinding positions in emerging economies' debt markets. These adjustments triggered a bout of financial turbulence on these markets which was sharper and longer-lasting than that in January, which had brought to an end a long and intense process of squeezes on sovereign spreads. These rebounded notably, losing in a few short weeks all they had gained in the second half of the previous year (see Chart 1). The movement was across the board, albeit sharper in the countries with greater fiscal vulnerabilities, though the turbulence proved transitory. Rises in interest rates in the United States actually began at the end of June, but they did not adversely affect the financial markets. Indeed, the fact that these rises were widely anticipated and, above all, that they coincided with renewed expectations that monetary tightening would be gradual and moderate has led, in recent

GLOBAL MACROECONOMIC AND FINANCIAL INDICATORS CHART 1

Year-on-year changes, percentage, basis points and index

SOURCES: Bureau of Economic Analysis, Eurostat, Bloomberg and JP Morgan.

a. Malaysia, Korea, Indonesia, Thailand, Hong Kong, Singapore and Taiwan.
b. B1 bond: US industrial corporations.
c. Implicit volatility in CBOE options multiplied by 10.

months, to a reduction in long-term interest rates and to a squeeze on emerging countries' sovereign spreads, taking the latter to levels close to those at the beginning of the year.

Stock markets in the developed countries, despite firmer expectations of recovery, performed erratically, with no notable gains having arisen during the year to mid-September. The indices of the emerging Asian countries trended similarly, while the performance in Eastern Europe and Latin America was more favourable. A negative factor bearing on the first half of the year, along with the prospect of interest-rate rises, was the upward trend of crude oil prices, which intensified during the summer. This was in contrast to the behaviour of other commodities, where the generalised price rises observed since early 2003 were curtailed. Thus, metal prices stabilised, with moderate declines in the price of copper, and agricultural commodities prices contracted.

LATIN AMERICAN GDP
Year-on-year change

CHART 2

SOURCE: National Statistics Offices.

a. Excluding Argentina, Venezuela and Uruguay.

ECONOMIC ACTIVITY

The growth rate of Latin American GDP stood at 5.5% in 2004 Q2 compared with the same period a year earlier, practically unchanged on Q1. That confirms that the expansionary cycle in the region is taking root at a vigorous rate (see Chart 2). The stabilising of the growth rate in Q2 is due to the tendency towards the normalisation of growth rates in those countries whose activity had risen very strongly in previous quarters, following economic crises (Venezuela, Argentina and Uruguay), since growth rates in the remaining countries have held steady or increased notably. Excluding the three foregoing countries, then, growth would have reached 4.9% year-on-year in Q2, compared with 3.4% in Q1 and with 1.4% in 2003 Q4. As a result, there has been less dispersion in growth rates, which exceeded 3.5% in all cases at the end of the first half of the year. Of particular note is the buoyancy of the recovery in Brazil, with growth rising from a rate of practically zero at end-2003 to 5.7% in 2004 Q2. That entailed a contribution of over 2 pp to the region's annual growth and, above all, dispelled doubts over the difficulties of resuming robust growth rates.

LATIN AMERICA: MAIN ECONOMIC INDICATORS

TABLE 1

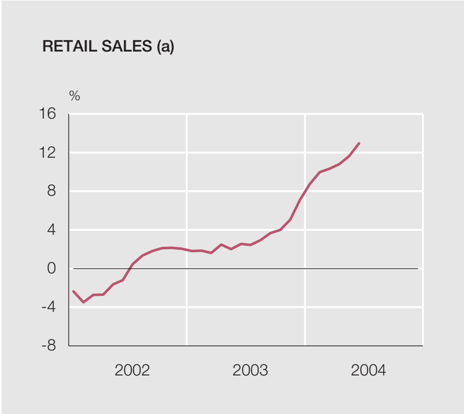
	2001	2002	2003	2002		2003				2004	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP (year-on-year change)											
Latin America (a)	0.3	-0.3	1.8	0.6	1.4	1.9	0.8	1.3	3.0	5.5	5.5
Argentina	-4.4	-10.8	8.7	-9.8	-3.4	5.4	7.7	10.2	11.7	11.2	7.0
Brazil	1.4	1.9	-0.2	3.0	3.9	1.9	-1.1	-1.5	-0.1	2.7	5.7
Mexico	-0.3	0.7	1.3	1.8	1.8	2.5	0.1	0.6	2.0	3.7	3.9
Chile	3.1	2.1	3.3	2.4	3.2	3.7	2.8	3.0	3.3	4.8	5.1
Colombia	1.4	1.8	3.7	2.0	2.6	3.8	2.6	4.4	5.0	4.2	4.4
Venezuela	2.7	-8.2	-7.6	-5.9	-15.8	-25.0	-5.2	-6.7	7.0	34.8	13.6
Peru	-0.1	5.1	3.8	5.2	4.5	5.7	3.6	3.0	2.9	4.9	3.6
Uruguay	-3.1	-10.8	2.5	-13.4	-14.0	-8.1	-4.7	7.5	15.8	14.3	12.7
CPI (year-on-year change)											
Latin America (a)	5.8	9.2	11.1	10.0	12.1	14.0	12.2	10.0	8.0	6.1	5.7
Argentina	-1.1	25.9	14.8	36.0	40.3	35.7	14.5	5.2	3.7	2.4	4.1
Brazil	6.8	8.5	14.8	7.6	10.6	15.6	16.9	15.2	11.4	6.8	5.5
Mexico	6.4	5.0	4.6	5.2	5.3	5.4	4.7	4.1	4.0	4.3	4.3
Chile	3.1	2.9	2.8	2.4	2.9	3.8	3.7	2.7	1.1	0.0	0.5
Colombia	8.0	6.4	7.1	6.0	6.8	7.4	7.6	7.1	6.4	6.2	5.6
Venezuela	12.5	22.4	31.4	24.8	30.6	35.4	34.1	29.6	26.2	24.0	22.4
Peru	2.0	0.2	2.3	0.3	1.4	2.8	2.4	1.9	1.9	3.0	3.4
Uruguay	4.4	14.0	20.0	18.9	25.0	27.9	26.3	15.0	10.7	9.3	9.2
PUBLIC SECTOR DEFICIT (% GDP)											
Latin America (a)	-3.2	-5.1	-2.0	-4.7	-5.1	-4.8	-3.2	-2.0	-2.0	-1.7 (b)	-1.9 (b)
Argentina	-3.0	-1.5	0.4	-2.2	-1.3	-0.7	0.0	0.5	0.4	1.1	2.4
Brazil	-5.2	-10.5	-3.7	-8.9	-10.3	-10.2	-6.5	-3.7	-3.7	-3.4	-4.2
Mexico	-0.7	-1.2	-0.7	-0.6	-1.1	-0.6	-0.5	-0.6	-0.7	-0.4	-0.7
Chile	-0.3	-0.8	-1.4	-1.2	-0.8	-0.3	-0.5	-1.1	-1.4	-1.1	0.3
Colombia	-4.3	-3.6	-2.6	-5.4	-3.6	-3.6	-2.8	-2.9	-2.6	…	…
Venezuela	-4.5	-1.1	0.2	-3.6	-1.1	-1.2	-0.5	1.9	0.2	…	…
Peru	-2.4	-2.2	-1.8	-2.6	-2.1	-1.9	-1.8	-1.7	-1.8	-1.5	-1.0
Uruguay	-4.5	-5.1	-5.2	-5.2	-5.1	-5.1	-6.8	-5.8	-5.2	-5.4	-2.9
PUBLIC SECTOR DEBT (% GDP)											
Latin America (a)	40.8	51.7	56.2	57.2	54.9	56.9	52.4	55.6	56.2	55.6	55.4 (b)
Argentina	53.8	140.0	130.0	142.6	144.9	142.0	121.6	131.1	130.0	133.1	…
Brazil	52.6	56.5	58.7	62.5	55.5	55.0	55.6	58.1	58.7	57.0	56.0
Mexico	22.4	24.4	23.5	24.0	22.9	23.5	22.8	24.8	23.5	23.5	23.8
Chile	11.8	12.3	13.6	12.3	11.9	12.3	14.1	14.7	13.6	14.6	13.2
Colombia	44.3	50.5	48.9	48.1	47.6	51.3	49.2	49.8	48.9	48.8	…
Venezuela	46.4	48.4	61.0	44.1	48.4	41.9	45.6	52.0	61.0	47.0	…
Peru	46.1	47.0	47.0	47.1	46.6	48.3	41.8	46.9	47.0	45.9	40.0
Uruguay	54.0	97.4	123.8	117.0	116.4	117.7	120.0	124.8	123.8	130.7	…
CURRENT ACCOUNT BALANCE (% GDP)											
Latin America (a)	-2.9	-0.1	1.1	-1.3	-0.2	0.2	0.8	1.0	1.1	1.3	1.1 (b)
Argentina	-1.7	9.8	5.7	8.1	10.1	10.0	7.4	6.8	5.7	4.5	…
Brazil	-4.6	-1.7	1.0	-3.6	-1.9	-1.1	0.3	0.9	1.0	1.0	1.5
Mexico	-2.9	-2.2	-1.4	-2.5	-2.2	-2.0	-1.7	-1.7	-1.4	-1.3	-1.2
Chile	-1.8	-0.9	-0.8	-1.1	-1.3	-1.3	-1.5	-0.7	-0.8	-0.1	1.5
Colombia	-1.5	-1.9	-1.8	-1.6	-1.9	-2.3	-1.9	-1.9	-1.8	-1.9	…
Venezuela	1.7	9.5	14.5	4.2	8.2	9.6	13.5	13.3	14.5	17.3	…
Peru	-2.2	-2.0	-1.8	-1.8	-2.0	-2.2	-2.0	-2.0	-1.8	-1.0	-1.0
Uruguay	-2.6	2.1	0.5	0.2	2.8	1.8	2.4	1.8	0.5	0.8	…
EXTERNAL DEBT (% GDP)											
Latin America (a)	39.2	57.3	46.7	55.7	57.3	55.9	47.3	48.0	46.7	55.4 (b)	…
Argentina	52.2	136.9	106.7	143.9	141.6	133.7	102.1	108.9	106.7	108.9	---
Brazil	41.6	51.9	41.2	51.4	57.3	54.0	45.3	43.5	41.2	39.7	---
Mexico	23.1	21.6	22.1	23.1	21.7	23.9	21.6	22.8	22.1	21.1	21.3
Chile	56.2	62.2	61.6	62.2	62.7	60.9	56.5	58.2	61.6	55.0	47.5
Colombia	44.4	39.7	43.2	45.6	45.1	48.9	45.8	44.4	43.2	40.4	…
Venezuela	36.0	50.6	57.6	60.0	59.9	56.2	55.3	56.5	57.6	…	…
Peru	50.7	49.3	48.3	51.0	49.0	50.4	43.7	48.6	48.3	47.3	41.8
Uruguay	47.9	90.2	112.5	106.4	107.8	103.3	104.9	107.6	112.5	115.2	…

SOURCES: IMF, Banco de España and National Statistics Offices.

a. Aggregate of 8 represented countries.

SUPPLY AND DEMAND
Year-on-year changes

CHART 3



SOURCE: National Statistics Offices.

a. Quarterly moving averages.

The most frequent indicators reveal that the growth rate in the area remains vigorous moving into the second half of the year (see Chart 3). The strength of industrial production growth, which ended Q2 standing at a year-on-year rate of 7.3%, compared with 3.3% at end-2003, is taking hold in Q3 (in July, growth stood at over 8%). And other indicators, such as retail sales, continue to accelerate (certain exceptions such as Mexico and Chile aside), posting a year-on-year growth rate of over 10% for the region as a whole in July.

The most notable aspect of the regional expansion was the firming of internal demand, after a lengthy phase of slackness prompted by the economic adjustment arising from past financial turbulence. While the financial situation progressively moved onto a normal footing during 2003, the effects of this turbulence were particularly persistent on internal demand since it reduced disposable income and agents' appetite to invest, and heavily restricted public spending. The recent rise in private consumption, reflected too in the increase in consumer confidence (although this variable has tended to behave somewhat erratically), was sustained by the improvement in the labour market which, however, was not generalised. Real wages in the area as a whole once again posted positive growth rates after continuous declines since early 2002 (see Chart 4). They picked up most in those countries where they had been most depressed, in Argentina and Brazil for instance, while in other countries, such as Mexico, they are rising very moderately. In parallel, the growth of employment held stable at around 3% year-on-year in Q2, though there are countries such as Chile where, despite buoyant activity, job creation fell below 1%. Investment (see Chart 5) also picked up markedly, rising for the region as a whole to a growth rate of 10% in Q1 compared with the same period a year earlier. The resumption of robust increases in investment in Brazil following the decline in recent years was noteworthy, as was the scale of investment growth in Argentina and Venezuela, albeit from very depressed levels. However, few countries have resumed the investment/GDP ratios that were being posted at the end of the nineties, which would be desirable if medium-term growth prospects are to take root. In any event, the recent buoyancy of internal demand, in all its components, has meant that, for the first time in recent years, it is taking up the baton from external demand as the driving force of the expansion, accounting for all of the year-on-year growth in Q2 (5.5 pp), compared with its end-2003 contribution of only 2 pp.

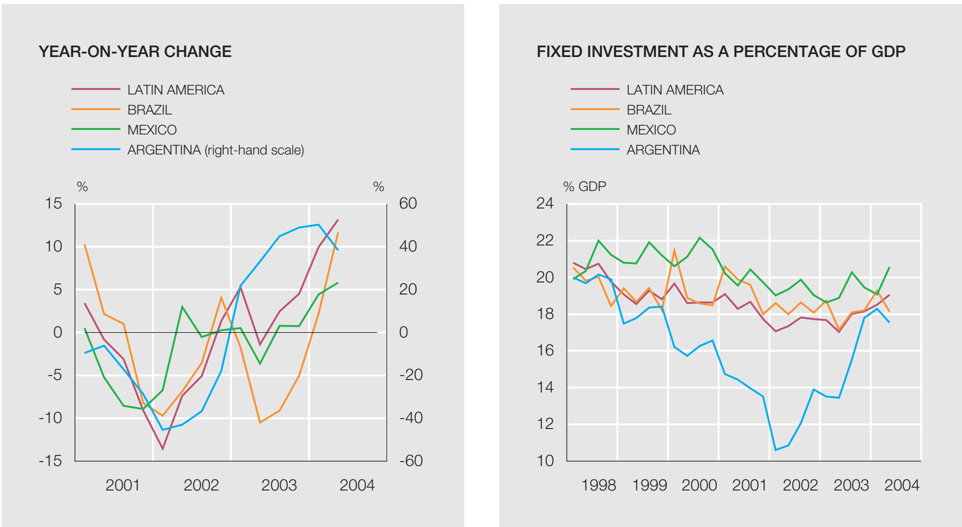
LABOUR MARKET
Year-on-year changes

CHART 4

SOURCE: National Statistics Offices.

FIXED INVESTMENT
Year-on-year changes and percentage of GDP

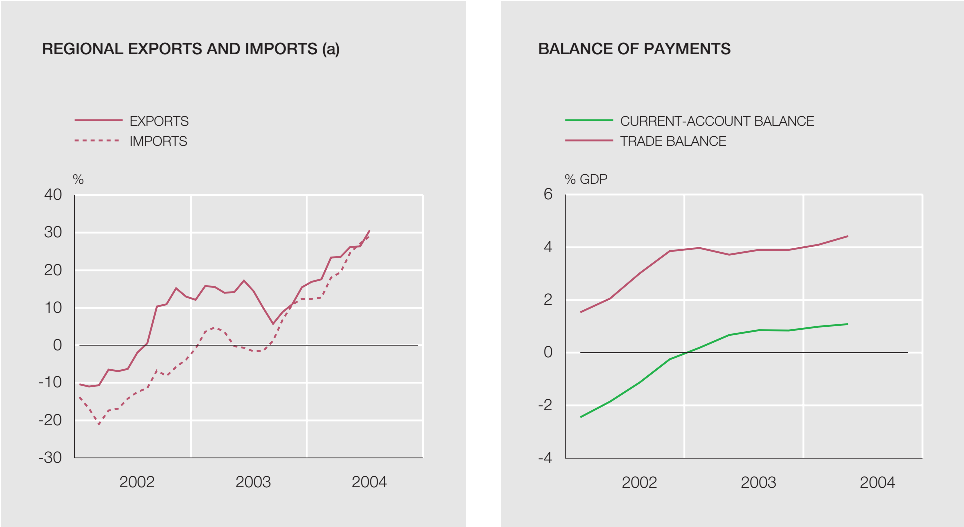
CHART 5



SOURCE: National Statistics Offices.

The zero contribution of external demand to growth in Q2, following the significant positive contribution it was still posting at end-2003 (0.8 pp), is due to the pick-up in imports and does not mean that the vigour of exports is diminishing. Indeed, the persistent strength of exports is a particularly salient feature of recent economic developments in the region. Exports climbed to a year-on-year growth rate of 27% at the end of the first half of the year, despite the fact that at the same juncture a year earlier they were already posting growth of over 15% (see Chart 6). This strength was across the board, though it was most notable in Venezuela, Chile and Brazil, whose respective rates exceeded 80%, 50% and 40%. That said, in Venezuela the base effect played a leading role. Mention should also be made of the acceleration in the pace of Mexican exports, after this country's lagging recovery in relation to the pick-up in the United States. In Argentina and Colombia, where

EXTERNAL ACCOUNTS
Year-on-year changes and percentage of GDP CHART 6



SOURCE: National Statistics Offices.

a. Quarterly moving average.

the growth rate of exports was most moderate, the related corresponding rates stood at around 10%. No doubt contributing to these figures was the increase in global demand (particularly that stemming from China) and, in association with this, the sound behaviour of commodities prices. Yet it should be stressed that the expansion of exports does not compare favourably with other emerging regions, which are also benefiting from the global increase in trade, as analysed in Box 1, calling into doubt whether such an expansion is due to a structural improvement in the competitiveness of Latin American economies. Further, the recent fall in the price of certain non-energy products that are very important for some countries, such as copper (Chile) and soybeans (Brazil, Argentina), may adversely affect exports in the coming quarters. In step with the strength of internal demand, imports quickened strongly in the first half of the year to a growth rate similar to that of exports, around 25% at the end of June. In countries such as Argentina (90%) and, to a lesser extent, Brazil and Venezuela (around 40%), the increases were even more significant.

The favourable performance of the external sector helped prolong the improvement in the trade surplus in many countries, which comfortably exceeded 4% of GDP in the area as a whole in Q2 (see Chart 6). However, the recent trend of imports and, as mentioned, of commodity prices has suggested that in the coming quarters the substantial trade surplus might progressively narrow. In any event, behaviour diverged across the different countries. Brazil continued to post growing surpluses which placed the trade balance at over 5% of GDP in Q2 and Chile witnessed a strong rebound to 7%, while the deficit narrowed in Colombia and Mexico. Nonetheless, the surplus in Argentina narrowed by 0.4 pp of GDP over the last year to 11% in 2004 Q2. Along with the favourable performance of emigrants' remittances, external dynamism underpinned the prolonged improvement in the current-account balance in most countries, which is a particularly favourable aspect of the current upturn. In all countries except Argentina and Uruguay, current-account balances improved in the first half the year. In particular, Chile and Peru are close to reaching a balanced external position. In the region as a whole, meanwhile, the surplus stabilised at around 1% of GDP.

A notable feature of the recent performance of the Latin American economy has been the prolonged strength of exports. Since 2002 Q2, when the current phase of export buoyancy in the region began, sales abroad measured in current dollars have increased by 14.2% in annual terms. This growth has, moreover, been accelerating over time, rising to its highest rate for the region as a whole in 2004 Q2. Nonetheless, these positive figures do not compare favourably with recent export growth in other emerging markets. Indeed, according to IMF figures, the annual average increase between 2002 and 2004 in the value of exports will amount to 18.8% in Asia and 21.2% in eastern Europe, and even Africa, with growth of 15.3%, will outpace Latin America. Consequently, Latin America would be one of the areas least to have benefited from the momentum of global demand, a fact equally apparent in its share in overall world trade, which fell from 5.8% in 2001 to 5.4%, while the share of the other emerging countries was rising, markedly so in the case of Asia. Compared with other expansionary cycles in the region, the current situation is akin to the pick-up following the 1999 crisis, in which Latin American exports grew, for the region as a whole, by 15.7% in annual average terms (between 1999 Q4 and 2001 Q2).

These comparisons would suggest that Latin America's recent export impetus is not exceptional in relative terms, either when compared with that of other emerging regions or in relation to its own past experience. They would also indicate that the region's gains in competitiveness have not been substantial. In fact, it has been pointed out that what are leading the increase in exports are the beneficial effects of price rises, particularly commodities prices, rather than an increase in export volumes. To examine this matter, the accompanying table shows the observed cumulative increase during the latest growth phase in the value of exports (2002 Q2 to 2004 Q2, the latest figure available) in the seven main Latin American countries (in local currency or in current dollars, according to the source), breaking it down into change in price and amounts. As far as data availability permits, figures are also presented for different export headings, distinguishing between commodities and manufactures, so as to examine on which sectors (across which there will foreseeably be substantial differences in value added) increases in prices and amounts have been concentrated.

The countries are ranked according to the recorded increase in export volume. Brazil is the country where value (48.3%) and volume (25.5%) have most increased, and the only one in which increases in amounts have been higher than increases in prices, due above all to the vigour of exported amounts of manufactures (50%), whose price has moreover fallen. In Peru, the strong rise in value (44.5%) is mainly due to the increase in the price of mined (metals) exports and oil, but there has also been a notable rise in the volume (34.6%) of non-traditional exports, essentially manufactures. Chile, Mexico and Argentina have seen significant but moderate increases in volume. Mexico has witnessed an increase in volume in all items, but one lower in all instances to the increases in prices. Worthy of mention here is the increase (33.8%) in the price of Chilean exports, based on the strong rise in metal commodities, especially copper, one of the mainstays of Chilean exports. Finally, Colombia and Venezuela, where the related figures are less accurate, also recorded strong increases in the value of exports, although rises were small in terms of volume, and even negative in the case of oil.

LATIN AMERICAN EXPORTS
Change 2004 Q2/2002 Q2

	VALUE	VOLUME	PRICE
BRAZIL (a)			
Total	48.3	25.5	22.8
Primary sector	66.5	22.8	43.8
Semimanufactured	51.4	21.9	29.5
Manufactures	42.4	50.8	-8.4
PERU (A)			
Total	44.5	19.6	24.9
Agriculture	11.2	1.7	9.5
Mining	47.3	4.2	43.1
Crude oil	62.8	13.5	49.3
Non-traditional products	52.4	34.6	17.8
CHILE (a)			
Total	43.7	9.9	33.8
Mining	66.7	6.8	59.9
Agriculture	23.0	19.3	3.7
Manufactures	31.4	12.7	18.7
Rest of exports	16.5	1.6	14.9

	VALUE	VOLUME	PRICE
MEXICO (b)			
Total	26.6	6.9	19.7
Oil	28.4	9.4	19.0
Mining	48.3	10.7	37.6
Manufactures	22.1	5.7	16.4
ARGENTINA (a)			
Total	22.7	5.7	17.0
Primary sector	11.7	-12.5	24.2
Manufactures	5.2	5.3	-0.1
Manuf. of agricultural origin	47.9	23.3	24.6
Energy	23.7	-5.9	29.6
COLOMBIA (b)			
Total	30.4	2.3	28.1
Coffee (a)	12.3	8.8	3.5
Oil (a)	8.0	-15.8	23.8
VENEZUELA (a)			
Oil	24.6	-8.7	33.3

a. Value in US dollars.
b. Vaule in local currency.

THE RECENT EXPORT BUOYANCY (cont'd) BOX 1

The factors behind these divergent performances would be the structure of exports (Argentina, Brazil, Peru and Chile would be better placed, in principle, to harness the great momentum of the demand for agricultural and mineral commodities) and the improvement in relative costs, induced by currency depreciation and the strong adjustment of real wages in certain countries, such as Brazil, Argentina and, to a lesser extent, Peru. Lastly, while difficult to quantify, the extension of inter- and intra-regional agreements might have given an added and more permanent boost to trade. Despite these sizable increases in export volumes, comparison with developments in other emerging regions reveals that the behaviour of the Latin American economy is not remarkable: export volumes in Latin America would have grown by 8.2% in annual average terms in the period under study, far below Asia (16%), the emerging Asian countries (12%) and eastern Europe (10.5%).

In sum, these results would, first, support the hypothesis that the recent export buoyancy in Latin America is essentially due to the improved terms of trade of its exports (among which commodities are predominant in many cases), to the expansion of global demand and to the cumulative real depreciations in most of the region's countries in recent years. Further, they would confirm that the gains in competitiveness, in a structural sense, have not been significant, and this has been reflected in a loss of market share vis-à-vis other emerging economies.

FINANCIAL MARKETS AND EXTERNAL FINANCING

The performance of financial markets during the first half of the year contrasted to some extent with that of activity, although a notable improvement has been taking root in recent months. There were two bouts of instability, which affected, above all, the sovereign debt markets. But in a less generalised and more temporary way, they bore on certain currency markets (see Chart 7). The first of the two episodes, in mid-January, saw Latin-American spreads (Mexico and Chile excepted) resume levels above those recorded at end-2003, momentarily bringing to a halt the narrowing of spreads that had taken place for over a year. The second episode was in mid-April and was longer and more intense. The countries most affected were Brazil and Colombia, whose spreads increased by over 60%. For the region as a whole the deterioration was close to 25%, and the regional spread stood at 700 bp in May, almost 230 bp above the low recorded in mid-January. From late May spreads moved on a declining path again, meaning that by the end of September most countries had seen reductions compared with the start of 2004 (Chile stood at a historical low). Lastly, Argentina's sovereign spread stood at a very high level, oscillating ostensibly in step with the ongoing process of public debt restructuring. Overall, sovereign debt developments in Latin America this year have been fairly similar to those in other emerging regions, as can be inferred from the rise in the correlation of sovereign spreads plotted in Chart 7.

The contrast between the growing buoyancy of economic activity – which is, moreover, being accompanied by diminishing external and fiscal vulnerability – and the more erratic course of sovereign debt during the first half of the year may be seen as rather striking. The most likely explanation for this behaviour is that, as discussed in the introduction, investors have in recent quarters been more concerned by the prospect of a tightening of monetary conditions in the developed countries than by the economic fundamentals of each country. The rises in spreads can not be associated with corresponding increases in risk aversion, which has held relatively stable during the six-month period. Of note, indeed, is the recent discontinuation of the close correlation usually seen between the different indicators of global risk aversion and the sovereign spreads of the Latin-American countries (see Chart 7). Accordingly, the recent outbreaks of instability are due mainly to investors' adaptation to a setting of lower expected liquidity. Given that the positions in emerging debt were being financed with short-term debt in strong currencies, the attractiveness of these assets diminished in the face of the prospect of interest-rate rises in the developed countries.

SOVEREIGN SPREADS AND CORRELATIONS
Basis points and level

CHART 7

SOURCE: JP Morgan.

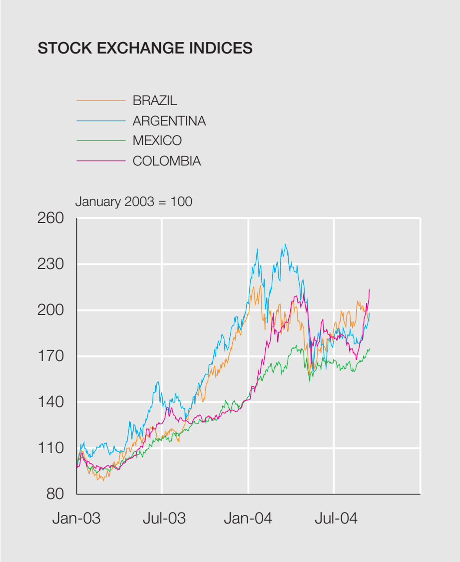
a. Average of three-month cross-correlations of Latin American countries included in the EMBI.
b. Three-month correlation between Latin America EMBI and other EMBI components.
c. Three-month correlation between Latin America EMBI and US high-yield bond, and implied volatility of CBOE options.

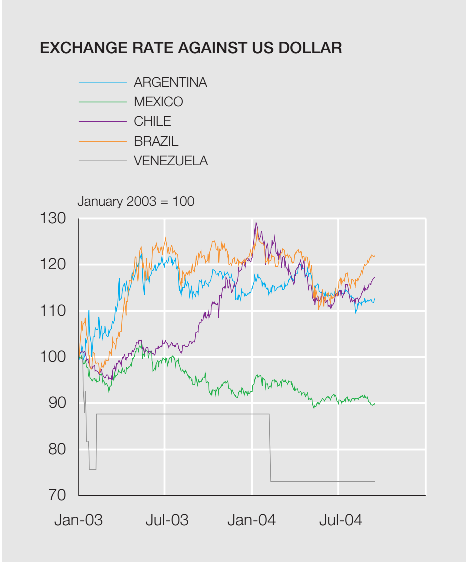
During the first two quarters of the year, the improvement in the economic and financial situation did not lead either to across-the-board changes in sovereign ratings by the rating agencies. Only Chile and Peru, in January and June, respectively, saw their sovereign rating upgraded, while that of the Dominican Republic, affected by financial and energy problems, was downgraded in February. Nonetheless, the ratings of Uruguay and, more recently, Venezuela and Brazil were upgraded in Q3.

The performance of stock markets (see Chart 8) differed from country to country, although on the whole it was somewhat more positive than in the developed nations and in the emerging Asian countries. Stock market gains in the first half of the year were notable in Colombia (29%) and comfortably exceeded 10% in Mexico, Peru and Venezuela. In Chile, meanwhile, the stock market was virtually flat during the first half of the year and, in Brazil, following declines of close to 20%, the first six months closed with losses of 5%. In Argentina, there was a fall of close to

STOCK EXCHANGE INDICES AND EXCHANGE RATES
Indices

CHART 8





SOURCE: Datastream.

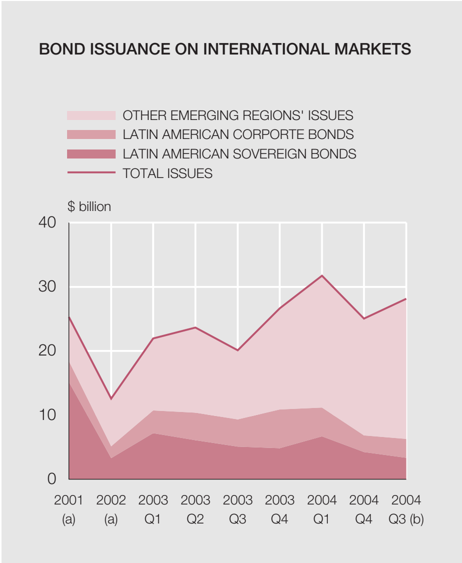
12% in the face of debt restructuring problems. By contrast, developments in Q3 are proving favourable, with increases across the board, especially in countries such as Chile and Brazil. As a result, at the end of September gains since the start of the year had been posted in all countries. And in some cases, such as Colombia, these were over 45%.

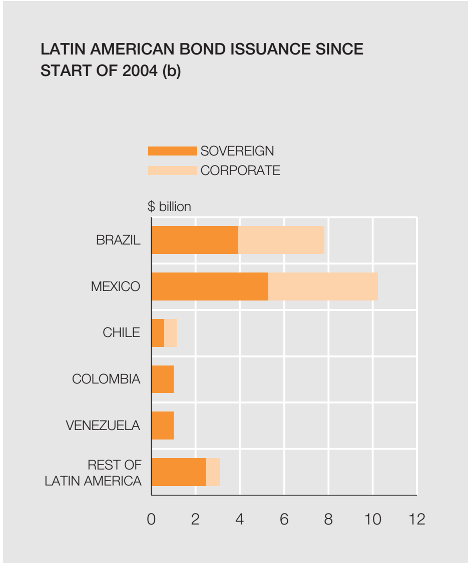
Exchange rates against the dollar fluctuated notably during the first six months of the year, prompted by the depreciations seen practically across the board during the bout of financial turbulence in April. At the end of the first half of 2004, the biggest depreciations were those of the Brazilian and the Chilean peso, which had lost around 10% of their value since the start of the year. Venezuela, the only important country in the region – along with Ecuador – to retain a fixed exchange rate regime, devalued the bolivar by 20% in February. In Mexico, the exchange rate displayed a moderate downtrend from Q2, as a result of which at mid-September the peso had lost 3% of its value against the dollar since the start of 2004. On the other hand, Colombia recorded a moderate appreciation as at the end of the first half of the year, which firmed at the beginning of the second half. In this latter period, the Brazilian real has practically reversed the whole of its first-half depreciation. Real exchange rates, by contrast, did not depreciate significantly, except in Venezuela (5.8% between January and August), and there were even some notable appreciations, such as Colombia (9%), and Brazil and Peru (both by more than 5%). Against this background of lower upward pressure on the nominal exchange rate, the upward trend in international reserves that dated back to the beginning of 2002 was generally cut short.

Caution on the part of external investors, reflected in developments in sovereign spreads, also governed the rate of issuance on the primary debt market (see Chart 9). In Q1, issuance totalled more than USD $11.2 billion, similar to the level in the same period of 2003, but was only $6.8 billion in Q2, less than a year earlier, owing to the unfavourable financing conditions. In fact, there were hardly any issues at all in May, though in June the market picked up again, and the projections for Q3 would confirm this improvement. In any event, the first half as a whole compares unfavourably with the first half of 2003; as other emerging countries reduced their issuance by a smaller proportion during Q2, the trend decline in the weight of Latin America in

EXTERNAL CAPITAL FLOWS
Billions of US dollars

CHART 9





SOURCE: JP Morgan.

a. Quarterly average.
b. Updated to September 15th.

the issuance of emerging countries continued in the first half (from almost half the total in the second half of 2003 to barely one-quarter in the last half). This fall in share may be merely temporary, associated with the adjustment of recent years, which has also involved a switch towards local markets for the coverage of financing requirements.

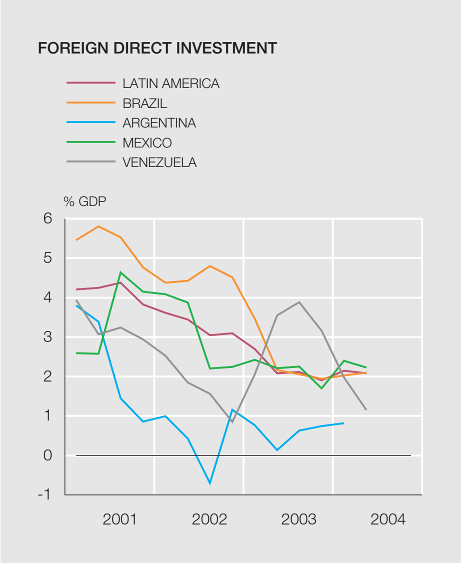
As regards the cross-country distribution of issuance, Mexico accounted for 42% of Latin American issuance to mid-September, Brazil 32% and Chile, Venezuela and Colombia more than 4% each. Comparing sovereign with corporate issuance shows that the latter fell to a greater extent in Q2; in the first half of 2004, corporate bond issuance was $7 billion, as against $11 billion of sovereign bonds. In any case, compared to the previous year, the reduction in corporate issuance was slightly less than that of sovereign bonds (11.5%, against 16.7%, respectively). Other sources of financing, such as share subscription and syndicated loans, were at very low levels, even though in other emerging regions they recovered during the first half. Thus, Latin America continued to lose weight among the emerging economies in these forms of financing: it accounts for only 3% of share issuance and barely 10% of syndicated loans, when in 1999 these figures were 9% and 30%, respectively.

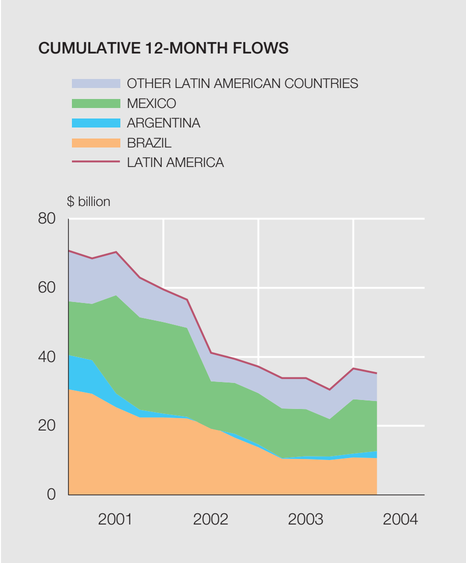
Another source of financing whose trend is particularly interesting is foreign direct investment (see Chart 10), which fell sharply from 4% of the region's GDP in 2002 to barely 2% in 2004 Q2 (around $35 billion over the past year). A large part of this sharp fall is explained by the exclusion of Argentina as a preferential destination for investments, but the truth is that there has been no forceful recovery in direct investment. The flows remain stable in Brazil, at around $10 billion over the last 12 months, and the upturn in Mexico ($14.3 billion) relates to the one-off acquisition of the rest of a bank's capital by a Spanish investor at the beginning of the year. The role of Spanish investors in Latin America, which is described in detail in Box 2, has been fundamental in the last decade and has also been affected in recent years by the deteriorating economic developments in the region.

FOREIGN INVESTMENT FLOWS

Percentage of GDP and millions of US dollars

CHART 10





SOURCES: Central Banks and IMF.

PRICES AND MACROECONOMIC POLICIES

In Q1, inflation in the area as a whole marginally broke through the 5% floor, subsequently rebounding vigorously to more than 6% in July (see Chart 11). The gradual firming of domestic demand and the increase in the prices of inputs and energy were responsible for this down-up movement which was common to the whole region. Especially notable, for its intensity, was the rise in inflation in Brazil between May and August (from 5.2% to 7.2%), and in Argentina, from 3.7% at end-2003 to 5.3% in August 2004, which ended the downtrend that began in mid-2002. In Mexico, the inflation rate increased gradually, by almost 1 pp, from 4% at the beginning of the year. The exception to this behaviour was Venezuela, which was still involved in a process of economic normalisation, its rate of inflation falling from 27.1% at end-2003 to 21.8% in July.

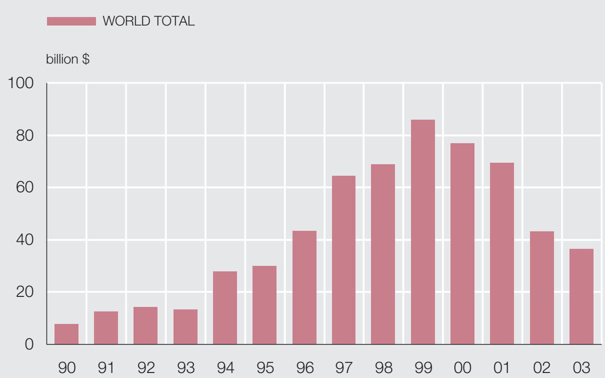
At the same time, inflation expectations also rose forcefully in most countries. This, together with the outlook for a further strengthening of domestic demand led to a change in the monetary policy stance in the area, towards more restrictive positions (see Chart 11). Mexico was the first country in the area to tighten monetary policy, in view of the deterioration in prices and the consequent danger to its inflation target, with a rise in the three-month CETES rate of more than 2 pp to over 7.5%. In Brazil, small reductions continued in the SELIC rate in April (to make a 50 bp reduction in the first half) but, following the evaporation in recent months of expectations of further reductions, in mid-September there was a rise of 25 bp to a rate of 16.25%. Similar developments were seen in Peru and Chile, which in Q3 also joined the group of countries that have raised interest rates. In Argentina, rates also rose sharply in Q2, to more than 5% on the interbank market, although in this case the data are affected by the timing of tax payments and changes in monetary instruments, in the process of transition to direct inflation targeting. Only in Venezuela, where rates were reduced significantly from very high levels, and Colombia, where the process of reduction was limited to a 25 bp cut in Q1, have interest rate rises been avoided for the time being. Box 3 analyses the role played by reserve requirements for bank deposits in Latin America. Apart from their theoretical role of providing support to monetary policy implementation, they may also be required for prudential reasons, in which case they may be positively viewed, or for fiscal reasons, in which case they should be seen in negative terms.

During the nineties, overall foreign direct investment (FDI) flows to Latin America expanded vigorously. According to ECLAC data, net FDI inflows into Latin America grew from a level of $7.8 billion in 1990 to $85.8 billion in 1999, before declining once again to $36.5 billion in 2003 (see the upper left-hand panel of the chart). The surge in FDI, which was most marked in the second half of the nineties, was driven by the widespread privatisation of state-owned companies, against a background of structural reform and macroeconomic stabilisation. In the wake of this privatisation process, Spanish investment in Latin America began to take off, and the period marked the consolidation of our companies' internationalisation. Thus, in 1996, foreign direct investment by Spanish companies exceeded for the first time investment by foreign companies in Spain. Latin America became the preferred investment destination and absorbed 48% of Spanish FDI in the period 1996-2000 (see upper right-hand panel of the chart). This investment exposure is far greater than trade exposure, since Spanish exports to the region only account for 5% of the total. Moreover, Spain became a key supplier of capital for the region, standing only behind the United States in terms of cumulative FDI in Latin America over the past decade: during this period, Spanish companies were the source of 14.6% of global FDI in Latin America (this peaked in 2000 at 33.2%). It is also notable that flows took off when Latin America was moving into a period of financial crises and low growth. This situation, along with the major privatisation programmes coming to a halt and uncertainty over continuing reform, would account for the reduction in FDI in the region from 2000. Between 2001 and 2003, FDI in Latin America accounted for only 23.7% of total Spanish FDI, and this fall has proven greater than the reduction in global FDI flows towards Latin America.

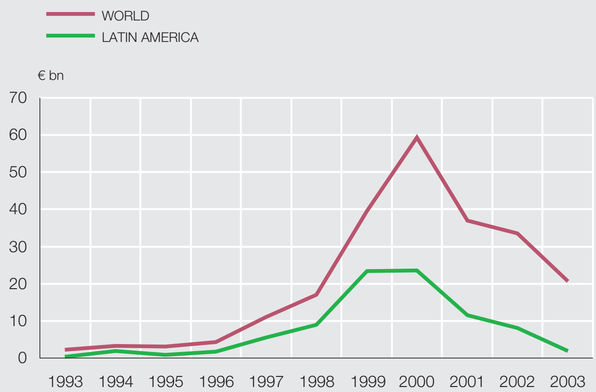
Spain's cumulative net direct investment over the past decade (1993-2003) in Latin America stands at $87.7 billion, which represents approximately 11.8% of Spanish GDP in 2003, according to Banco de España data. In contrast to global FDI targeted on Latin America, the distribution of which responds basically to the weight of each country's GDP in the region, Spanish FDI has shown something of a preference for the Southern Cone countries (Argentina and Chile, which are overweighted in respect of their weight in the region's GDP, as displayed by their position, below the 45 degree line, in the lower left-hand panel of the chart) and has been of less relative significance in Mexico. The reason for the low relative weight in Mexico is that NAFTA has been conducive to major investments by the United

FOREIGN DIRECT INVESTMENT IN LATIN AMERICA

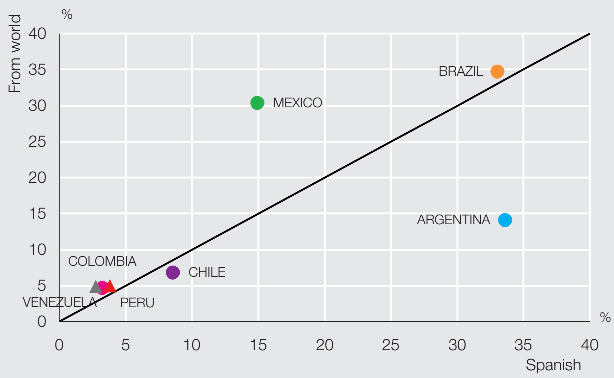
NET INFLOWS OF FOREIGN INVESTMENT IN LATIN AMERICA



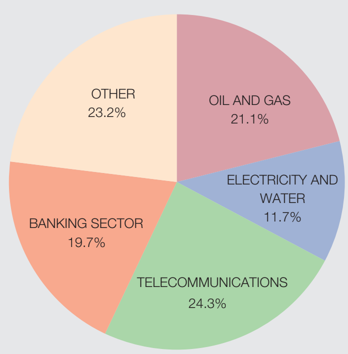
SPANISH FOREIGN DIRECT INVESTMENT



GEOGRAPHICAL DISTRIBUTION OF FOREIGN DIRECT INVESTMENT (a)



SECTORAL DISTRIBUTION OF SPANISH FOREIGN DIRECT INVESTMENT IN LATIN AMERICA



SOURCES: ECLAC, IIF and Ministerio de Economía.

a. Percentage of investment in each country in relation to investment in whole of Latin America.

States and, to a lesser extent, Canada, particularly in the exporting processing ("maquiladora") industries. Nevertheless, Mexico is the country where Spanish companies' market share in the Latin American financial sector is highest, since they manage over 40% of the country's deposits. Brazil and Argentina are the two countries where the biggest investments have been made, with percentages standing at over 30% of total Spanish FDI in Latin America. Pivotal in this respect in Argentina was the purchase of the state oil company (YPF) in 1999, which was the biggest investment by a Spanish company in a single operation over the entire period, accounting for around 55% of Spanish investment in Argentina. By contrast, investments in the financial system scarcely account for 10% of total Spanish FDI in Argentina.

If we take the sectoral breakdown of Spanish FDI in Latin America as a whole, the most notable feature is that FDI is focused essentially on the services sector and, therefore, targeted on the domestic market. This is in contrast to other countries' investment, which is more geared to the industrial sectors, in many cases for export. The main exception to this general rule would be the investment in the oil and gas extraction industry in Argentina. As mentioned earlier, Spanish companies decided to use the window of opportunity that opened in the past decade further to the privatisation of state telecommunications, electricity and other utilities and to the liberalisation of financial systems. As can be seen in the last panel, FDI is highly concentrated in four main sectors: telecommunications, oil and gas (both extraction and refining and distribution), the financial sector, and public utilities concessionaires (electricity and water). As a result, Spanish companies currently have high market shares in these industries, shares that stand at 40% in some countries in the telecommunications, banking and pension fund management sectors.

As regards fiscal policy, the public deficit for the area as a whole stabilised, to stand at 1.8% in Q2, while the primary surplus increased by 0.4 pp, in terms of GDP, with respect to end-2003, to 3.4% in Q2 (see Chart 12). Driven by the dynamism of activity and of the external sector, revenues resumed a growth rate, in year-on-year terms and for the region as a whole, of close to 20% after following a downward path from end-2002. The strength of oil prices also had a very beneficial effect on the revenues of countries like Mexico and, in particular, Venezuela. Argentina stood out from all the other countries with year-on-year growth in revenues of more than 50% in Q2, which took the fiscal balance to more than 2% of GDP and the primary balance to close to 4% of GDP. It should be stressed that in this case, and also in others, a sizeable part of the increase in revenues was attributable to taxes that raise large revenues, but which are at the same time highly distortive, such as withholdings on exports and taxes on financial transactions.

On the expenditure side, after emerging from the period of fiscal restrictiveness associated with the economic problems of previous years, which culminated in mid-2003, there was a notable increase, in the region as a whole, in total spending (5.8% year-on-year, in real terms, in Q2) and, in particular, in primary spending (8.5%). The budgetary leeway deriving from lower interest payments, against a background of greater financial stability, would explain this divergence between the growth of total and primary expenditure. Brazil, Argentina and Venezuela recorded increases in primary expenditure of around 10% in real terms. In the latter two countries this expansion of government expenditures may raise doubts about the sustainability of fiscal discipline. Yet in Brazil this expansion of primary expenditure (equal to around 0.5 pp of GDP) reflects a reversal of the intense fiscal adjustment implemented up to the start of 2003, and total expenditure in terms of GDP was stable. In short, the maintenance of total spending in the region as a whole at around 25% of GDP would suggest that, despite the generally more expansionary stance of fiscal policies, budgetary discipline is being maintained in most countries.

The increase in spending is being used to revive public investment and to reinforce social spending, which may help to strengthen the recovery and to mitigate some of the region's structural problems. That said, the implementation of such spending must be prudent to avoid

THE USE OF RESERVE REQUIREMENTS IN LATIN AMERICA

BOX 3

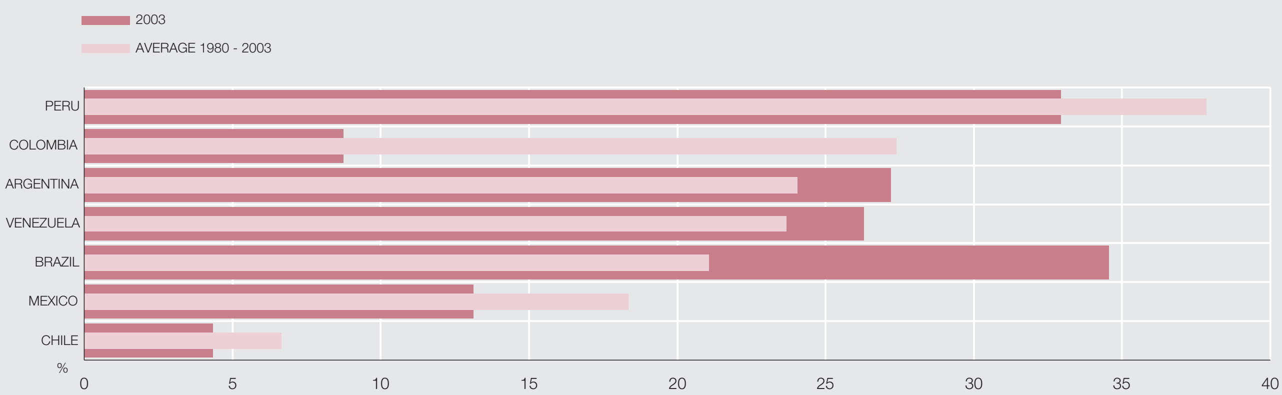
Reserve requirements, defined as the proportion of their deposits that banks must hold as reserves at the central bank, satisfy three basic functions in practice in Latin America: the first is prudential, the second relates to monetary policy management and the third is fiscal. The first two functions fall under orthodox uses of reserve requirements, while the third involves a financing of the budget deficit that should be avoided.

The prudential use of reserve requirements seeks to ensure that banks have a cash buffer to meet their liquidity requirements, particularly in the face of unexpected situations. Reserve requirements can also be increased in emerging countries to reduce potential imbalances associated with periods of strong capital inflows, though these increases can be reversed if inflows suddenly grind to a halt or if there are massive withdrawals of deposits. Discrimination in the level of reserve requirements between deposits in local and foreign currency may be considered as another use related to the prudential function, and is frequently applied in Latin America. Setting a higher requirement in foreign currency helps discourage the supply of foreign currency deposits, helping check the degree of bank dollarisation and thus reducing financial vulnerability.

The use of reserve requirements as a monetary policy implementation element allows for the regulation of liquidity in the banking system and, through their impact on money market interest rates, they act as a transmission channel for monetary impulses. In most developed countries, reserve requirements are not used actively (in the sense of being frequently altered to regulate liquidity in the economy); rather, a fixed level is set within a framework in which other liquidity-regulating instruments are used (e.g. open market operations). Nevertheless, in emerging economies in general, and in Latin America in particular, changes in reserve requirements play a more relevant role in monetary policy implementation owing to the fact that the alternative instruments have limitations derived from the scant depth of their financial markets. However, the active use of this instrument is not risk-free. Excessive activism may prove inefficient, insofar as it may prompt abrupt changes in bank portfolios for the purposes of compliance. Moreover, the monetary multiplier is less susceptible to control than other mechanisms and loses effectiveness over time since banks, anticipating changes in the reserve requirement, will tend to hold excessive reserves to ensure compliance, whereby the changes in the reserve requirement have to be bigger in order to affect bank liquidity.

The fiscal use of reserve requirements derives from below-market or zero remuneration of financial institutions' reserves held at the central bank. Other requirements or ratios, such as the liquidity ratio, which generally has to be met with government securities, also constitute a privileged financing mechanism for the public sector. One of the main problems this use of reserve requirements entails is that it is an implicit tax on financial intermediation, whose cost will be borne either by banks or by their clients depending on the degree of substitutability of bank loans and deposits in the financial system. In either event, it generates distortions in resource allocation and is conducive to financial disintermediation. Moreover, monetary implementation is hindered not only because the requirement pursues other objectives, but also because in these cases large loans from the central bank to the public sector are usual and these, in order to maintain monetary control, must be offset through some other type of instrument. In sum, the use of reserve requirements for tax-raising purposes subordinates monetary policy to the government's financial requirements, which imposes a constraint on monetary autonomy and detracts from the monetary authorities' credibility. Despite these drawbacks, the use of reserve requirements as a tax-raising instrument prevailed in emerging economies until the early nineties, when price stabilisation became a primary policy goal and diminished monetary subordination to fiscal policy began to be perceptible. Nevertheless, reserve requirements remain a source of privileged public financing in some economies.

ACTUAL RESERVES/BANK DEPOSITS RATIO



SOURCE: Banco de España from IMF data.

a. Value in US dollars.
b. Value in local currency.

Despite the recent progress in terms of fiscal orthodoxy and monetary policy implementation, the actual reserve requirement ratio in Latin America remains high, both in absolute terms (see chart) and in relation to more developed countries (it stands at 2% in the euro area). Also of note is the fact that after falling substantially in the nineties compared with the eighties (from 29.8% to 17.6% on average), reserve requirements have once again risen considerably in the period 2000-2003 in several countries, owing to the financial turbulence over these years. On figures for 2003, the average ratio in Brazil, Peru, Colombia and Venezuela was still above 25%, it was over and slightly below 10% in Mexico and Colombia, respectively, and only in Chile was it under 5%. In many countries in the region it would perhaps be desirable for reserve requirements to move to more moderate levels, as their end-purpose becomes geared to monetary policy implementation and prudential regulation, and their tax-raising uses are abandoned.

any erosion of fiscal discipline. In this respect, there was notable progress on a number of initiatives led by Brazil in relation to infrastructure spending, such as the approval of a law that reinforces the role of private enterprise in the realisation of public works and the study, with the IMF, of a possible special treatment for public investment in the deficit targets agreed with this institution in future.

The greater fiscal leeway is welcome after a long period of adjustment, but it should be managed with caution and used to reduce the levels of public debt and to improve its time profile and composition, since the fiscal vulnerabilities are still very great in most countries in the region.

TRADE INTEGRATION

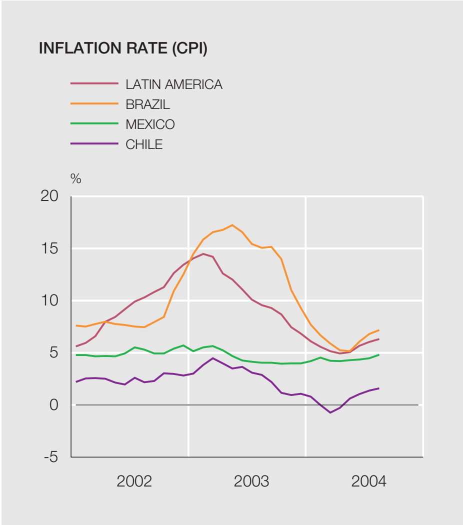
During the first half of the year, progress in the area of trade integration was sporadic, with some setbacks. Notable among these was Argentina's reneging on certain commitments in the area of trade liberalisation. However, there was also some progress within MERCOSUR, such as the establishment, in mid-August, of a tribunal to resolve trade disputes between members, the start of negotiations for a free trade treaty with the Andean Community and Mexico's application to become an associate member. As regards the expected free trade agreement with the European Union, progress was made, but certain loose ends still remain, such as access to the European agricultural market and government purchases by MERCOSUR members. The United States continued to enter into agreements with Central American countries, the latest being with the Dominican Republic, and in Chile the treaty signed with Korea entered into force. Under the Doha Round, there was a notable proposal by the European Union and the United States to reduce their agricultural subsidies by up to 20%. This was made at the Geneva discussions in August which also enabled the future agenda for the negotiations to be unblocked. This progress could have a positive impact on the negotiations for the Free Trade Area of the Americas (which made hardly any progress in the period considered), the problem of US agricultural subsidies being one of the most important sticking points.

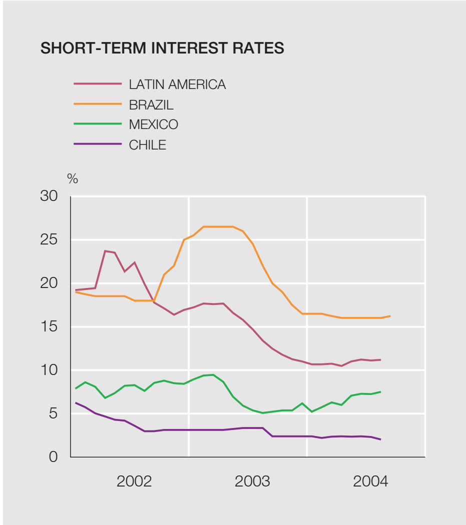
Developments in the main countries

Brazil's economy posted a strong acceleration in activity in the first half, which has strengthened the prospects for a robust expansion. GDP grew by 2.7%, year-on-year, in Q1 and by 5.7% in Q2, after stagnating in 2003 Q4. Moreover, the composition of the growth was notably more balanced, and finally extended to domestic demand through private consumption and investment. The recovery in domestic demand was sustained by the impact of monetary policy loosening, which started in the second half of 2003, and by the signs of improvement in the labour market; the rate of unemployment fell from April by almost 2 pp, to 11.2% in July, and real wages began to recover. This performance is based on very positive developments in the external accounts (the current surplus stood at 1.5% of GDP at the end of Q2), while fiscal

INFLATION AND INTEREST RATES
Year-on-year change and percentage

CHART 11





SOURCE: Central Banks.

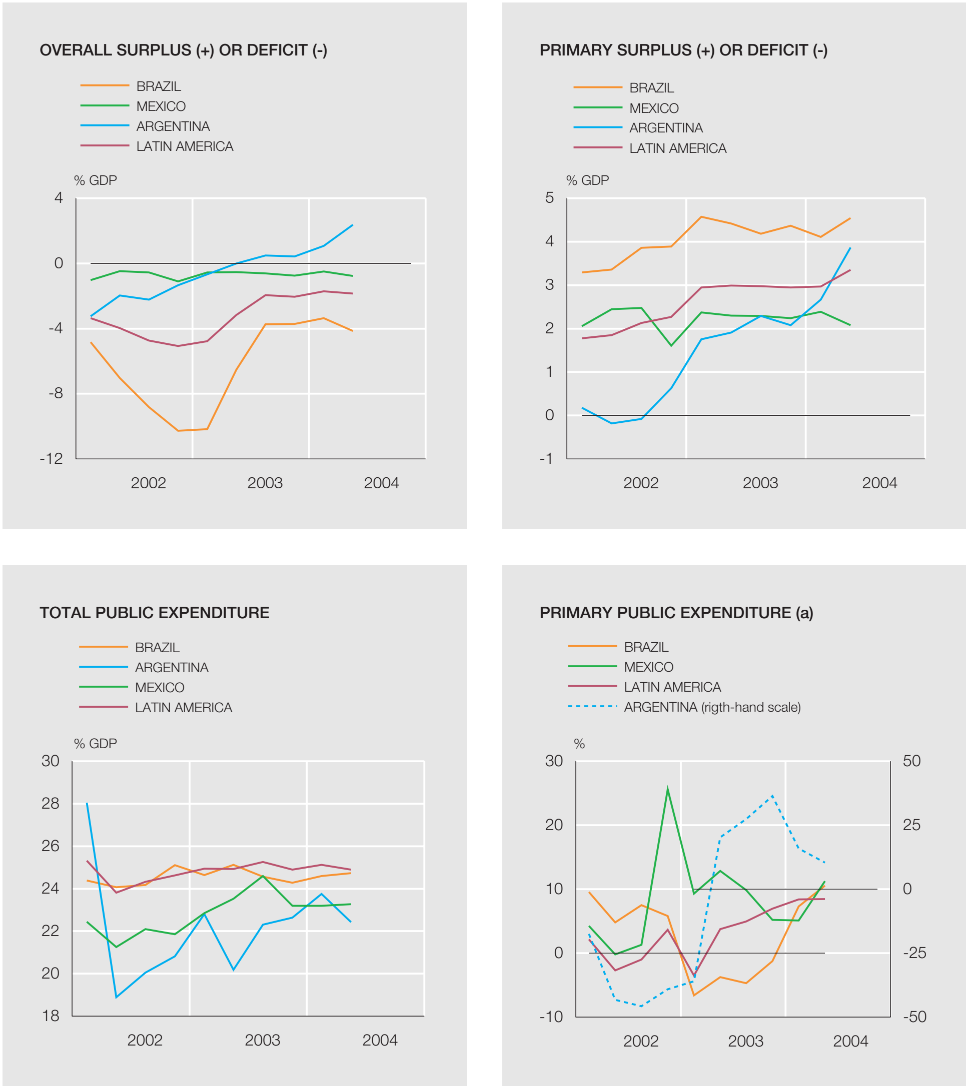
imbalances continued to be corrected, especially as regards the magnitude and composition of debt (see Chart 13). The prospects for economic growth, low real interest rates, the sustained primary surplus and the slight appreciation in the real exchange rate provide a favourable scenario for a reduction in fiscal vulnerability, as shown by the fall in the public debt ratio by 3.4 percentage points since the beginning of the year, to 55.3% of GDP in July, and by the notable reduction in exchange rate-indexed debt. The persistence of a high degree of vulnerability, along with some political uncertainty, meant that the bout of volatility at the beginning of Q2 had a particularly strong impact in Brazil, but the deterioration in sovereign spreads and in the exchange rate (which moved back above three reals to the dollar) has been completely reversed in recent months and, in September, the sovereign credit rating was upgraded.

The acceleration in activity was accompanied by unfavourable inflation developments; the annual rate of inflation exceeded 7% in August, although the behaviour of the underlying rate was more moderate. The acceleration in inflation was caused by specific factors, such as adjustments to the rates charged for public services and the impact of the rises in commodity prices, and especially in oil prices. But, even so, expectations point to inflation rates close to the upper limit of the target band (5.5% +/– 2.5%) at year-end. This situation, in a context of increasingly buoyant domestic demand, led the monetary authorities to take a more cautious approach and, from April, they stopped reducing interest rates. Finally, progress on structural reforms was limited, especially in comparison with the first year of the current administration. That said, there was notable progress on the bankruptcy law, judicial reform, reform of the electricity sector and the sanctioning by the Supreme Court (albeit with some amendments) of the pensions reform approved in Parliament in 2003.

The upturn in economic activity in Mexico, already apparent in the second half of 2003, firmed in the first half of 2004. GDP grew by 3.9% in Q2, exceeding the year-on-year rate of Q1 (3.7%). Domestic demand strengthened notably, especially the investment component, while external demand sustained its positive contribution to growth. Meanwhile, having made a negative contribution to growth in recent years, industry recovered momentum and joined the recovery in US manufacturing after a longer lag than on other occasions. The high oil price had a positive impact on the public and external accounts. During the first half of the year, the cur-

MAIN INDICATORS OF PUBLIC SECTOR PERFORMANCE
Year-on-year changes and percentage of GDP

CHART 12



SOURCE: National Statistics Offices.

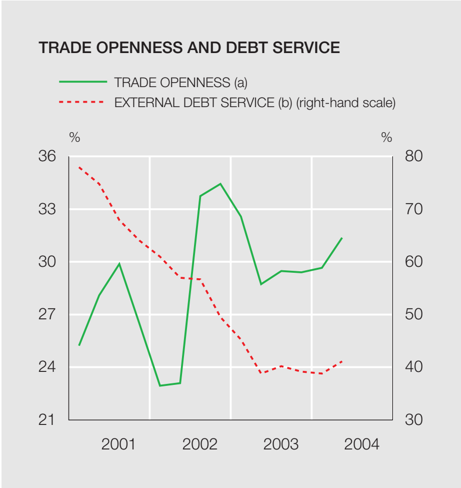
a. Deflated by CPI. Annual moving average.

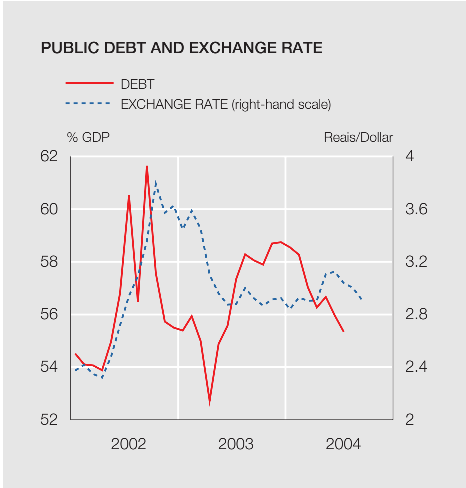
rent account deficit narrowed by 35.1% with respect to the same half of 2003, owing to the larger surplus on the transfers account and to the smaller trade balance deficit. As for the public accounts, the primary surplus, driven by the price of oil, increased by 8.8% in real terms in the first seven months of the year compared with the same period of 2003, which enabled the budget balance to improve significantly. Fiscal containment was also reflected in the notable fall in government consumption (–5% in Q2). If the revenues remain above those projected for the rest of the year, then a mechanism in the 2004 budget for the prepayment of debt and increased transfers to the states for public investment will apply. On the financial markets the strong performance of equities was notable, with gains of 19% in the first half of 2004, prices flattening off thereafter. Meanwhile the Mexican peso reached an all-time low in May of 11.68 pesos to the dollar, subsequently fluctuating around the 11.50 level.

Inflationary pressures worsened in Mexico in the first half of the year (see Chart 14). The inflation rate rose to 4.8% in August, while underlying inflation stood at 3.7%, the highest level since the second half of 2003, leading the central bank to raise the “corto” on various occa-

BRAZIL

CHART 13



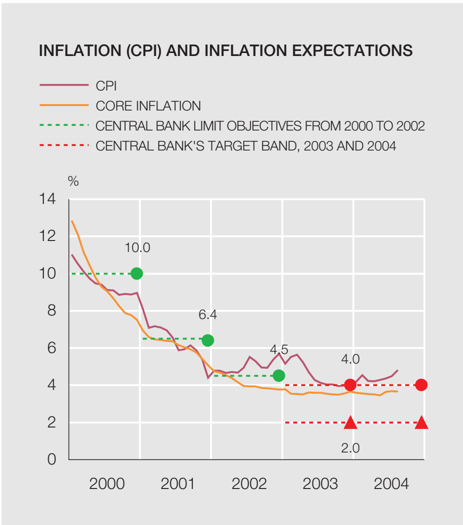


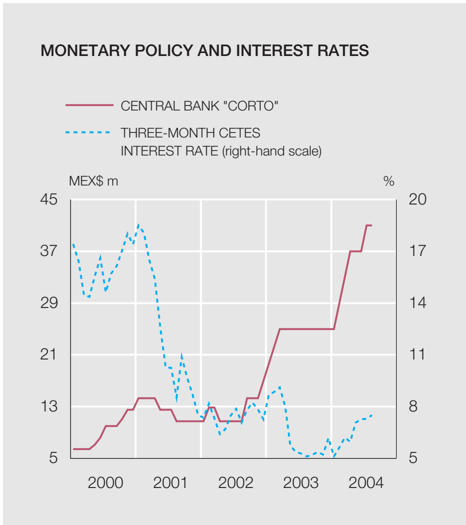
SOURCE: Banco do Brasil.

a. Exports plus imports as a percentage of GDP.
b. As a percentage of exports.

MEXICO

CHART 14





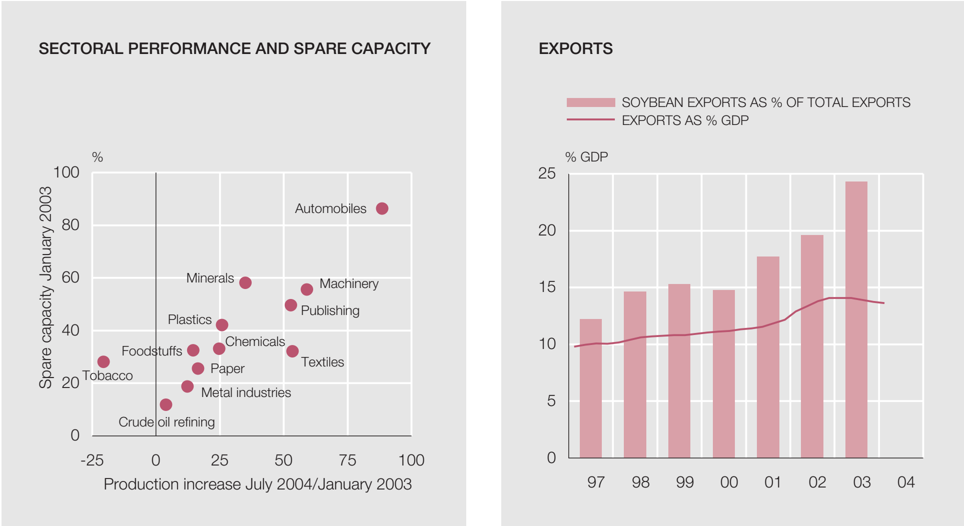
SOURCE: Banco de Mexico.

sions to reinforce the restrictive stance of monetary policy. Even though the reform process continues to encounter major difficulties, Parliament approved a reform of the Social Security pensions system in August, with the aim of bringing future pensions into line with current contributions.

In Argentina, a notable turning point was reached in the path of growth, which had been highly vigorous since the beginning of 2003: the Q2 figure for GDP growth, at 7% year-on-year, was well below the Q1 rate (11.2%). Private consumption and investment were the main components of growth, while the external sector deducted 3 pp from the Q2 growth rate. The specific impact of the energy crisis in April explains only part of the slowdown, since the progressive correction of the base effect and the gradual absorption of slack also bore on the rate of activity. In this respect, sectoral developments in manufacturing show the importance of the extensive spare capacity in the recovery of the last two years (see Chart 15). This partial de-

ARGENTINA

CHART 15



Source: National Statistics Office.

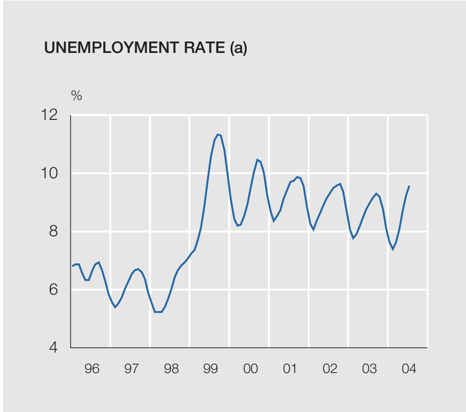
celeration was reflected in a moderation in the growth of employment. The inflation rate, albeit still at moderate levels, has risen recently (to 5.3% in August), largely as a result of the adjustment of certain regulated prices. The fiscal results were very favourable: in the first half the federal primary balance exceeded the target agreed with the IMF for the whole of 2004 by more than 10%, thanks to the extraordinary strength of revenues, which increased by 42%. The provinces' fiscal results were also highly positive. However, public expenditure, driven by increases in civil servants' wages and in pensions, together with other spending programmes, also grew at a high rate.

The external sector showed signs of a progressive exhaustion, as a result of the strong expansion in imports and the relative stagnation of exports (especially in terms of GDP; see Chart 15), so that the trade balance in 2004 Q2 was 30% worse than in the same period of 2003. The recent falls in the price of soybeans, one of the mainstays of Argentine exports, will accelerate the deterioration in the trade balance in forthcoming quarters. Despite the official launch of a new debt restructuring proposal, the prospects for a successful conclusion to this process are still uncertain. Nor was it possible to revise the IMF programme (the structural objectives of which were not met in any case), which led to fresh doubts regarding the state of Argentina-IMF relations. The uncertainty in these spheres affected the financial markets: sovereign spreads held at their previous high levels, the exchange rate fell significantly at the beginning of Q3 and, by August, the stock market had fallen by 10% since the beginning of the year, although it has recently rebounded.

Chile's economy posted year-on-year GDP growth of 5.1% in Q2, above the Q1 rate of 4.85% and the highest rate recorded since 2000 Q2. Domestic demand, driven by investment, outweighed the negative contribution from external demand. Notwithstanding this, exports reached all-time highs due to the high price of copper (which has experienced a downward correction in recent months) and this generated a strong increase in the trade surplus during the first half taking the current-account balance to 1.5% of GDP. The fiscal surplus also rose to 1.3% of GDP in the first half. Despite the acceleration in growth, job creation lost steam, which may be symptomatic of structural obstacles to the creation of jobs (see Chart 16). The inflation rate rose out of negative territory (reaching 1.6% in August), driven by fuel prices, although underlying inflation increased less sharply. Given the favourable trend and prospects

CHILE

CHART 16



SOURCE: National Statistics Office.

a. Quarterly moving average.

for activity and the stabilisation of the inflation outlook, the monetary authorities decided in September to start moderately reducing the existing monetary stimulus, raising its key interest rate by 25 bp (to 2%).

Activity in Colombia regained momentum and continued to grow at a rate of more than 4% in the first two quarters of the year (4.4% year-on-year in Q2). The main engines of growth were private consumption, investment and, in sectoral terms, construction and industry. In addition, there was a clear improvement in the labour market. Inflation, despite rising from May, remained at levels compatible with the central bank's target for the year (5.9% in August), enabling its key rate to be held at 6.75% from February. The current-account deficit widened in Q1, as a consequence of the increase in interest payments and despite the notable growth of workers' remittances. The reduction in debt and sound revenue growth indicate that the deficit target for 2004 (2.5% of GDP) will be met and mean that the fragile fiscal situation can be improved somewhat, although primary expenditure also continued to increase at a high rate.

In Peru, GDP grew by 3.6% in Q2, down slightly from Q1. The vigorous rate of activity was based on domestic demand, although exports sustained a high rate of growth, especially those of metals. Against this background, the country enjoyed a comfortable external position and, for the first time since 1998, public finances were in surplus during a half-year period. The corollary of the economic dynamism was the sharp rise in inflation (to 4.6% year-on-year in August), which exceeded the central bank's annual target (2.5%±1%), prompting a rise in official rates in August. Peru's sound economic performance enabled the precautionary stand-by arrangement with the IMF to be renewed for another two years and its sovereign rating to be raised in June.

Venezuela posted extraordinary rates of year-on-year growth in the first two quarters of the year (34.8% and 13.6%, respectively), due to the weak starting point, the oil bonanza and the recovery in non-oil sectors. These sectors are benefiting from agents' greater holdings of liquidity in the national currency as a result of exchange controls, the substantial increase in real wages (21.3% in the first half) and the improved labour market situation. High oil prices ensured a comfortable external position, and this, along with the active management of domestic and foreign debt, considerably eased maturities in 2004 and 2005. In addition, a cushion of funds was created that enabled the government to raise public spending (by more than 5 pp of GDP) in the months prior to the August recall referendum, in which the motion to recall the president was defeated. The markets reacted positively to the result, which reduced short-term political uncertainty; sovereign spreads fell to their lowest levels since June 1998 and the country's sovereign rating was raised.

Economic recovery continued in Uruguay, with growth in Q2 of 12.7% year-on-year (a slight fall from the Q1 rate of 14.3%), driven by domestic demand and, in particular, private consumption and investment. Inflation held at high rates (10.2% in August), which led the central bank to restrict money supply growth. Meanwhile, activity slowed slightly in Ecuador and inflation reached a low at the end of the half-year. The difficulties in securing approval of the reforms of pensions and the electricity sector – which is required if the IMF programme, suspended since April 2004, is to be reactivated – were partially overcome. In Bolivia, the situation stabilised, following the crisis at the end of 2003, when the uncertainty had ended regarding the policy on gas resource management. Finally, in the Dominican Republic the financial situation and the problems in the energy and banking sectors remain complicated. However, the April agreement with the Paris Club creditors, the financial support from the IMF and the austerity measures adopted by the new administration in August may help to improve matters.

16.9.2004

Introduction

There were relatively few new financial provisions during 2004 Q3.

First, the regulations governing the Banco de España Settlement Service (SLBE) were updated to include the latest changes introduced by the European Central Bank (ECB) in the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system. Specifically, both the issuing and receiving institutions of a payment order can claim compensation for the administrative expenses they may incur in the event of system malfunction.

Second, the regulations on credit institutions' minimum capital were amended to extend the list of multilateral development banks and to reflect the new name in Spanish of two of these banks.

In respect of the securities markets, the following have been established: first, reporting obligations concerning preference shares and other debt instruments, along with information exchange between the tax authorities of the EU regarding certain income obtained by individuals resident in the EU; and second, the information on operations with related parties that the issuing companies of securities traded on official secondary markets must furnish.

Finally, new regulations have been enacted for tax on personal and corporate income and on non-resident income, drawing together all the regulatory provisions in force on these taxes into a single body of rules.

European System of Central Banks: modification of the TARGET system

The ECB Governing Council published Guideline ECB/2004/4 of 21 April 2004 (OJEC of 9 June) amending certain aspects reflected in Guideline ECB/2001/3 of 26 April 2001, which establishes the fundaments of TARGET.

The content of the new Guideline refers essentially to two aspects. First, an express mention is made offering the possibility for the real-time gross settlement systems of the EU Member States that have not adopted the euro to connect up to the TARGET system. The implementation of this aspect does not, however, require a specific amendment of SLBE regulations.

Further, the Guideline amends specific aspects relating to the clearing system in the event of TARGET system malfunction, whereby both the issuing and receiving institutions of a payment order can now claim compensation for the administrative expenses they may incur.

To include these latter changes in SLBE regulations, the Banco de España has published CBE 2/2004 of 23 July 2004, a Circular on the updating of the clearing system in the event of the TARGET system malfunctioning (BOE of 30 July) which amends CBE 2/2003 of 24 June 2003[1].

CBE 2/2003 envisaged that the payment order-issuing institution could make a claim for compensation for interest and for administrative expenses and that the payment-order receiving institution could lodge a claim for compensation only for interest. Now, under CBE 2/2004, the payment order-receiving institution can make a compensation claim for its administrative ex-

1. See "Financial regulation: 2003 Q2". *Economic Bulletin.* Banco de España, July 2003, pp. 78-79.

penses, provided that the participant had not received a payment through TARGET that it expected to receive on the day the system malfunctioned. In this instance, and as was previously the case, compensation could also be claimed for interest if the participant had resorted to the marginal lending facility or if, were a participant without access to this facility involved, it had a debit balance at the close of the session. This possibility is also valid if the national payments system that malfunctioned were that of the receiving institution or, were this not the case, the malfunctioning of the system had occurred in the final hour of the TARGET session, making it technically impossible for the receiving institution to resort to the money market.

Regarding the calculation of the compensation for administrative expenses, the amount set in Circular 2/2003 is halved for payment order-issuing institutions, and is thus set at €50 for the first payment order not completed on the due date with each receiving institution, at €25 for the following four orders directed at the same receiving institution, and at €12.50 for each additional payment order in the same circumstances. These amounts will be identical in the case of the receiving institutions.

Finally, the calculation of compensation for interest both for issuing and receiving institutions remains unchanged. In this respect, it should be recalled that compensation for interest was determined by applying a reference rate to the amount of the unprocessed payment order for each day of the malfunction period. This reference rate will be the lower of the EONIA (euro overnight average index) and the marginal lending facility rate.

Credit institutions: amendment of minimum capital regulations

Commission Directive 2004/69/EC of 27 April 2004 amended Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions, as regards the definition of "multilateral development banks", including for the first time in the list of such banks the Multilateral Investment Guarantee Agency, part of the World Bank group.

In order to transpose it into Spanish law, CBE 3/2004 of 23 July 2004 was enacted to enlarge the list of multilateral development banks in Circular 5/1993 of 26 March 1993 on the determination and monitoring of credit institutions' minimum capital.

At the same time, this regulation is being used to include the new names in Spanish of the European Bank for Reconstruction and Development ("Banco Europeo de Reconstrucción y Desarrollo") and the Council of Europe Development Bank ("Fondo para la Reinstalación del Consejo de Europa").

Reporting obligations in respect of preference shares and other debt instruments and of certain income obtained by individuals resident in the European Union

Royal Decree 2281/1998 of 23 October 1998 implemented, inter alia, the provisions applicable to certain obligations to furnish information to the tax authorities.

Recently, Royal Decree 2281/1998 has been amended by Royal Decree 1778/2004 of 30 July 2004 (BOE of 7 August), which establishes the reporting obligations in respect of preference shares and other debt instruments and of certain income obtained by individuals resident in the European Union.

The Royal Decree implements the reporting obligations vis-à-vis the tax authorities of specific individuals or entities mentioned in the regulation. In particular, it stipulates the filing of annual returns with information on the persons authorised to use bank accounts, on certain operations transacted with financial assets and with preference shares and other debt instruments, and on certain income obtained by individuals resident in other European Union Member States.

It further specifies the reporting obligations certain institutions will have to assume concerning the issuance of preference shares and other debt instruments. Specifically, it details the reporting obligations of dominant credit institutions or listed non-credit institutions in respect of the issuance of preference shares and other debt instruments by companies in which the former have a stake or controlling interest.

It incorporates into Spanish domestic regulations Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments. Two aspects are salient here: firstly, the scope of reporting obligations vis-à-vis the tax authorities in respect of certain income obtained by individuals resident in other European Union Member States is specified, the income to be reported is defined, and the parties subject to furnishing information in terms of the different types of income are established.

Secondly, the terms and procedures for information exchange between the tax authorities and the other Member States are stipulated. In particular, a six-month period following the end of the tax year is established, and the procedure to be followed by income-paying agents to identify both the recipient and his/her place of residence in order to supply the information properly is determined so that each Member State receives information on its residents, distinguishing between contractual relations entered into before and on or after 1 January 2004.

Finally, it authorises the Minister of Economy and Finance to determine the period, place and way in which information exchange is made effective.

The entry into force of the Royal Decree shall be on the day following its publication in the BOE, although the regulations incorporated into Spanish law as a result of the approval of Directive 2003/48/EC shall be effective 1 July 2005.

Securities-issuing companies: information on operations with related parties

Law 24/1988 of 28 July 1988[2] on the securities market, under the wording given by Law 44/2002 of 22 November 2002[3] on financial system reform measures, established that issuing companies should necessarily include, in the half-yearly information required by the law, quantified information on all operations entered into by the company with related parties in the manner determined by the Ministry of Economy or, with its express authorisation, the CNMV (National Securities Market Commission). Further, it established that the aforementioned Ministry would determine the transactions on which itemised information would have to be furnished if such transactions were significant in terms of amount or importance, along with the operations with related parties on which information would not (if duly justified) have to be given.

With a view to reinforcing the transparency of listed public limited companies, Law 26/2003 of 17 July 2003[4], amending Law 24/1988 of 28 July 1988 on the securities market, introduced new corporate reporting obligations, such as the annual publication of a corporate governance report, the minimum content of which would include related-party operations by the company with its shareholders and its directors and executives.

To regulate some of these matters, Ministerial Order EHA/3050/2004 of 15 September 2004 (BOE of 27 September) was published on the reporting of the operations with related parties to be provided by companies issuing securities traded on official secondary markets (hereafter, the companies).

The companies shall necessarily include in their half-yearly reports specific, quantified information on all operations entered into by the company with related parties.

---

2. See “Regulación financiera: tercer trimestre de 1988”, *Boletín Económico*. Banco de España, October 1988, pp. 61 and 62. **3.** See «Financial regulation: 2004 Q4», *Economic Bulletin,* Banco de España, January 2003, pp. 101-113. **4.** See «Financial regulation: 2003 Q3», *Economic Bulletin,* Banco de España, October 2003, pp. 93-94.

The regulation defines two concepts. First, it considers the term related party to be when one such party, or group acting in concert, exerts or has the possibility of directly or indirectly exerting, by virtue of pacts or agreements between shareholders, control over the other party or significant influence[5] in the financial and operational decisions taken by the other party. Further, it considers a related-party operation as whatsoever transfer of funds, services or obligations between the related parties, irrespective of whether any consideration is involved.

In any event, the following types of related-party operations must be reported: the buying and selling of finished or unfinished goods and of property, whether tangible, intangible or financial; the rendering and receiving of services; participation agreements; leasing agreements; financing agreements, including loans and capital contributions, whether in cash or in kind; interest paid or charged, or interest accrued but not paid or collected; dividends and other distributed profits; and contributions to pension schemes and life assurance.

It will not be necessary to report operations between companies of the same consolidated group provided they have been eliminated from the consolidated financial statements and are part of the habitual transactions of the companies. Nor will it be necessary to report on operations that are part of the ordinary business of the company, are made on an arm's-length basis and are of scant significance in respect of the true and fair view of the company.

The information on operations with related parties shall be submitted broken down under the following headings: a) operations entered into with significant shareholders of the company; b) operations entered into with directors and executives of the company; c) operations entered into between persons, companies or entities of the group; and d) operations with other related parties.

Under each heading, quantified information shall be provided on the operations entered into by the company with related parties until their termination. The information will cover the type and nature of the operations transacted, their quantification, the profit or loss accruing on each type of operation for the company, the pricing policy used, terms and conditions of payment, details of the guarantees granted and received and the related parties involved, and any other facet of the operations allowing a proper interpretation of the transaction made. The information may be aggregated when items of similar content are involved.

In any event, the companies issuing securities traded on official securities markets shall be obliged to provide itemised information on related-party operations that are significant in terms of their amount or of their relevance for a proper understanding of the periodic public information.

Finally, the CNMV may allow individual exemptions from compliance with these obligations if the information runs counter to the public interest or is seriously detrimental to the company disclosing it because an industrial, trade or financial secret or some piece of information that may adversely affect its competitive position is involved, provided that such exemption does not mislead the public regarding facts and circumstances the knowledge of which is essential for assessing the securities concerned.

---

5. "Significant influence" shall be understood as the possibility of designating or removing a member of the company's board of directors, or of having proposed such designation or removal. The term is also understood to cover participation in the financial and operational decisions of a company, even though control is not exerted.

New regulations for tax on personal and corporate income and on non-resident income

INTRODUCTION

The fourth additional provision of Law 46/2002 of 18 December 2002 on the partial reform of personal income tax, amending the Laws on corporate income tax and on non-resident income, established, under the wording in Law 62/2003 of 30 December 2003 on fiscal, administrative and social measures, that the Government should draft and approve within fifteen months from the entry into force of this Law the revised texts on tax on personal income, on non-resident income and on corporate income. In compliance therewith, the government published Royal Legislative Decree 3/2004 of 5 March 2004, approving the revised text of the Law on personal income tax; Royal Legislative Decree 5/2004 of 5 March 2004, approving the revised text of the Law on non-resident income tax; and Royal Legislative Decree 4/2004 of 5 March 2004, approving the revised text of the Law on corporate income tax.

NEW PERSONAL INCOME TAX REGULATIONS

Royal Decree 214/1999 of 5 February 1999, which approved the personal income tax regulations now being repealed, contained the regulatory provisions implementing Law 40/1998 of 9 December 1998 on personal tax and other tax rules. So as to consolidate in a single regulatory text all the regulatory provisions published since that date, Royal Decree 1775/2004 of 30 July 2004 (BOE of 4 August) was promulgated, approving the personal income tax regulations.

Technical amendments of references made in the previous text are introduced into this Royal Decree owing to the recent approval of certain regulations, such as Law 22/2003 of 9 July 2003 on bankruptcy, and Law 58/2003 of 17 December 2003 on general tax measures. Also included are the new instances under which it is obligatory to file a return and which affect taxpayers entitled to a deduction for having a "cuenta ahorro-empresa" (a savings account in which money deposited is earmarked for setting up a new company) or who make contributions to protected funds for disabled people or to retirement security policies. The legislation likewise reflects the obligations of representatives designated by insurance corporations and by the management companies of collective investment institutions operating in Spain under a regime of free provision of services to withhold and pay in tax on account. Finally, the amounts that were still in pesetas have been converted into euro.

NEW CORPORATE INCOME TAX REGULATIONS

Royal Decree 537/1997 of 14 April 1997, which approved the corporate income tax regulations now being repealed, contained the regulatory provisions implementing the tax regime for corporate income taxpayers, regulated by Law 43/1995 of 27 December on corporate income tax. Likewise, all the regulatory provisions published since that date have been consolidated in a single text further to the promulgation of Royal Decree 1777/2004 of 30 July 2004 (BOE of 6 August), approving the corporate income tax regulations.

As in the foregoing case, this Royal Decree introduces certain technical amendments arising from the publication of specific legislation, such as the aforementioned bankruptcy and general tax measures laws, and Royal Decree 867/2001 of 20 July 2001 on the legal regime of investment services companies. Regarding this latter Royal Decree, the exemption from the obligation for all investment services companies to withhold interest received is extended.

A further case in which there is no obligation to withhold is that for income arising from a change in pension commitments instrumented in a group insurance contract that has been subject to a financing scheme that has not been implemented completely.

The regulatory provisions implementing the regime governing the reinvestment of extraordinary profits, contained in Law 43/1995 of 27 December 1995, have been eliminated. Further, the list of parties obliged to make a withholding or a payment on account has been completed, including representatives of certain institutions operating in Spain under a regime of free provision of services, designated in accordance with the provisions of Law 30/1995 of 8 November 1995 on the regulation and supervision of private insurance, and of Law 35/2003 of 4 November 2003 on collective investment institutions, respectively. Finally, the amounts still featured in pesetas have been converted into euro.

NEW NON-RESIDENT INCOME TAX REGULATIONS

Royal Decree 326/1999 of 26 February 1999, which approved the Regulation on the taxation of non-resident income and is now being repealed, contained the regulatory provisions implementing the regime governing the taxation of non-resident taxpayers, as established by Law 41/1998 of 9 December 1998 on the taxation of non-resident income and tax rules. As in the previous cases, Royal Decree 1776/2004 of 30 July 2004 (BOE of 5 August) was promulgated, which approved the Regulation on the taxation of non-resident income and which draws together in a single regulation all the regulatory provisions published since that date.

This Royal Decree re-numbers the articles and certain chapters of the Regulation, adapting itself to the order followed in the consolidated text of the Law, and it makes technical amendments of references made in the text of certain regulations, in accordance with the publication of the aforementioned General Tax Law, and of Royal Decree 1496/2003 of 28 November 2003 approving the Regulation governing billing obligations.

Finally, by virtue of Law 35/2003 of 4 November 2003 on collective investment institutions, the list of parties obliged to make a withholding or payment on account is completed, including the designated representatives acting on behalf of management companies operating under a regime of free provision of services.

18.10.2004

CONTENTS

These indicators are continuously updated on the Banco de España's website. 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 each week (http://www.bde.es/infoest/htmls/calenda.pdf). Where the dissemination dates shown in the calendar are approximate, the firm date shall be specfied one week before the data are released.

1. IMF Special Data Dissemination Standard (SDDS).

INTEREST RATES
AND EXCHANGE RATES

1. IMF Special Data Dissemination Standard (SDDS).

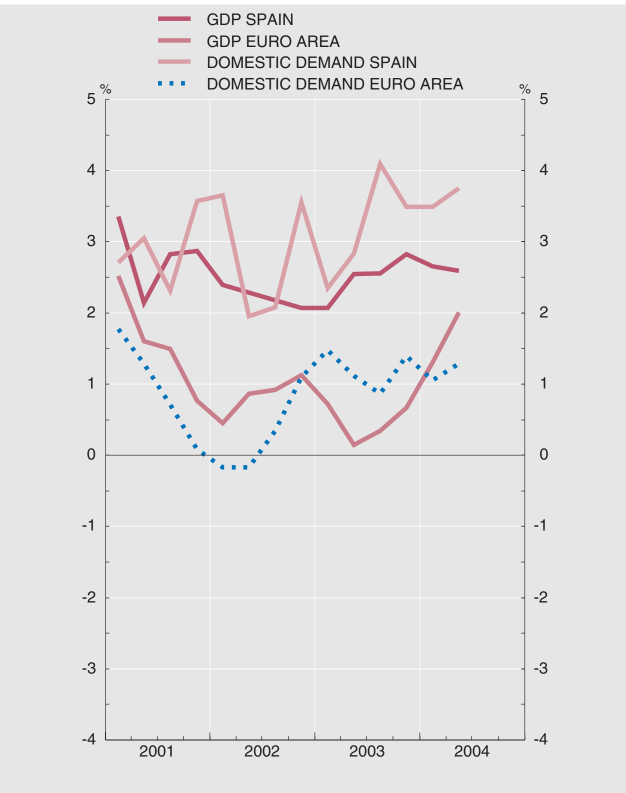
1.1. GROSS DOMESTIC PRODUCT. CONSTANT 1995 PRICES. DEMAND COMPONENTS. SPAIN AND EURO AREA (a)

■ Series depicted in chart.

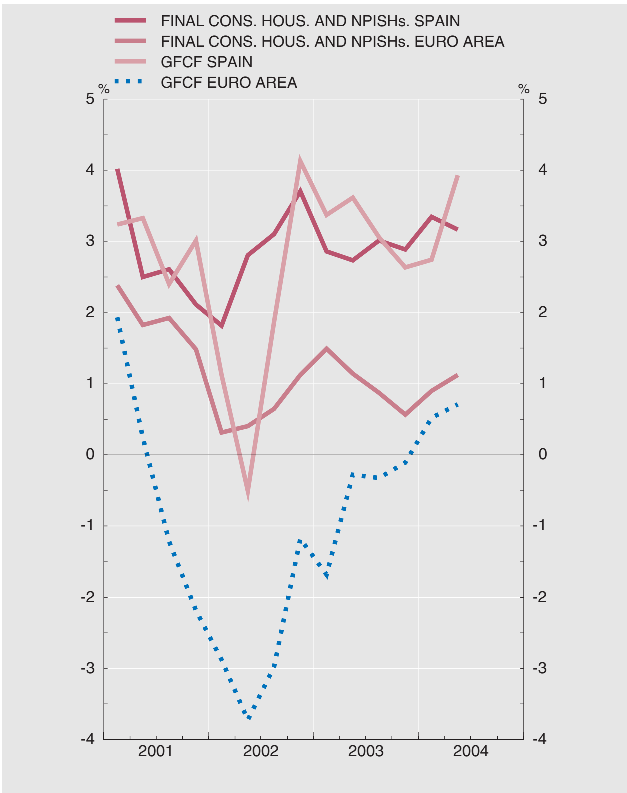
Annual percentage changes

		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
01	P	2.8	1.6	2.8	1.9	3.5	2.5	3.0	-0.3	2.9	1.0	3.6	3.5	3.9	1.9	654	6 843
02	P	2.2	0.8	2.9	0.6	4.1	3.1	1.7	-2.7	2.8	0.3	1.2	1.8	3.1	0.3	699	7 076
03	P	2.5	0.5	2.9	1.0	3.9	1.7	3.2	-0.6	3.2	1.2	2.6	0.1	4.8	2.1	745	7 256
01 *Q3*	P	2.8	1.5	2.6	1.9	3.7	2.7	2.4	-1.2	2.3	0.7	3.4	2.2	1.7	0.1	165	1 715
Q4	P	2.9	0.8	2.1	1.5	3.7	2.8	3.0	-2.2	3.6	0.1	-2.4	-1.8	-0.1	-3.8	167	1 728
02 *Q1*	P	2.4	0.4	1.8	0.3	4.0	2.8	1.1	-2.9	3.7	-0.2	-4.0	-1.6	0.2	-3.4	170	1 749
Q2	P	2.3	0.9	2.8	0.4	4.3	3.4	-0.5	-3.7	1.9	-0.2	1.4	2.0	0.4	-0.7	173	1 762
Q3	P	2.2	0.9	3.1	0.7	4.2	3.2	1.9	-3.0	2.1	0.3	3.0	3.0	2.7	1.5	176	1 778
Q4	P	2.1	1.1	3.7	1.1	3.9	3.0	4.1	-1.2	3.6	1.1	4.7	3.6	9.3	3.7	179	1 787
03 *Q1*	P	2.1	0.7	2.9	1.5	4.0	2.0	3.4	-1.7	2.4	1.5	1.9	1.5	2.8	3.6	182	1 797
Q2	P	2.5	0.1	2.7	1.1	3.5	1.7	3.6	-0.3	2.8	1.1	3.9	-1.4	4.7	1.1	184	1 802
Q3	P	2.6	0.3	3.0	0.9	3.8	1.8	3.1	-0.3	4.1	0.9	3.1	0.1	7.9	1.5	187	1 822
Q4	P	2.8	0.7	2.9	0.6	4.2	1.5	2.6	-0.1	3.5	1.4	1.6	0.3	3.7	2.2	191	1 835
04 *Q1*	P	2.7	1.3	3.3	0.9	4.3	1.6	2.7	0.5	3.5	1.1	5.5	3.5	7.8	2.9	194	1 856
Q2	P	2.6	2.0	3.2	1.1	4.3	1.7	3.9	0.7	3.8	1.3	4.7	8.1	8.1	6.5	196	1 877

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 ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002); Euro area, prepared in accordance with ESA95.

(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.

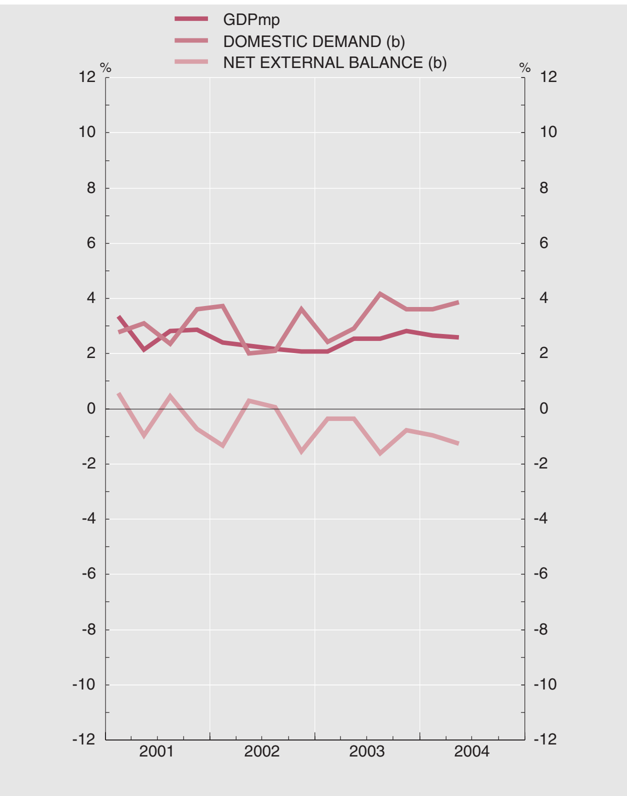
1.2. GROSS DOMESTIC PRODUCT. CONSTANT 1995 PRICES. DEMAND COMPONENTS. SPAIN (a)

■ Series depicted in chart.

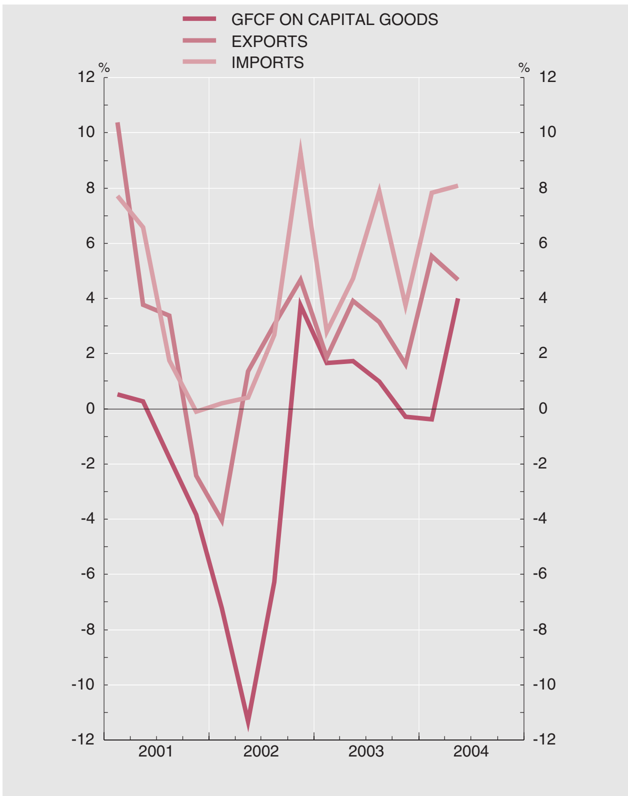
Annual percentage changes

		Gross fixed capital formation					Exports of goods and services				Imports of goods and services				Memorandum items:		
		Total	Capital goods	Construc-tión	Other products	Change in Stocks (b)	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 ■	16 ■
01	P	3.0	-1.2	5.3	3.7	-0.1	3.6	2.4	3.3	11.1	3.9	3.3	9.2	6.9	-0.2	3.0	2.8
02	P	1.7	-5.4	5.2	3.0	0.0	1.2	3.0	-7.3	3.5	3.1	3.4	4.9	0.9	-0.6	2.9	2.2
03	P	3.2	1.0	4.3	3.0	0.1	2.6	3.9	-0.3	-0.6	4.8	5.2	5.0	2.3	-0.8	3.3	2.5
01 *Q3*	P	2.4	-1.8	4.3	4.4	-0.4	3.4	2.4	1.1	12.1	1.7	1.2	4.5	4.4	0.5	2.4	2.8
Q4	P	3.0	-3.8	6.3	5.2	0.9	-2.4	-4.4	-1.6	7.4	-0.1	-0.7	6.0	2.4	-0.7	3.6	2.9
02 *Q1*	P	1.1	-7.2	5.3	3.6	1.7	-4.0	-4.2	-8.1	2.4	0.2	0.1	1.4	0.3	-1.3	3.7	2.4
Q2	P	-0.5	-11.3	4.9	2.5	-0.3	1.4	3.3	-9.5	6.0	0.4	0.8	3.1	-2.5	0.3	2.0	2.3
Q3	P	1.9	-6.3	6.3	2.7	-0.9	3.0	5.2	-6.6	4.1	2.7	2.5	10.4	1.9	0.1	2.1	2.2
Q4	P	4.1	3.7	4.6	3.3	-0.3	4.7	7.7	-5.2	1.8	9.3	10.3	5.0	3.9	-1.5	3.6	2.1
03 *Q1*	P	3.4	1.7	4.2	3.4	-0.8	1.9	2.9	-3.1	2.7	2.8	2.5	1.2	4.8	-0.4	2.4	2.1
Q2	P	3.6	1.7	4.6	3.3	-0.2	3.9	5.3	0.9	0.1	4.7	4.8	3.7	4.2	-0.4	2.9	2.5
Q3	P	3.1	1.0	4.1	2.9	0.9	3.1	4.7	0.5	-1.7	7.9	9.2	5.0	0.5	-1.6	4.2	2.6
Q4	P	2.6	-0.3	4.2	2.4	0.4	1.6	2.7	0.7	-3.2	3.7	4.1	9.9	0.0	-0.8	3.6	2.8
04 *Q1*	P	2.7	-0.4	4.3	2.8	0.2	5.5	8.3	0.1	-1.9	7.8	8.5	21.1	0.6	-1.0	3.6	2.7
Q2	P	3.9	4.0	4.2	2.9	0.2	4.7	7.4	-2.2	-2.0	8.1	9.0	20.2	-0.4	-1.3	3.9	2.6

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 ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see Economic bulletin April 2002).
b. Contribution to GDPmp growth rate.

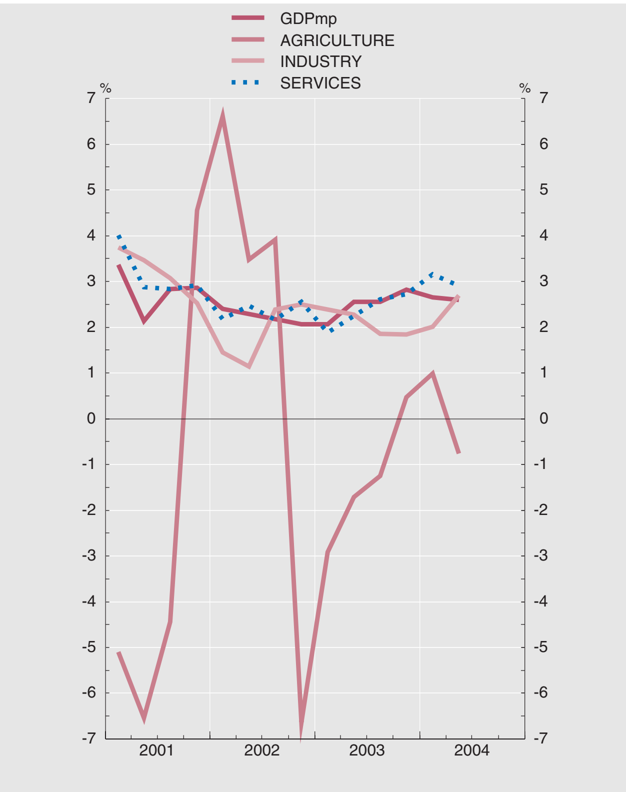
1.3. GROSS DOMESTIC PRODUCT. CONSTANT 1995 PRICES. BRANCHES OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

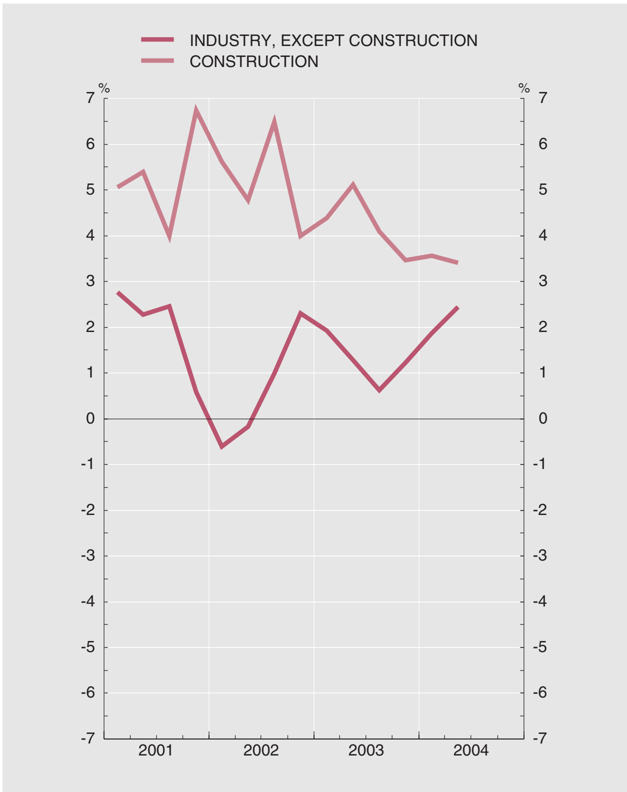
Annual percentage changes

		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
01	P	2.8	-2.9	4.6	2.0	5.3	3.2	3.2	2.9	2.3	1.0	0.8
02	P	2.2	1.7	0.9	0.6	5.2	2.3	2.2	2.7	2.3	-0.3	4.6
03	P	2.5	-1.4	1.3	1.3	4.3	2.4	2.1	3.3	5.3	5.9	8.7
01 *Q3*	P	2.8	-4.4	4.2	2.5	4.0	2.8	2.7	3.2	6.3	-3.1	4.5
Q4	P	2.9	4.6	3.3	0.6	6.7	2.9	2.7	3.7	6.3	-	-3.8
02 *Q1*	P	2.4	6.6	2.7	-0.6	5.6	2.2	1.8	3.4	5.0	-3.2	6.4
Q2	P	2.3	3.5	-0.1	-0.2	4.8	2.5	2.3	3.0	7.0	-	0.0
Q3	P	2.2	3.9	0.7	1.0	6.5	2.2	2.1	2.4	-0.0	0.8	2.6
Q4	P	2.1	-6.6	0.3	2.3	4.0	2.6	2.7	1.9	-2.3	1.2	9.6
03 *Q1*	P	2.1	-2.9	0.3	1.9	4.4	1.9	1.5	3.1	3.2	3.3	7.0
Q2	P	2.5	-1.7	0.9	1.3	5.1	2.2	2.1	2.8	7.3	4.0	8.0
Q3	P	2.6	-1.2	2.9	0.6	4.1	2.6	2.4	3.3	4.9	9.1	8.6
Q4	P	2.8	0.5	1.2	1.2	3.5	2.7	2.4	3.9	6.0	7.3	11.1
04 *Q1*	P	2.7	1.0	-0.8	1.9	3.6	3.2	3.1	3.4	0.6	15.5	4.5
Q2	P	2.6	-0.8	2.3	2.4	3.4	2.9	2.8	3.2	0.1	9.9	3.9

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



GDP. BRANCHES OF ACTIVITY
Annual percentage changes



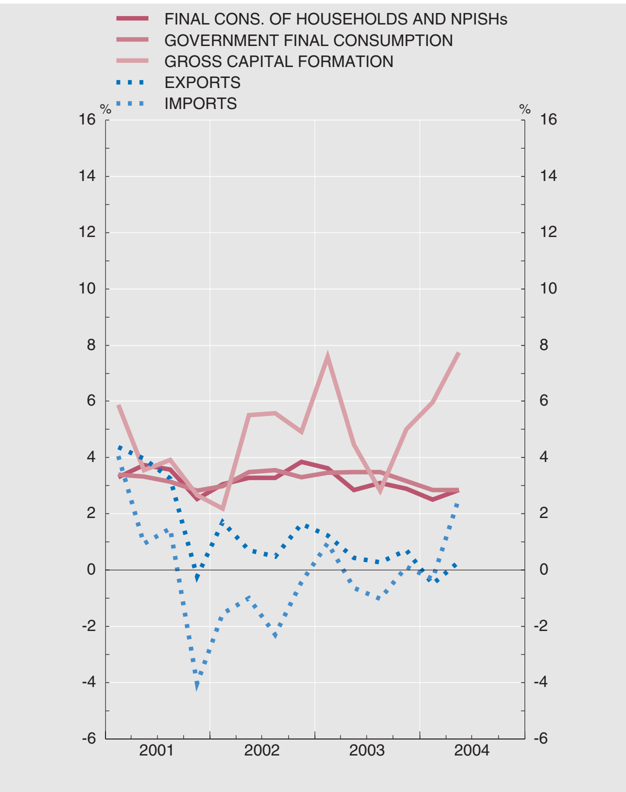
Source: INE (Contabilidad Nacional Trimestral de España).
(a) Prepared in accordance with ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002).

1.4. GROSS DOMESTIC PRODUCT. IMPLICIT DEFLATORS. SPAIN (a)

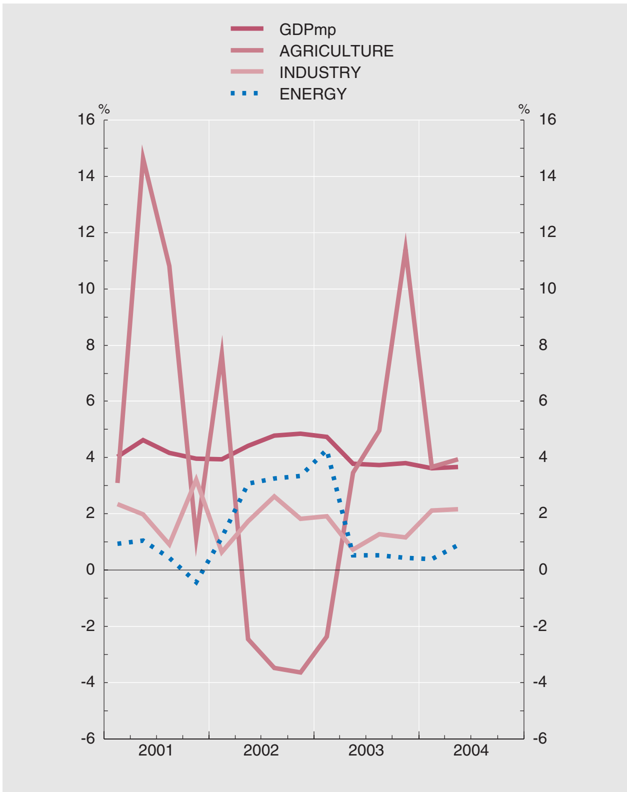
■ Series depicted in chart. *Annual percentage changes*

		Demand components								Gross domestic product at market prices	Branches of activity					
		Final consumption of households and NPISHs	Government final consumption	Gross capital formation: Total	Of which: Gross fixed capital formation: Capital goods	Construction	Other products	Exports of goods and services	Imports of goods and services		Agriculture and fisheries	Energy	Industry	Construction	Services	Of which: Market services
		1 ■	2 ■	3 ■	4	5	6	7 ■	8 ■	9 ■	10 ■	11 ■	12 ■	13	14	15
01	P	3.3	3.2	4.0	1.0	5.5	3.7	2.7	0.5	4.2	7.3	0.5	2.1	6.8	4.7	5.1
02	P	3.4	3.3	4.5	1.6	5.3	4.7	1.1	-1.3	4.5	-0.6	2.7	1.7	7.1	5.0	5.4
03	P	3.1	3.4	5.0	1.9	6.0	5.4	0.7	-0.2	4.0	4.2	1.4	1.3	6.7	4.1	4.2
01 *Q3*	P	3.6	3.2	3.9	0.7	6.0	3.7	3.3	1.5	4.2	10.8	0.4	0.9	6.5	4.7	5.2
Q4	P	2.5	2.8	2.7	0.3	2.8	3.0	-0.2	-4.0	4.0	1.2	-0.4	3.2	5.6	4.4	4.7
02 *Q1*	P	3.1	3.0	2.2	0.8	4.4	3.7	1.7	-1.6	4.0	7.7	1.2	0.6	6.5	4.3	4.5
Q2	P	3.3	3.5	5.5	1.6	4.9	4.3	0.7	-1.0	4.4	-2.4	3.1	1.7	6.6	5.0	5.4
Q3	P	3.3	3.6	5.6	2.0	5.1	5.3	0.5	-2.3	4.8	-3.5	3.3	2.6	8.1	5.2	5.6
Q4	P	3.9	3.3	4.9	2.0	6.6	5.4	1.6	-0.4	4.8	-3.6	3.3	1.8	7.2	5.4	5.9
03 *Q1*	P	3.6	3.5	7.6	2.1	5.9	4.6	1.2	1.0	4.7	-2.4	4.3	1.9	6.7	5.2	5.7
Q2	P	2.9	3.5	4.5	2.0	5.8	5.7	0.4	-0.6	3.8	3.5	0.5	0.7	6.4	3.8	3.8
Q3	P	3.1	3.5	2.8	1.8	5.9	5.3	0.3	-1.0	3.7	5.0	0.5	1.3	6.1	3.7	3.8
Q4	P	2.9	3.2	5.0	1.8	6.5	6.1	0.7	0.1	3.8	11.4	0.4	1.2	7.5	3.5	3.5
04 *Q1*	P	2.5	2.9	6.0	1.9	7.4	6.5	-0.5	-0.3	3.6	3.7	0.4	2.1	8.1	3.4	3.4
Q2	P	2.9	2.9	7.7	2.0	7.8	7.7	0.3	2.5	3.7	3.9	0.9	2.2	8.2	3.5	3.7

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).
a. Prepared in accordance with ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see Economic bulletin April 2002).

2.1. INTERNATIONAL COMPARISON. GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

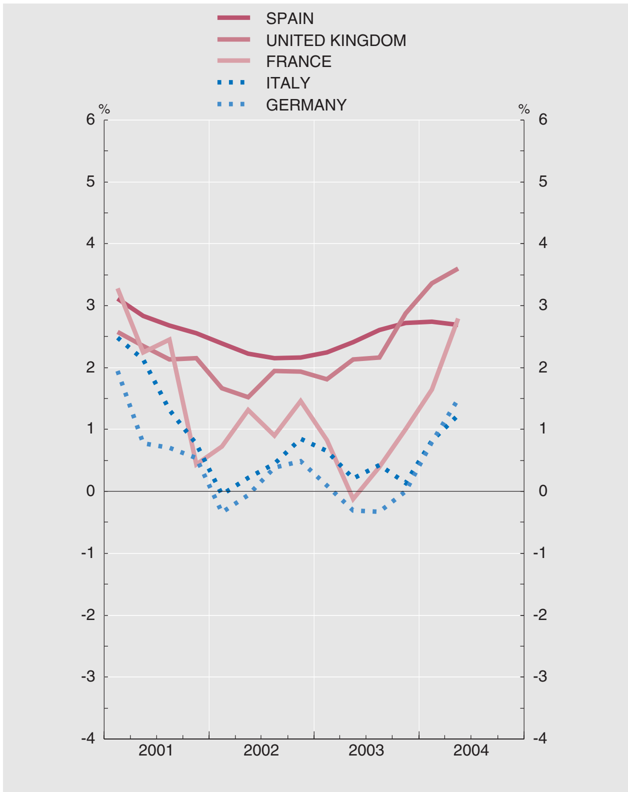
■ Series depicted in chart.

Annual percentage changes

	OECD	EU-15	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
01	1.0	1.7	1.6	1.0	2.8	0.8	2.1	1.7	0.4	2.3
02	1.8	1.0	0.8	0.1	2.2	1.9	1.1	0.4	-0.3	1.8
03	2.2	0.8	0.5	-0.1	2.5	3.0	0.5	0.4	2.5	2.2
01 *Q2*	1.0	1.7	1.6	0.8	2.1	0.6	2.2	2.1	1.1	2.4
Q3	0.6	1.6	1.5	0.7	2.8	0.4	2.5	1.3	-0.3	2.1
Q4	0.3	1.0	0.8	0.5	2.9	0.2	0.4	0.8	-2.2	2.2
02 *Q1*	0.7	0.7	0.4	-0.3	2.4	1.2	0.7	-0.1	-3.2	1.7
Q2	1.5	1.0	0.9	-0.1	2.3	1.5	1.3	0.2	-0.8	1.5
Q3	2.3	1.1	0.9	0.4	2.2	2.5	0.9	0.5	1.0	1.9
Q4	2.4	1.2	1.1	0.5	2.1	2.3	1.5	0.8	1.8	1.9
03 *Q1*	2.0	0.9	0.7	0.1	2.1	1.9	0.8	0.6	2.4	1.8
Q2	1.8	0.5	0.2	-0.3	2.5	2.3	-0.1	0.2	2.2	2.1
Q3	2.2	0.7	0.4	-0.3	2.6	3.5	0.4	0.4	1.8	2.2
Q4	2.9	1.1	0.7	0.0	2.8	4.4	1.0	0.1	3.5	2.9
04 *Q1*	3.5	1.7	1.4	0.8	2.7	5.0	1.6	0.8	5.1	3.4
Q2	...	2.3	2.0	1.5	2.6	4.8	2.8	1.2	4.3	3.6

GROSS DOMESTIC PRODUCT
Annual percentage changes

GROSS DOMESTIC PRODUCT
Annual percentage changes



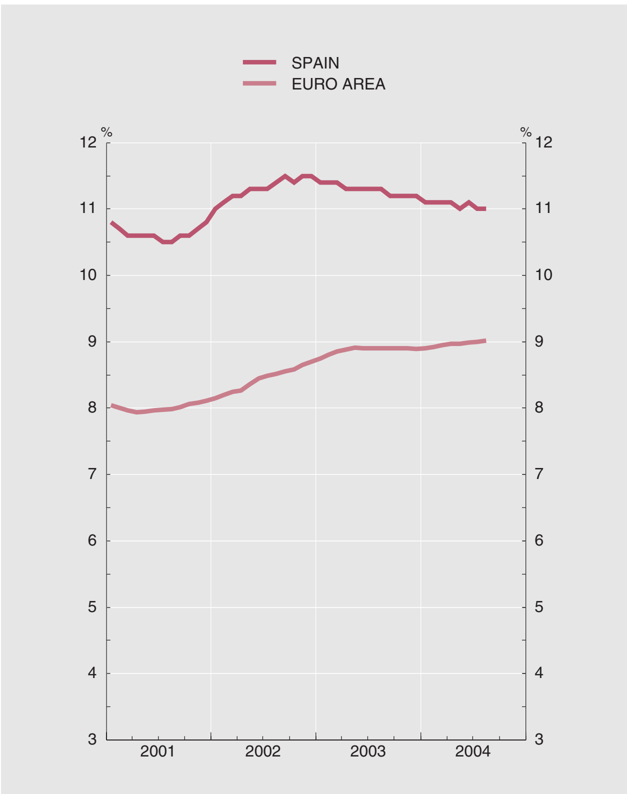
Sources: ECB, INE and OECD.
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín estadístico.

2.2. INTERNATIONAL COMPARISON. UNEMPLOYMENT RATES

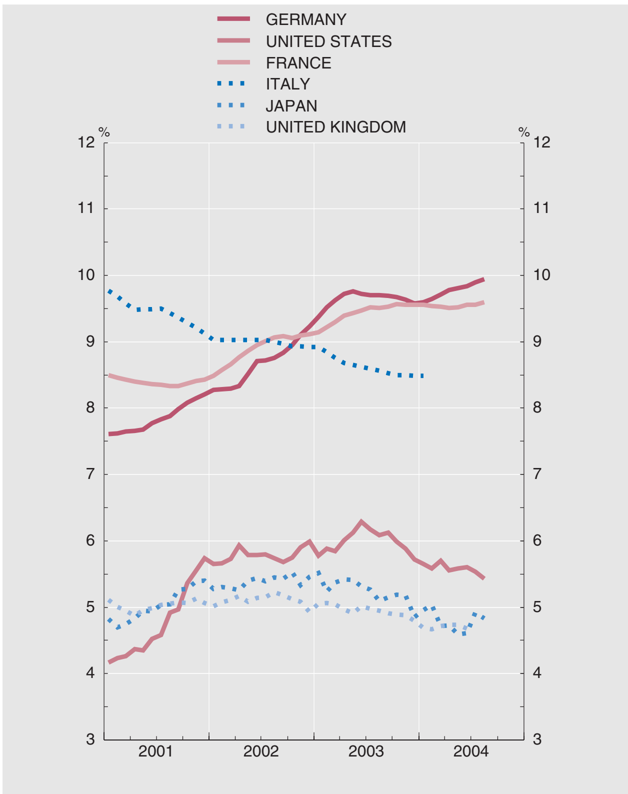
■ Series depicted in chart. *Percentages*

	OECD 1	EU-15 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
01	6.5	7.4	8.0	7.8	10.6	4.8	8.4	9.4	5.0	5.0
02	7.0	7.7	8.4	8.7	11.3	5.8	8.9	9.0	5.4	5.1
03	7.1	8.1	8.9	9.6	11.3	6.0	9.4	8.6	5.2	5.0
03 *Mar*	7.1	8.0	8.9	9.6	11.4	5.8	9.3	8.8	5.4	5.0
Apr	7.1	8.1	8.9	9.7	11.3	6.0	9.4	8.7	5.4	5.0
May	7.2	8.1	8.9	9.8	11.3	6.1	9.4	8.7	5.4	4.9
Jun	7.2	8.1	8.9	9.7	11.3	6.3	9.5	8.6	5.3	5.0
Jul	7.2	8.1	8.9	9.7	11.3	6.2	9.5	8.6	5.3	5.0
Aug	7.2	8.1	8.9	9.7	11.3	6.1	9.5	8.6	5.1	5.0
Sep	7.2	8.1	8.9	9.7	11.2	6.1	9.5	8.5	5.2	4.9
Oct	7.1	8.1	8.9	9.7	11.2	6.0	9.6	8.5	5.2	4.9
Nov	7.1	8.1	8.9	9.6	11.2	5.9	9.6	8.5	5.2	4.9
Dec	7.0	8.1	8.9	9.6	11.2	5.7	9.6	8.5	4.9	4.8
04 *Jan*	7.0	8.1	8.9	9.6	11.1	5.7	9.6	8.5	5.0	4.7
Feb	7.0	8.1	8.9	9.6	11.1	5.6	9.5	...	5.0	4.7
Mar	7.0	8.1	8.9	9.7	11.1	5.7	9.5	...	4.7	4.7
Apr	6.9	8.1	9.0	9.8	11.1	5.6	9.5	...	4.7	4.7
May	6.9	8.1	9.0	9.8	11.0	5.6	9.5	...	4.6	4.7
Jun	6.9	8.1	9.0	9.8	11.1	5.6	9.6	...	4.6	4.7
Jul	6.9	8.1	9.0	9.9	11.0	5.5	9.6	...	4.9	...
Aug	6.9	8.1	9.0	9.9	11.0	5.4	9.6	...	4.8	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



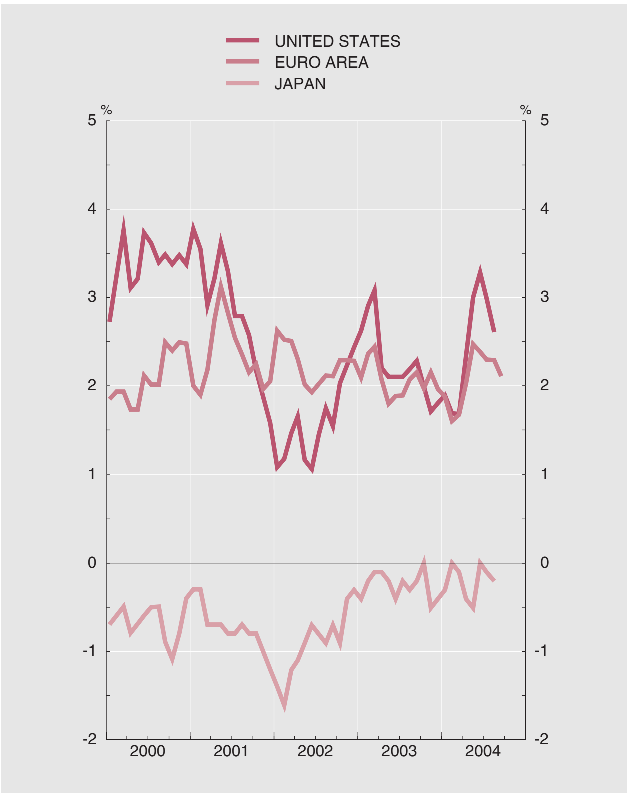
Sources: ECB and OECD.

2.3. INTERNATIONAL COMPARISON. CONSUMER PRICES (a)

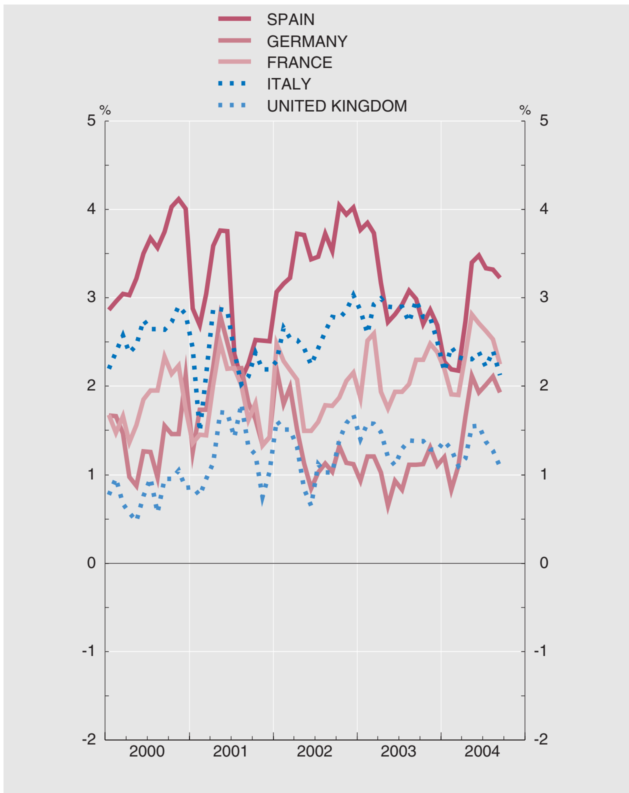
■ Series depicted in chart. *Annual percentage changes*

	OECD	EU-15	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
00	3.9	1.9	2.1	1.4	3.5	3.4	1.8	2.6	-0.7	0.8
01	3.5	2.2	2.3	1.9	2.8	2.8	1.8	2.3	-0.7	1.2
02	2.5	2.1	2.3	1.4	3.6	1.6	1.9	2.6	-0.9	1.3
03	2.5	2.0	2.1	1.0	3.1	2.3	2.2	2.8	-0.3	1.4
03 *Apr*	2.5	2.0	2.1	1.0	3.2	2.2	1.9	3.0	-0.1	1.5
May	2.5	1.7	1.8	0.6	2.7	2.1	1.8	2.9	-0.2	1.2
Jun	2.4	1.8	1.9	0.9	2.8	2.1	1.9	2.9	-0.4	1.1
Jul	2.4	1.8	1.9	0.8	2.9	2.1	1.9	2.9	-0.2	1.3
Aug	2.3	2.0	2.1	1.1	3.1	2.2	2.0	2.7	-0.3	1.4
Sep	2.4	2.0	2.2	1.1	3.0	2.3	2.3	3.0	-0.2	1.4
Oct	2.2	1.9	2.0	1.1	2.7	2.0	2.3	2.8	-	1.4
Nov	2.1	2.0	2.2	1.3	2.9	1.7	2.5	2.8	-0.5	1.3
Dec	2.1	1.8	2.0	1.1	2.7	1.8	2.4	2.5	-0.4	1.3
04 *Jan*	2.0	1.8	1.9	1.2	2.3	1.9	2.2	2.2	-0.3	1.4
Feb	1.9	1.5	1.6	0.8	2.2	1.7	1.9	2.4	-	1.3
Mar	1.8	1.5	1.7	1.1	2.2	1.7	1.9	2.3	-0.1	1.1
Apr	2.1	1.8	2.0	1.7	2.7	2.3	2.4	2.3	-0.4	1.2
May	2.6	2.3	2.5	2.1	3.4	3.0	2.8	2.3	-0.5	1.5
Jun	2.8	2.2	2.4	1.9	3.5	3.3	2.7	2.4	-	1.6
Jul	2.7	2.1	2.3	2.0	3.3	3.0	2.6	2.2	-0.1	1.4
Aug	2.6	2.1	2.3	2.1	3.3	2.6	2.5	2.4	-0.2	1.3
Sep	...	1.9	2.1	1.9	3.2	...	2.2	2.1	...	1.1

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.

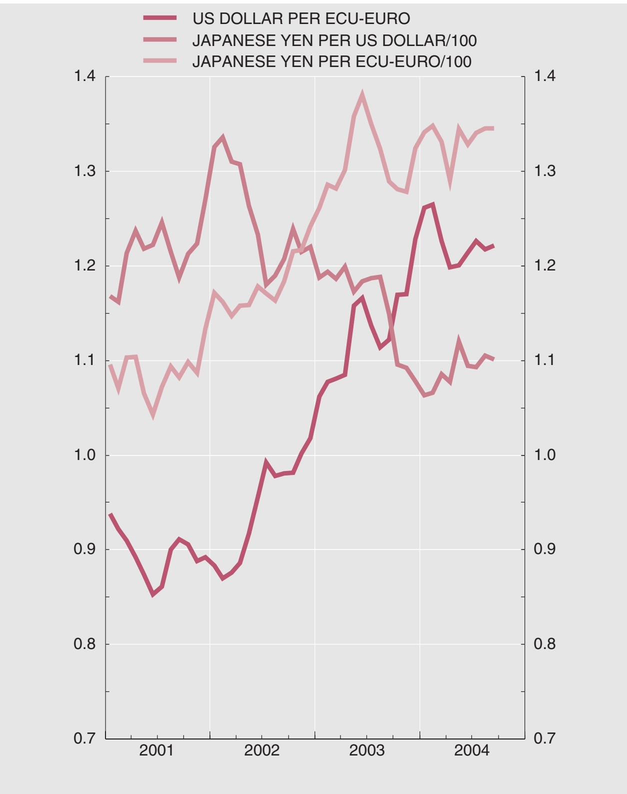
2.4. BILATERAL EXCHANGE RATES AND NOMINAL AND REAL EFFECTIVE EXCHANGE RATE INDICES FOR THE EURO, US DOLLAR AND JAPANESE YEN

■ Series depicted in chart.

Average of daily data

	Exchange rates			Indices of the nominal effective exchange rate vis-à-vis the (a) developed countries 1999 QI=100			Indices of the real effective exchange rate vis-à-vis the developed countries (b) 1999 QI=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	US dollar	Japanese yen	Euro	US dollar	Japanese yen	Euro	US dollar	Japanese yen
	1 ■	2 ■	3 ■	4	5	6	7 ■	8 ■	9 ■	10	11	12
01	0.8955	108.76	121.50	86.7	111.8	106.9	86.8	116.2	99.3	88.4	112.9	100.3
02	0.9454	118.08	125.18	89.2	110.5	101.1	90.3	115.3	91.4	91.9	109.9	94.7
03	1.1313	130.98	115.93	99.9	97.5	99.9	101.7	102.5	88.3	102.2	98.3	91.9
03 *J-S*	1.1116	131.49	118.31	99.1	99.3	98.8	100.8	104.4	87.4	101.5	100.0	91.0
04 *J-S*	1.2256	133.51	108.97	103.2	90.9	101.5	105.2	96.8	88.0	104.9	93.3	91.4
03 *Jul*	1.1372	134.99	118.70	101.0	97.6	97.2	102.8	102.8	85.9	103.2	98.0	89.8
Aug	1.1139	132.38	118.83	99.8	98.9	98.2	101.7	104.2	86.7	101.8	99.6	90.4
Sep	1.1222	128.94	114.95	99.6	97.0	101.0	101.7	102.3	89.0	101.5	97.7	93.0
Oct	1.1692	128.12	109.58	101.3	93.1	103.6	103.3	98.2	91.3	103.1	94.5	95.0
Nov	1.1702	127.84	109.25	101.2	92.7	103.7	103.3	97.6	91.1	103.2	93.6	95.1
Dec	1.2286	132.43	107.80	104.2	90.4	102.7	106.2	94.9	90.1	105.9	91.3	94.2
04 *Jan*	1.2613	134.13	106.34	105.4	88.7	102.5	107.4	93.6	89.7	107.0	90.1	93.5
Feb	1.2646	134.78	106.58	105.3	89.1	102.1	107.3	94.4	89.0	106.9	90.6	92.9
Mar	1.2262	133.13	108.56	103.4	90.8	101.8	105.4	96.5	88.4	105.2	92.7	92.0
Apr	1.1985	129.08	107.72	101.6	91.6	103.7	103.7	97.4	89.7	103.2	94.2	93.0
May	1.2007	134.48	112.02	102.4	93.3	99.9	104.4	99.5	86.2	103.9	96.8	88.8
Jun	1.2138	132.86	109.46	102.3	91.8	101.6	104.2	98.2	87.7	103.7	94.9	90.4
Jul	1.2266	134.08	109.32	102.8	90.7	101.0	104.7	97.0	87.1	104.4	93.9	89.6
Aug	1.2176	134.54	110.50	102.6	91.2	100.4	104.8	97.5	86.5	104.5	...	...
Sep	1.2218	134.51	110.09	103.0	90.7	100.7	105.2	...	...	104.9	...	...

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 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.

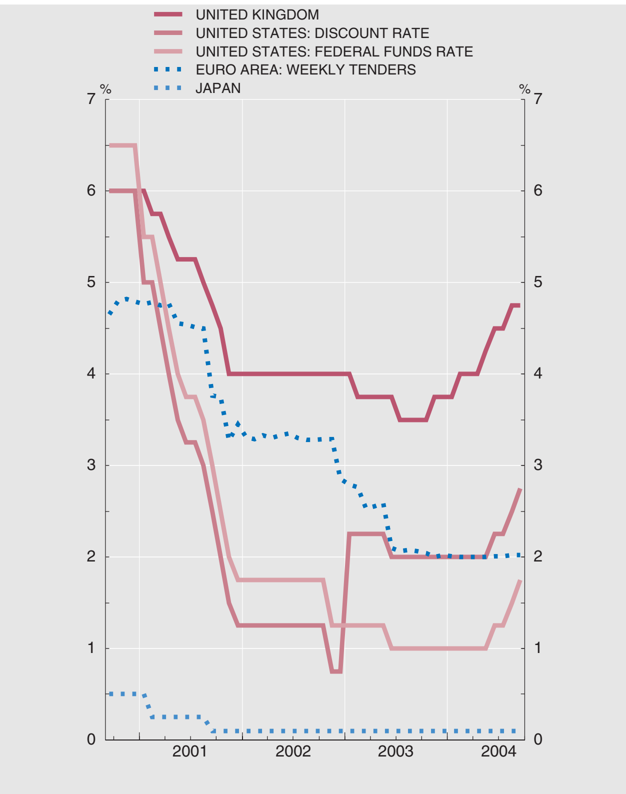
(b) Obtained by multiplying the relative prices of each area/country (relation betwen its price index and the price index of the group) by the nominal effective exchange rate. A decline in the index denotes a depreciation of the real effective exchange rate and, may be interpreted as an improvement in that area/country's competitiveness.

2.5. OFFICIAL INTERVENTION INTEREST RATES AND SHORT-TERM INTEREST RATES

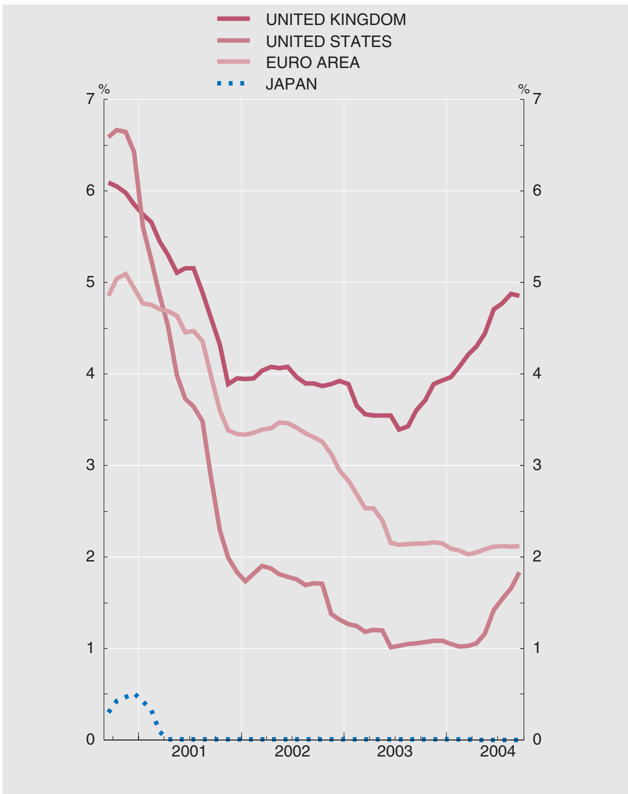
■ Series depicted in chart. *Percentages*

	Official intervention interest rates					3-month interbank rates									
	Euro area	United States		Japan	United Kingdom	OECD	EU-15	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
		Discount rate (b)	Federal funds rate												
	(a)			(c)	(d)										
	1 ■	2 ■	3 ■	4 ■	5 ■	6	7	8 ■	9	10	11 ■	12	13	14 ■	15 ■
01	3.25	1.25	3.72	0.10	4.00	3.39	4.30	4.26	-	-	3.66	-	-	0.08	4.93
02	2.75	0.75	1.67	0.10	4.00	2.21	3.42	3.32	-	-	1.71	-	-	0.01	3.96
03	2.00	2.00	1.10	0.10	3.75	1.63	2.55	2.33	-	-	1.12	-	-	0.01	3.64
03 *Apr*	2.50	2.25	1.25	0.10	3.75	1.74	2.71	2.53	-	-	1.20	-	-	0.01	3.55
May	2.50	2.25	1.25	0.10	3.75	1.70	2.59	2.40	-	-	1.20	-	-	0.01	3.54
Jun	2.00	2.00	1.00	0.10	3.75	1.53	2.38	2.15	-	-	1.02	-	-	0.01	3.55
Jul	2.00	2.00	1.00	0.10	3.50	1.51	2.33	2.13	-	-	1.03	-	-	0.01	3.39
Aug	2.00	2.00	1.00	0.10	3.50	1.52	2.35	2.14	-	-	1.05	-	-	0.01	3.43
Sep	2.00	2.00	1.00	0.10	3.50	1.53	2.38	2.15	-	-	1.05	-	-	0.00	3.60
Oct	2.00	2.00	1.00	0.10	3.50	1.54	2.40	2.14	-	-	1.07	-	-	0.00	3.71
Nov	2.00	2.00	1.00	0.10	3.75	1.57	2.43	2.16	-	-	1.08	-	-	0.01	3.89
Dec	2.00	2.00	1.00	0.10	3.75	1.57	2.43	2.15	-	-	1.08	-	-	0.01	3.93
04 *Jan*	2.00	2.00	1.00	0.10	3.75	1.53	2.39	2.09	-	-	1.05	-	-	0.01	3.96
Feb	2.00	2.00	1.00	0.10	4.00	1.51	2.39	2.07	-	-	1.02	-	-	0.01	4.08
Mar	2.00	2.00	1.00	0.10	4.00	1.50	2.37	2.03	-	-	1.03	-	-	0.01	4.21
Apr	2.00	2.00	1.00	0.10	4.00	1.52	2.39	2.05	-	-	1.06	-	-	0.00	4.30
May	2.00	2.00	1.00	0.10	4.25	1.58	2.44	2.09	-	-	1.16	-	-	0.00	4.44
Jun	2.00	2.25	1.25	0.10	4.50	1.71	2.50	2.11	-	-	1.42	-	-	0.00	4.71
Jul	2.00	2.25	1.25	0.10	4.50	1.76	2.52	2.12	-	-	1.54	-	-	0.00	4.77
Aug	2.00	2.50	1.50	0.10	4.75	1.81	2.53	2.11	-	-	1.66	-	-	0.00	4.88
Sep	2.00	2.75	1.75	0.10	4.75	1.89	2.53	2.12	-	-	1.83	-	-	0.00	4.85

OFFICIAL INTERVENTION INTEREST RATES



3-MONTH INTERBANK RATES



Sorces: ECB, Reuters and BE.
(a) Main refinancing operations.
(b) As from January 2003, the Primary Credit Rate.
(c) Discount rate.
(d) Retail bank base rate.

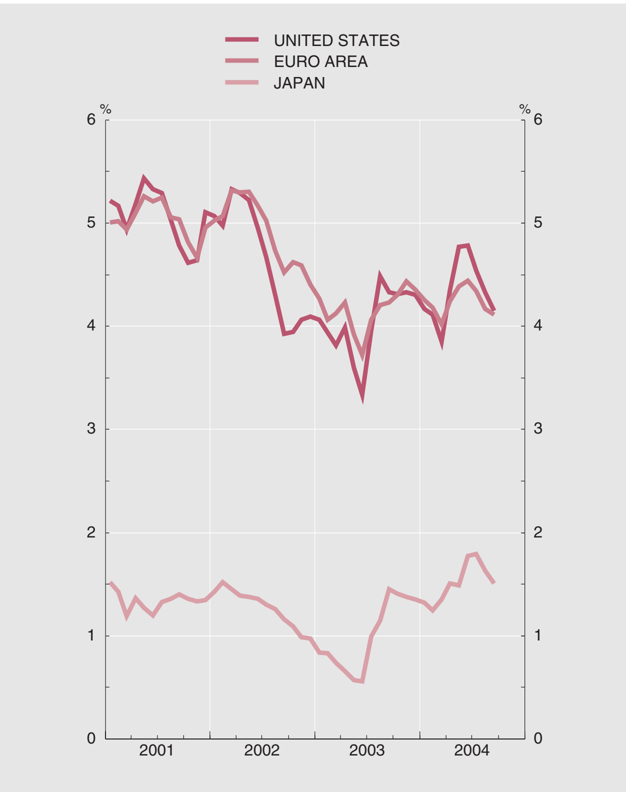
2.6. 10-YEAR GOVERNMENT BOND YIELDS ON DOMESTIC MARKETS

■ Series depicted in chart.

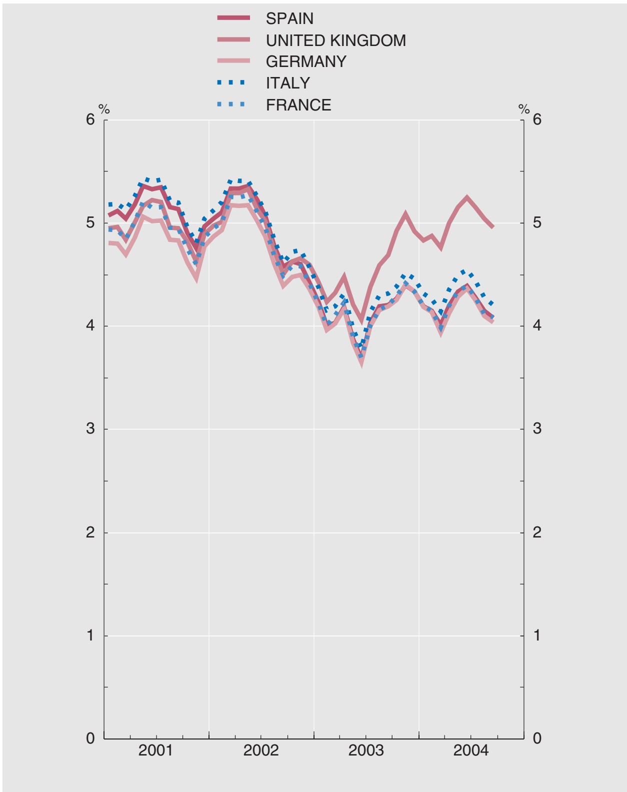
Percentages

	OECD 1	EU-15 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
01	4.47	4.98	5.03	4.82	5.12	5.06	4.95	5.19	1.34	4.97
02	4.27	4.92	4.92	4.80	4.96	4.65	4.88	5.04	1.27	4.93
03	3.68	4.22	4.16	4.10	4.12	4.04	4.13	4.24	0.99	4.53
03 *Apr*	3.64	4.28	4.23	4.17	4.19	3.99	4.23	4.32	0.66	4.48
May	3.33	3.96	3.92	3.84	3.88	3.60	3.90	3.98	0.57	4.21
Jun	3.13	3.78	3.72	3.65	3.69	3.34	3.70	3.78	0.56	4.06
Jul	3.60	4.11	4.06	4.00	4.03	3.96	4.01	4.14	0.99	4.38
Aug	3.91	4.28	4.20	4.16	4.19	4.48	4.16	4.30	1.15	4.59
Sep	3.91	4.32	4.23	4.20	4.21	4.33	4.21	4.32	1.45	4.69
Oct	3.93	4.41	4.31	4.25	4.27	4.31	4.29	4.39	1.41	4.92
Nov	4.00	4.55	4.44	4.40	4.40	4.33	4.41	4.52	1.38	5.09
Dec	3.94	4.47	4.36	4.34	4.34	4.31	4.34	4.46	1.35	4.92
04 *Jan*	3.82	4.33	4.26	4.19	4.19	4.17	4.20	4.32	1.32	4.83
Feb	3.77	4.29	4.18	4.14	4.15	4.11	4.15	4.26	1.24	4.88
Mar	3.61	4.14	4.02	3.94	4.01	3.86	3.99	4.15	1.35	4.77
Apr	3.93	4.34	4.24	4.13	4.20	4.35	4.20	4.35	1.51	5.00
May	4.16	4.50	4.39	4.29	4.33	4.77	4.34	4.50	1.49	5.16
Jun	4.24	4.56	4.44	4.37	4.39	4.79	4.39	4.55	1.77	5.25
Jul	4.10	4.46	4.34	4.26	4.28	4.54	4.28	4.44	1.79	5.15
Aug	3.93	4.30	4.17	4.10	4.15	4.33	4.12	4.28	1.63	5.04
Sep	3.80	4.24	4.11	4.04	4.08	4.15	4.09	4.20	1.50	4.96

10-YEAR GOVERNMENT BOND YIELDS



10-YEAR GOVERNMENT BOND YIELDS



Sources: ECB, Reuters and BE.

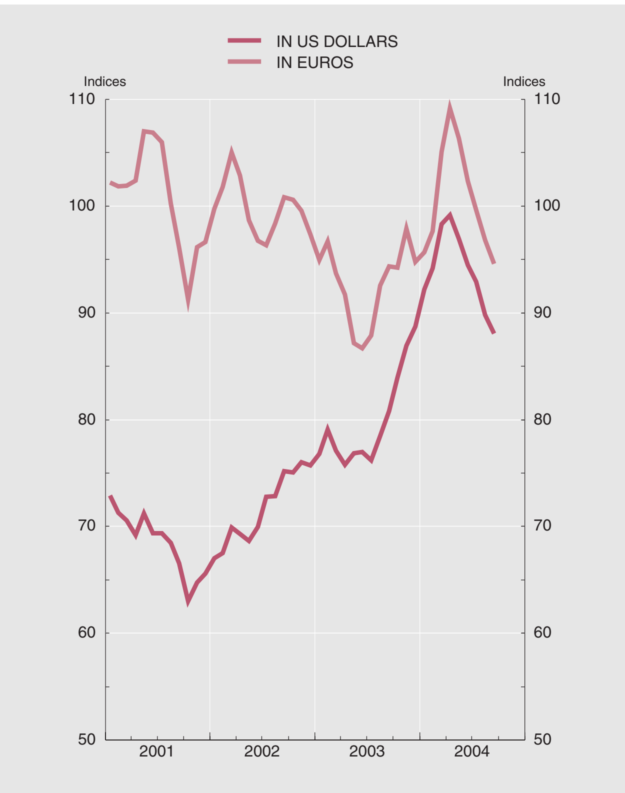
2.7 INTERNATIONAL MARKETS. NON-ENERGY COMMODITIES PRICE INDEX. CRUDE OIL AND GOLD PRICE.

■ Series depicted in chart.

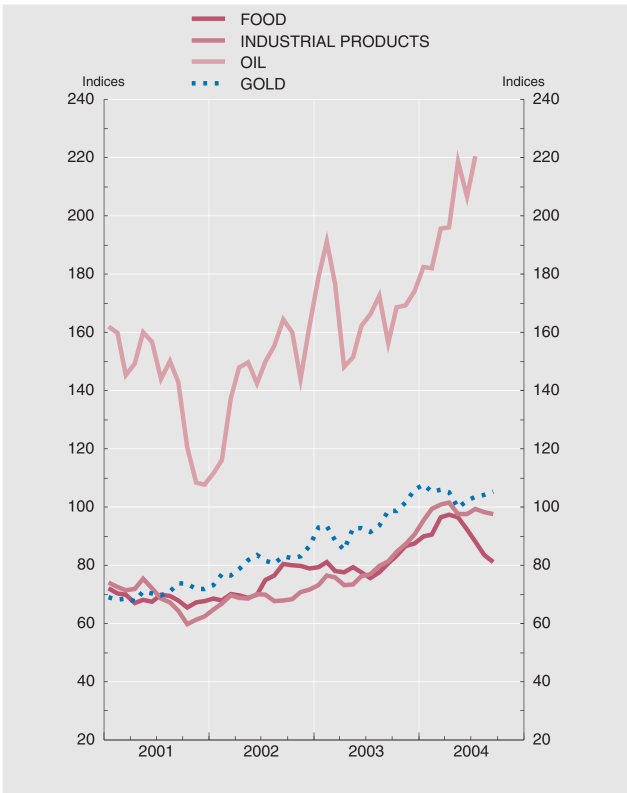
1995 = 100

	Non-energy commodity price index (a)						Oil		Gold		
	Euro index	US dollar index					Index (b)	Brent North sea	Index (c)	US dollars per troy ounce	Euro per gram
	General	General	Food	Industrial products				US dollars per barrel			
				Total	Non-food agricul-tural products	Metals					
	1 ■	2 ■	3 ■	4 ■	5	6	7 ■	8	9 ■	10	11
01	100.7	68.5	68.6	68.4	65.4	70.9	142.1	24.6	70.5	271.1	9.74
02	99.8	71.7	73.8	68.8	69.7	68.0	145.2	25.0	80.7	310.0	10.55
03	92.7	79.8	80.3	79.1	81.9	76.6	167.8	28.9	94.6	363.6	10.33
03 *J-S*	91.7	77.5	78.5	76.2	79.5	73.4	166.9	28.6	92.1	354.0	10.24
04 *J-S*	100.8	94.0	90.6	98.6	93.8	102.6	...	36.3	104.3	400.9	10.51
03 *Jun*	86.7	77.0	77.6	76.2	79.2	73.7	162.2	27.6	92.8	356.4	9.82
Jul	87.9	76.2	75.6	76.9	79.5	74.7	166.2	28.5	91.4	351.0	9.92
Aug	92.6	78.5	77.6	79.7	82.9	77.0	172.5	29.8	93.6	359.8	10.38
Sep	94.4	80.8	80.6	81.3	86.5	76.5	156.2	27.1	98.6	378.9	10.83
Oct	94.3	83.9	83.3	84.7	88.4	81.6	168.6	29.6	98.6	378.9	10.41
Nov	97.9	86.9	86.6	87.3	90.0	85.1	169.3	28.9	101.5	389.9	10.70
Dec	94.8	88.7	87.4	90.5	89.3	91.4	174.1	29.9	106.0	407.1	10.66
04 *Jan*	95.7	92.2	89.8	95.4	93.2	97.3	182.5	31.3	107.7	413.8	10.54
Feb	97.7	94.2	90.5	99.3	95.0	102.9	182.0	30.8	105.4	404.9	10.28
Mar	105.1	98.3	96.5	100.8	96.1	104.7	195.7	33.8	105.8	406.7	10.65
Apr	109.2	99.2	97.5	101.5	96.8	105.6	195.9	33.4	105.0	403.3	10.82
May	106.3	97.0	96.6	97.6	97.5	97.7	218.7	37.6	99.8	383.6	10.28
Jun	102.4	94.5	92.3	97.5	93.4	101.0	206.6	35.3	102.1	392.4	10.38
Jul	99.7	92.9	88.1	99.3	92.1	105.4	220.5	38.4	103.6	398.1	10.43
Aug	96.8	89.8	83.6	98.2	91.7	103.8	...	42.5	104.2	400.5	10.57
Sep	94.6	88.1	81.0	97.7	88.8	105.1	...	43.3	105.4	404.8	10.67

NON-ENERGY COMMODITY PRICE INDEX



PRICE INDICES FOR NON-ENERGY COMMODITIES, OIL AND GOLD



Sources: The Economist, IMF, ECB and BE.

(a) The weights are based on the value of the world commodity imports 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.

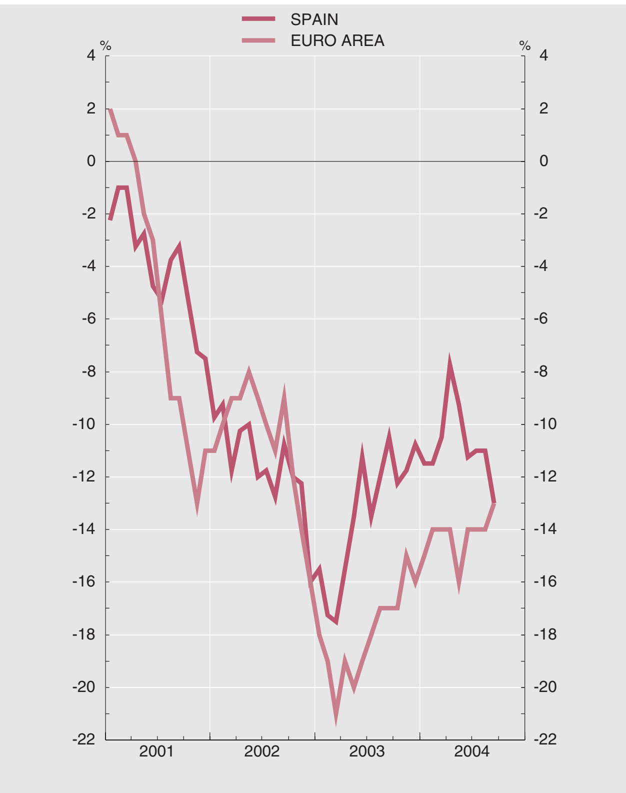
3.1. INDICATORS OF PRIVATE CONSUMPTION. SPAIN AND EURO AREA

■ Series depicted in chart.

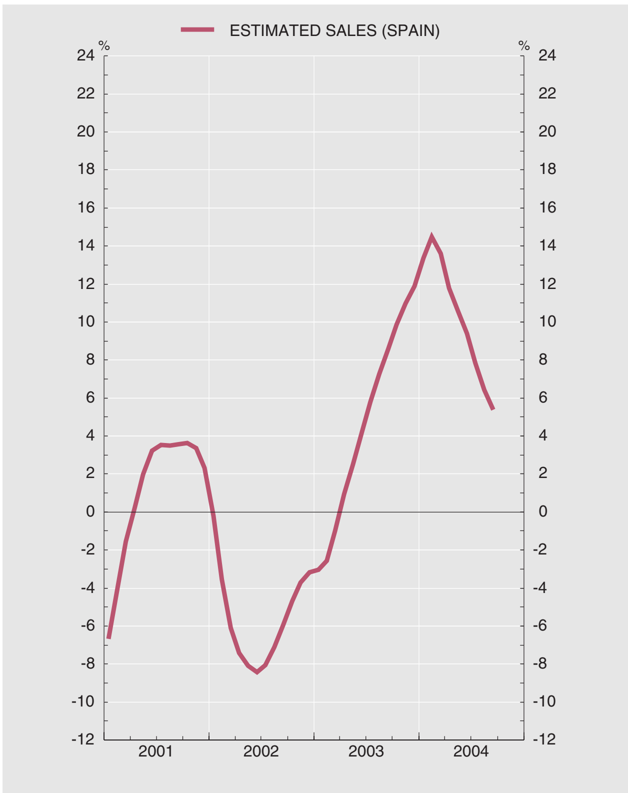
Annual percentage changes

		Opinion surveys (net percentages)						New car registrations and sales				Retail trade: sales index					
		Consumers			Retail trade confidence index	Memorandum item: euro area		Regis- trations	of which	Estima- ted sales	Memoran- dum item: euro area	General index			By type of product (deflated indices)		Memoran- dum item: euro area deflated index
		Confi- dence index	General economic situation: anticipa- ted trend	House- hold economic situation: anticipa- ted trend		Consu- mer confi- dence index	Retail trade confi- dence index		Private use		Registra- tions	Nominal	of which: Defla- ted (a)	of which: Large retail outlets (a)	Food (b)	Other (c)	
		1 ■	2	3	4	5 ■	6	7	8	9 ■	10	11	12	13	14	15	16
01		-4	-3	4	-0	-5	-7	2.2	1.9	3.2	-0.6	7.1	3.4	3.5	5.1	1.5	1.7
02		-12	-7	-1	-2	-11	-16	-6.0	-5.6	-6.6	-4.1	5.7	2.2	3.6	1.7	2.8	0.1
03	P	-13	-9	-2	-2	-18	-11	6.0	4.0	3.8	-1.5	5.7	2.5	4.9	0.8	3.4	0.3
03 *J-S*	P	-14	-10	-2	-2	-19	-13	3.5	0.5	1.7	-1.1	5.5	2.3	4.8	0.8	3.0	0.5
04 *J-S*	A	-11	-4	-1	-4	-14	-8	12.8	15.0	11.6	0.0	...	...	...	...	...	...
03 *Oct*	P	-12	-7	-3	2	-17	-7	11.5	12.9	8.1	-0.2	7.2	4.5	6.0	1.7	5.7	0.4
Nov	P	-12	-5	-1	1	-15	-7	15.8	17.8	12.6	-0.0	3.5	0.7	2.0	-2.1	2.1	-1.8
Dec	P	-11	-4	-	-	-16	-10	13.7	13.3	10.2	-7.4	7.3	4.6	7.0	2.6	5.4	0.5
04 *Jan*	P	-12	-6	-	-2	-15	-8	10.6	11.9	9.2	1.1	6.0	4.4	8.0	1.7	6.1	1.1
Feb	P	-12	-4	-2	-1	-14	-9	23.5	23.7	22.6	2.5	6.9	5.3	5.7	0.9	8.4	-0.1
Mar	P	-11	-4	-1	-	-14	-8	28.6	26.8	28.2	-0.6	7.1	5.7	5.2	2.3	8.0	0.5
Apr	P	-8	-	-	2	-14	-6	5.8	15.1	4.0	4.6	6.2	4.1	6.8	0.5	6.6	0.2
May	P	-9	-2	-	-5	-16	-7	10.9	14.4	8.9	4.1	3.2	-0.2	-1.9	-3.0	1.8	-2.0
Jun	P	-11	-5	-1	-5	-14	-10	16.2	19.0	15.0	0.6	7.3	3.8	9.1	1.2	5.5	1.4
Jul	P	-11	-2	-1	-6	-14	-9	4.7	7.6	3.8	-1.7	6.4	3.0	6.9	0.9	4.5	0.8
Aug	P	-11	-7	-1	-9	-14	-7	9.1	10.7	7.3	-9.5	2.6	-0.6	0.1	-3.6	1.9	-0.3
Sep	A	-13	-6	-2	-10	-13	-9	7.2	8.6	6.2	-0.6	...	...	...	...	...	...

CONSUMER CONFIDENCE INDEX



CAR SALES
Trend obtained with TRAMO-SEATS



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

a. Until December 2003, deflated by the total CPI. From January 2004, INE.

b. Until December 2003, deflated by the food component of the CPI. From January 2004, INE.

c. Until December 2003, deflated by the total CPI excluding foods, beverages, and tobacco. From January 2004, INE.

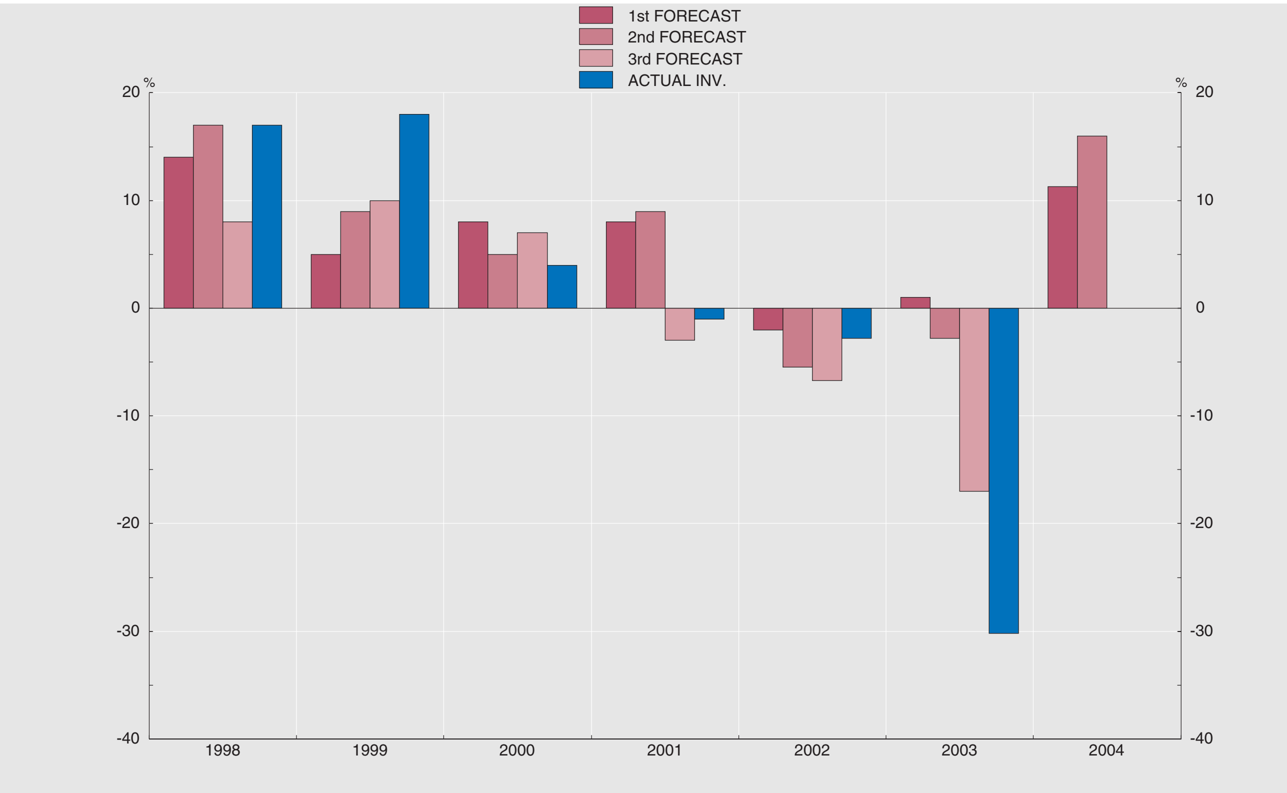
3.2. INVESTMENT IN INDUSTRY (EXCLUDING CONSTRUCTION): OPINION SURVEYS. SPAIN

■ Series depicted in chart.

Annual percentage changes at current prices

	ACTUAL INV. 1 ■	1st FORECAST 2 ■	2nd FORECAST 3 ■	3rd FORECAST 4 ■
98	17	14	17	8
99	18	5	9	10
00	4	8	5	7
01	-1	8	9	-3
02	-3	-2	-6	-7
03	-30	1	-3	-17
04	...	11	16	...

INVESTMENT IN INDUSTRY
Annual rates of change



Source: Ministerio de Industria, Turismo y Comercio.
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.

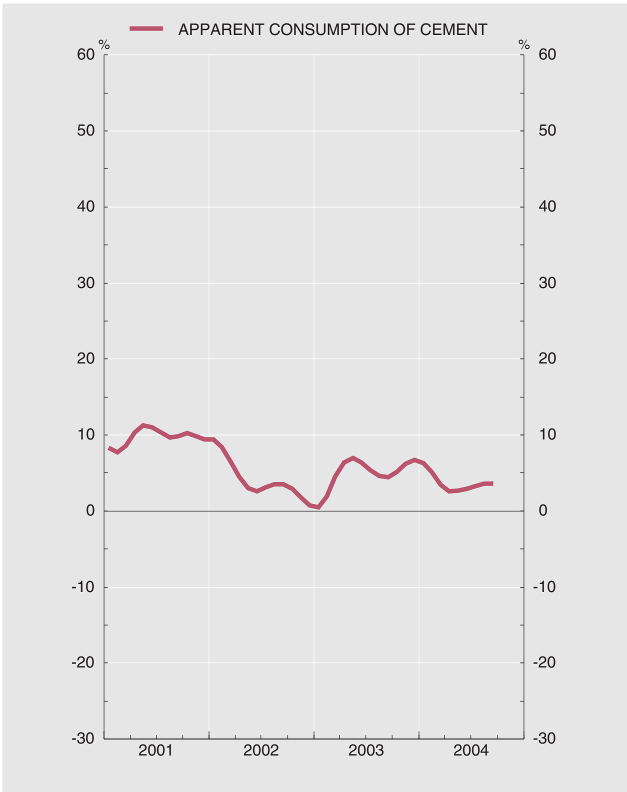
3.3. CONSTRUCTION. INDICATORS OF BUILDING STARTS AND CONSUMPTION OF CEMENT. SPAIN

■ Series depicted in chart. *Annual percentage changes*

	Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)							Apparent consumption of cement
	Total	of which		Non-residential	Total	of which	Total		Building				Civil engineering	
		Residential	Housing			Housing	For the month	Year to date	Total	of which		Non-residential		
										Residential	Housing			
	1 ■	2	3	4	5 ■	6	7 ■	8	9	10	11	12	13	14 ■
01	-3.7	-7.7	-8.3	14.6	-2.2	-5.5	45.4	45.4	61.4	132.5	95.4	42.6	39.2	9.7
02	-0.3	2.8	3.4	-11.7	3.0	4.1	13.1	13.1	-2.2	-15.2	3.9	3.4	20.0	4.7
03	12.4	14.6	14.7	3.0	17.5	19.9	-10.9	-10.9	-0.3	-11.7	35.4	3.8	-14.8	4.8
03 *J-S*	15.5	20.0	20.1	-2.9	16.8	18.6	9.1	9.1	13.8	7.5	55.2	15.9	7.1	4.5
04 *J-S*	...	...	...	...	...	...	...	...	...	...	...	...	...	3.8
03 *Jun*	-0.3	4.6	6.1	-22.2	19.0	21.7	-4.9	40.0	-36.2	-27.7	-23.1	-38.1	7.3	10.4
Jul	17.2	22.2	22.5	-3.9	22.0	26.8	-47.6	12.7	3.1	-66.4	1.6	41.2	-61.8	5.4
Aug	13.5	16.2	16.2	3.8	-5.1	-9.5	-17.8	9.2	13.0	-10.4	-3.8	21.3	-30.2	-1.8
Sep	-7.6	-5.9	-5.3	-14.0	9.8	10.8	7.6	9.1	-26.1	-32.5	-44.9	-24.8	27.8	9.0
Oct	3.7	1.3	1.8	15.0	17.7	17.5	-41.3	2.1	-56.7	-70.5	-44.7	-48.1	-34.2	0.9
Nov	-0.6	1.5	1.9	-9.0	17.6	21.9	-59.6	-5.6	-39.5	-42.2	-39.3	-38.9	-63.4	6.7
Dec	12.6	3.7	2.8	66.9	23.3	31.6	-49.5	-10.9	-11.2	-33.7	0.7	-5.0	-56.9	11.3
04 *Jan*	-1.2	-1.1	3.0	-1.8	-3.8	-8.6	-16.1	-16.1	-53.2	-84.9	-85.9	-2.1	5.6	3.1
Feb	29.3	29.6	31.4	28.2	4.3	10.4	94.4	26.8	-21.0	29.3	-74.2	-38.9	167.1	6.6
Mar	4.2	3.1	4.7	9.6	13.1	20.9	-8.2	8.6	-62.5	6.3	79.2	-70.4	16.7	6.8
Apr	-2.1	-4.9	-2.4	18.0	0.8	3.6	-17.8	3.4	-31.3	-63.2	-34.3	-19.5	-11.8	0.3
May	...	...	...	...	2.2	10.4	-65.6	-13.6	-42.6	-32.8	125.6	-45.9	-71.7	-0.5
Jun	...	...	...	...	18.6	20.6	2.7	-11.4	37.5	66.9	17.4	29.7	-5.4	8.4
Jul	...	...	...	...	5.3	10.0	54.6	-1.8	1.8	112.7	165.9	-12.7	94.6	-2.6
Aug	...	...	...	...	...	...	...	...	...	...	...	...	...	9.5
Sep	...	...	...	...	...	...	...	...	...	...	...	...	...	4.3

CONSTRUCTION
Trend obtained with TRAMO-SEATS

CONSTRUCTION
Trend obtained with TRAMO-SEATS



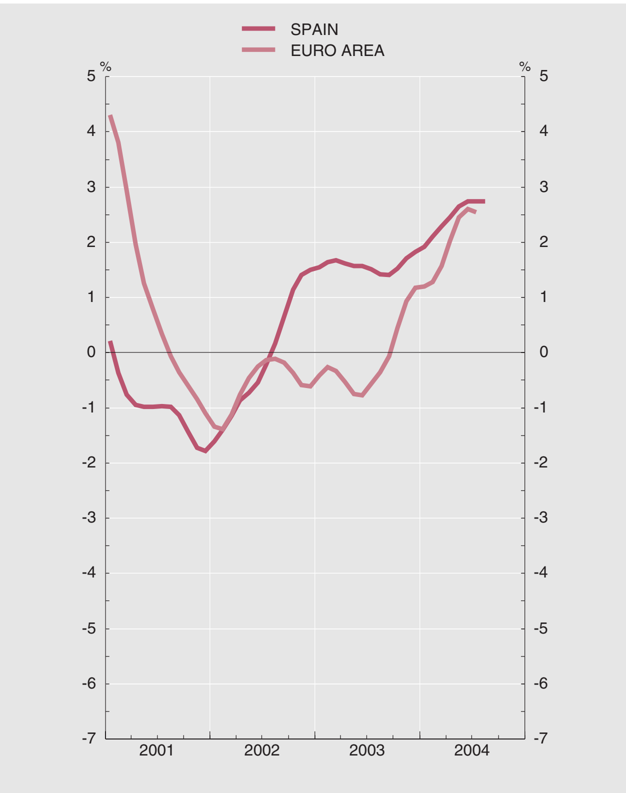
Sources: Ministerio de Fomento and Asociación de Fabricantes de Cemento de España.
Note: The underlying series for this indicator are in Tables 23.7, 23.8, and 23.9 of the BE Boletín estadístico.

3.4. INDUSTRIAL PRODUCTION INDEX. SPAIN AND EURO AREA

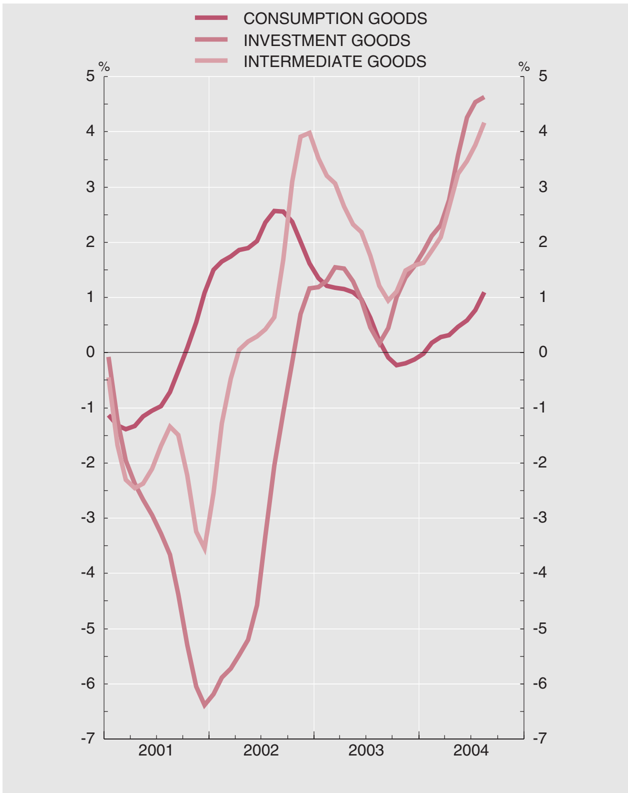
■ Series depicted in chart. *Annual percentage changes*

		Overall Index		By end-use of goods				By branch of activity			Memorandum item: euro area				
		Total		Consumption	Investment	Intermediate goods	Energy	Mining and quarrying	Manufacturing	Production and distribution of electricity, gas and water	Total	of wich	By end-use of goods		
		Original series	12-month %change 12									Manufacturing	Consumption	Investment	Intermediate goods
		1	2 ■	3 ■	4 ■	5 ■	6	7	8	9	10 ■	11	12	13	14
01	M	98.8	-1.2	-0.7	-3.3	-2.1	3.0	-3.2	-2.0	4.3	0.4	0.3	0.4	1.7	-0.6
02	M	98.9	0.1	2.3	-4.9	1.4	0.0	-0.5	0.4	0.0	-0.5	-0.7	-0.4	-1.7	0.1
03	MP	100.5	1.6	0.5	0.8	2.1	3.9	0.0	1.5	2.9	0.3	0.0	-0.5	-0.2	0.4
03 *J-A*	MP	98.8	1.3	0.7	-0.5	2.2	3.0	-1.2	1.4	1.7	0.1	-0.3	-0.7	-0.8	0.2
04 *J-A*	MP	101.3	2.5	0.3	3.2	2.8	5.1	-4.5	2.1	6.9	1.9	2.2	0.5	3.0	2.2
03 *May*	P	104.0	-1.2	-2.3	-2.6	-0.5	1.9	-1.2	-1.1	-1.7	-1.5	-1.6	-3.6	-0.8	-1.4
Jun	P	104.4	4.5	6.3	2.7	5.3	1.1	3.3	5.1	-0.3	-1.7	-2.1	-0.9	-4.5	-1.3
Jul	P	110.1	1.9	1.5	-1.5	2.7	6.2	-1.0	1.9	2.7	0.8	0.6	1.5	1.0	0.0
Aug	P	69.6	-1.4	-2.9	-7.5	-3.9	10.7	-4.1	-3.3	10.1	-0.6	-1.3	-0.3	-3.9	0.3
Sep	P	103.8	2.5	2.2	0.9	2.7	3.7	4.1	2.4	2.5	-1.2	-1.2	-0.7	-1.8	-2.0
Oct	P	112.7	0.8	-1.5	3.6	-0.1	5.4	-2.1	0.5	3.9	1.3	1.1	-0.7	1.0	1.5
Nov	P	105.1	1.4	-2.8	3.5	1.8	6.4	0.1	0.9	5.6	1.0	0.9	-0.7	1.4	1.0
Dec	P	94.4	4.2	2.6	5.1	3.7	7.4	10.6	3.6	8.5	2.1	2.3	1.2	2.8	2.8
04 *Jan*	P	96.0	-2.9	-5.3	-2.1	-2.8	0.4	-3.0	-3.3	-	0.4	0.2	-0.8	-0.1	0.8
Feb	P	101.1	1.8	-0.5	1.6	2.1	6.0	-6.5	1.6	4.2	0.9	1.1	0.1	0.0	2.1
Mar	P	112.6	7.2	7.9	6.0	5.3	12.7	1.1	6.4	15.3	1.6	1.3	1.6	1.8	0.2
Apr	P	99.8	0.7	-2.8	-1.6	2.6	6.7	-5.4	-0.2	10.7	1.7	1.8	0.3	2.5	2.1
May	P	106.8	2.7	0.3	3.1	3.0	6.5	-7.6	2.1	9.9	3.7	4.0	2.3	5.6	3.1
Jun	P	110.3	5.7	2.4	11.2	5.4	5.4	-0.7	5.4	7.9	3.3	3.7	0.6	5.9	3.1
Jul	P	110.0	-0.1	-3.3	2.2	0.7	1.9	-8.7	-0.6	6.0	2.2	2.5	-0.5	3.6	3.5
Aug	P	73.4	5.5	5.1	6.1	7.9	1.8	-5.5	6.1	2.9	1.5	2.6	0.1	4.3	3.1

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.

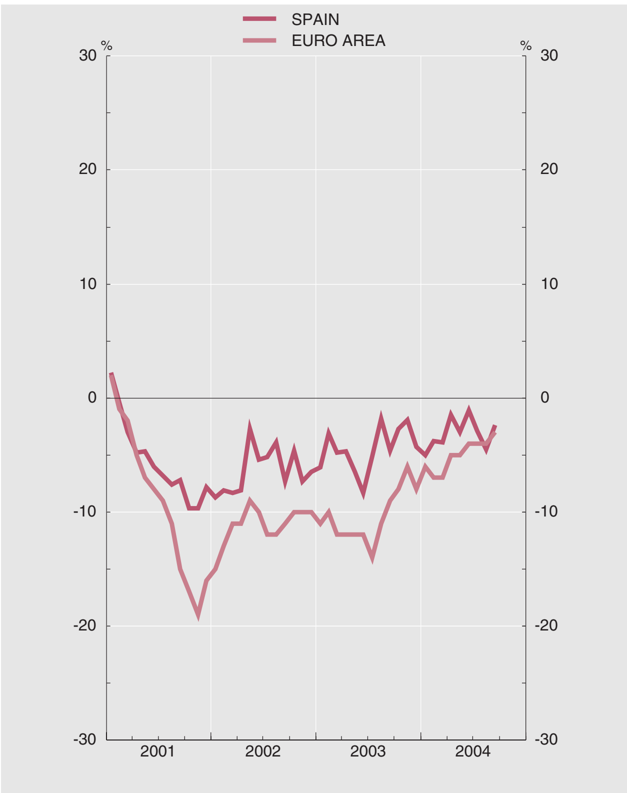
3.5. MONTHLY BUSINESS SURVEY: INDUSTRY AND CONSTRUCTION. SPAIN AND EURO AREA

■ Series depicted in chart.

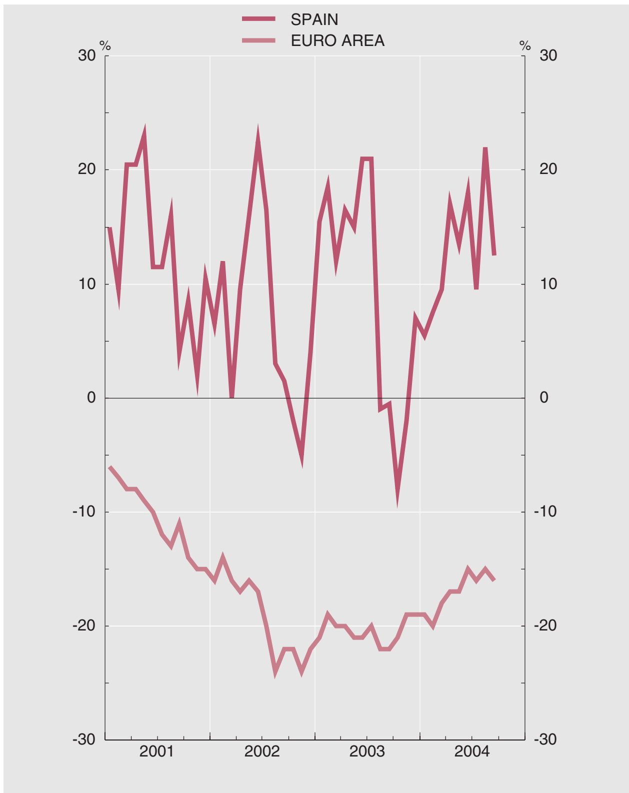
Percentage balances

		Industry, excluding construction										Construction					Memorandum item: euro area		
		Business climate indi-cator- (a)	Produc-tion over the last three months	Trend in pro-duction (a)	Total orders (a)	Foreign orders	Stocks of finished products (a)	Business climate indicator: Con-sum-ption (a)	Business climate indicator: In-vest-ment (a)	Business climate indicator: In-ter-me-diate goods (a)	Business climate indicator: Other sec-tors (a)	Business climate indicator	Produc-tion	Orders	Trend: Produc-tion	Trend: Orders	Industry, excluding construction: Business climate indicator	Industry, excluding construction: Order Book	Construc-tion climate indicator
		1 ■	2	3	4	5	6	7	8	9	10	11 ■	12	13	14	15	16 ■	17	18 ■
01	M	-5	-0	3	-7	-15	12	-5	-3	-7	-2	13	10	21	37	38	-9	-15	-11
02	M	-6	-2	5	-13	-20	11	-7	-7	-6	1	7	10	13	11	25	-11	-25	-19
03	M	-4	4	8	-11	-20	10	-1	-3	-9	1	10	9	20	30	19	-10	-25	-20
03 *J-S*	M	-5	3	7	-12	-21	10	-1	-4	-9	1	13	10	25	30	20	-11	-26	-21
04 *J-S*	M	-3	4	9	-8	-18	10	-4	1	-5	0	13	6	18	33	26	-5	-16	-17
03 *Jun*		-8	5	7	-19	-30	13	-2	-9	-14	1	21	14	30	26	14	-12	-28	-21
Jul		-5	8	9	-12	-24	12	-	-3	-11	1	21	13	36	35	23	-14	-28	-20
Aug		-2	12	8	-6	-18	7	7	-1	-9	-1	-1	2	20	42	17	-11	-26	-22
Sep		-5	6	5	-10	-20	9	-2	-2	-8	3	-1	7	17	28	25	-9	-26	-22
Oct		-3	4	11	-10	-14	9	3	-1	-9	3	-8	-15	6	17	-2	-8	-23	-21
Nov		-2	11	10	-8	-13	8	-	1	-5	0	-2	16	9	32	35	-6	-21	-19
Dec		-4	7	6	-8	-20	11	-3	-0	-8	-	7	16	2	38	20	-8	-21	-19
04 *Jan*		-5	5	5	-9	-23	11	-5	-1	-8	5	6	-2	5	11	-3	-6	-20	-19
Feb		-4	-5	10	-10	-23	11	-4	-1	-6	1	8	-19	8	44	45	-7	-21	-20
Mar		-4	-8	12	-13	-27	11	-5	2	-7	-1	10	-12	18	29	40	-7	-21	-18
Apr		-2	5	11	-7	-19	9	-2	-	-2	-	17	14	21	43	44	-5	-16	-17
May		-3	3	12	-11	-21	10	-3	-1	-5	1	14	10	25	35	20	-5	-18	-17
Jun		-1	7	10	-7	-13	7	1	1	-4	0	18	12	17	46	13	-4	-15	-15
Jul		-3	11	7	-6	-15	10	-4	2	-5	1	10	27	15	34	24	-4	-12	-16
Aug		-5	12	5	-7	-9	12	-8	-	-4	-1	22	25	35	38	34	-4	-12	-15
Sep		-2	5	13	-6	-13	14	-3	3	-5	-4	13	2	22	19	17	-3	-12	-16

INDUSTRIAL BUSINESS CLIMATE
Percentage balances



CONSTRUCTION BUSINESS CLIMATE
Percentage balances



Sources: Ministerio de Industria, Turismo y Comercio and ECB.
a. Seasonally adjusted.

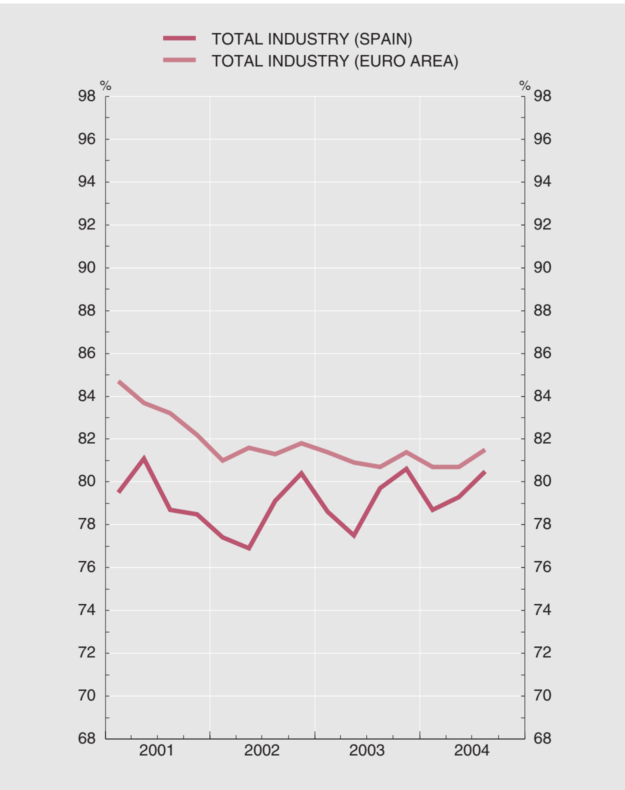
3.6. BUSINESS SURVEY: CAPACITY UTILISATION. SPAIN AND EURO AREA

■ Series depicted in chart.

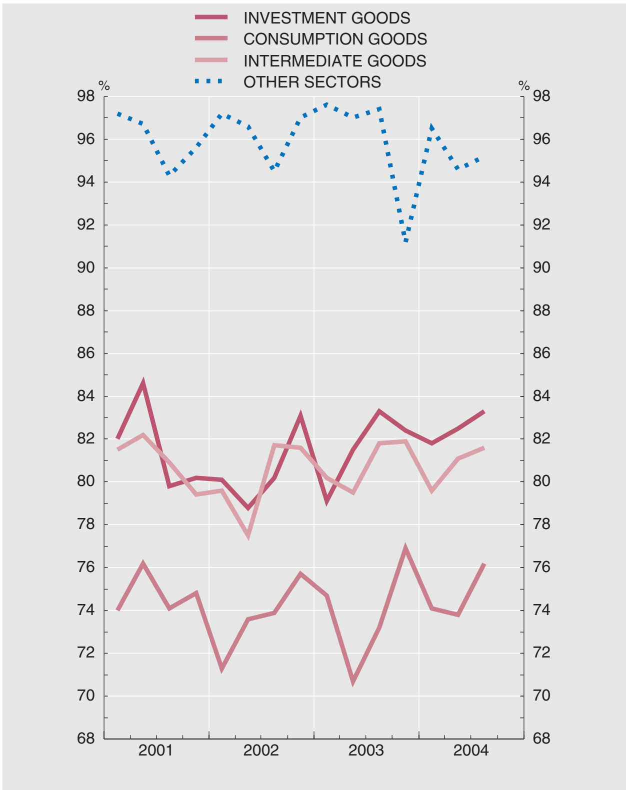
Percentages and percentage balances

	Total industry			Consumer goods			Investment goods			Intermediate goods			Other sectors			Memo-ramdum item: euro area capacity utilisa-tion
	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	
	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	(%)
	1 ■	2	3	4 ■	5	6	7 ■	8	9	10 ■	11	12	13 ■	14	15	16 ■
01	79.5	80.5	2	74.8	76.0	4	81.7	83.2	3	81.0	81.6	1	96.0	96.5	2	83.5
02	78.5	80.4	6	73.6	76.0	6	80.6	82.6	12	80.1	81.7	3	96.3	96.4	-	81.4
03	79.1	80.9	6	73.9	76.7	7	81.6	83.0	7	80.9	82.2	5	95.8	95.6	-1	81.1
03 *Q1-Q3*	78.6	80.5	5	72.9	76.0	5	81.3	82.8	7	80.5	81.8	5	97.3	97.0	-1	81.0
04 *Q1-Q3*	79.5	80.9	7	74.7	76.5	9	82.5	83.4	7	80.8	82.1	6	95.4	95.5	-	81.0
02 *Q1*	77.4	79.0	5	71.3	73.2	5	80.1	81.7	10	79.6	81.1	4	97.2	97.3	-	81.0
Q2	76.9	80.7	6	73.6	77.9	7	78.8	82.5	9	77.5	81.2	4	96.6	95.2	-	81.6
Q3	79.1	80.7	8	73.9	76.7	8	80.2	82.2	15	81.7	82.2	3	94.5	95.9	-	81.3
Q4	80.4	81.0	5	75.7	76.1	4	83.1	83.9	12	81.6	82.4	2	97.0	97.1	-	81.8
03 *Q1*	78.6	80.6	3	74.7	77.4	2	79.1	81.8	6	80.2	81.6	4	97.6	96.8	-	81.4
Q2	77.5	80.0	5	70.7	75.4	7	81.5	82.2	5	79.5	81.4	4	97.0	97.4	-2	80.9
Q3	79.7	80.9	7	73.2	75.3	6	83.3	84.3	9	81.8	82.5	7	97.4	96.9	-	80.7
Q4	80.6	82.0	8	76.9	78.5	13	82.4	83.8	7	81.9	83.2	6	91.2	91.1	-	81.4
04 *Q1*	78.7	80.2	10	74.1	75.8	13	81.8	82.8	10	79.6	81.4	7	96.5	96.4	-	80.7
Q2	79.3	81.2	6	73.8	76.2	5	82.5	83.8	8	81.1	83.0	7	94.6	94.6	-	80.7
Q3	80.5	81.2	6	76.2	77.5	9	83.3	83.5	4	81.6	82.0	5	95.2	95.5	-	81.5

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages



CAPACITY UTILISATION. BY TYPE OF GOOD
Percentages



Sources: Ministerio de Industria, Turismo y Comercio and ECB.

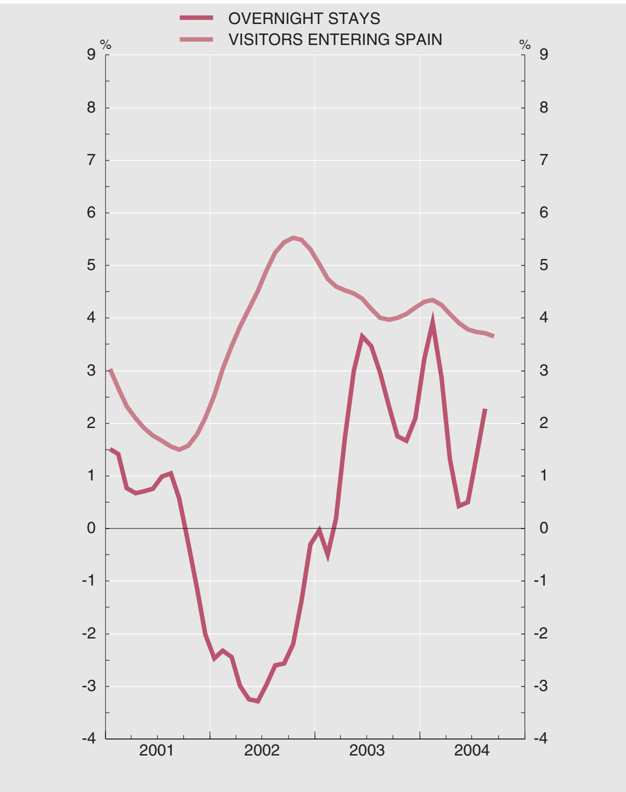
3.7. TOURISM AND TRANSPORT STATISTICS. SPAIN

■ Series depicted in chart.

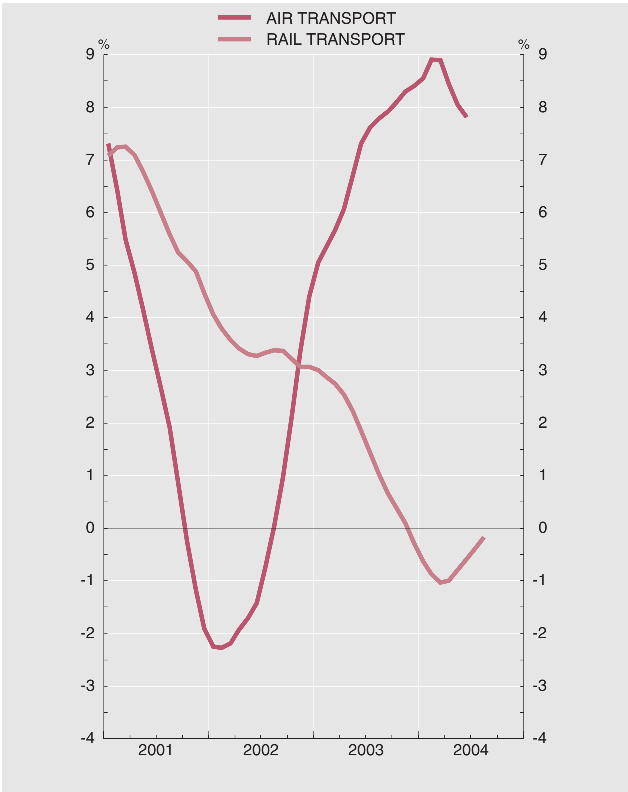
Annual percentage changes

		Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
									Passengers							
		Total	Foreig-ners	Total	Foreig-ners	Total	Tourists	Day-trip-pers	Total	Domestic flights	Interna-tional flights	Freight	Passen-gers	Freight	Passen-gers	Freight
		1	2	3 ■	4	5 ■	6	7	8 ■	9	10	11	12	13	14 ■	15
01		1.0	-0.5	0.7	-0.2	1.6	4.6	-3.7	3.0	0.8	4.5	-4.9	0.2	3.4	6.6	-0.6
02		-0.1	-1.5	-2.7	-5.3	5.7	4.5	8.3	-1.0	-2.2	-0.3	-0.7	4.2	5.0	3.8	2.8
03	P	3.8	2.2	2.2	0.7	2.8	-0.3	8.7	7.4	8.1	7.0	0.5	-3.3	4.8	1.4	2.1
03 *J-S*		3.8	2.1	2.5	1.0	2.2	-0.7	8.0	7.1	7.8	6.6	-0.2	-1.0	3.8	1.4	1.3
04 *J-S*	P	...	...	...	...	3.4	1.9	6.1	...	...	...	...	...	...	...	...
03 *Jun*		9.0	6.6	5.4	3.8	5.1	-0.1	18.2	8.3	11.5	6.5	-2.5	0.4	5.1	3.4	2.2
Jul		5.4	3.4	3.0	0.3	2.4	0.9	5.9	7.8	10.2	6.4	-0.7	0.4	5.3	1.7	6.0
Aug		3.2	2.2	5.0	4.3	-2.9	-6.8	4.1	10.2	10.0	10.3	-1.5	4.0	1.5	0.6	-4.5
Sep		3.7	-0.4	1.7	-1.8	0.3	-2.8	7.3	4.9	7.4	3.5	-1.5	1.8	8.6	0.4	10.9
Oct	P	2.8	2.2	1.0	-1.5	4.0	0.1	12.5	7.3	8.6	6.6	3.5	-9.0	6.0	1.0	6.4
Nov	P	2.9	2.1	0.6	-0.9	4.0	0.0	9.8	9.5	9.0	9.9	3.2	-19.8	10.7	5.5	0.8
Dec	P	5.6	4.7	1.2	0.7	7.6	4.5	11.4	9.3	9.4	9.1	0.1	-8.4	6.4	-1.8	6.7
04 *Jan*	P	5.7	3.2	2.9	0.5	9.2	6.9	12.2	7.4	3.7	10.5	0.2	3.7	-13.2	-1.8	-1.0
Feb	P	13.9	10.4	9.8	5.2	16.1	10.5	24.9	15.6	13.4	17.5	7.4	7.5	9.2	0.4	6.7
Mar	P	6.5	2.7	2.0	-2.6	0.2	0.1	0.3	10.1	13.3	7.8	13.2	3.2	7.8	-4.2	14.9
Apr	P	3.3	-1.7	0.2	-5.8	4.4	-0.2	12.4	7.0	8.5	5.9	9.0	8.7	10.9	-6.5	11.8
May	P	3.9	-0.2	-1.7	-4.1	3.7	4.6	1.9	7.3	14.9	2.8	11.5	...	...	2.1	6.5
Jun	P	3.4	-4.6	-0.9	-6.2	-1.5	-3.2	2.0	6.1	12.2	2.6	14.6	...	...	2.2	...
Jul	P	6.6	-0.3	2.0	-2.8	3.4	0.6	9.4	...	...	...	...	...	...	-2.5	...
Aug	P	6.3	1.2	2.3	-2.9	-0.4	-0.8	0.3	...	...	...	...	...	...	1.9	...
Sep	P	...	...	...	...	4.6	5.7	2.5	...	...	...	...	...	...	...	...

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 2003, the information for Galicia is based on total figures for hotel stays and overnight stays for the month. The directory of hotels has been reviewed thoroughly.

4.1. LABOUR FORCE. SPAIN

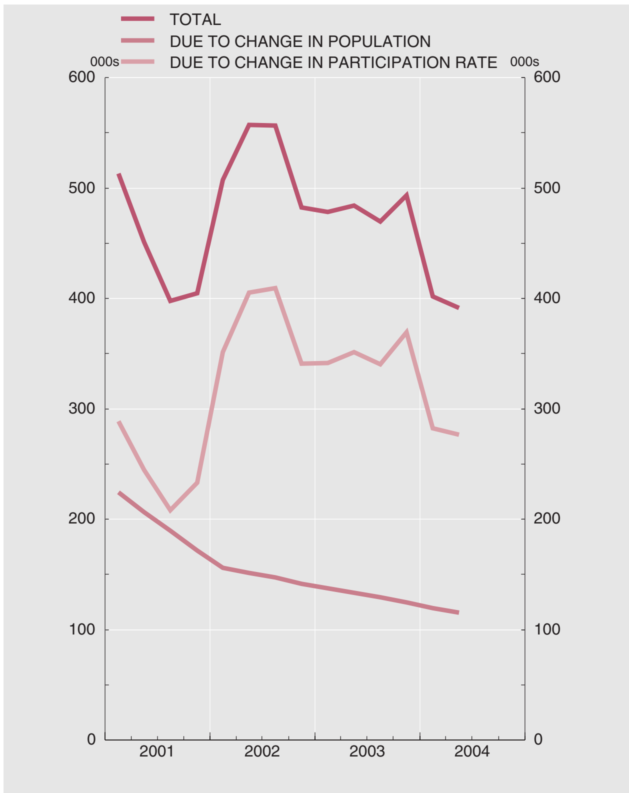
■ Series depicted in chart.

Thousands and annual percentage changes

	Population over 16 years of age: Thousands (1)	Population over 16 years of age: Annual change (2)	Population over 16 years of age: 4-quarter % change (3) ■	Participation rate (%) (4)	Labour force: Thousands (a) (5)	Labour force: Annual change (b) (c): Total (6) ■	Labour force: Annual change (b) (c): Due to change in population over 16 years of age (7) ■	Labour force: Annual change (b) (c): Due to change in partici-pation rate (8) ■	Labour force: 4-quarter % change (b) (9) ■
01 M	33 689	364	1.1	52.88	17 815	442	198	244	2.5
02 M	33 965	276	0.8	54.00	18 340	526	149	377	3.0
03 M	34 203	238	0.7	55.03	18 822	481	131	350	2.6
03 *Q1-Q2* M	34 148	247	0.7	54.72	18 683	963	270	692	2.6
04 *Q1-Q2* M	34 359	211	0.6	55.53	19 080	793	235	559	2.1
01 *Q4*	33 800	314	0.9	53.29	18 013	405	171	233	2.2
02 *Q1*	33 869	292	0.9	53.55	18 137	507	156	351	2.9
Q2	33 933	281	0.8	53.83	18 267	557	151	406	3.1
Q3	33 997	271	0.8	54.31	18 463	556	147	409	3.1
Q4	34 061	261	0.8	54.30	18 495	483	142	341	2.7
03 *Q1*	34 120	252	0.7	54.56	18 615	479	137	341	2.6
Q2	34 176	243	0.7	54.87	18 751	484	133	351	2.7
Q3	34 231	234	0.7	55.31	18 932	469	129	340	2.5
Q4	34 286	225	0.7	55.39	18 989	494	125	369	2.7
04 *Q1*	34 336	216	0.6	55.38	19 017	402	120	282	2.2
Q2	34 382	207	0.6	55.68	19 143	392	115	276	2.1

LABOUR FORCE SURVEY
Annual percentage change

LABOUR FORCE
Annual changes



Source: INE (Labour Force Survey: 2002 methodology).

(a) the new definition of unemployment applies from 2001 Q1 onwards, entailing a break in the series. (See www.ine.es).

(b) To calculate the annual percentage changes and annual changes, the INE homogeneous series has been used up to December 2001, and from January 2002, the column 5 series. For this reason the annual percentage changes and annual changes for 2001 cannot be obtained by using the column 5 series. For further information, methodological notes may be consulted at INE's website(www.ine.es).

(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).

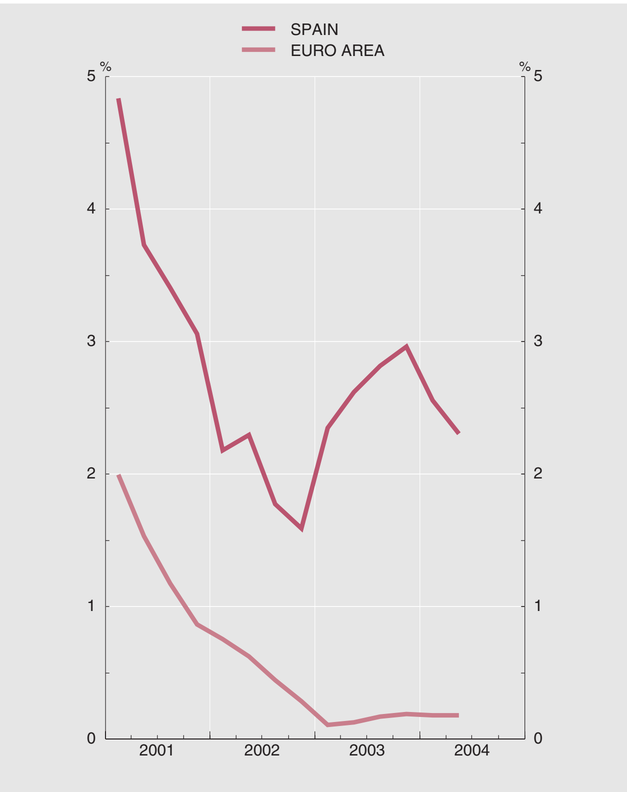
4.2. EMPLOYMENT AND WAGE-EARNERS. SPAIN AND EURO AREA

■ Series depicted in chart.

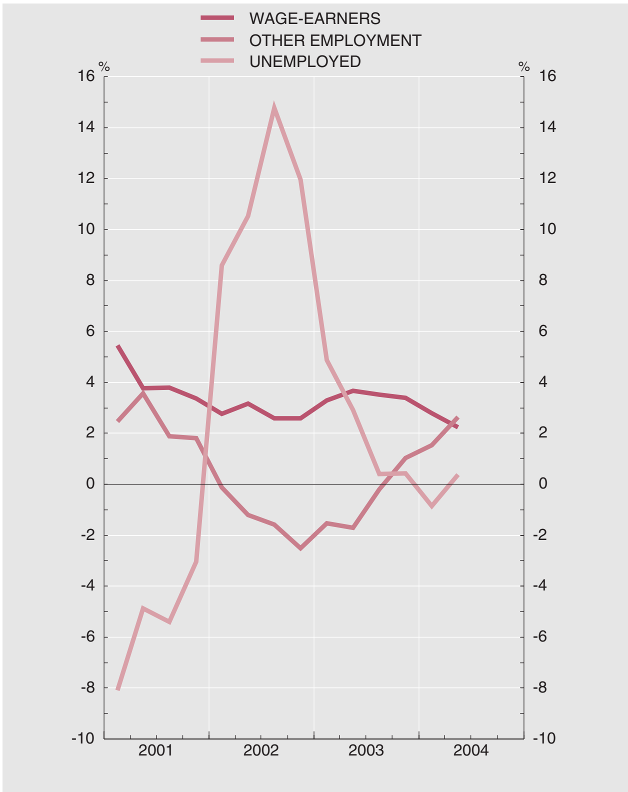
Thousands and annual percentage changes

	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 (a)	Annual change (b)	4-quarter % change (b)	Unem-ployment rate (a)	Employ-ment 4-quarter % change	Unem-ployment rate
	1	2	3 ■	4	5	6 ■	7	8	9 ■	10	11	12 ■	13	14	15
01 M	15 946	576	3.7	12 787	501	4.1	3 159	75	2.4	1 869	-134	-5.4	10.49	1.4	8.01
02 M	16 258	312	2.0	13 142	355	2.8	3 116	-43	-1.4	2 083	214	11.4	11.35	0.5	8.43
03 M	16 695	437	2.7	13 598	456	3.5	3 097	-19	-0.6	2 127	44	2.1	11.30	0.1	8.87
03 *Q1-Q2* M	16 549	401	2.5	13 454	452	3.5	3 095	-51	-1.6	2 134	80	3.9	11.42	0.1	8.85
04 *Q1-Q2* M	16 951	402	2.4	13 792	338	2.5	3 159	65	2.1	2 128	-5	-0.3	11.16	0.2	8.95
01 *Q4*	16 121	478	3.1	12 964	422	3.4	3 157	56	1.8	1 892	-74	-3.0	10.50	0.9	8.09
02 *Q1*	16 055	342	2.2	12 909	347	2.8	3 146	-4	-0.1	2 081	165	8.6	11.47	0.8	8.20
Q2	16 241	364	2.3	13 095	403	3.2	3 146	-39	-1.2	2 026	193	10.5	11.09	0.6	8.36
Q3	16 357	285	1.8	13 263	335	2.6	3 094	-50	-1.6	2 106	271	14.8	11.41	0.4	8.52
Q4	16 377	256	1.6	13 300	336	2.6	3 077	-80	-2.5	2 118	226	12.0	11.45	0.3	8.65
03 *Q1*	16 432	377	2.3	13 334	425	3.3	3 098	-48	-1.5	2 183	102	4.9	11.72	0.1	8.80
Q2	16 666	425	2.6	13 574	479	3.7	3 092	-54	-1.7	2 085	59	2.9	11.12	0.1	8.90
Q3	16 818	461	2.8	13 730	467	3.5	3 088	-6	-0.2	2 115	9	0.4	11.17	0.2	8.90
Q4	16 862	485	3.0	13 753	453	3.4	3 109	32	1.0	2 127	9	0.4	11.20	0.2	8.90
04 *Q1*	16 853	420	2.6	13 707	373	2.8	3 146	48	1.5	2 164	-19	-0.8	11.38	0.2	8.92
Q2	17 050	384	2.3	13 877	303	2.2	3 173	82	2.6	2 093	8	0.4	10.93	0.2	8.98

EMPLOYMENT
Annual percentage changes



LABOUR FORCE: COMPONENTS
Annual percentage changes



Sources: INE (Labour Force Survey: 2002 methodology), and ECB.

a. the new definition of unemployment applies from 2001 Q1 onwards, entailing a break in the series. (See www.ine.es).

b. To calculate the annual percentage changes and annual changes, the INE homogeneous series has been used up to December 2001, and from January 2002, the column 10 series. For this reason the annual percentage changes and annual changes for 2001 cannot be obtained by using the column 10 series. For further information, mehodological notes may be consulted at INE's website(www.ine.es).

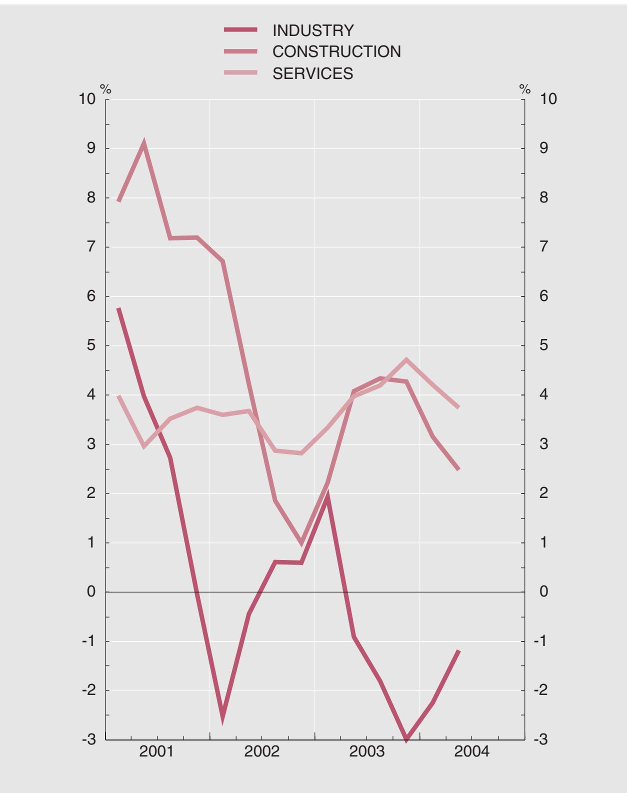
4.3. EMPLOYMENT BY BRANCH OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

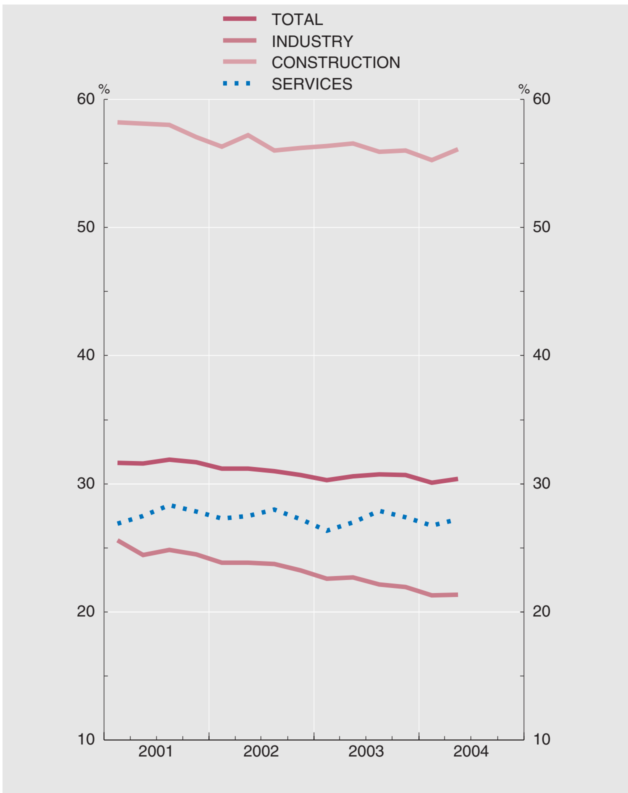
Annual percentage changes

	Total			Agriculture			Industry			Construction			Services			Memorandum item: employment in		
	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora-ry em-ployment	Branches other than agricul-ture	Branches other than agri-culture excluding general govern-ment	Services exclu-ding general govern-ment
	1	2	3 ■	4	5	6	7 ■	8	9 ■	10 ■	11	12 ■	13 ■	14	15 ■	16	17	18
01 M	3.7	4.1	31.7	0.7	5.0	61.6	3.1	2.8	24.8	7.8	8.3	57.8	3.6	3.7	27.6	4.0	3.8	3.1
02 M	2.0	2.8	31.0	-5.7	-5.7	58.1	-0.4	-0.2	23.7	3.4	3.4	56.4	3.2	4.2	27.5	2.5	2.1	2.9
03 M	2.7	3.5	30.6	-2.0	1.3	58.6	-1.0	-1.3	22.3	3.7	4.8	56.2	4.1	4.9	27.1	3.0	2.7	3.9
03 *Q1-Q2* M	2.5	3.5	-2.4	-4.5	-2.1	0.4	0.5	0.0	-5.1	3.2	4.4	-0.5	3.7	4.8	-2.6	3.0	2.5	3.5
04 *Q1-Q2* M	2.4	2.5	-0.7	-1.7	0.5	-1.8	-1.7	-1.3	-5.9	2.8	1.6	-1.4	4.0	4.0	1.2	2.6	2.6	4.0
01 *Q4*	3.1	3.4	31.7	-1.1	1.2	61.4	-0.0	-0.3	24.5	7.2	8.1	57.0	3.7	4.0	27.8	3.3	3.1	3.4
02 *Q1*	2.2	2.8	31.2	-4.3	-4.7	61.8	-2.5	-2.3	23.9	6.7	6.6	56.3	3.6	4.3	27.3	2.7	2.2	3.0
Q2	2.3	3.2	31.2	-6.0	-6.5	58.0	-0.4	-0.1	23.9	4.2	3.9	57.2	3.7	4.7	27.5	2.9	2.5	3.3
Q3	1.8	2.6	31.0	-5.9	-4.7	53.1	0.6	0.7	23.7	1.9	2.0	56.0	2.9	3.7	28.0	2.3	2.1	2.8
Q4	1.6	2.6	30.7	-6.5	-7.1	59.5	0.6	1.0	23.2	1.0	1.4	56.2	2.8	3.9	27.2	2.1	1.8	2.5
03 *Q1*	2.3	3.3	30.3	-5.8	-5.1	62.6	1.9	1.6	22.6	2.2	3.3	56.3	3.3	4.3	26.3	2.9	2.6	3.0
Q2	2.6	3.7	30.6	-3.0	1.2	57.7	-0.9	-1.5	22.7	4.1	5.5	56.6	4.0	5.2	27.0	3.0	2.5	3.5
Q3	2.8	3.5	30.7	0.2	2.0	54.6	-1.8	-1.9	22.1	4.3	5.4	55.9	4.2	5.0	27.9	3.0	2.7	4.0
Q4	3.0	3.4	30.7	1.1	7.8	59.6	-3.0	-3.4	21.9	4.3	4.7	56.0	4.7	5.2	27.4	3.1	3.0	5.1
04 *Q1*	2.6	2.8	30.1	-0.7	2.6	60.8	-2.2	-1.9	21.3	3.2	2.5	55.2	4.2	4.4	26.7	2.8	2.7	4.6
Q2	2.3	2.2	30.4	-2.7	-1.7	57.3	-1.2	-0.7	21.4	2.5	0.7	56.1	3.7	3.6	27.2	2.6	2.6	4.0

EMPLOYMENT
Annual percentage changes



TEMPORARY EMPLOYMENT
Percentages



Source: INE (Labour Force Survey: 2002 methodology).
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.

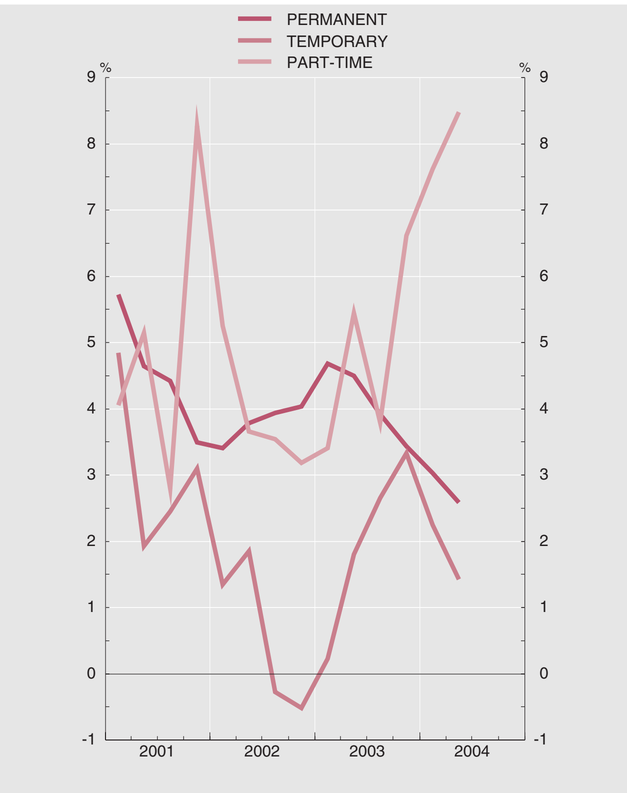
4.4. WAGE-EARNERS BY TYPE OF CONTRACT AND UNEMPLOYMENT BY DURATION. SPAIN. (a)

■ Series depicted in chart.

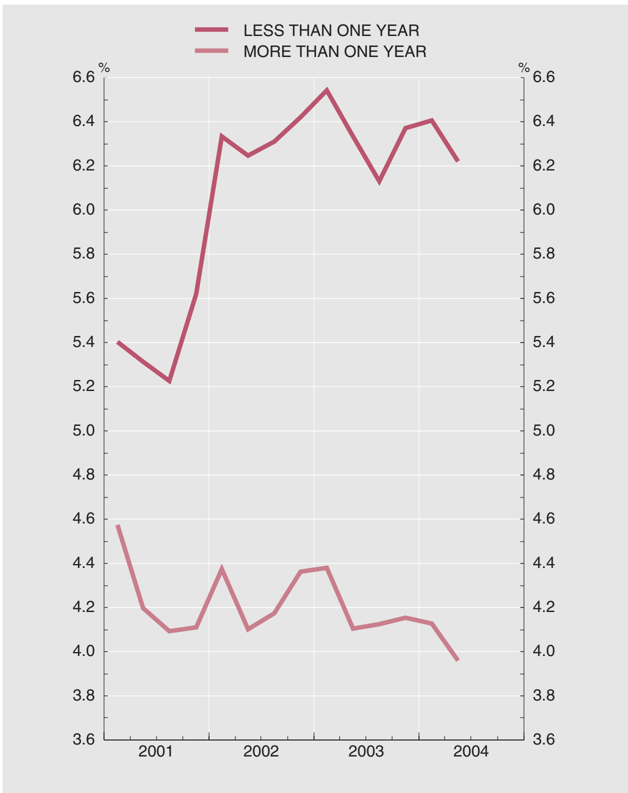
Thousands, annual percentage changes and %

	Wage-earners										Unemployment						
	By type of contract					By duration of working day					By duration				% of unemployed that would accept a job (a)		
	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 (a)	4-quarter % change (b)	Unemployment rate (a)	4-quarter % change (b)	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
01 M	381	4.6	120	3.1	31.68	451	4.0	50	5.1	8.11	5.39	-5.6	4.24	-12.9	20.88	45.87	51.01
02 M	331	3.8	24	0.6	31.01	315	2.7	40	3.9	8.20	6.33	20.9	4.25	3.2	20.16	43.38	49.09
03 M	374	4.1	82	2.0	30.57	404	3.3	52	4.8	8.31	6.34	2.9	4.19	1.1	19.67	42.05	47.54
03 *Q1-Q2* M	411	4.6	41	1.0	30.43	420	3.5	48	4.4	8.42	6.44	5.1	4.24	2.7	20.09	43.18	48.69
04 *Q1-Q2* M	263	2.8	75	1.8	30.23	205	1.6	91	8.1	8.87	6.31	0.1	4.04	-2.6	18.29	41.97	47.79
01 *Q4*	299	3.5	123	3.1	31.66	341	2.9	81	8.3	8.17	5.62	-1.4	4.11	-12.0	20.52	47.31	52.55
02 *Q1*	293	3.4	54	1.3	31.18	293	2.5	54	5.2	8.34	6.34	20.6	4.38	-1.6	20.91	43.48	49.45
Q2	329	3.8	74	1.9	31.16	364	3.1	39	3.7	8.34	6.25	21.3	4.10	0.8	19.67	44.84	50.67
Q3	347	3.9	-12	-0.3	31.00	299	2.5	36	3.5	7.89	6.31	24.5	4.17	5.2	20.56	41.30	47.13
Q4	357	4.0	-21	-0.5	30.70	302	2.5	34	3.2	8.22	6.42	17.3	4.36	9.0	19.51	43.91	49.10
03 *Q1*	416	4.7	9	0.2	30.26	388	3.3	37	3.4	8.35	6.54	6.0	4.38	2.7	20.22	42.43	47.93
Q2	406	4.5	74	1.8	30.60	420	3.5	60	5.4	8.49	6.34	4.1	4.10	2.7	19.97	43.92	49.45
Q3	358	3.9	109	2.7	30.74	428	3.5	40	3.8	7.91	6.13	-0.4	4.13	1.4	19.34	38.53	43.88
Q4	317	3.4	136	3.3	30.68	380	3.1	72	6.6	8.47	6.37	1.9	4.15	-2.3	19.15	43.30	48.90
04 *Q1*	282	3.0	91	2.2	30.10	288	2.4	85	7.6	8.74	6.41	0.0	4.13	-3.7	18.00	41.81	47.93
Q2	244	2.6	59	1.4	30.36	205	1.6	98	8.5	9.01	6.22	0.2	3.96	-1.5	18.58	42.12	47.66

WAGE-EARNERS
Annual percentage changes



UNEMPLOYMENT
Unemployment rate



Source: INE (Labour Force Survey: 2002 methodology).

(a) the new definition of unemployment applies from 2001 Q1 onwards, entailing a break in the series. (See www.ine.es).

(b) To calculate the annual percentage changes and annual changes, the INE homogeneous series has been used up to December 2001, and from January 2002, the new definition of unemployment. For further information, methodological notes may be consulted at INE's website(www.ine.es).

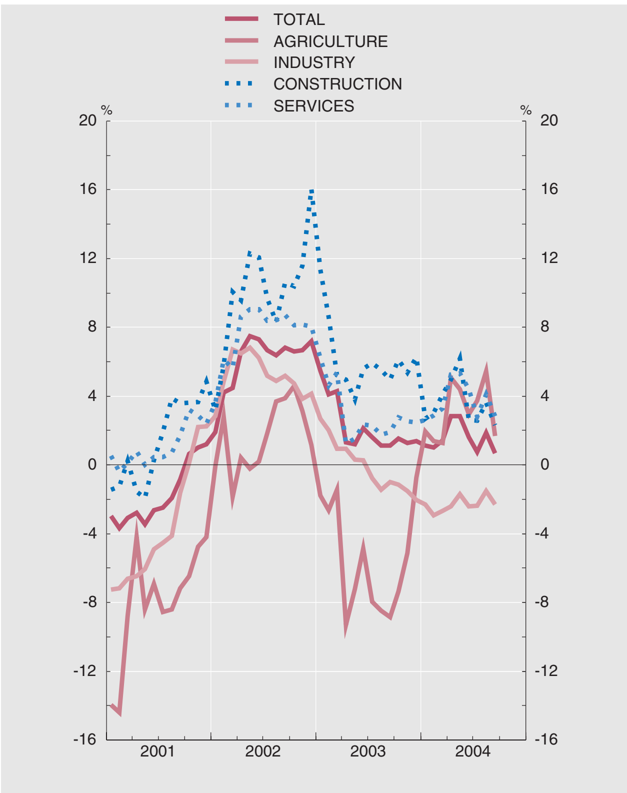
4.5. REGISTERES UNEMPLOYMENT BY BRANCH OF ACTIVITY. CONTRACTS AND PLACEMENTS. SPAIN

■ Series depicted in chart.

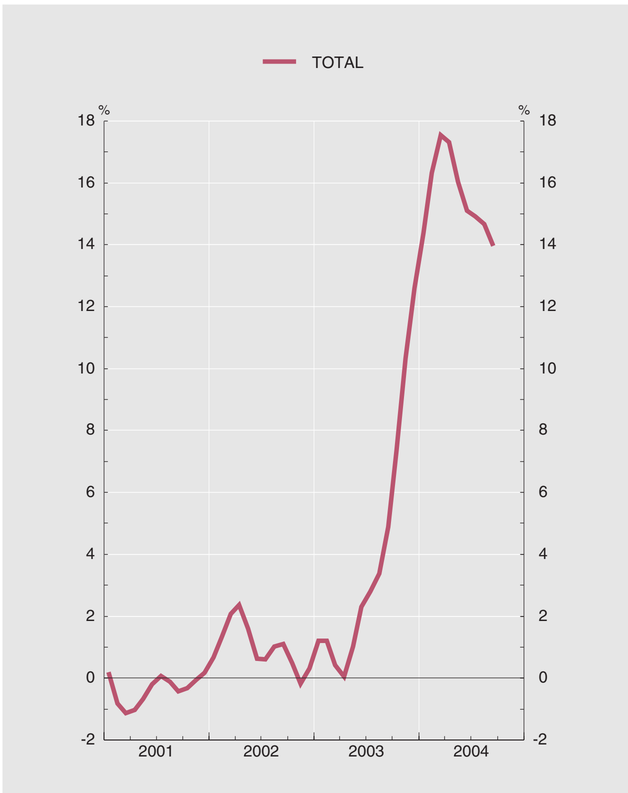
Thousands, annual percentage changes and %

		Registered unemployment										Contracts					Placements	
		Total			First time job-seekers	Previously employed						Total		Percentage of total			Total	
						12-month % change												
						Total	Agri-culture	Branches other than agriculture										
		Thou-sands	Annual change Thou-sands	12 month % change	12 month % change			Total	Industry	Construc-tion	Services	Thou-sands	12 month % change	Perma-nent	Part time	Tempo-rary	Thou-sands	12 month % change
		1	2	3 ■	4	5	6 ■	7	8 ■	9 ■	10 ■	11	12	13	14	15	16	17 ■
01	M	1 530	-28	-1.8	-9.6	-0.2	-8.2	0.1	-3.8	1.3	1.1	1 171	1.6	9.26	19.48	90.74	1 133	-0.2
02	M	1 621	92	6.0	-0.7	7.2	1.6	7.4	5.1	9.9	7.6	1 182	0.9	9.05	20.80	90.95	1 145	1.0
03	M	1 658	36	2.2	0.4	2.5	-5.5	2.8	-0.1	6.2	2.9	1 222	3.4	8.67	21.21	91.33	1 193	4.2
03 *J-S*	M	1 646	40	2.5	1.4	2.7	-5.8	3.0	0.5	6.2	3.1	1 187	1.8	8.80	20.46	91.20	1 153	2.2
04 *J-S*	M P	1 672	26	1.6	-4.3	2.6	3.0	2.5	-2.3	3.6	3.7	1 357	14.3	8.81	21.97	91.19	1 333	15.6
03 *Aug*		1 569	17	1.1	-0.2	1.3	-8.5	1.6	-1.5	5.5	1.8	971	-4.8	6.96	21.02	93.04	953	-3.9
Sep		1 608	18	1.1	-0.7	1.4	-8.9	1.7	-1.0	5.0	1.9	1 284	8.2	8.08	22.36	91.92	1 268	9.9
Oct		1 667	25	1.5	-2.0	2.1	-7.4	2.4	-1.1	6.1	2.8	1 558	0.8	8.51	24.14	91.49	1 529	2.1
Nov		1 699	21	1.3	-2.6	1.9	-5.1	2.1	-1.5	5.4	2.5	1 289	9.0	8.31	23.13	91.69	1 278	10.9
Dec		1 711	23	1.4	-2.8	2.1	-0.8	2.1	-2.0	6.2	2.5	1 136	18.6	7.94	23.10	92.06	1 129	20.6
04 *Jan*		1 762	20	1.1	-2.6	1.7	2.0	1.7	-2.3	2.7	2.6	1 390	2.5	8.18	18.63	91.82	1 378	5.0
Feb	P	1 752	18	1.0	-3.7	1.8	1.4	1.8	-2.9	3.0	2.9	1 383	15.5	9.71	20.93	90.29	1 370	18.7
Mar	P	1 744	24	1.4	-3.6	2.3	1.3	2.3	-2.7	4.1	3.3	1 421	26.0	10.20	22.19	89.80	1 409	29.7
Apr	P	1 705	47	2.8	-2.5	3.8	5.1	3.7	-2.4	4.9	5.2	1 257	19.4	10.09	21.94	89.91	1 234	21.7
May	P	1 654	46	2.9	-4.4	4.1	4.4	4.1	-1.7	6.2	5.3	1 279	6.9	9.60	22.11	90.40	1 253	8.0
Jun	P	1 626	25	1.6	-5.5	2.9	2.9	2.9	-2.4	2.6	4.4	1 392	16.0	8.43	22.30	91.57	1 350	16.2
Jul	P	1 585	12	0.7	-5.7	1.8	3.7	1.8	-2.4	2.6	2.8	1 487	14.2	7.45	23.45	92.55	1 450	14.2
Aug	P	1 598	29	1.9	-5.1	3.0	5.5	2.9	-1.5	3.6	4.1	1 125	15.9	7.23	22.01	92.77	1 111	16.6
Sep	P	1 618	11	0.7	-6.1	1.8	1.7	1.8	-2.3	2.3	2.8	1 476	15.0	8.36	24.18	91.64	1 445	14.0

REGISTERED UNEMPLOYMENT
Annual percentage changes



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



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

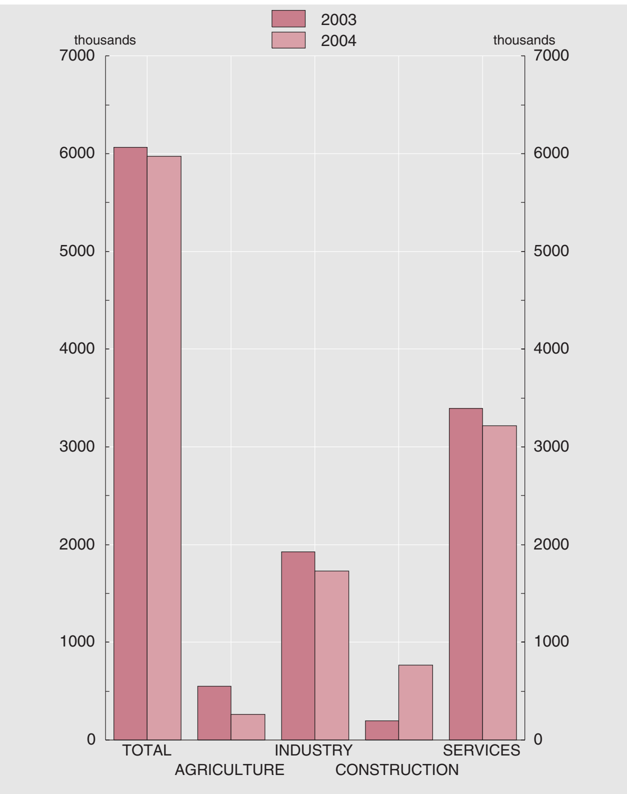
4.6. COLLECTIVE BARGAINING AGREEMENTS

■ Series depicted in chart.

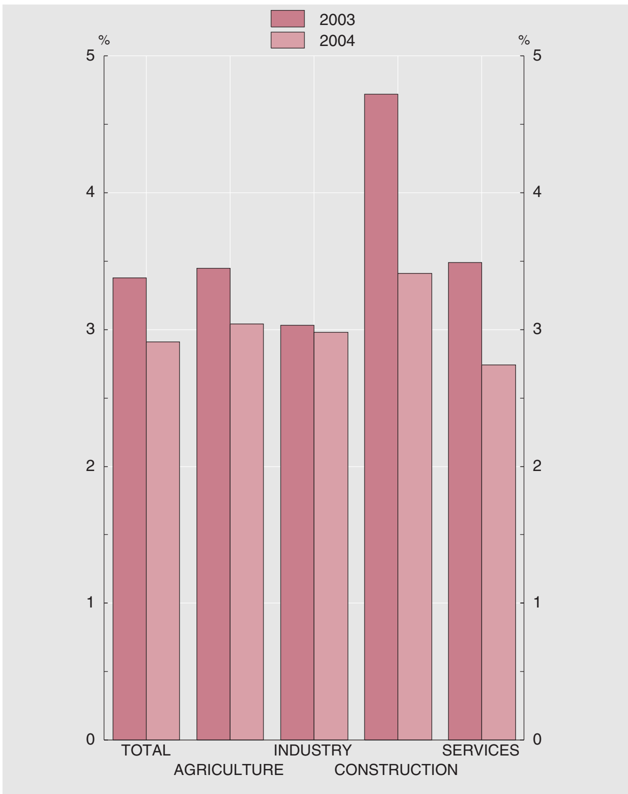
Thousands and %

	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 ■
01	9 496	3.68	4 909	2 697	7 606	-257	473	2 298	928	3 907	3.35	3.73	3.48	4.04	3.40	4.12	3.31
02	9 697	3.85	5 528	2 280	7 808	202	589	2 538	771	3 910	2.82	3.62	3.05	3.49	2.84	3.52	3.03
03	9 522	3.65	5 482	2 665	8 147	339	711	2 421	848	4 166	3.49	3.53	3.50	3.59	3.21	4.75	3.41
03 *Mar*	8 840	3.63	4 308	87	4 395	494	388	1 379	24	2 604	3.43	2.82	3.42	3.63	3.06	3.90	3.57
Apr	9 131	3.63	4 406	126	4 532	-458	390	1 405	32	2 705	3.43	2.74	3.41	3.64	3.06	4.32	3.54
May	9 336	3.64	4 429	375	4 804	-350	545	1 431	38	2 790	3.42	2.90	3.38	3.46	3.06	4.09	3.52
Jun	9 384	3.64	4 598	449	5 048	-514	546	1 498	38	2 966	3.42	3.10	3.39	3.46	3.07	4.09	3.54
Jul	9 393	3.64	4 784	596	5 380	-472	546	1 561	47	3 226	3.39	3.22	3.37	3.46	3.08	3.83	3.49
Aug	9 393	3.64	4 931	1 138	6 069	74	552	1 925	197	3 395	3.43	3.17	3.38	3.45	3.03	4.72	3.49
Sep	9 409	3.65	5 123	1 836	6 959	245	557	2 271	446	3 685	3.43	3.55	3.46	3.45	3.23	4.72	3.45
Oct	9 520	3.65	5 313	2 164	7 477	344	584	2 368	732	3 793	3.47	3.58	3.50	3.43	3.22	4.73	3.45
Nov	9 520	3.65	5 475	2 331	7 807	115	711	2 392	818	3 885	3.49	3.60	3.52	3.59	3.21	4.74	3.44
Dec	9 522	3.65	5 482	2 665	8 147	339	711	2 421	848	4 166	3.49	3.53	3.50	3.59	3.21	4.75	3.41
04 *Jan*	5 685	2.90	2 882	0	2 882	-650	126	1 046	77	1 633	2.85	3.29	2.85	2.51	3.09	3.40	2.70
Feb	5 695	2.90	3 099	4	3 103	-948	169	1 094	131	1 709	2.90	3.32	2.90	3.23	3.06	3.49	2.71
Mar	5 746	2.90	4 102	9	4 111	-284	239	1 305	192	2 375	2.84	3.42	2.84	3.02	3.06	3.46	2.65
Apr	5 898	2.90	4 335	172	4 506	-26	241	1 357	468	2 441	2.86	3.33	2.88	3.02	3.06	3.41	2.66
May	5 964	2.91	4 335	406	4 740	-64	246	1 378	568	2 548	2.86	2.99	2.87	3.00	3.05	3.41	2.63
Jun	5 965	2.91	4 539	520	5 059	12	247	1 435	583	2 795	2.89	2.98	2.90	3.00	3.05	3.41	2.71
Jul	5 966	2.91	4 797	796	5 593	213	253	1 512	667	3 162	2.89	2.99	2.90	3.01	3.04	3.41	2.72
Aug	5 966	2.91	4 842	1 131	5 973	-96	262	1 731	763	3 216	2.89	2.98	2.91	3.04	2.98	3.41	2.74

EMPLOYEES AFFECTED
January-August



AVERAGE WAGE SETTLEMENT
January-August



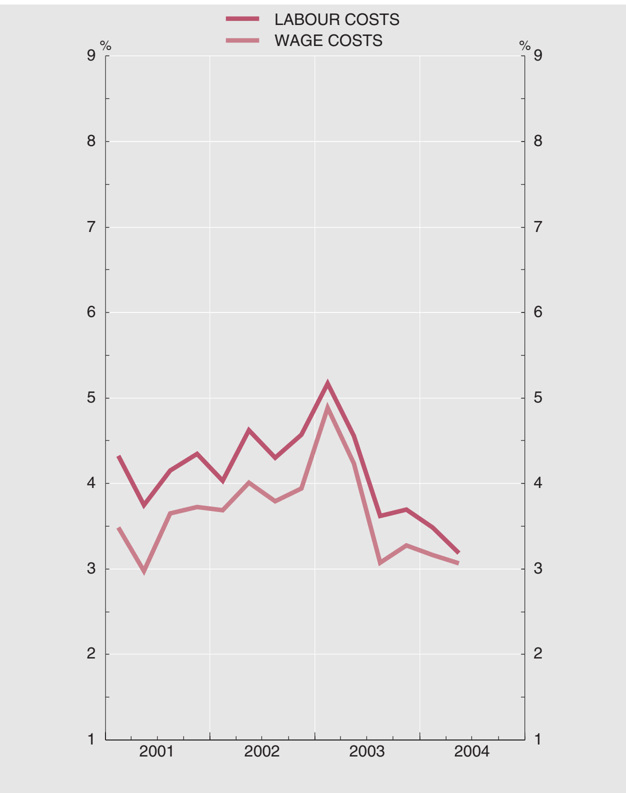
Source: Ministerio de Trabajo y Asuntos Sociales (MTAS), Estadística de Convenios Colectivos de Trabajo. Avance mensual.
a. Cumulative data.

4.7. LABOUR COSTS INDEX

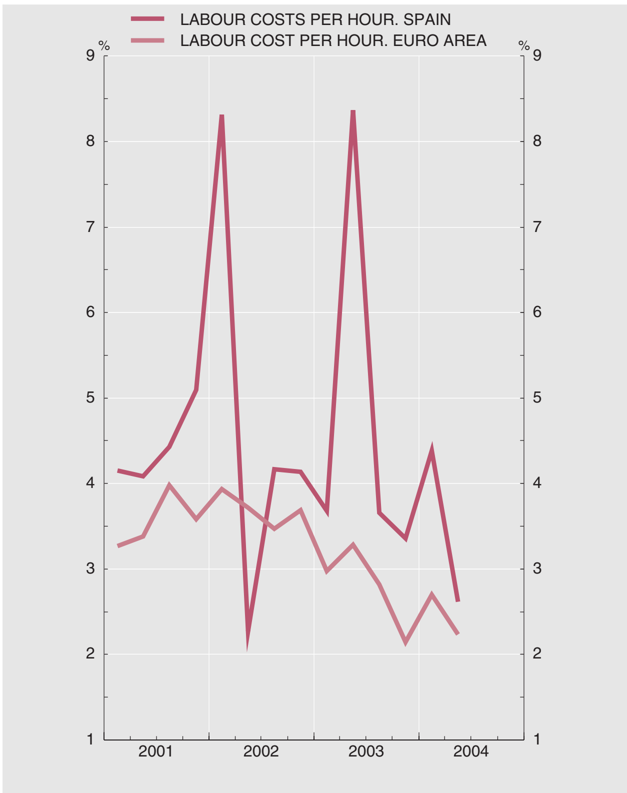
■ Series depicted in chart. *Annual percentage change*

	Labour costs					Wage costs					Other costs per worker and month	memoram-dum item: euro area total hourly labour costs (a)
	Monthly earnings				Per hour worked	Monthly earnings				Per hour worked		
	Total	Industry	Construction	Services		Total	Industry	Construction	Services			
	1 ■	2	3	4	5 ■	6 ■	7	8	9	10	11	12 ■
01 M	4.1	4.4	4.7	4.1	4.5	3.5	3.7	3.9	3.6	3.8	6.2	3.6
02 M	4.4	4.8	4.8	4.4	4.6	3.9	4.7	4.1	3.8	4.1	6.0	3.7
03 M	4.2	4.7	6.3	3.8	4.7	3.8	4.4	5.0	3.5	4.3	5.4	2.8
03 *Q1-Q2* M	4.9	5.4	6.2	4.5	6.0	4.5	5.0	5.0	4.4	5.7	5.7	3.1
04 *Q1-Q2* M	3.3	3.5	5.7	3.1	3.5	3.1	3.4	4.6	3.0	3.3	4.0	2.5
01 *Q4*	4.3	4.3	4.7	4.5	5.1	3.7	3.6	3.4	4.1	4.6	6.4	3.6
02 *Q1*	4.0	3.7	4.6	4.4	8.3	3.7	3.8	3.9	3.9	8.0	5.0	3.9
Q2	4.6	5.1	4.5	4.7	2.3	4.0	4.9	4.0	4.0	1.8	6.5	3.7
Q3	4.3	5.0	5.2	4.1	4.2	3.8	4.9	4.2	3.6	3.7	5.8	3.5
Q4	4.6	5.4	4.7	4.4	4.1	3.9	5.0	4.4	3.6	3.5	6.6	3.7
03 *Q1*	5.2	5.2	6.0	5.0	3.7	4.9	5.0	5.1	4.8	3.3	6.0	3.0
Q2	4.6	5.5	6.3	4.0	8.4	4.2	5.1	4.9	3.9	8.0	5.5	3.3
Q3	3.6	4.4	6.4	2.9	3.7	3.1	3.7	5.1	2.6	3.1	5.2	2.8
Q4	3.7	3.9	6.3	3.3	3.4	3.3	3.7	5.1	3.0	3.0	5.0	2.1
04 *Q1*	3.5	4.3	6.0	2.9	4.4	3.2	4.0	5.2	2.7	4.1	4.4	2.7
Q2	3.2	2.7	5.5	3.2	2.6	3.1	2.9	4.1	3.2	2.5	3.5	2.2

PER WORKER AND MONTH
Annual percentage change



PER HOUR WORKED
Annual percentage change



Sources: INE (Labour costs index) and Eurostat.
Note: The underlying series for this indicator are in Tables 24.25, 24.26 and 24.27 of de BE Boletín estadístico.
a. Whole economy, excluding the agriculture, public administration, education and health sectors.

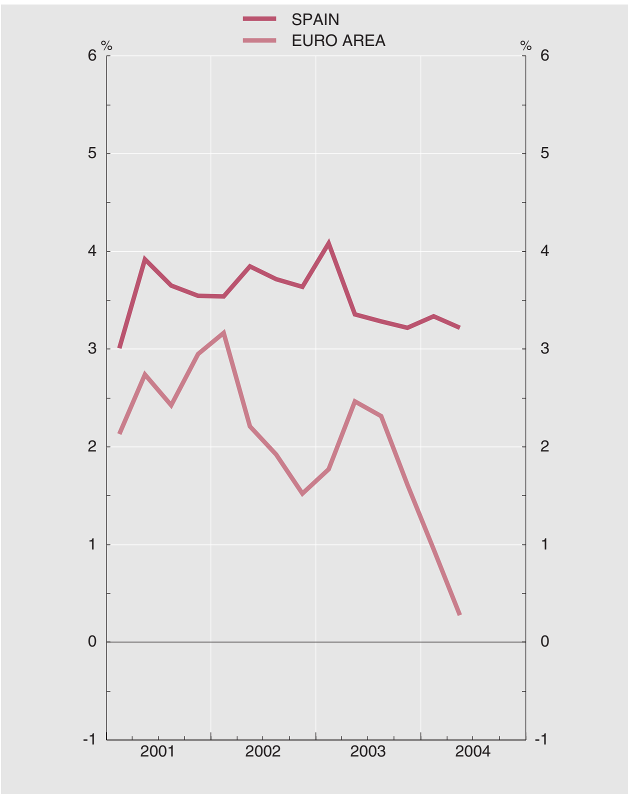
4.8. UNIT LABOUR COSTS. SPAIN AND EURO AREA (a)

■ Series depicted in chart.

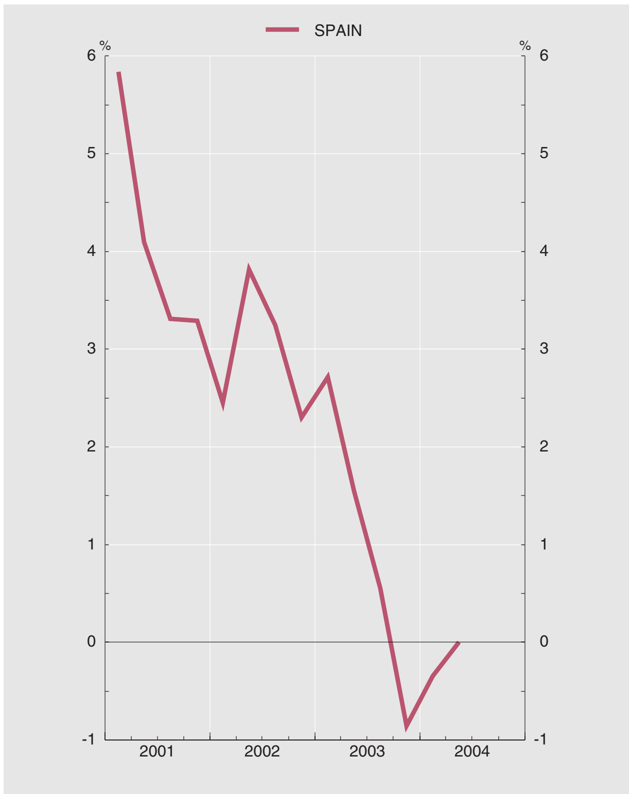
Annual percentage changes

	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
01	3.5	2.6	3.8	2.8	0.3	0.2	2.8	1.6	2.5	1.4	4.1	...
02	3.7	2.2	4.3	2.5	0.5	0.3	2.2	0.8	1.7	0.5	3.0	...
03	3.5	2.0	4.2	2.4	0.7	0.3	2.5	0.5	1.8	0.1	1.0	...
01 *Q3*	3.7	2.4	4.5	2.8	0.8	0.4	2.8	1.5	2.0	1.2	3.3	...
Q4	3.5	3.0	4.3	2.9	0.7	-0.1	2.9	0.8	2.2	0.9	3.3	...
02 *Q1*	3.5	3.2	4.2	2.9	0.7	-0.3	2.4	0.4	1.7	0.8	2.4	...
Q2	3.8	2.2	4.1	2.4	0.3	0.2	2.3	0.9	2.0	0.6	3.8	...
Q3	3.7	1.9	4.2	2.4	0.5	0.5	2.2	0.9	1.7	0.4	3.2	...
Q4	3.6	1.5	4.4	2.4	0.8	0.8	2.1	1.1	1.3	0.3	2.3	...
03 *Q1*	4.1	1.8	4.8	2.4	0.7	0.6	2.1	0.7	1.4	0.1	2.7	...
Q2	3.4	2.5	4.4	2.5	1.0	0.0	2.5	0.2	1.6	0.1	1.5	...
Q3	3.3	2.3	3.8	2.5	0.5	0.2	2.6	0.4	2.0	0.2	0.6	...
Q4	3.2	1.6	4.0	2.1	0.7	0.5	2.8	0.7	2.1	0.2	-0.9	...
04 *Q1*	3.3	1.0	3.9	2.1	0.6	1.2	2.7	1.4	2.1	0.2	-0.3	...
Q2	3.2	0.3	3.8	2.1	0.6	1.9	2.6	2.0	2.0	0.2	0.0	...

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. SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see economic bulletin April 2002).
b. Full-time equivalent employment.
c. Industry.

5.1. CONSUMER PRICE INDEX. SPAIN (2001=100) (a)

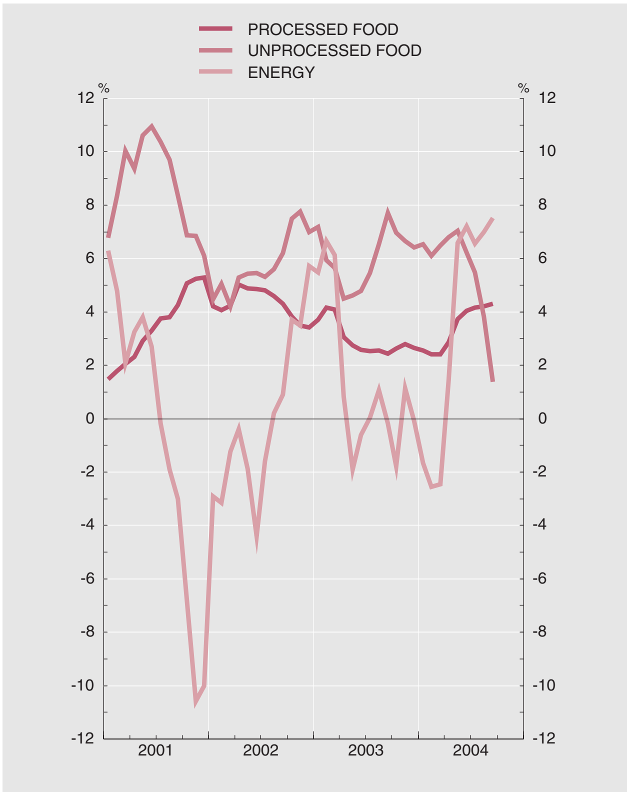
■ Series depicted in chart.

Indices and annual percentage changes

		Total (100%)				Annual percentage change (12-month % change)						Memorandum item:prices for agricultural products (2000=100)	
		Original series	Month-on-month % change	12-month % change (b)	Cumulative % change during year (c)	Unprocessed food	Processed food	Industrial goods excl. energy products (e)	Energy	Services	IPSEBENE (d)	Original series	12-month % change (a)
		1	2	3 ■	4	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■	11	12
01	M R	100.5	_	3.6	2.7	8.7	3.4	2.6	-0.8	4.3	3.5	...	...
02	M	103.5	_	3.5	4.0	5.8	4.3	2.5	-0.1	4.6	3.7	100.4	...
03	M	106.7	_	3.0	2.6	6.0	3.0	2.0	1.4	3.7	2.9	105.8	5.5
03 *J-S*	M	106.3	0.2	3.2	0.8	5.8	3.1	2.3	1.9	3.7	3.0	106.2	3.5
04 *J-S*	M	109.3	0.2	2.9	1.1	5.5	3.4	0.8	3.3	3.7	2.6	...	...
03 *Jun*		106.8	0.1	2.7	1.3	4.8	2.6	2.5	-0.6	3.5	2.9	108.4	7.8
Jul		106.1	-0.6	2.8	0.6	5.5	2.5	2.2	0.0	3.6	2.9	97.5	5.6
Aug		106.6	0.5	3.0	1.1	6.5	2.5	2.0	1.1	3.7	2.8	99.1	7.1
Sep		106.9	0.3	2.9	1.4	7.7	2.4	2.1	-0.2	3.5	2.8	104.1	13.5
Oct		107.7	0.7	2.6	2.1	7.0	2.6	1.5	-1.8	3.7	2.6	105.8	10.0
Nov		108.0	0.3	2.8	2.4	6.7	2.8	1.2	1.1	3.7	2.6	105.2	9.7
Dec		108.2	0.2	2.6	2.6	6.4	2.7	1.2	-0.1	3.6	2.5	108.6	9.8
04 *Jan*		107.4	-0.7	2.3	-0.7	6.5	2.5	0.7	-1.7	3.6	2.3	106.4	4.4
Feb		107.5	0.0	2.1	-0.7	6.1	2.4	0.5	-2.5	3.6	2.3	107.4	-2.6
Mar		108.2	0.7	2.1	0.0	6.5	2.4	0.5	-2.5	3.6	2.2	111.8	1.3
Apr		109.7	1.4	2.7	1.4	6.8	2.9	0.7	1.4	3.7	2.4	115.1	3.3
May		110.4	0.6	3.4	2.0	7.0	3.7	0.9	6.6	3.8	2.7	121.2	7.1
Jun		110.5	0.2	3.5	2.2	6.2	4.0	1.0	7.2	3.8	2.8	121.3	12.0
Jul		109.7	-0.8	3.4	1.4	5.5	4.2	0.8	6.6	3.7	2.8	...	...
Aug		110.2	0.4	3.3	1.8	3.8	4.2	1.0	7.0	3.7	2.9	...	...
Sep		110.4	0.2	3.2	2.0	1.4	4.3	1.0	7.5	3.8	2.9	...	...

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. There is a break in January 2002 owing to the 2001 re-basing. There is no solution to this via the habitual legal links. Consequently, for the year 2002, the official rates of change cannot be obtained from the indices. The detailed methodological notes can be consulted on the INE Internet site (www.ine.es).
b. For annual periods: average growth for each year on the previous year. c. For annual periods: December-on-December growth rate.
d. Index of non-energy processed goods and service prices. e. Official INE series from January 2002.

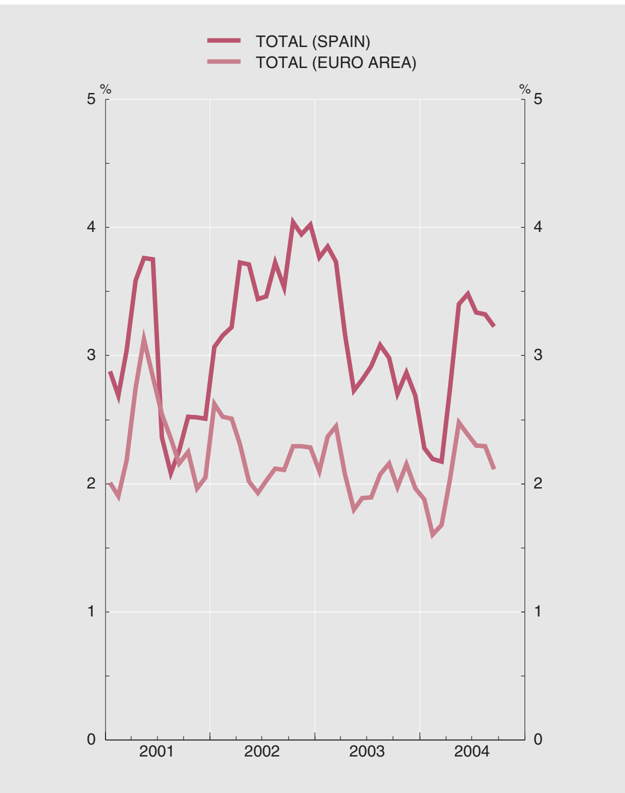
5.2. HARMONISED INDEX OF CONSUMER PRICES. SPAIN AND EURO AREA (1996=100)(a)

■ Series depicted in chart.

Annual percentage changes

		Total		Goods														Services	
		Spain	Euro area	Spain	Euro area	Food						Industrial						Spain	Euro area
						Total		Processed		Unprocessed		Spain	Euro area	Non-energy		Energy			
						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 ■
01	M	2.8	2.3	2.3	2.3	5.1	4.5	2.7	2.9	7.2	7.0	0.6	1.2	1.0	0.9	-0.7	2.2	3.9	2.5
02	M	3.6	2.3	3.0	1.7	4.8	3.1	4.9	3.1	4.7	3.1	1.9	1.0	2.6	1.5	-0.2	-0.6	4.6	3.1
03	M	3.1	2.1	2.8	1.8	4.0	2.8	3.5	3.3	4.6	2.1	2.0	1.2	2.2	0.8	1.3	3.0	3.7	2.5
03 *J-S*	M	3.2	2.1	3.0	1.7	4.0	2.6	3.5	3.2	4.5	1.7	2.3	1.3	2.4	0.8	1.9	3.5	3.7	2.6
04 *J-S*	M	2.9	2.1	2.5	1.8	4.1	2.7	4.2	3.7	4.1	1.1	1.5	1.3	0.9	0.8	3.2	3.1	3.6	2.6
03 *Jun*		2.8	1.9	2.4	1.6	3.3	2.9	2.9	3.2	3.8	2.5	1.9	1.0	2.6	0.8	-0.6	1.6	3.4	2.5
Jul		2.9	1.9	2.5	1.6	3.5	3.0	2.9	3.1	4.2	2.7	1.8	1.0	2.3	0.7	-	2.0	3.5	2.3
Aug		3.1	2.1	2.7	1.7	3.9	3.1	2.9	3.0	4.8	3.3	2.0	1.0	2.2	0.6	1.0	2.7	3.7	2.5
Sep		3.0	2.2	2.6	1.8	4.2	3.6	2.9	3.2	5.5	4.2	1.7	1.0	2.2	0.8	-0.2	1.6	3.5	2.5
Oct		2.7	2.0	2.1	1.7	4.1	3.6	3.3	3.5	4.9	3.8	0.8	0.8	1.6	0.8	-1.8	0.7	3.6	2.5
Nov		2.9	2.2	2.3	2.0	4.1	3.9	3.5	4.0	4.7	3.8	1.3	1.1	1.3	0.7	1.1	2.2	3.7	2.4
Dec		2.7	2.0	2.1	1.8	3.9	3.6	3.4	3.8	4.4	3.2	1.0	0.9	1.4	0.7	-0.1	1.8	3.6	2.3
04 *Jan*		2.3	1.9	1.7	1.3	3.9	3.1	3.3	3.3	4.4	2.9	0.3	0.4	0.8	0.6	-1.6	-0.4	3.5	2.5
Feb		2.2	1.6	1.4	1.0	3.6	2.7	3.2	3.2	4.1	1.9	-0.1	0.2	0.7	0.8	-2.6	-2.2	3.5	2.6
Mar		2.2	1.7	1.4	1.1	3.7	3.1	3.2	4.1	4.4	1.7	-0.1	0.1	0.6	0.7	-2.5	-2.0	3.6	2.5
Apr		2.7	2.0	2.2	1.8	4.2	2.9	3.6	3.9	4.7	1.6	1.0	1.2	0.9	1.0	1.5	2.0	3.6	2.5
May		3.4	2.5	3.3	2.4	4.8	3.1	4.7	3.9	4.9	1.7	2.3	2.1	1.0	0.9	6.6	6.7	3.7	2.6
Jun		3.5	2.4	3.4	2.2	4.8	2.8	4.9	3.8	4.7	1.2	2.5	2.0	1.1	0.9	7.2	5.9	3.8	2.6
Jul		3.3	2.3	3.2	2.1	4.6	2.6	4.9	3.8	4.3	0.7	2.3	1.8	0.9	0.7	6.6	5.9	3.7	2.7
Aug		3.3	2.3	3.2	2.1	4.1	2.1	4.8	3.6	3.4	-0.2	2.6	2.1	1.1	0.9	7.0	6.5	3.6	2.7
Sep		3.2	2.1	3.0	1.8	3.3	1.4	4.7	3.4	1.9	-1.5	2.7	2.0	1.1	0.9	7.5	6.4	3.7	2.6

HARMONISED INDEX OF CONSUMER PRICES. TOTAL
Annual percentage changes



HARMONISED INDEX OF CONSUMER PRICES. COMPONENTS
Annual percentage changes

Source: Eurostat.

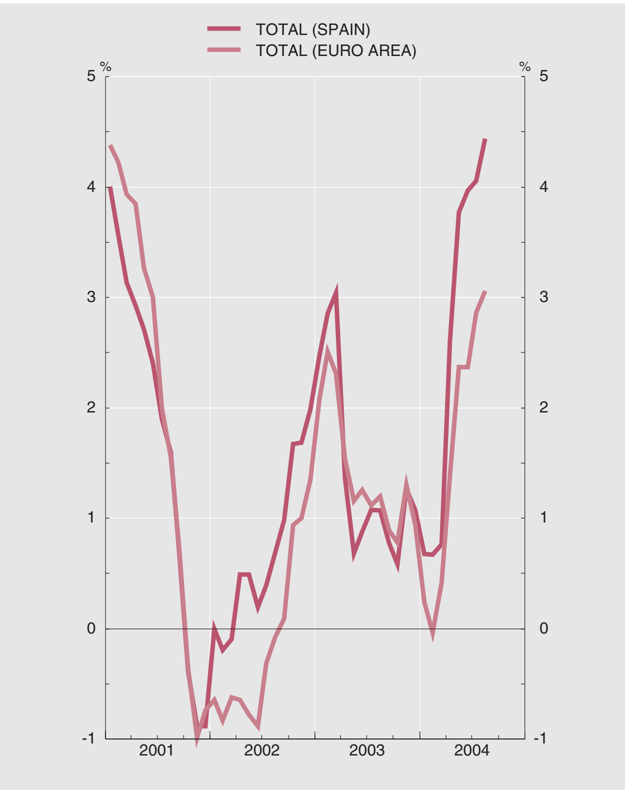
a. Compliance with the Regulation on the treatment of price reductions is now complete with the inclusion of sales prices in the Italian and Spanish HICP. The Spanish HICP has included a new basket of goods and services since January 2001. In accordance with the related regulations,the series for the year 2001 have been revised. More detailed methodological notes can be consulted on the Eurostat Internet site (europa.eu.int).

5.3. PRODUCER PRICE INDEX. SPAIN AND EURO AREA (a)

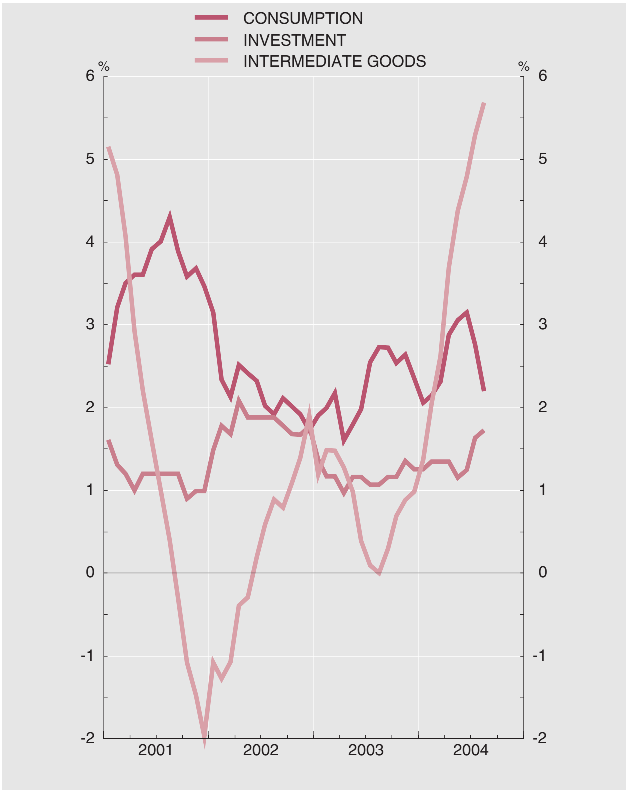
■ Series depicted in chart. *Annual percentage changes*

		Total (100%)			Consumption (32.1 %)		Investment (18.3 %)		Intermediate (31.6 %)		Energy (18.0%)		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	Month-on-month % change	12-month % change	Total 12-month % change	Consumption 12-month % change	Investment 12-month % change	Intermediate 12-month % change	Energy 12-month % change
		1	2	3 ■	4	5 ■	6	7 ■	8	9 ■	10	11	12 ■	13	14	15	16
01	MP	101.7	_	1.7	_	3.6	_	1.2	_	1.4	_	-2.0	2.1	3.0	0.9	1.2	2.9
02	MP	102.4	_	0.7	_	2.2	_	1.8	_	0.2	_	-1.3	-0.1	1.0	0.9	-0.3	-2.3
03	MP	103.9	_	1.4	_	2.3	_	1.2	_	0.8	_	1.3	1.4	1.1	0.3	0.8	3.8
03 *J-A*	MP	103.9	_	1.7	_	2.1	_	1.1	_	0.9	_	3.0	1.6	1.1	0.3	1.1	4.7
04 *J-A*	MP	106.6	_	2.6	_	2.6	_	1.4	_	3.7	_	2.0	1.6	1.3	0.5	2.5	1.7
03 *May*	P	103.4	-0.5	0.7	0.2	1.8	0.2	1.2	-0.1	1.0	-3.3	-2.3	1.2	1.0	0.2	1.3	1.7
Jun	P	103.3	-0.1	0.9	0.1	2.0	-	1.2	-0.4	0.4	-0.2	-0.9	1.3	1.1	0.3	0.7	3.1
Jul	P	103.5	0.2	1.1	0.6	2.5	-0.1	1.1	-0.3	0.1	0.7	0.2	1.1	1.1	0.3	0.1	3.3
Aug	P	103.7	0.2	1.1	0.4	2.7	-	1.1	-0.1	-	0.9	0.1	1.2	1.1	0.3	-0.2	4.1
Sep	P	103.8	0.1	0.8	0.2	2.7	0.1	1.2	0.2	0.3	-0.6	-2.4	0.9	1.3	0.3	0.0	1.8
Oct	P	103.8	-	0.6	-0.3	2.5	-	1.2	0.2	0.7	0.2	-3.6	0.8	1.2	0.3	0.2	1.1
Nov	P	103.9	0.1	1.3	-	2.6	0.3	1.4	0.1	0.9	0.5	-0.4	1.3	1.3	0.3	0.4	3.2
Dec	P	103.8	-0.1	1.1	-0.3	2.4	-	1.3	0.1	1.0	-0.4	-1.2	0.9	1.0	0.2	0.4	1.7
04 *Jan*	P	104.5	0.7	0.7	0.4	2.1	0.4	1.3	0.9	1.4	1.2	-3.6	0.2	0.9	0.3	0.5	-1.5
Feb	P	105.1	0.6	0.7	0.5	2.1	0.3	1.3	1.2	2.0	-0.5	-5.4	-0.0	1.0	0.3	0.9	-3.5
Mar	P	105.8	0.7	0.8	0.7	2.3	0.1	1.3	0.8	2.6	1.5	-5.6	0.4	1.5	0.3	1.5	-2.8
Apr	P	106.6	0.8	2.6	0.4	2.9	0.1	1.3	1.1	3.7	1.3	1.3	1.4	1.4	0.5	2.3	1.2
May	P	107.3	0.7	3.8	0.4	3.1	-	1.2	0.6	4.4	2.3	7.2	2.4	1.4	0.6	2.8	5.4
Jun	P	107.4	0.1	4.0	0.2	3.1	0.1	1.2	-	4.8	-0.3	7.1	2.4	1.6	0.7	3.3	4.4
Jul	P	107.7	0.3	4.1	0.3	2.8	0.3	1.6	0.2	5.3	0.8	7.2	2.9	1.5	0.8	4.2	5.2
Aug	P	108.3	0.6	4.4	-0.2	2.2	0.1	1.7	0.3	5.7	2.6	9.0	3.1	1.4	0.9	4.8	5.4

PRODUCER PRICE INDEX. TOTAL
Annual percentage changes



PRODUCER PRICE INDEX. COMPONENTS
Annual percentage changes



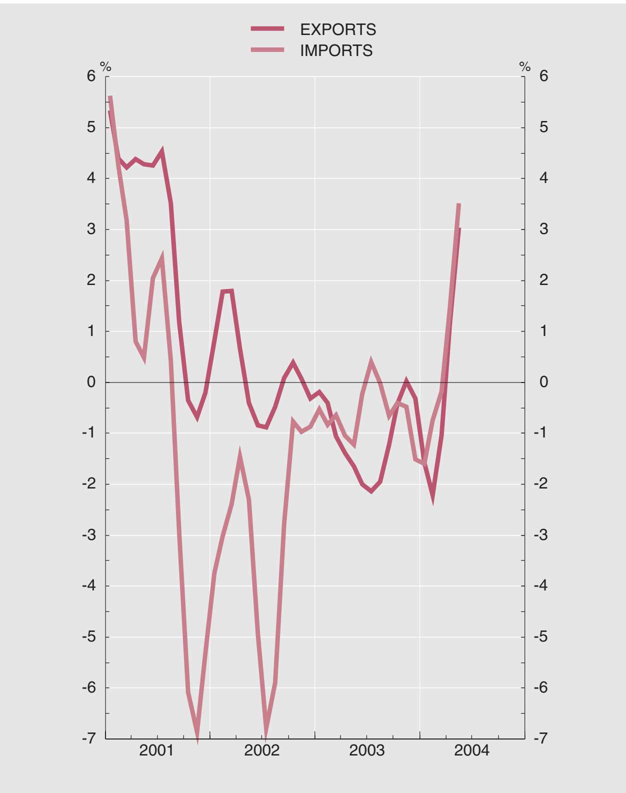
Sources: INE and ECB.
Note: The underlying series for this indicator, for Spain, are in Table 25.3 of the BE Boletín estadístico.
a. Spain: 2000=100; euro area: 2000=100.

5.4 UNIT VALUE INDICES FOR SPANISH FOREIGN TRADE

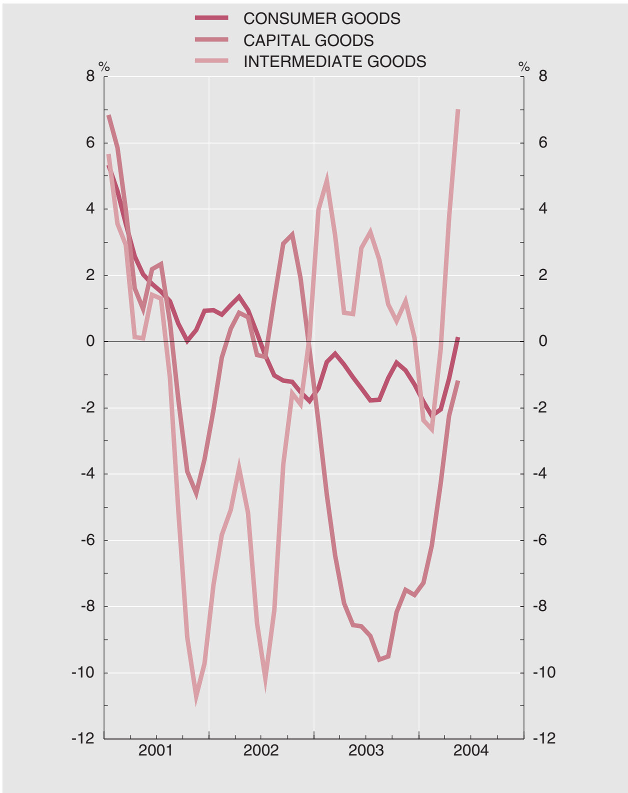
■ Series depicted in chart. *Annual percentage changes*

	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
01	2.7	4.1	6.2	-0.2	2.6	1.0	-0.4	1.7	0.9	-1.9	-7.9	0.1
02	0.2	-0.8	12.2	-2.4	-6.4	-1.8	-3.1	-0.5	0.6	-5.3	-5.3	-4.2
03	-0.9	-0.7	-8.3	1.4	8.1	-0.1	-0.3	-0.1	-7.4	1.6	1.9	1.7
03 *J-J*	-1.0	0.2	-10.4	0.9	12.5	-0.5	-0.3	-0.9	-6.4	1.9	7.8	1.5
04 *J-J*	-0.2	-1.1	-0.8	1.4	0.7	0.8	0.2	-1.7	-4.5	2.6	0.5	2.6
03 *Feb*	0.3	0.5	-11.3	3.9	30.5	2.6	-5.1	2.7	-8.9	-6.9	28.5	-13.5
Mar	-2.1	-3.5	-5.4	0.0	31.8	-2.3	2.9	1.4	-3.0	5.3	25.0	2.0
Apr	-1.3	0.5	-8.1	-0.0	1.6	-2.0	-2.5	-0.1	-10.9	-0.9	-4.5	0.6
May	-0.9	-2.0	-9.2	2.1	3.0	0.9	-2.0	-1.9	-10.0	0.4	-13.8	4.1
Jun	-3.2	-1.4	-14.8	-0.8	-6.0	-1.4	0.7	-0.6	-7.2	3.8	-9.8	8.3
Jul	-0.9	2.6	-16.0	1.0	9.0	0.0	-	-3.4	-7.2	3.2	-6.0	5.4
Aug	-3.8	-6.1	-15.9	1.6	7.7	-0.7	1.5	4.5	-9.1	2.9	-3.3	3.6
Sep	-0.2	-0.4	-2.7	1.2	-2.8	-0.4	-2.8	-0.2	-17.7	0.9	-9.6	0.6
Oct	-0.7	-2.5	-5.3	1.5	6.9	0.3	0.8	2.8	-0.6	-0.0	-12.3	2.3
Nov	0.5	-1.6	0.1	1.9	1.1	0.5	-0.2	-0.4	-7.0	1.8	-2.1	1.3
Dec	1.0	1.0	-3.3	3.6	-2.4	2.5	-1.4	-1.4	-9.4	1.0	-3.8	1.7
04 *Jan*	-2.0	-2.9	-3.3	-0.6	-2.3	-1.1	-3.6	-1.0	-8.4	-3.5	-17.1	-1.6
Feb	-4.3	-4.4	-5.9	-2.5	-16.9	-2.9	1.8	-6.0	-6.2	7.5	-20.4	13.9
Mar	-1.5	-1.4	-7.5	0.6	-11.5	0.5	-2.3	-3.6	-7.0	-0.5	-16.2	3.3
Apr	1.7	-1.9	7.9	2.8	-3.7	4.2	1.4	-3.9	2.6	3.4	2.4	2.8
May	3.6	4.7	3.8	3.2	2.9	2.2	5.3	2.9	-1.1	8.6	18.5	4.4
Jun	3.2	3.0	4.8	4.1	16.4	2.8	-0.5	-3.3	-2.0	1.4	16.8	-1.9
Jul	-2.3	-4.8	-5.5	2.1	19.1	0.1	-0.3	2.6	-9.0	1.8	18.4	-1.7

EXPORT AND IMPORT UNIT VALUE INDICES (a)



IMPORT UNIT VALUE INDICES BY PRODUCT GROUP (a)



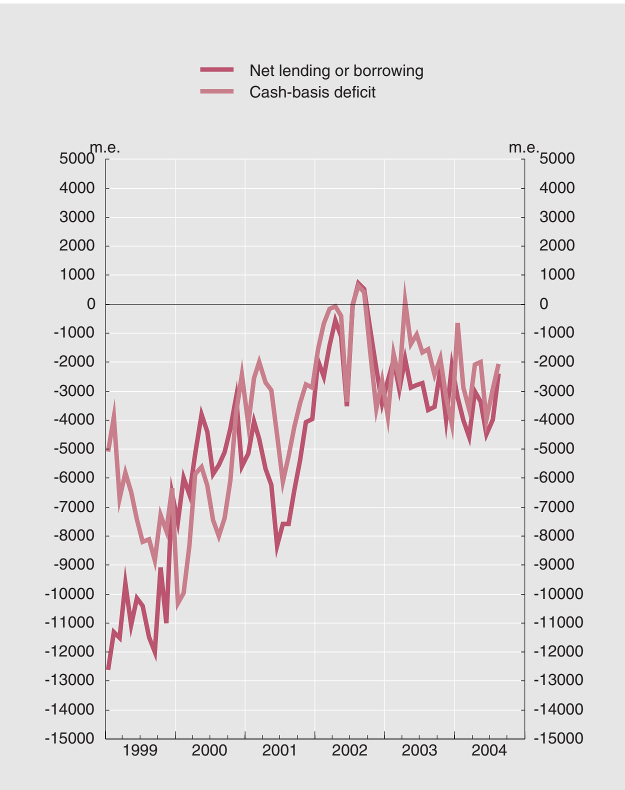
Sources: ME and BE.
Note: The underlying series for this indicator are in the Tables 17.6 and 17.7 of the Boletín estadístico.
(a) Annual percentage changes (trend obteined with TRAMO-SEATS).

6.1. State resources and uses according to the National Accounts (a). Spain

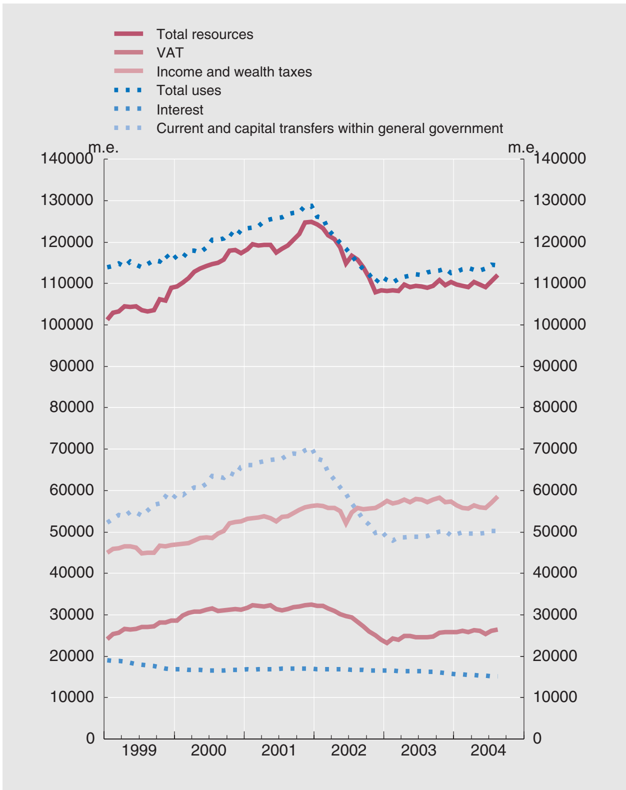
■ Series depicted in chart. *EUR millions*

		Net lending (+) or borrowing (-)	Current and capital resources: Total	Value added tax (VAT)	Other taxes on products and imports	Interest and other income on property	Income and wealth taxes	Other	Current and capital uses: Total	Compensation of employees	Interest	Current and capital transfers within general government	Investment grants and other capital transfers	Other	Memorandum item: cash-basis deficit: Cash-basis deficit	Revenue	Expenditure
		1=2-8 ■	2=3 a 7 ■	3 ■	4	5	6 ■	7	8=9 a 13 ■	9	10 ■	11 ■	12	13	14=15-16 ■	15	16
99		-6 538	109 009	28 574	16 408	5 877	46 886	11 264	115 547	17 363	16 912	57 721	3 034	20 517	-6 354	110 370	116 724
00		-5 592	117 346	31 262	17 171	5 210	52 526	11 177	122 938	15 806	16 726	65 703	3 705	20 998	-2 431	118 693	121 124
01		-3 956	124 838	32 433	17 838	6 913	56 267	11 387	128 794	16 067	16 940	70 319	3 379	22 089	-2 884	125 193	128 077
02	P	-3 420	108 387	24 001	11 426	5 318	56 612	11 030	111 807	16 979	16 550	50 180	3 350	24 748	-2 626	108 456	111 082
03	A	-2 117	110 449	25 764	10 918	4 970	57 403	11 394	112 566	17 676	15 807	49 234	2 992	26 857	-4 132	109 655	113 787
03 *J-A*	A	720	69 392	17 273	7 012	2 969	35 780	6 358	68 672	11 418	10 781	30 899	1 198	14 376	-6 006	68 844	74 850
04 *J-A*	A	436	70 960	17 919	7 235	2 491	36 991	6 324	70 524	11 984	10 052	31 940	1 455	15 093	-3 937	70 785	74 722
03 *Sep*	A	-464	8 147	2 401	1 084	162	3 567	933	8 611	1 312	1 260	4 003	260	1 776	-418	7 687	8 105
Oct	A	8 320	17 681	5 157	959	201	10 937	427	9 361	1 282	1 308	4 915	231	1 625	7 274	18 205	10 931
Nov	A	-3 420	6 457	788	971	883	3 027	788	9 877	1 359	1 236	4 453	307	2 522	-1 752	6 379	8 131
Dec	A	-7 273	8 772	145	892	755	4 092	2 888	16 045	2 305	1 222	4 964	996	6 558	-3 230	8 540	11 770
04 *Jan*	A	496	7 755	-880	886	333	6 701	715	7 259	1 244	1 279	3 290	62	1 384	-2 471	6 949	9 420
Feb	A	6 367	14 958	10 850	860	510	1 822	916	8 591	1 259	1 193	4 155	218	1 766	5 631	16 317	10 686
Mar	A	-5 692	3 778	323	741	454	1 551	709	9 470	1 633	1 277	4 086	338	2 136	-5 457	3 993	9 451
Apr	A	9 004	17 204	5 583	1 022	377	9 715	507	8 200	1 374	1 248	3 825	197	1 556	9 876	17 306	7 430
May	A	-6 090	2 425	79	925	197	114	1 110	8 515	1 260	1 296	3 829	168	1 962	-5 208	2 324	7 532
Jun	A	-9 252	1 887	-1 180	1 103	164	297	1 503	11 139	2 417	1 226	4 648	237	2 611	-9 107	782	9 889
Jul	A	5 689	15 047	4 757	803	178	9 020	289	9 358	1 437	1 291	4 456	135	2 039	2 708	15 824	13 117
Aug	A	-86	7 906	-1 613	895	278	7 771	575	7 992	1 360	1 242	3 651	100	1 639	92	7 290	7 198

STATE. NET LENDING OR BORROWING AND CASH-BASIS DEFICIT (Lastest 12 months)



STATE. RESOURCES AND USES ACCORDING TO THE NATIONAL ACCOUNTS (Latest 12 months)



Source: Ministerio de Economía y Hacienda (IGAE).

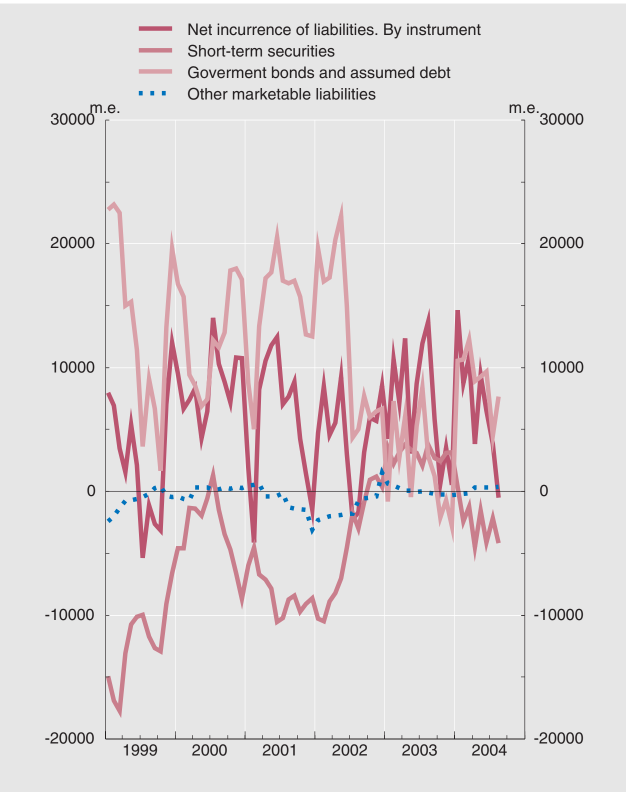
(a) Except in interest rate swaps, where the EDP criterion in followed. That is to say, the net outcome of these transactions is considered to be interest and not financial transactions (the ESA 95 criterion), whereby they influence the calculation of net lending or borrowing.

6.2. State financial transactions (a). Spain

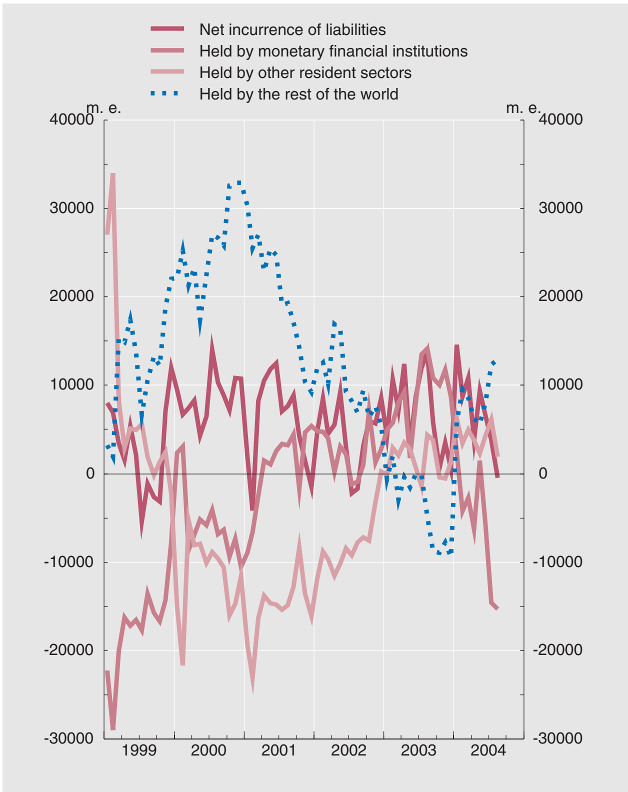
■ Series depicted in chart. *EUR millions*

		Net lending (+) or net borrowing(-)	Net acquisition of financial assets: Of which: Total	Net acquisition of financial assets: Of which: Deposits at the Banco de España	Net incurrence of liabilities: Total ■	Net incurrence of liabilities: Of which: In currencies other than the peseta/euro	By instrument: Short-term securities ■	By instrument: Goverment bonds and assumed debt ■	By instrument: Banco de España loans	By instrument: Other marketable liabilities (b) ■	By instrument: Other accounts payable	By counterpart sector: Held by resident sectors: Total	By counterpart sector: Held by resident sectors: Monetary financial institutions ■	By counterpart sector: Held by resident sectors: Other resident sectors ■	By counterpart sector: Rest of the world ■	Net incurrence of liabilities (excluding other accounts payable)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
99		-6 538	5 452	4 574	11 990	199	-6 629	19 581	-499	-446	-18	-10 035	-7 734	-2 301	22 026	12 008
00		-5 592	5 191	5 690	10 783	1 162	-8 683	17 127	-499	283	2 555	-22 141	-10 553	-11 587	32 924	8 228
01		-3 956	-5 445	-20 141	-1 489	803	-8 616	12 521	-499	-3 101	-1 794	-10 695	5 385	-16 079	9 206	305
02	P	-3 420	5 122	-95	8 542	-888	346	6 655	-486	1 488	539	3 074	2 797	276	5 468	8 002
03	A	-2 117	-1 599	0	518	-135	3 146	-2 761	-486	-281	900	9 990	8 664	1 327	-9 472	-381
03 *J-A*	A	720	1 734	1	1 014	-192	2 845	-7 262	-	-337	5 768	10 432	9 012	1 420	-9 418	-4 754
04 *J-A*	A	436	433	-1	-3	-2 069	-4 476	3 165	-	334	975	-12 945	-14 961	2 016	12 943	-978
03 *Sep*	A	-464	-50	-1	414	-14	14	4 479	-	-2	-4 077	-471	-111	-360	884	4 491
Oct	A	8 320	3 844	1	-4 476	32	-96	-3 449	-	-6	-924	-4 315	-1 383	-2 932	-161	-3 551
Nov	A	-3 420	118	-1	3 538	32	777	2 913	-	7	-158	3 107	2 398	709	431	3 697
Dec	A	-7 273	-7 245	1	28	7	-393	558	-486	57	292	1 236	-1 253	2 489	-1 208	-264
04 *Jan*	A	496	6 027	0	5 531	-33	222	2 398	-	-5	2 916	-3 535	-4 102	566	9 066	2 615
Feb	A	6 367	3 422	-0	-2 945	33	-3 757	3 303	-	-45	-2 446	-7 601	-5 748	-1 853	4 656	-499
Mar	A	-5 692	-1 282	0	4 410	-51	1 807	3 117	-	-70	-445	6 984	3 701	3 283	-2 574	4 854
Apr	A	9 004	8 710	-1	-294	14	-2 502	2 784	-	355	-932	-2 570	-1 871	-699	2 276	637
May	A	-6 090	-3 326	1	2 764	-857	2 493	-683	-	37	916	3 306	3 329	-23	-542	1 847
Jun	A	-9 252	-7 300	-1	1 952	31	-2 882	5 038	-	58	-261	732	-696	1 428	1 220	2 213
Jul	A	5 689	-2 710	0	-8 399	-1 224	2 877	-12 939	-	-9	1 672	-10 577	-8 003	-2 574	2 178	-10 071
Aug	A	-86	-3 107	-0	-3 021	19	-2 735	146	-	13	-446	316	-1 572	1 888	-3 337	-2 575

STATE. NET INCURRENCE OF LIABILITIES. BY INSTRUMENT
(Latest 12 months)



STATE. NET INCURRENCE OF LIABILITIES. BY COUNTERPART SECTOR
(Latest 12 months)



Source: BE.

(a) Except in interest rate swaps, where the EDP criterion in followed. That is to say, the net outcome of these transactions is considered to be interest and not financial transactions (the ESA 95 criterion), whereby they influence the calculation of net lending or borrowing.

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

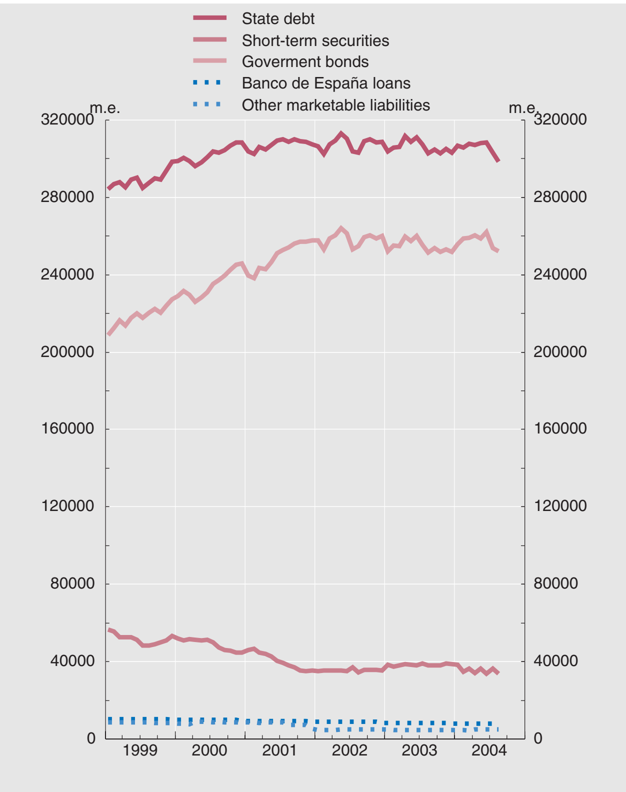
6.3. State: Liabilities outstanding. Spain

■ Series depicted in chart.

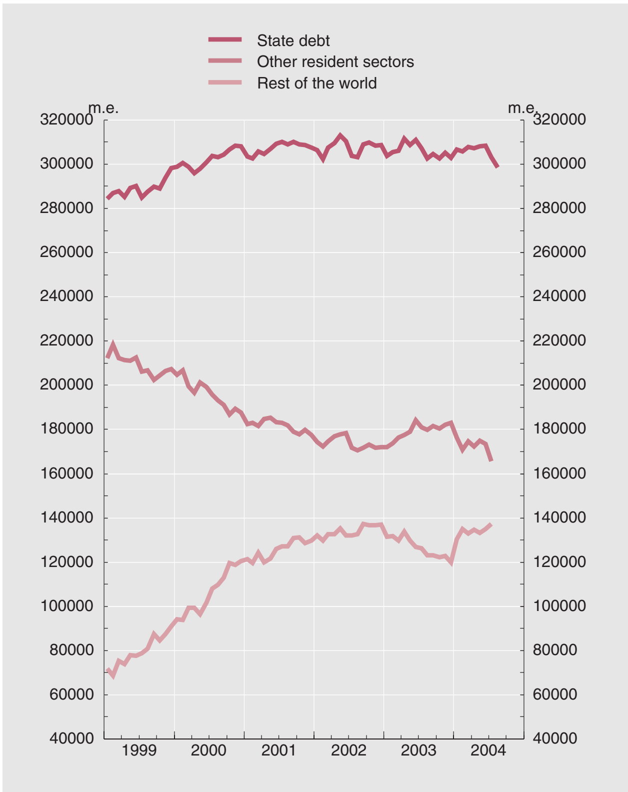
EUR millions

		Liabilities outstanding (excluding other accounts payable)										Memorandum item:	
		State debt according to the methodology of the excessive deficit procedure	of which	By instrument				By counterpart sector				Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level
			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		
								Total	General government	Other resident sectors			
		1 ■	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10 ■	11	12
96		263 963	20 434	81 084	152 293	10 814	19 772	210 489	529	209 960	54 003	15 195	8 185
97		274 168	23 270	71 730	180 558	10 578	11 303	211 530	445	211 085	63 083	9 829	7 251
98		284 153	30 048	59 939	205 182	10 341	8 691	215 200	305	214 895	69 258	10 273	6 412
99		298 378	7 189	53 142	227 151	9 843	8 243	207 458	150	207 308	91 070	14 846	5 310
00		308 212	8 197	44 605	245 717	9 344	8 546	188 482	695	187 787	120 424	20 536	5 430
01		307 434	7 611	35 428	257 721	8 845	5 440	179 118	1 474	177 644	129 791	395	5 460
02		308 792	5 823	35 459	260 060	8 359	4 914	177 561	5 648	171 913	136 880	300	6 819
03 *Aug*	P	302 704	5 597	38 171	251 608	8 359	4 566	187 785	8 043	179 741	122 963	300	6 098
Sep	P	304 674	5 437	38 151	253 628	8 359	4 535	190 795	9 109	181 686	122 988	299	6 894
Oct	P	302 670	5 504	38 061	251 717	8 359	4 534	189 422	9 109	180 314	122 357	300	6 832
Nov	P	305 064	5 329	38 912	253 268	8 359	4 525	191 301	9 009	182 292	122 772	300	7 112
Dec	P	302 968	5 105	38 704	251 827	7 873	4 564	192 405	9 460	182 945	120 023	300	6 821
04 *Jan*	A	306 738	5 244	38 519	255 775	7 873	4 570	187 640	11 319	176 322	130 416	300	6 743
Feb	A	305 759	5 133	34 731	258 640	7 873	4 516	182 167	11 319	170 849	134 911	300	6 735
Mar	A	307 788	5 353	36 398	259 051	7 873	4 466	188 048	13 326	174 721	133 067	300	6 717
Apr	A	307 213	5 251	34 012	260 512	7 873	4 815	185 881	13 457	172 424	134 789	299	6 624
May	A	308 093	5 192	36 491	258 883	7 873	4 846	188 249	13 457	174 792	133 301	300	6 531
Jun	A	308 495	5 215	33 625	262 091	7 873	4 906	187 737	14 291	173 446	135 049	300	6 483
Jul	A	303 060	4 068	36 497	253 794	7 873	4 895	179 555	13 793	165 761	137 298	300	...
Aug	A	298 595	4 065	33 775	252 037	7 873	4 909	...	15 552	...	...	300	...

STATE. LIABILITIES OUTSTANDING
By instrument



STATE. LIABILITIES OUTSTANDING
By counterpart sector



Source: BE.

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

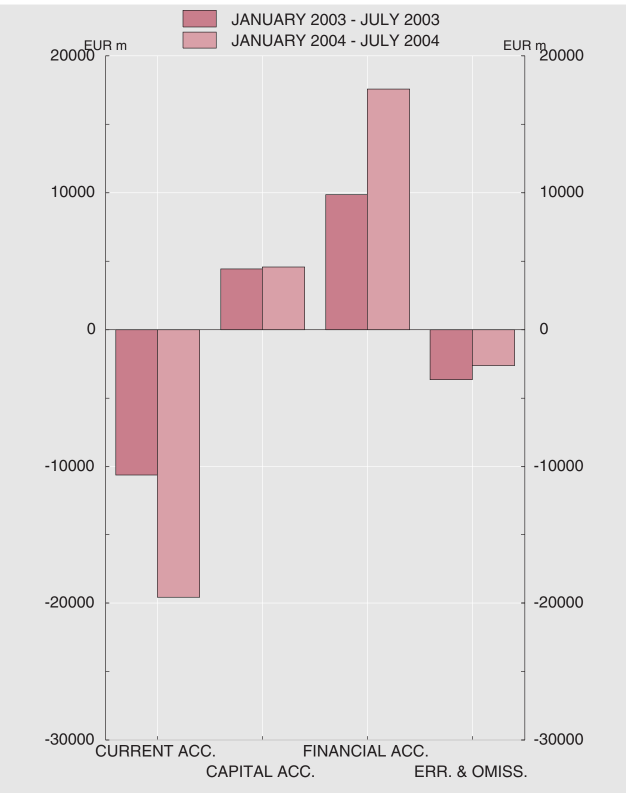
7.1. THE SPANISH BALANCE OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD
CURRENT ACCOUNT

■ Series depicted in chart.

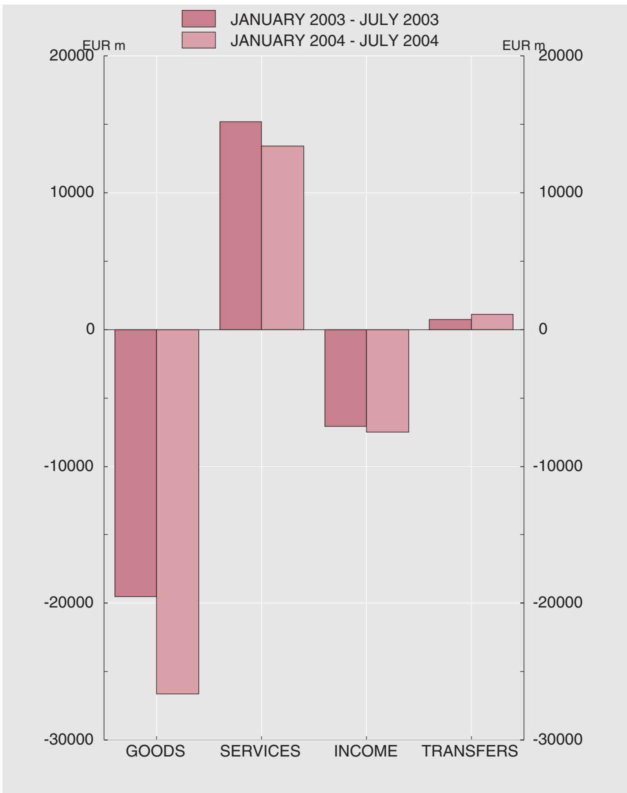
EUR millions

		Current account (a): Total (balance)	Current account (a): Goods: Balance	Goods: Receipts	Goods: Payments	Services: Balance	Services: Receipts: Total	Services: Receipts: Of which Tourism and travel	Services: Payments: Total	Services: Payments: Of which Tourism and travel	Income: Balance	Income: Receipts	Income: Payments	Current transfers (balance)	Capital account (balance)	Current account plus Capital account	Financial account (balance) (b)	Errors and omissions
		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)
01		-18 346	-36 396	131 703	168 099	27 131	65 111	36 602	37 980	6 661	-10 878	22 156	33 034	1 798	5 566	-12 780	20 072	-7 293
02		-16 881	-34 602	135 640	170 242	26 582	66 072	35 543	39 490	7 020	-11 276	21 357	32 633	2 414	7 741	-9 141	14 755	-5 614
03		-20 828	-37 843	141 017	178 860	27 265	67 903	36 871	40 638	7 315	-10 586	21 812	32 398	336	8 762	-12 065	17 634	-5 569
03 *J-J*		-10 637	-19 535	83 464	102 999	15 213	38 654	20 600	23 441	3 898	-7 052	12 867	19 918	738	4 436	-6 200	9 856	-3 655
04 *J-J*	P	-19 567	-26 638	87 400	114 038	13 428	38 265	20 495	24 837	4 715	-7 492	13 820	21 312	1 135	4 598	-14 968	17 605	-2 637
03 *Apr*		-1 438	-2 471	12 604	15 075	2 052	5 324	2 698	3 271	462	-557	2 285	2 842	-462	18	-1 420	2 599	-1 179
May		-1 131	-2 921	12 642	15 563	2 771	5 957	3 413	3 185	478	-666	1 524	2 190	-316	613	-518	610	-92
Jun		-1 845	-2 903	12 053	14 956	2 660	5 980	3 373	3 319	610	-1 281	1 719	3 001	-321	1 598	-247	719	-471
Jul		-1 897	-3 323	11 717	15 040	3 528	7 372	4 461	3 844	794	-1 867	2 307	4 174	-235	358	-1 540	1 724	-184
Aug		-284	-3 357	8 522	11 879	3 543	6 732	4 327	3 189	737	-477	1 980	2 457	8	948	664	257	-920
Sep		-3 043	-4 121	11 966	16 086	2 201	5 696	3 203	3 495	754	-956	1 828	2 784	-167	184	-2 859	3 134	-275
Oct		-1 473	-3 328	13 377	16 705	2 495	6 293	3 647	3 798	752	-798	1 900	2 697	158	872	-600	1 479	-878
Nov		-3 141	-3 891	11 863	15 755	2 382	5 596	3 024	3 214	614	-749	1 122	1 871	-882	344	-2 796	2 858	-62
Dec		-2 251	-3 610	11 826	15 436	1 431	4 932	2 070	3 501	560	-555	2 116	2 670	483	1 978	-273	51	222
04 *Jan*	P	-809	-2 989	10 814	13 803	1 292	4 583	2 214	3 291	632	-640	1 563	2 203	1 528	176	-633	1 673	-1 040
Feb	P	-1 932	-3 069	11 671	14 740	1 336	4 619	2 285	3 283	611	-527	1 679	2 206	328	558	-1 374	1 905	-531
Mar	P	-3 602	-3 503	13 339	16 842	1 291	5 076	2 422	3 785	657	-1 248	1 659	2 907	-142	430	-3 172	3 623	-452
Apr	P	-2 397	-4 050	12 570	16 620	1 683	5 183	2 647	3 500	531	-27	2 623	2 650	-2	560	-1 837	1 135	702
May	P	-2 544	-4 013	12 770	16 783	2 726	5 937	3 382	3 211	547	-1 250	1 634	2 884	-7	1 883	-662	433	228
Jun	P	-4 547	-4 642	13 299	17 941	2 056	5 806	3 248	3 750	828	-1 823	2 519	4 341	-138	369	-4 178	4 986	-808
Jul	P	-3 736	-4 371	12 938	17 308	3 045	7 062	4 296	4 017	909	-1 978	2 142	4 121	-431	623	-3 113	3 849	-736

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)

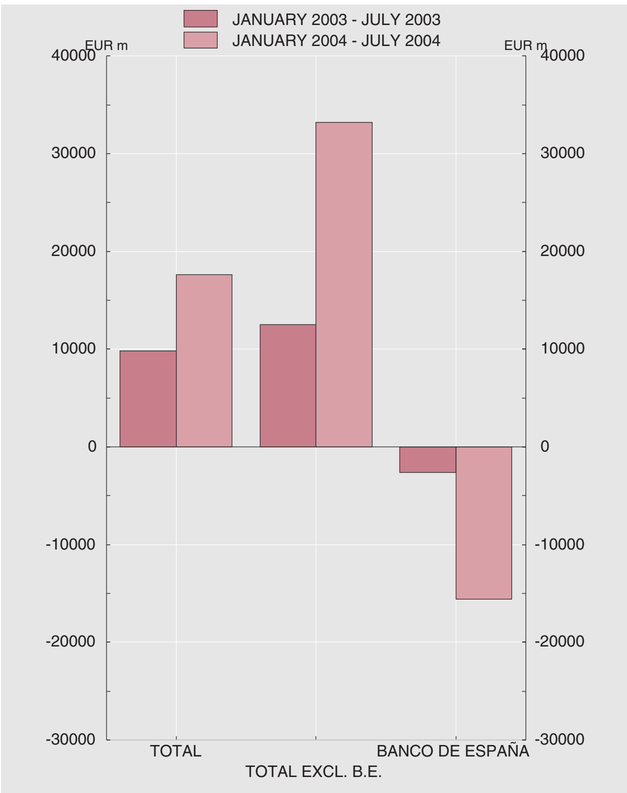
7.2. THE SPANISH BALANZA OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD FINANCIAL ACCOUNT (a)

■ Series depicted in chart.

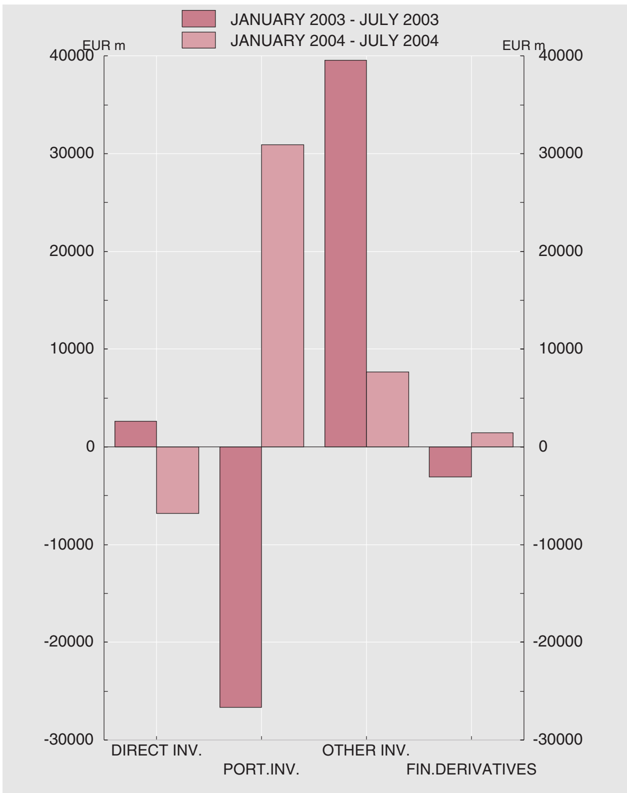
EUR millions

	Financial account (NCL-NCA)	Total, excluding Banco de España: Total (NCL-NCA)	Direct investment: Balance (NCL-NCA)	Direct investment: Spanish investment abroad (NCA)	Direct investment: Foreign investment in Spain (NCL) (b)	Portfolio investment: Balance (NCL-NCA)	Portfolio investment: Spanish investment abroad (NCA)	Portfolio investment: Foreign investment in Spain (NCL) (c)	Other investment (d): Balance (NCL-NCA)	Other investment (d): Spanish investment abroad (NCA)	Other investment (d): Foreign investment in Spain (NCL)	Net financial derivatives (NCL-NCA)	Banco de España: Balance (NCL-NCA)	Banco de España: Reserves (e)	Banco de España: Claims with the Eurosystem (e)	Banco de España: Other net assets (NCL-NCA)	Memorandum item: Other investment including Banco de España (d): Spanish investment abroad	Memorandum item: Other investment including Banco de España (d): 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
01	20 072	2 597	-5 686	36 982	31 296	-19 813	50 284	30 471	28 498	4 043	32 541	-401	17 475	1 581	16 122	-228	-12 128	32 264
02	14 755	11 194	4 671	33 483	38 154	5 686	31 062	36 749	5 742	30 362	36 104	-4 905	3 561	-3 630	6 506	685	23 877	37 295
03	17 634	16 059	1 995	20 709	22 705	-30 069	65 865	35 795	47 495	16 881	64 376	-3 362	1 575	13 626	4 382	16 433	12 524	63 177
03 *J-J*	9 856	12 486	2 635	11 473	14 108	-26 645	45 467	18 822	39 557	4 950	44 507	-3 062	-2 630	7 836	-2 570	-7 896	7 547	43 651
04 *J-J* P	17 605	33 199	-6 821	10 594	3 773	30 907	21 889	52 795	7 671	21 366	29 037	1 442	-15 593	4 499	-16 121	-3 971	37 309	28 946
03 *Apr*	2 599	3 920	818	908	1 726	-17	7 438	7 421	3 453	8 198	11 651	-333	-1 321	674	-1 320	-675	9 486	11 601
May	610	3 479	-492	733	241	-1 649	5 194	3 545	6 816	-5 129	1 687	-1 196	-2 868	1 630	-2 711	-1 788	-2 390	1 332
Jun	719	-953	1 814	1 130	2 944	327	1 127	1 454	-3 462	-2 347	-5 809	368	1 671	658	1 602	-589	-3 931	-5 290
Jul	1 724	43	-2 421	2 453	31	-11 201	10 936	-265	13 749	1 236	14 985	-84	1 681	3 284	1 546	-3 149	-323	14 567
Aug	257	-12 296	-630	2 025	1 395	-8 904	5 267	-3 637	-2 855	6 399	3 544	92	12 553	1 748	12 612	-1 807	-6 233	3 495
Sep	3 134	14 953	-701	1 602	901	1 573	5 387	6 960	14 466	-7 092	7 374	-385	-11 819	585	-9 607	-2 797	2 501	7 287
Oct	1 479	7 233	-73	1 454	1 381	7 225	761	7 985	143	917	1 060	-62	-5 754	187	-3 874	-2 067	4 824	1 125
Nov	2 858	5 497	-1 797	1 365	-432	1 907	3 253	5 160	4 832	263	5 096	554	-2 639	3 104	-4 780	-963	5 041	4 914
Dec	51	-11 812	2 560	2 792	5 352	-5 225	5 731	506	-8 649	11 445	2 796	-499	11 864	166	12 601	-903	-1 155	2 705
04 *Jan* P	1 673	8 785	-326	1 222	896	7 597	967	8 564	1 467	8 685	10 151	47	-7 111	1 320	-7 132	-1 299	15 732	10 104
Feb P	1 905	-2 814	451	-729	-278	13 177	1 429	14 606	-16 483	6 047	-10 436	42	4 719	1 393	4 690	-1 365	1 357	-10 481
Mar P	3 623	6 081	-4 719	2 563	-2 156	2 536	4 868	7 404	8 533	-4 671	3 861	-268	-2 458	921	-2 416	-963	-2 252	3 923
Apr P	1 135	497	1 459	745	2 205	-1 763	6 455	4 692	940	7 821	8 761	-139	638	720	570	-652	7 275	8 698
May P	433	6 643	-173	387	214	-6 443	7 000	557	12 993	-2 382	10 612	265	-6 209	-107	-6 473	370	3 994	10 695
Jun P	4 986	3 758	-1 034	3 502	2 468	4 591	1 436	6 026	-250	5 194	4 945	451	1 228	182	970	76	4 179	4 865
Jul P	3 849	10 249	-2 479	2 904	425	11 212	-267	10 946	472	671	1 143	1 044	-6 400	69	-6 330	-139	7 024	1 143

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

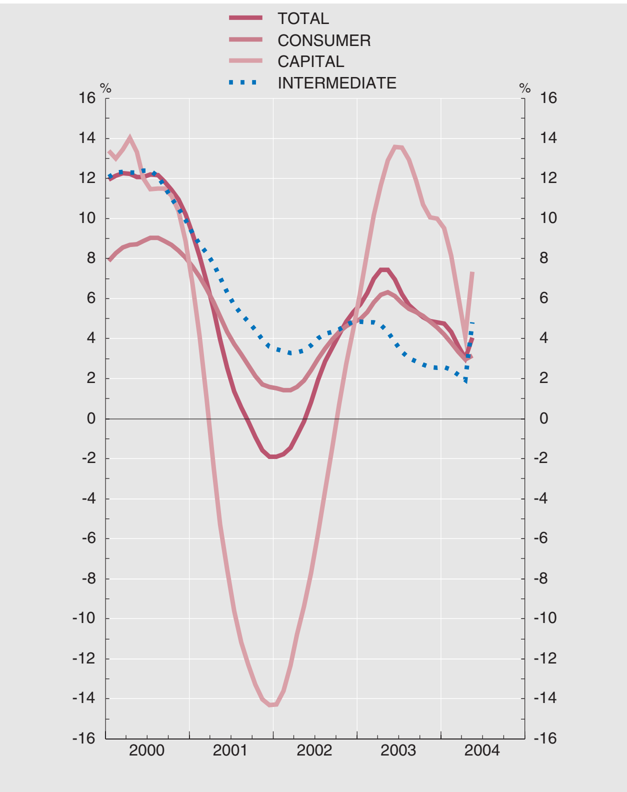
7.3 SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORKD EXPORT AND DISPATCHES

■ Series depicted in chart.

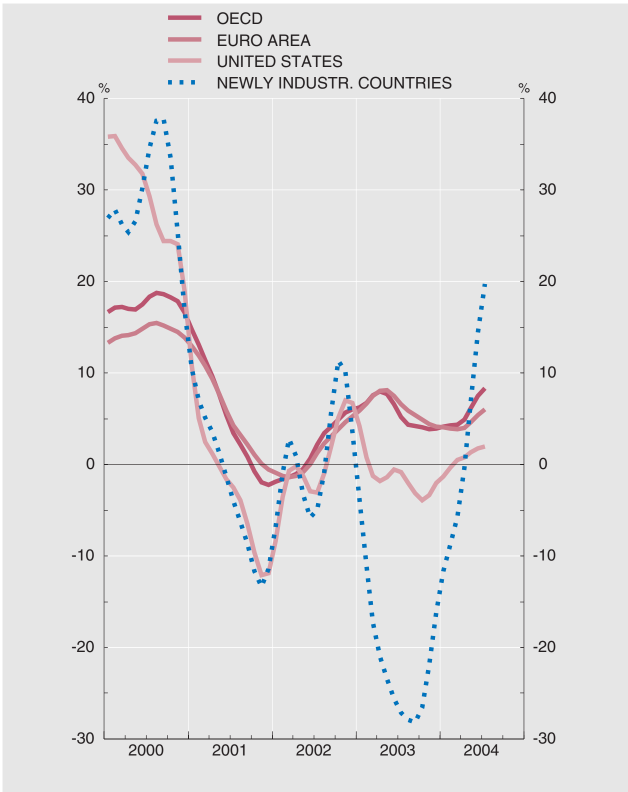
EUR millions and annual percentage changes

	Total: EUR millions	Total: Nom-inal	Total: De-flated	By product (deflated data)(a): Con-sumer	By product: Capital	By product: Intermediate: Total	Intermediate: Energy	Intermediate: Non-energy	By geographical area (nominal data): OECD: Total	OECD: European Union: EU 15	OECD: of which: Euro area	OECD: United States of America	OECD: Other OECD members	OPEC	Other Amer-ican coun-tries	Newly industri-alised coun-tries	Other
	1	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10	11 ■	12 ■	13	14	15	16 ■	17
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
01	129 771	4.5	2.0	4.1	-9.1	4.5	-19.8	5.4	4.2	5.0	5.1	-6.6	4.9	8.3	-6.1	-6.6	12.1
02	133 268	2.7	2.5	4.4	-10.3	5.1	4.7	4.9	2.9	0.1	1.0	2.4	3.9	10.1	-19.8	5.7	7.6
03 P	137 815	5.2	6.2	6.3	15.5	3.4	33.7	2.7	5.5	5.3	6.8	-0.3	6.1	-3.4	2.5	-21.1	9.7
03 *Jun*	11 680	9.2	12.8	11.9	35.5	7.0	32.1	6.3	9.2	13.8	13.8	13.5	7.3	-12.9	27.8	-25.5	12.5
Jul	11 431	2.4	3.4	3.8	25.1	-2.2	-6.7	-2.1	4.5	4.4	5.3	-0.8	4.9	-16.8	-9.6	-30.5	1.8
Aug	8 268	-5.8	-2.1	-2.6	13.7	-5.2	60.1	-7.0	-6.9	-1.8	-3.7	-5.2	-8.5	0.3	-21.8	-28.7	8.2
Sep	11 708	11.3	11.5	11.8	24.5	7.5	45.7	6.5	13.4	14.3	13.6	-1.9	14.2	-1.8	-13.1	-21.0	7.4
Oct	13 069	3.6	4.4	8.9	0.1	2.7	17.0	2.4	3.8	-0.2	3.4	-3.3	5.7	-5.9	13.7	-42.8	9.4
Nov	11 675	-1.6	-2.1	2.3	-8.5	-3.0	10.2	-3.4	-1.7	-3.7	-1.0	-20.5	0.4	-15.9	8.4	-19.3	1.4
Dec	11 573	9.0	7.9	7.4	30.4	1.2	11.4	0.9	4.9	-0.8	1.8	24.4	5.3	32.6	62.3	-7.1	20.0
04 *Jan*	10 696	3.6	5.7	3.7	19.4	4.2	5.0	4.2	2.8	2.3	4.3	-18.8	4.6	-3.5	77.8	-14.5	-2.9
Feb	11 522	2.8	7.4	3.6	20.2	6.4	63.9	5.0	4.0	-2.0	2.3	3.5	6.1	-19.0	-11.8	-3.4	2.6
Mar	13 080	6.8	8.4	5.8	18.4	6.7	31.0	6.1	6.4	3.2	3.7	13.5	7.0	14.1	-0.6	-14.7	12.0
Apr	12 361	0.7	-1.0	-1.1	-8.7	1.6	-16.4	2.3	1.3	1.3	-0.8	-4.9	1.8	7.1	-10.7	8.5	-2.7
May	12 702	2.8	-0.8	-4.3	9.5	-1.3	17.3	-1.9	3.6	0.4	-0.5	2.7	4.8	-21.1	-3.1	-3.0	4.7
Jun	13 084	12.0	8.5	3.1	19.9	8.9	14.2	8.7	11.1	12.1	9.0	1.8	11.3	11.2	-4.2	23.0	23.4
Jul	12 881	12.7	15.3	9.3	31.3	14.4	35.3	13.9	13.0	15.5	12.7	3.9	12.9	7.8	20.0	27.5	8.6

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.

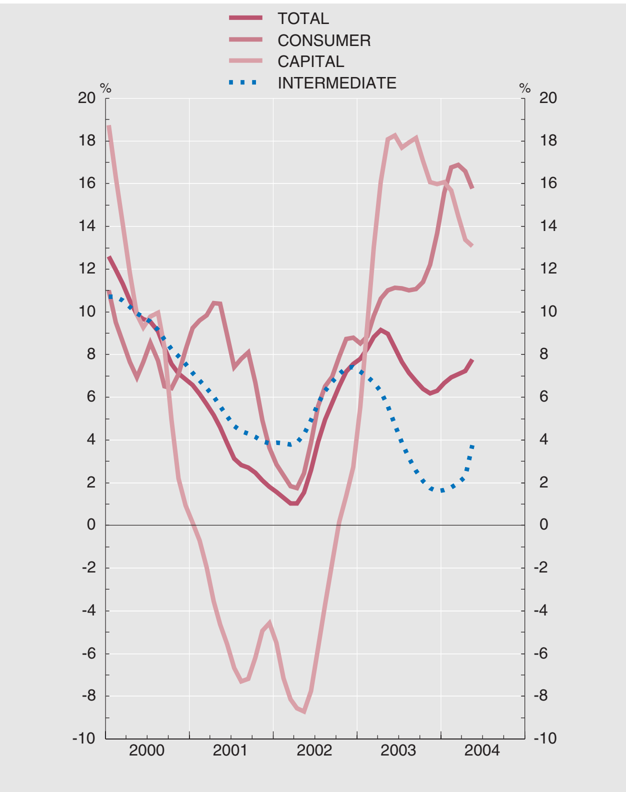
7.4 SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD IMPORTS AND ARRIVALS

■ Series depicted in chart.

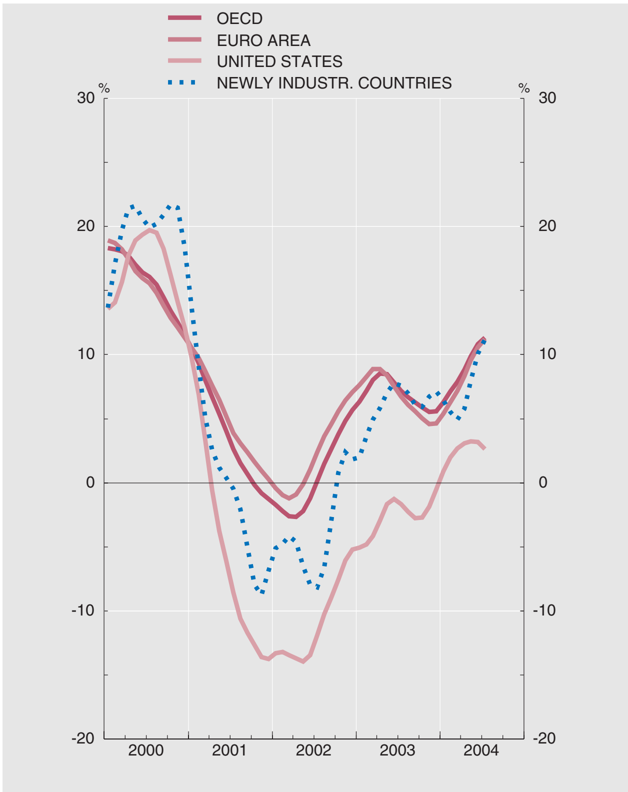
EUR millions and annual percentage changes

	Total			By product (deflated data)(a)					By geographical area (nominal data)								
						Intermediate			OECD					OPEC	Other American countries	Newly industrialised countries	Other
	EUR millions	Nominal	Deflated	Consumer	Capital	Total	Energy	Non-energy	Total	European Union: EU 15	of which: Euro area	United States of America	Other OECD member				
	1	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10	11 ■	12 ■	13	14	15	16 ■	17
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
01	173 210	2.2	2.9	9.1	-6.6	3.5	5.4	3.1	2.1	0.0	3.7	-10.1	3.9	-8.1	3.7	-2.2	11.3
02	175 268	1.2	4.4	5.2	-4.6	6.7	4.8	7.0	0.6	-0.8	1.9	-8.5	1.7	-11.0	5.7	2.4	11.2
03 P	184 095	6.6	6.9	10.1	16.7	2.9	1.6	3.4	6.5	4.2	6.3	-3.4	8.1	3.9	12.3	4.3	8.6
03 *Jun*	15 426	9.7	8.9	11.3	18.0	5.6	-4.9	6.9	9.1	7.4	8.1	2.9	10.1	0.9	16.4	17.4	15.1
Jul	15 496	7.2	7.2	16.5	18.1	0.8	13.4	-0.7	6.9	2.0	7.3	6.8	8.5	9.3	9.8	5.1	7.3
Aug	12 088	1.8	0.3	3.7	1.0	-1.5	0.2	-1.7	1.7	-9.1	0.8	-11.4	5.7	-10.7	13.7	8.4	6.3
Sep	16 558	11.6	14.8	17.4	56.7	3.6	21.1	1.8	11.4	5.8	11.5	-0.5	13.9	-12.7	35.4	4.0	21.1
Oct	17 178	1.7	0.8	6.9	1.1	-1.9	-5.6	-1.5	3.7	2.4	2.5	-22.8	6.0	-9.7	29.3	-33.0	-2.8
Nov	16 260	2.7	3.0	7.5	14.8	-2.3	7.4	-3.4	2.6	3.7	0.8	-6.8	3.1	-5.4	32.7	1.4	2.0
Dec	15 869	0.9	2.4	12.7	14.0	-5.5	1.9	-6.4	-3.5	-4.8	-5.5	1.1	-3.5	-0.6	27.5	24.6	23.5
04 *Jan*	14 207	4.9	8.9	16.1	16.3	3.7	18.0	1.9	5.0	1.4	4.7	1.7	6.5	-5.6	10.8	-4.6	10.8
Feb	15 248	6.0	4.1	20.9	21.2	-6.4	1.3	-7.3	7.0	4.3	6.1	9.9	7.6	-16.4	22.4	9.8	9.2
Mar	17 440	11.3	13.9	24.2	18.3	8.3	14.6	7.6	10.3	8.7	8.0	8.9	10.9	-9.2	55.7	1.7	22.3
Apr	17 216	10.5	9.0	19.2	11.0	4.0	8.2	3.5	9.1	-1.6	8.4	15.8	12.0	-4.0	10.2	1.5	26.1
May	17 429	8.6	3.1	7.2	6.5	0.1	16.0	-1.6	6.9	-0.6	9.8	-9.3	10.4	29.6	-8.7	4.9	15.2
Jun	18 575	20.4	21.1	23.4	26.8	18.2	21.2	17.8	18.3	2.2	15.7	27.7	22.9	13.3	24.5	20.5	34.3
Jul	17 958	15.9	16.2	9.0	48.3	11.3	2.5	12.5	15.3	13.6	15.3	0.7	16.7	15.1	8.7	8.3	22.5

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.

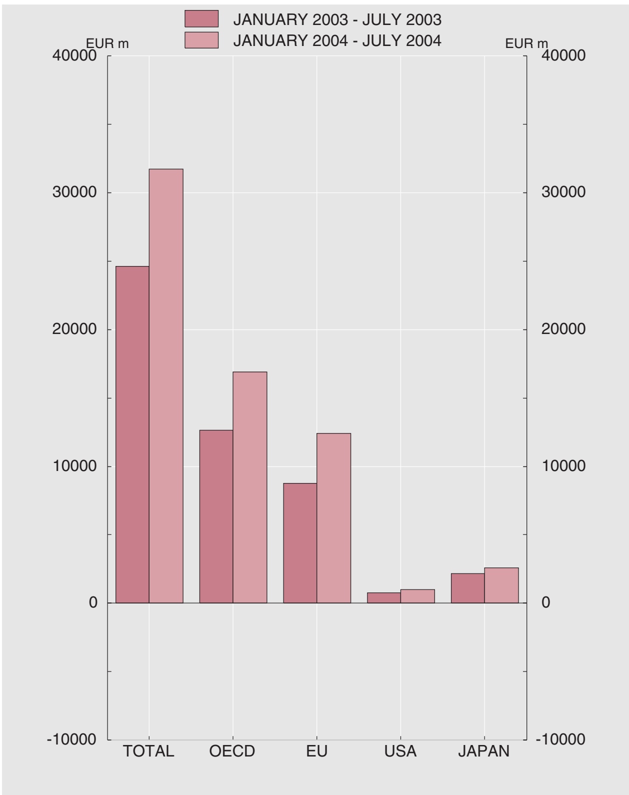
7.5 SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD TRADE BALANCE. GEOGRAPHICAL DISTRIBUTION

■ Series depicted in chart.

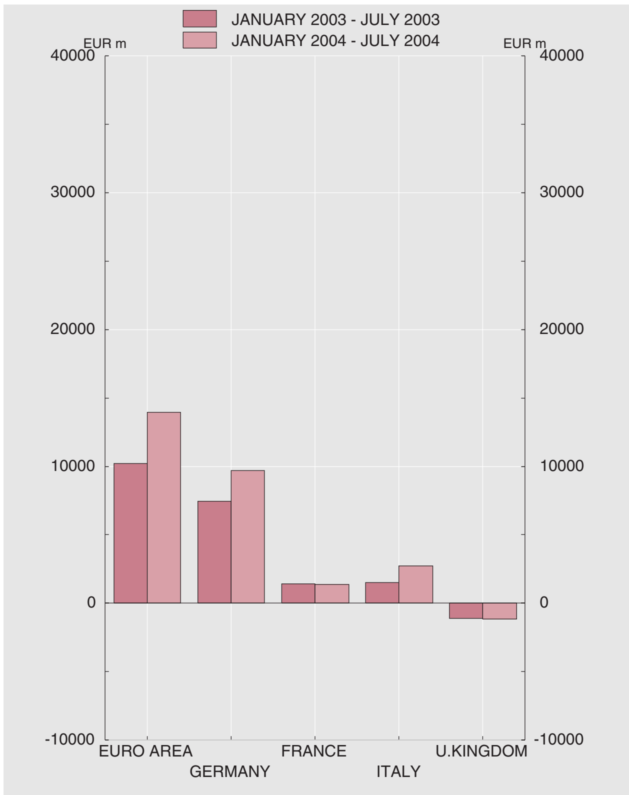
EUR millions

	World total	OECD: Total	OECD: European Union (EU 15): Total	EU 15: Euro area: Total	Euro area, of which: Germany	Euro area, of which: France	Euro area, of which: Italy	EU 15: United Kingdom	EU 15: Other EU 15 members	OECD: United States of America	OECD: Japan	OECD: 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
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
01	-43 439	-24 992	-17 987	-4 974	-11 539	-3 683	-4 283	-462	-12 551	-2 219	-3 159	-1 627	-9 501	420	-2 176	-7 190
02	-42 000	-22 665	-17 543	-5 753	-12 970	-3 436	-3 312	1 430	-13 220	-1 416	-3 224	-482	-7 771	-897	-2 176	-8 491
03 P	-46 279	-25 084	-18 810	-20 249	-13 592	-3 187	-3 360	1 083	356	-1 138	-3 816	-1 321	-8 147	-1 466	-2 600	-8 982
03 *J-J*	-24 619	-12 634	-8 765	-10 217	-7 441	-1 434	-1 505	1 100	352	-751	-2 186	-932	-4 904	-667	-1 531	-4 882
04 *J-J*	-31 747	-16 898	-12 391	-13 963	-9 701	-1 375	-2 738	1 148	425	-1 018	-2 584	-906	-5 090	-965	-1 647	-7 147
03 *Jul*	-4 065	-2 282	-1 732	-2 021	-1 182	-219	-477	239	50	-59	-340	-150	-677	-162	-221	-724
Aug	-3 820	-2 154	-1 772	-1 722	-1 068	-227	-305	-69	19	-61	-205	-116	-600	-155	-187	-724
Sep	-4 850	-2 545	-2 096	-2 086	-1 369	-234	-416	-55	45	-97	-306	-45	-637	-308	-209	-1 153
Oct	-4 109	-2 281	-1 875	-1 863	-1 216	-332	-282	54	-66	48	-382	-71	-697	-278	-197	-657
Nov	-4 585	-2 758	-2 061	-2 111	-1 279	-465	-401	39	11	-194	-401	-102	-687	-114	-236	-789
Dec	-4 295	-2 712	-2 239	-2 249	-1 221	-495	-452	16	-6	-82	-336	-54	-622	56	-241	-777
04 *Jan*	-3 511	-1 432	-674	-1 029	-771	-180	-280	246	109	-240	-265	-253	-839	33	-241	-1 031
Feb	-3 726	-1 980	-1 503	-1 749	-1 119	-331	-259	224	22	-137	-300	-40	-605	-86	-207	-849
Mar	-4 361	-2 254	-1 645	-1 859	-1 294	-328	-313	187	26	-105	-460	-45	-672	-173	-231	-1 029
Apr	-4 855	-2 602	-1 945	-2 056	-1 410	-173	-473	55	56	-136	-374	-148	-572	-302	-216	-1 163
May	-4 727	-2 587	-1 990	-2 310	-1 740	-114	-392	196	124	-168	-357	-72	-901	-79	-254	-905
Jun	-5 490	-3 208	-2 368	-2 461	-1 630	-40	-531	62	31	-188	-442	-210	-698	-224	-278	-1 082
Jul	-5 077	-2 834	-2 266	-2 499	-1 736	-208	-489	176	57	-43	-386	-139	-802	-134	-220	-1 087

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.

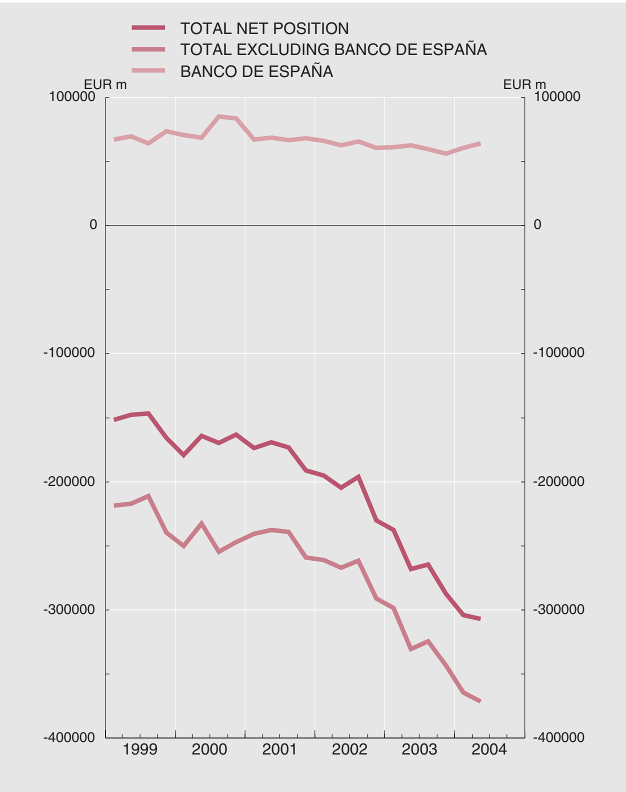
7.6. SPANISH INTERNATIONAL INVESTMENT POSITION VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD SUMMARY

■ Series depicted in chart.

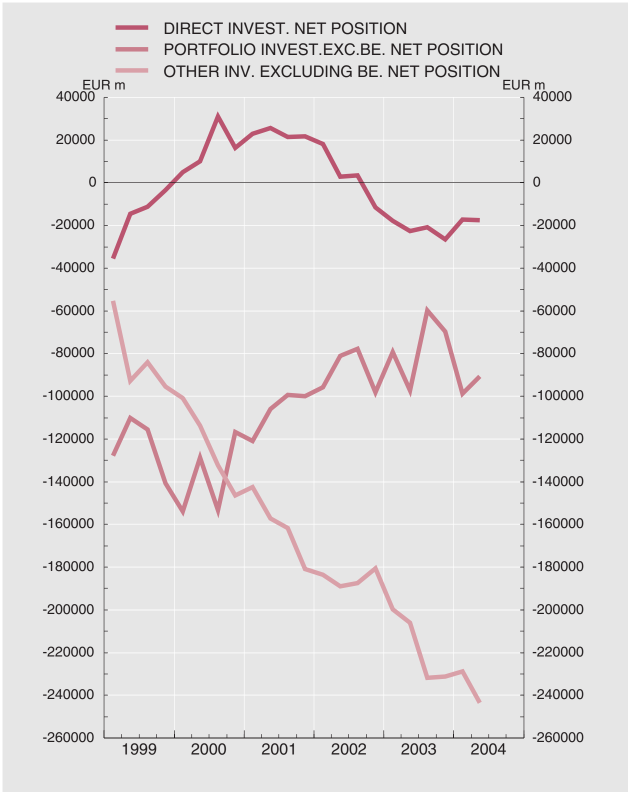
End-of-period stocks in EUR millions

	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 Euro-system	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
96	-108 679	-156 081	-53 108	31 973	85 081	-104 857	17 421	122 278	1 884	132 134	130 250	47 403	47 658	-	-256
97	-121 608	-185 920	-45 366	45 852	91 218	-124 360	33 272	157 632	-16 194	141 741	157 935	64 311	64 174	-	137
98	-159 772	-212 314	-41 242	60 064	101 306	-136 177	73 123	209 300	-34 895	158 762	193 657	52 542	52 095	-	447
99	-165 704	-239 447	-3 413	112 285	115 698	-140 717	127 409	268 125	-95 318	148 062	243 380	73 743	37 288	36 028	427
00	-163 412	-246 928	16 238	171 907	155 669	-116 666	193 719	310 384	-146 501	159 480	305 981	83 516	38 234	45 278	4
01 *Q2*	-169 141	-237 534	25 701	204 159	178 458	-105 928	219 383	325 311	-157 306	178 108	335 414	68 393	40 776	28 376	-759
Q3	-172 977	-239 406	21 443	202 355	180 912	-99 224	208 490	307 714	-161 625	170 337	331 962	66 429	39 971	27 762	-1 305
Q4	-191 095	-259 231	21 753	209 307	187 554	-100 066	232 765	332 831	-180 918	163 881	344 799	68 136	38 865	29 156	114
02 *Q1*	-195 213	-261 254	18 077	212 406	194 328	-95 829	245 199	341 028	-183 503	168 178	351 681	66 041	41 015	26 173	-1 148
Q2	-204 753	-267 233	2 810	202 813	200 004	-81 059	245 783	326 842	-188 983	173 641	362 624	62 480	36 400	26 005	75
Q3	R -195 997	-261 639	3 350	205 264	201 914	-77 665	240 510	318 175	-187 324	178 034	365 358	65 642	38 425	27 657	-440
Q4	-230 349	-290 977	-11 673	213 946	225 618	-98 620	259 261	357 880	-180 685	185 153	365 838	60 628	38 431	22 650	-453
03 *Q1*	-237 565	-298 603	-17 752	216 596	234 348	-81 026	280 165	361 191	-199 825	184 551	384 376	61 037	35 436	24 337	1 264
Q2	-267 981	-330 448	-22 489	215 218	237 707	-101 887	290 010	391 897	-206 073	183 249	389 322	62 468	31 326	26 766	4 376
Q3	-264 626	-324 362	-20 893	220 946	241 839	-71 694	314 455	386 148	-231 775	181 151	412 926	59 736	25 395	22 216	12 126
Q4	-287 559	-343 648	-26 484	221 550	248 035	-85 817	326 370	412 187	-231 347	185 870	417 217	56 089	21 229	18 269	16 591
04 *Q1*	-303 928	-364 442	-17 256	229 408	246 664	-118 217	338 622	456 839	-228 969	194 400	423 369	60 514	17 578	23 071	19 866
Q2	-307 195	-371 371	-17 523	234 872	252 395	-110 292	352 429	462 721	-243 556	204 617	448 173	64 177	16 245	27 941	19 991

INTERNATIONAL INVESTMENT POSITION



COMPONENTS OF THE POSITION



Source: BE.

Note: As from December 2002, portfolio investment data have been calculated using a new information system (see Banco de España Circular 2/2001 and note on changes introduced in the economic indicators). The incorporation of the new data under the heading 'shares and mutual funds' of other resident sectors entails a very significant break in the time series, both in the financial assets and the liabilities, so that the series have been revised back to 1992. This methodological change introduced by the new system also affects the rest of the headings, to some extent, but the effect does not justify a complete revision of the series.

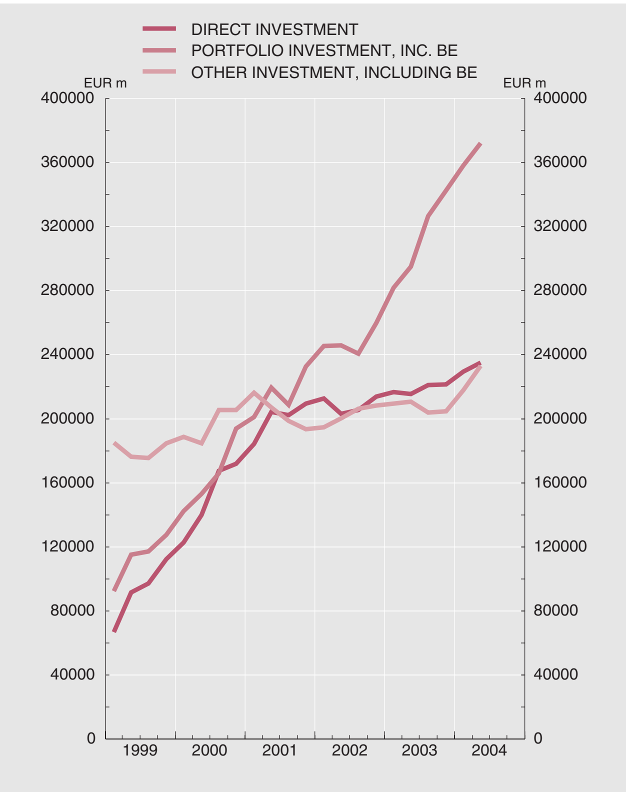
7.7. SPANISH INTERNATIONAL INVESTMENT POSITION VIS-à-VIS OTHER EURO AREA RESIDENTES AND THE REST OF THE WORLD BREAKDOWN BY INVESTMENT

■ Series depicted in chart.

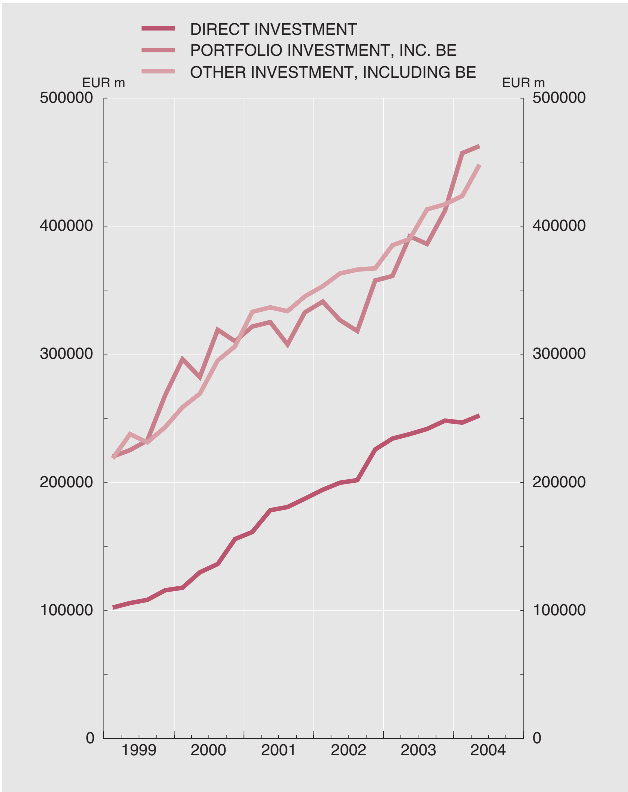
End-of-period stocks in EUR millions

	Direct investment				Portfolio investment, including Banco de España				Other investment, including Banco de España	
	Spanish investment abroad		Foreign investment in Spain		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		
	1	2	3	4	5	6	7	8	9 ■	10 ■
96	29 634	2 339	71 683	13 398	4 272	13 149	53 370	68 908	132 316	130 688
97	42 711	3 141	78 261	12 957	9 918	23 354	75 414	82 217	141 924	157 981
98	54 374	5 690	84 022	17 284	20 249	52 874	116 698	92 603	159 261	193 708
99	104 816	7 469	97 447	18 251	42 288	85 121	145 948	122 177	184 552	243 414
00	158 816	13 091	129 955	25 714	83 927	109 792	147 521	162 864	205 216	306 434
01 *Q2*	185 414	18 745	144 585	33 873	80 549	138 834	149 410	175 902	206 909	336 599
Q3	181 808	20 547	146 839	34 073	66 943	141 547	124 216	183 499	198 533	333 700
Q4	189 022	20 285	150 244	37 311	74 623	158 142	144 151	188 680	193 450	345 097
02 *Q1*	191 778	20 628	148 624	45 704	75 523	169 677	148 497	192 530	194 791	353 268
Q2	186 114	16 699	154 641	45 363	65 240	180 543	128 578	198 265	200 085	362 988
Q3 R	186 791	18 473	154 339	47 575	56 609	183 901	103 690	214 485	206 103	366 210
Q4	196 880	17 065	174 445	51 173	50 710	209 037	116 990	240 890	208 235	367 210
03 *Q1*	199 100	17 496	183 166	51 182	47 502	234 268	116 385	244 806	209 345	385 174
Q2	197 605	17 613	185 992	51 715	51 787	242 998	133 836	258 061	210 486	390 192
Q3	204 718	16 228	187 742	54 097	58 752	267 719	130 619	255 529	203 789	413 239
Q4	206 285	15 265	185 912	62 122	66 039	276 559	147 892	264 295	204 594	417 309
04 *Q1*	212 427	16 981	185 057	61 606	74 743	283 378	153 499	303 340	217 901	423 432
Q2	217 519	17 353	188 331	64 064	78 284	293 759	149 107	313 615	232 936	448 173

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



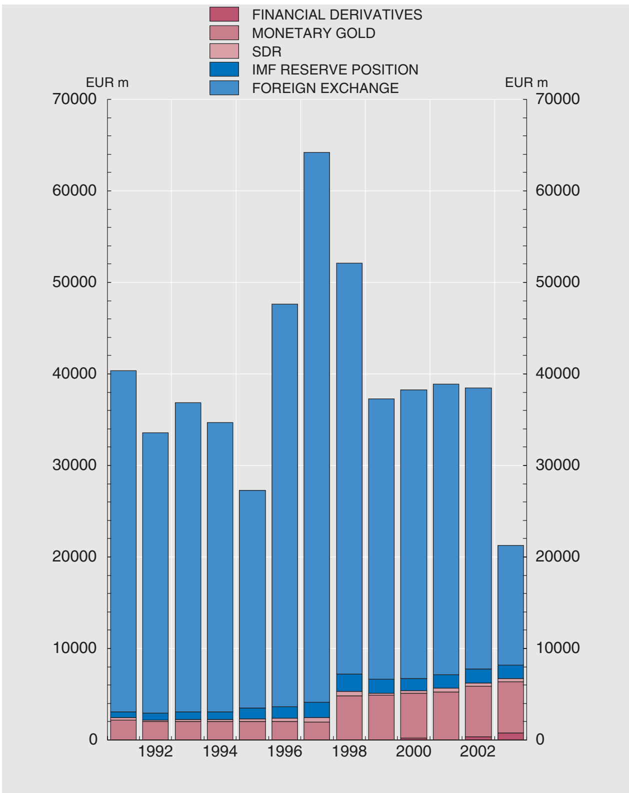
Source: BE.
Nota: See footnote to Indicator 7.6

7.8. SPANISH RESERVE ASSETS

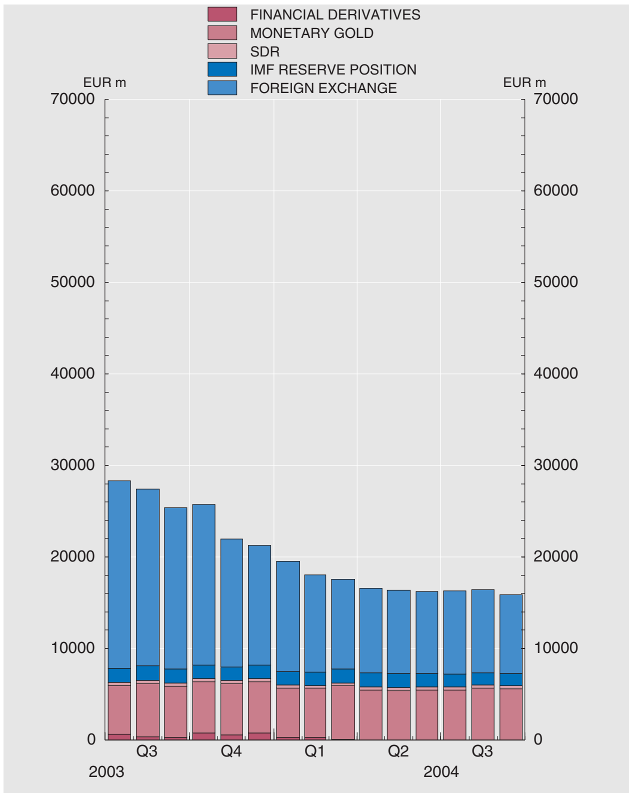
■ Series depicted in chart. *EUR millions*

	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
99 R	37 288	30 639	1 517	259	4 873	...	16.8
00	38 234	31 546	1 271	312	4 931	175	16.8
01	38 865	31 727	1 503	398	5 301	-63	16.8
02	38 431	30 695	1 518	337	5 500	382	16.8
03 *Apr*	34 290	26 626	1 503	329	5 084	748	16.8
May	31 576	23 586	1 446	318	5 169	1 056	16.8
Jun	31 326	23 650	1 531	330	5 083	731	16.8
Jul	28 307	20 490	1 536	332	5 297	653	16.8
Aug	27 436	19 336	1 625	340	5 763	373	16.8
Sep	25 395	17 626	1 579	330	5 553	306	16.8
Oct	25 744	17 528	1 505	332	5 592	787	16.8
Nov	21 942	13 967	1 487	338	5 583	566	16.8
Dec	21 229	13 073	1 476	328	5 559	793	16.8
04 *Jan*	19 497	11 984	1 499	333	5 424	258	16.8
Feb	18 015	10 609	1 429	332	5 349	296	16.8
Mar	17 578	9 790	1 532	337	5 823	95	16.8
Apr	16 539	9 200	1 537	343	5 459	-	16.8
May	16 368	9 094	1 517	344	5 413	-	16.8
Jun	16 245	8 985	1 464	346	5 451	-	16.8
Jul	16 272	9 078	1 398	348	5 448	-	16.8
Aug	16 415	9 073	1 345	346	5 651	-	16.8
Sep	15 889	8 627	1 324	346	5 591	-	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.

7.9. SPAIN'S EXTERNAL DEBT VIS-à-VIS OTHER EURO AREA RESIDENTES AND THE REST OF THE WORLD. SUMMARY

End-of-period positions *EUR millions*

	Total	General government						Other monetary financial institutions				
		Total	Short-term		Long-term			Total	Short-term		Long-term	
			Money market instru-ments	Loans	Bonds and notes	Loans	Trade credits		Money market instru-ments	Deposits	Bonds and notes	Deposits
	1	2	3	4	5	6	7	8	9	10	11	12
02 *Q4*	670 173	190 973	1 452	1 069	178 105	10 348	-	307 780	338	154 007	34 197	119 237
03 *Q1*	693 082	181 335	2 191	707	168 191	10 247	-	328 115	306	165 842	39 473	122 493
Q2	713 657	186 292	3 061	264	173 132	9 835	-	339 603	314	170 813	44 738	123 738
Q3	739 771	176 960	3 609	1 777	161 829	9 745	-	362 674	344	183 339	49 190	129 801
Q4	763 958	171 864	4 471	332	157 189	9 872	-	374 118	317	187 752	56 356	129 693
04 *Q1*	809 528	188 235	3 768	486	173 652	10 329	-	392 308	361	186 516	71 953	133 477
Q2	847 932	185 257	3 234	150	171 460	10 412	-	425 441	354	207 105	79 314	138 668

7.9.(CONT.) SPAIN'S EXTERNAL DEBT VIS-à-VIS OTHER EURO AREA RESIDENTES AND THE REST OF THE WORLD. SUMMARY

End-of-period positions *EUR millions*

	Monetary authority		Other residents sectors								Direct investment		
	Total	Short-term	Total	Short-term			Long-term				Total	Vis-à-vis	
		Deposits		Money market instru-ments	Loans	Other liabilities	Bonds and notes	Loans	Trade credits	Other liabilities		Direct investors	Subsidia-ries
	13	14	15	16	17	18	19	20	21	22	23	24	25
02 *Q4*	1 371	1 371	107 976	3 001	19 770	78	23 797	60 588	438	304	62 073	32 765	29 308
03 *Q1*	798	798	119 732	2 678	19 148	123	31 967	64 842	435	539	63 102	32 776	30 326
Q2	870	870	121 488	2 497	17 743	77	34 319	65 843	427	581	65 405	32 942	32 463
Q3	313	313	128 820	2 417	20 322	78	38 138	66 957	408	499	71 004	32 451	38 553
Q4	92	92	135 529	2 295	19 185	-	43 667	69 581	393	409	82 354	38 149	44 205
04 *Q1*	62	62	146 166	2 321	20 242	308	51 284	71 240	395	376	82 757	35 327	47 430
Q2	1	1	151 090	2 383	19 695	179	56 869	71 195	392	376	86 144	35 880	50 264

Source: BE.

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
03 *Apr*	225 887	181 136	44 982	-	14	88	332	86 415	361 691	3 881	333 632	54 475	4 102	133 342	2 029
May	223 549	178 317	44 980	-175	21	580	174	87 720	366 841	1 040	332 823	52 662	4 657	129 143	2 029
Jun	242 725	197 701	44 990	-	58	295	320	101 582	375 152	7 666	330 087	48 852	5 590	133 523	2 029
Jul	254 311	209 174	45 000	-	28	434	324	114 625	385 074	10 053	317 476	36 974	5 239	132 418	2 029
Aug	255 246	210 142	44 995	-	25	169	86	116 331	392 180	5 045	315 573	34 679	4 933	131 952	2 029
Sep	262 453	218 091	44 995	-	30	74	738	122 059	392 051	13 425	315 294	31 878	4 982	133 383	2 029
Oct	247 661	202 783	45 000	-	28	100	250	110 659	396 275	-48	322 998	37 431	4 604	130 368	2 029
Nov	254 542	209 544	44 999	-	40	85	125	117 552	400 813	2 428	321 118	35 430	4 528	131 360	1 103
Dec	284 335	238 653	45 000	-	20	755	92	146 710	424 335	7 259	319 186	34 302	4 250	132 321	1 054
04 *Jan*	275 539	229 365	45 909	-	23	352	109	135 688	421 010	-2 873	306 360	23 910	2 600	136 198	1 054
Feb	273 026	217 065	56 000	-	14	237	290	135 227	417 374	2 714	303 312	18 450	2 293	134 453	1 054
Mar	283 136	218 533	64 999	-	48	84	528	145 578	423 041	9 494	299 843	12 886	1 713	134 791	1 054
Apr	289 267	213 955	75 000	-	-1	449	135	151 317	434 742	4 739	310 312	22 148	689	136 207	1 054
May	292 238	217 976	75 001	-619	1	129	249	153 524	439 836	4 579	311 341	20 449	940	136 720	1 054
Jun	315 670	240 727	75 000	-	3	121	181	176 467	447 220	20 992	310 497	18 753	751	137 398	1 054
Jul	328 587	253 319	75 001	-	-1	370	102	186 453	457 756	21 532	300 848	8 013	1 314	139 766	1 054
Aug	327 230	252 433	74 998	-	2	41	244	184 518	463 568	13 127	299 826	7 649	1 224	140 434	1 054
Sep	330 874	255 818	74 999	-	5	224	173	189 407	463 363	17 605	298 817	7 256	1 443	138 969	1 054

8.1.b BALANACE 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
03 *Apr*	15 460	14 563	900	-	-3	-	-	28 617	54 799	5 628	37 706	5 897	-24 679	-23 845	-833	11 522	-
May	16 142	15 771	367	-	4	-	-	29 707	54 804	6 792	36 619	4 730	-25 126	-24 535	-591	11 562	-
Jun	17 225	17 096	123	-	6	-	0	31 927	55 832	8 040	35 483	3 538	-26 074	-25 645	-429	11 371	-
Jul	18 096	17 719	410	-	5	-	37	30 278	57 570	5 051	32 508	165	-24 062	-23 644	-418	11 880	-
Aug	30 083	28 880	1 209	-	-5	-	-	30 350	57 898	4 681	29 732	-2 497	-12 216	-11 568	-648	11 949	-
Sep	26 635	25 331	1 311	-	-1	-	6	29 945	57 317	6 077	28 723	-4 726	-16 374	-15 599	-775	13 064	-
Oct	22 461	21 098	1 374	-	-1	0	11	29 058	57 688	6 847	28 698	-6 780	-18 702	-17 669	-1 033	12 105	-
Nov	20 801	20 121	665	-	15	-	1	31 189	58 180	8 209	26 491	-8 709	-22 211	-21 156	-1 056	11 823	-
Dec	25 566	25 044	519	-	1	4	2	31 667	61 277	6 017	25 557	-10 069	-18 163	-17 124	-1 039	12 063	-
04 *Jan*	27 131	26 821	306	-	4	0	-	31 118	61 418	5 215	23 579	-11 936	-17 059	-16 088	-970	13 071	-
Feb	24 426	23 140	1 284	-	2	-	-	29 157	60 837	5 076	22 214	-14 541	-16 993	-15 976	-1 017	12 262	-
Mar	25 205	23 147	2 035	-	29	-	6	30 229	61 787	6 007	21 501	-16 064	-17 935	-16 675	-1 260	12 911	-
Apr	24 386	21 735	2 618	-	0	32	-	33 475	63 565	5 800	20 812	-15 078	-22 119	-20 109	-2 010	13 030	-
May	22 748	19 387	3 363	-	-2	-	-	35 358	63 690	7 633	20 683	-15 281	-25 148	-23 226	-1 922	12 538	-
Jun	25 288	22 049	3 242	-	-1	-	2	38 291	64 808	8 776	20 671	-14 622	-26 221	-24 367	-1 854	13 218	-
Jul	22 648	19 955	2 692	-	0	0	-	37 135	66 720	5 930	20 153	-15 361	-27 805	-26 029	-1 776	13 318	-
Aug	26 132	24 479	1 652	-	1	-	1	37 297	66 578	6 180	20 080	-15 381	-24 634	-22 733	-1 901	13 469	-
Sep	30 412	28 714	1 698	-	2	-	2	36 239	65 816	6 062	20 057	-15 583	-19 736	-18 003	-1 733	13 909	-

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

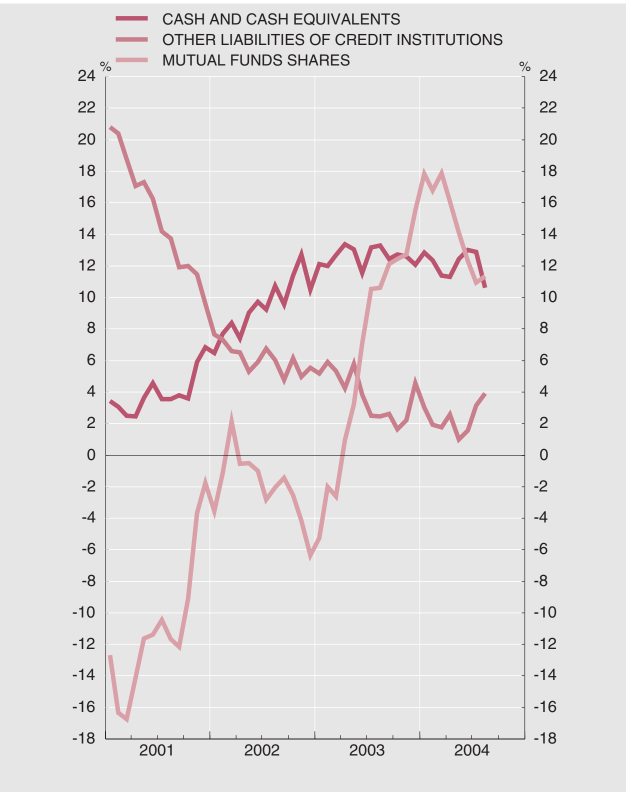
8.2 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES (a) OF NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN

■ Series depicted in chart.

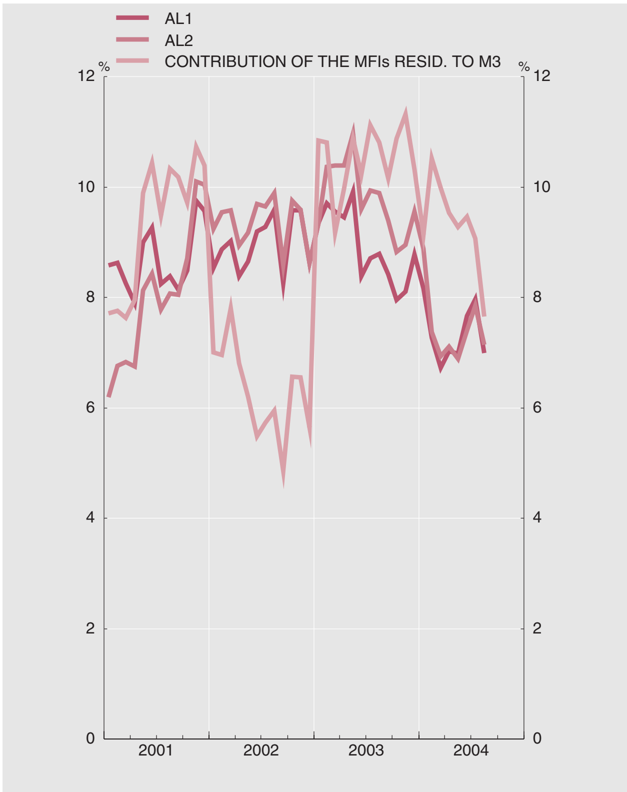
EUR millions and %

		Cash and cash equivalents					Other liabilities of credit institutions					Mutual funds shares					Memorandum items		
		Stocks	12-month % change	12-month % change			Stocks	12 month % change	12-month % change			Stocks	12-month % change	12-month % change			12-month % change		
				Cash	Sight deposits	Savings deposits (b)			Other deposits (c)	Repos + credit institutions' securities	Deposits in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds	AL1 (d)	AL2 (e)	Contribution of the MFIs resid. to M3
		1	2 ■	3	4	5	6	7 ■	8	9	10	11	12 ■	13	14	15	16 ■	17 ■	18 ■
01		291 310	6.8	-21.3	16.0	11.8	251 335	9.6	13.0	7.1	-20.6	155 663	-1.8	33.8	20.4	-17.5	9.6	10.0	10.4
02		321 912	10.5	22.2	10.3	6.5	265 287	5.6	6.9	0.7	4.2	145 758	-6.4	14.1	8.6	-21.3	8.6	8.6	5.6
03		360 753	12.1	21.0	7.8	13.1	277 390	4.6	2.2	15.7	-2.7	168 406	15.5	10.1	24.9	14.8	8.8	9.6	10.3
03 *May*		329 773	13.1	27.3	12.4	8.6	272 197	5.8	5.6	8.5	-0.3	157 560	3.2	13.2	31.7	-13.3	9.9	11.0	10.9
Jun		343 523	11.5	24.6	9.0	9.6	270 061	3.8	4.2	7.1	-9.4	161 029	7.1	13.3	34.0	-7.3	8.4	9.6	10.2
Jul		344 605	13.2	22.9	11.2	11.6	267 824	2.5	2.5	4.3	-2.9	162 951	10.5	14.7	34.6	-2.1	8.7	9.9	11.1
Aug		343 583	13.3	22.2	11.9	11.3	270 396	2.5	1.9	5.3	0.7	163 547	10.6	15.6	31.7	-1.5	8.8	9.9	10.8
Sep		346 448	12.4	21.3	10.0	11.7	268 491	2.6	2.5	4.9	-2.5	162 940	12.1	14.7	28.5	2.9	8.4	9.4	10.2
Oct		343 646	12.7	21.7	9.5	12.6	270 344	1.6	0.4	12.2	-13.1	165 460	12.4	12.8	25.8	6.1	8.0	8.8	10.9
Nov		354 680	12.6	21.7	8.9	13.0	271 322	2.2	0.5	12.9	-9.2	166 941	12.7	11.3	25.5	7.8	8.1	9.0	11.3
Dec		360 753	12.1	21.0	7.8	13.1	277 390	4.6	2.2	15.7	-2.7	168 406	15.5	10.1	24.9	14.8	8.8	9.6	10.3
04 *Jan*		355 419	12.8	21.2	8.8	13.8	275 896	3.0	2.1	6.9	3.2	171 015	17.8	6.1	22.7	24.0	8.2	8.9	9.1
Feb		358 751	12.4	20.6	8.6	13.1	274 540	1.9	2.1	8.4	-18.4	173 801	16.8	3.4	9.2	31.2	7.3	7.4	10.5
Mar		363 354	11.4	20.1	7.4	12.2	274 204	1.8	3.0	3.4	-18.3	177 543	17.9	3.1	10.4	33.6	6.7	6.9	10.0
Apr		363 288	11.3	20.2	7.2	12.2	275 449	2.6	3.6	4.6	-15.9	179 347	16.1	2.9	8.4	30.3	7.0	7.1	9.5
May		370 798	12.4	19.7	10.2	11.9	274 947	1.0	2.4	-0.9	-11.5	179 799	14.1	3.5	5.3	27.0	7.0	6.9	9.3
Jun		388 201	13.0	19.0	12.5	11.0	274 306	1.6	3.4	-1.1	-14.2	180 858	12.3	3.9	3.0	23.6	7.7	7.4	9.5
Jul	P	389 013	12.9	19.3	12.4	10.7	276 250	3.1	4.1	4.8	-16.2	180 798	11.0	-0.0	6.1	21.6	8.0	7.9	9.1
Aug	P	380 068	10.6	17.6	9.2	9.2	280 957	3.9	4.8	7.9	-19.8	182 082	11.3	-0.9	9.6	21.2	7.0	7.1	7.7

NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Annual percentage change



NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Annual percentage change



Source: BE.

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 10, which includes deposits in Spanish bank branches abroad.

(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 cash and cash equivalents, other liabilities of credit institutions and money market fund shares.

(e) Defined as AL1 plus fixed income mutual fund shares in euro.

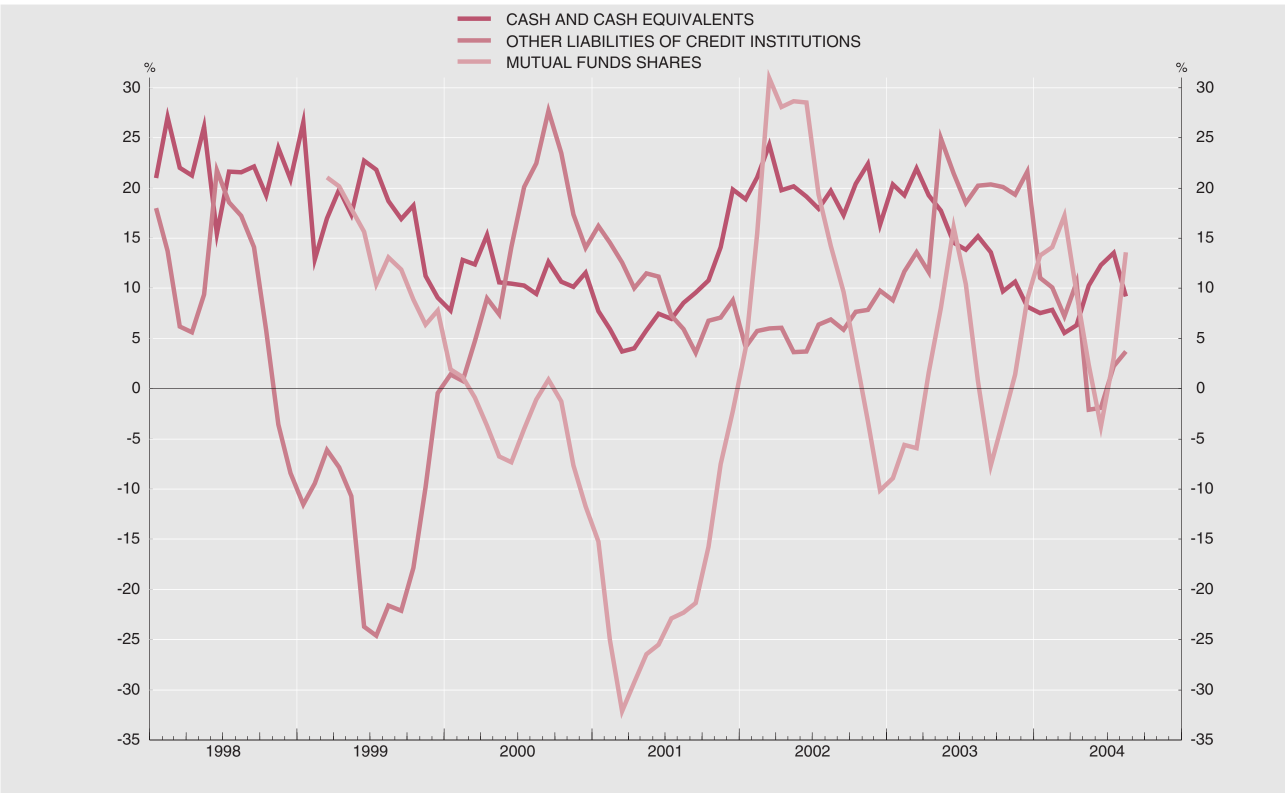
8.3 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF NON-FINANCIAL CORPORATIONS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents				Other liabilities of credit institutions				Mutual funds shares (b)				
	Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		
			Cash and shigt depo-sits	Sa-ving depo-sits (c)			Other depo-sits (d)	Repos + credit instit.' securit.+ dep. in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds
	1	2 ■	3	4	5	6 ■	7	8	9	10 ■	11	12	13
01	66 520	19.9	20.2	10.7	42 942	8.8	16.7	4.9	15 282	-2.2	86.1	14.1	-21.8
02	77 375	16.3	15.6	39.5	47 128	9.7	19.1	4.6	13 730	-10.2	16.3	2.5	-25.7
03	83 696	8.2	7.9	15.6	57 315	21.6	39.2	10.5	14 954	8.9	10.3	14.5	5.3
03 *May*	78 293	17.8	17.6	23.8	53 285	25.0	47.1	11.2	16 875	8.0	14.5	40.3	-7.7
Jun	81 835	14.5	14.3	20.6	52 121	21.5	46.7	5.8	18 185	16.1	14.9	49.4	3.4
Jul	78 825	13.8	13.8	14.9	50 605	18.5	44.8	1.5	16 931	10.4	12.5	35.6	-1.4
Aug	79 040	15.2	15.1	18.1	52 196	20.2	46.3	3.5	15 490	0.7	9.8	17.9	-11.9
Sep	80 696	13.6	13.2	24.7	52 319	20.4	47.5	3.1	13 959	-7.6	5.4	0.6	-19.5
Oct	77 600	9.7	9.4	17.8	53 307	20.1	38.8	7.8	14 347	-3.2	6.6	3.7	-12.5
Nov	82 550	10.7	10.0	28.3	53 605	19.4	39.8	5.7	14 646	1.4	8.2	9.0	-6.3
Dec	83 696	8.2	7.9	15.6	57 315	21.6	39.2	10.5	14 954	8.9	10.3	14.5	5.3
04 *Jan*	81 161	7.5	6.8	27.0	51 534	11.0	39.9	-6.4	15 543	13.3	13.6	12.4	13.5
Feb	82 033	7.9	8.4	-4.6	52 193	10.1	30.4	-3.2	16 118	14.1	17.4	-0.2	20.0
Mar	84 137	5.6	5.9	-2.5	52 452	7.2	33.8	-9.5	16 824	17.2	24.2	0.8	21.9
Apr	82 594	6.3	6.4	5.5	52 851	10.6	34.4	-5.1	17 105	9.5	27.4	-9.5	8.7
May	86 363	10.3	10.6	1.7	52 186	-2.1	11.7	-13.4	17 281	2.4	31.4	-19.5	-2.9
Jun	91 942	12.4	12.7	2.1	51 120	-1.9	9.9	-12.0	17 498	-3.8	35.0	-27.3	-12.7
Jul P	89 473	13.5	13.6	10.1	51 728	2.2	10.6	-5.5	17 457	3.1	33.3	-16.9	-4.7
Aug P	86 315	9.2	9.3	7.4	54 145	3.7	10.8	-2.6	17 595	13.6	35.7	-3.1	7.2

NON-FINANCIAL CORPORATIONS
Annual percentage change



Source: BE.

(a) To December 2002 the frequency of this information was quarterly. The annual growht rates for months for which there is no information have been calculated using the figure obtained from the linear interpolation of the quarterly data.

(b) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 8, which includes deposits in Spanish bank branches abroad.

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

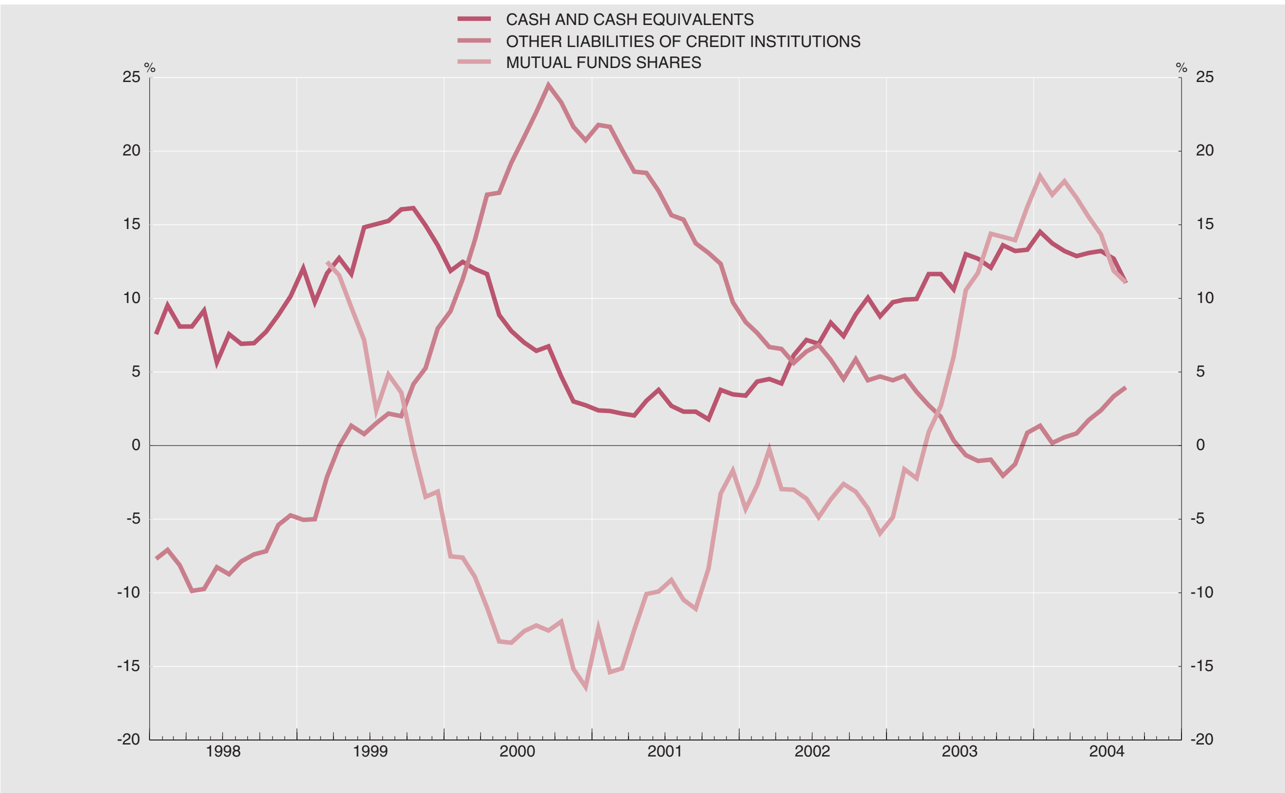
8.4 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents					Other liabilities of credit institutions				Mutual funds shares (b)				
	Stocks	Annual growth rate	Annual growth rate			Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		
			Cash	Shigt deposits	Saving deposits (c)			Other deposits (d)	Repos + credit instit.' securit.+ dep. in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds
	1	2 ■	3	4	5	6	7 ■	8	9	10	11 ■	12	13	14
01	224 789	3.5	-22.6	12.1	11.8	208 393	9.8	12.7	-3.1	140 381	-1.7	30.2	21.2	-16.9
02	244 537	8.8	20.0	6.9	5.9	218 160	4.7	5.8	-1.1	132 028	-6.0	13.9	9.3	-20.8
03	277 058	13.3	21.3	8.2	13.0	220 075	0.9	-1.4	13.3	153 452	16.2	10.1	25.9	15.8
03 *May*	251 481	11.7	26.2	8.7	8.3	218 912	2.0	1.8	2.7	140 686	2.7	13.1	30.7	-14.0
Jun	261 688	10.6	23.7	4.8	9.3	217 941	0.3	0.3	0.6	142 844	6.0	13.1	32.2	-8.6
Jul	265 781	13.0	22.2	9.7	11.5	217 219	-0.7	-1.4	3.3	146 020	10.6	14.9	34.5	-2.2
Aug	264 544	12.7	21.7	9.6	11.2	218 200	-1.0	-2.2	4.6	148 057	11.8	16.3	33.4	-0.3
Sep	265 751	12.1	21.0	7.5	11.4	216 171	-0.9	-1.7	3.1	148 981	14.4	15.7	31.8	5.5
Oct	266 045	13.6	21.5	10.3	12.5	217 037	-2.0	-3.2	4.1	151 113	14.2	13.5	28.3	8.2
Nov	272 130	13.2	21.8	8.4	12.7	217 718	-1.3	-3.3	9.2	152 295	13.9	11.7	27.3	9.4
Dec	277 058	13.3	21.3	8.2	13.0	220 075	0.9	-1.4	13.3	153 452	16.2	10.1	25.9	15.8
04 *Jan*	274 258	14.5	21.5	11.4	13.5	224 362	1.3	-1.5	15.9	155 473	18.3	5.3	23.8	25.1
Feb	276 719	13.8	20.9	9.2	13.5	222 346	0.2	-0.8	5.1	157 683	17.1	2.0	10.2	32.4
Mar	279 217	13.2	20.4	9.4	12.6	221 752	0.6	-0.1	4.1	160 719	18.0	1.0	11.4	34.9
Apr	280 693	12.9	20.5	8.5	12.3	222 598	0.8	0.4	3.1	162 242	16.8	0.3	10.5	32.8
May	284 435	13.1	19.9	10.0	12.1	222 761	1.8	1.2	4.6	162 518	15.5	0.5	8.4	30.8
Jun	296 258	13.2	19.3	12.5	11.2	223 186	2.4	2.5	1.8	163 360	14.4	0.5	7.1	28.6
Jul P	299 539	12.7	19.4	11.4	10.7	224 522	3.4	3.3	3.9	163 341	11.9	-3.6	8.8	24.8
Aug P	293 752	11.0	17.7	9.4	9.2	226 812	3.9	4.0	3.9	164 487	11.1	-4.7	11.0	22.7

HOUSEHOLDS AND NPISH
Annual percentage change



Source: BE.

(a) To December 2002 the frequency of this information was quarterly. The annual growht rates for months for which there is no information have been calculated using the figure obtained from the linear interpolation of the quarterly data.

(b) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 9, which includes deposits in Spanish bank branches abroad.

(c) Deposits redeemable at up to and including 3 months' notice.

(d) Deposits redeemable at over 3 months' notice and time deposits.

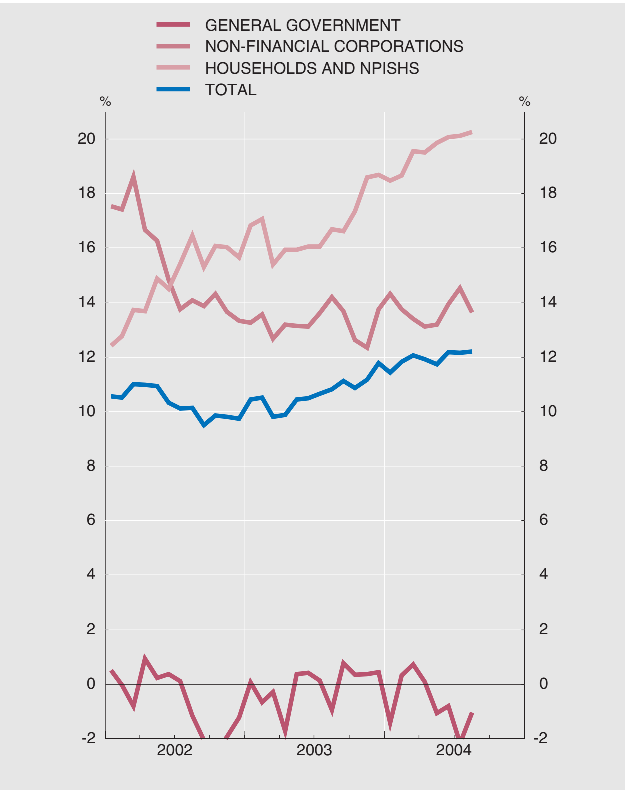
8.5. FINANCING OF NON-FINANCIAL SECTORS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

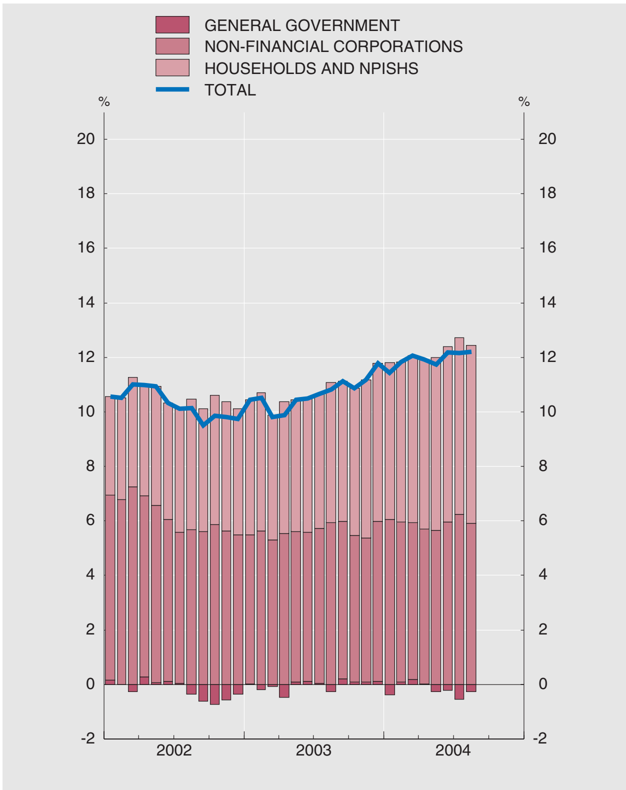
EUR millions and %

	Total			Annual growth rate							Contribution to col. 3							Memorandum items: securitisation funds
				General government (b)	Non-financial corp. and households and NPISHs						General government (b)	Non-financial corp. and households and NPISHs						
						By sectors		By instruments					By sectors		By instrumentss			
	Stocks	Effective flow	Annual growth rate			Non-financial corporations	Households and NPISHs	Credit institutions' loans & securit. funds	Securities other than shares	External loans			Non-financial corporations	Households and NPISHs	Credit institutions' loans & securit. funds	Securities other than shares	External loans	
	1	2	3 ■	4 ■	5	6 ■	7 ■	8	9	10	11 ■	12	13 ■	14 ■	15	16	17	18
01	1 092 887	110 387	11.2	2.0	15.6	18.0	12.3	13.8	2.1	28.4	0.7	10.6	7.0	3.6	7.9	0.0	2.7	24 568
02	1 198 639	106 549	9.7	-1.2	14.3	13.3	15.6	14.4	-16.6	17.4	-0.4	10.1	5.5	4.6	8.4	-0.2	1.9	38 989
03	1 347 416	141 142	11.8	0.4	15.8	13.8	18.7	16.5	-7.1	14.6	0.1	11.7	5.9	5.8	10.0	-0.1	1.7	56 246
03 *May*	1 245 387	16 271	10.4	0.4	14.3	13.1	15.9	15.7	-10.4	9.6	0.1	10.3	5.5	4.8	9.3	-0.1	1.1	41 808
Jun	1 268 141	21 822	10.5	0.4	14.4	13.1	16.1	15.6	-11.3	10.5	0.1	10.4	5.5	4.9	9.3	-0.1	1.2	43 736
Jul	1 281 142	12 428	10.7	0.1	14.7	13.6	16.1	15.6	-10.8	12.1	0.0	10.6	5.7	4.9	9.4	-0.1	1.4	44 888
Aug	1 283 061	-1 293	10.8	-0.9	15.3	14.2	16.7	15.8	-9.7	14.9	-0.3	11.1	5.9	5.1	9.5	-0.1	1.7	44 978
Sep	1 293 867	12 674	11.1	0.8	14.9	13.7	16.6	15.5	-9.0	14.2	0.2	10.9	5.8	5.1	9.3	-0.1	1.7	49 887
Oct	1 301 981	5 984	10.9	0.3	14.6	12.6	17.4	15.6	-7.4	11.9	0.1	10.8	5.4	5.4	9.5	-0.1	1.4	51 373
Nov	1 319 704	16 500	11.2	0.4	15.0	12.3	18.6	16.4	-6.0	9.6	0.1	11.1	5.3	5.8	10.0	-0.1	1.1	52 546
Dec	1 347 416	26 649	11.8	0.4	15.8	13.8	18.7	16.5	-7.1	14.6	0.1	11.7	5.9	5.8	10.0	-0.1	1.7	56 246
04 *Jan*	1 356 804	9 095	11.4	-1.4	16.1	14.3	18.5	16.3	-6.7	16.8	-0.4	11.8	6.1	5.7	9.9	-0.1	2.0	56 660
Feb	1 360 035	4 244	11.8	0.3	15.8	13.7	18.7	16.5	-3.7	13.9	0.1	11.7	5.9	5.9	10.1	-0.0	1.7	56 921
Mar	1 382 888	21 067	12.1	0.7	16.0	13.4	19.5	17.0	1.4	12.2	0.2	11.9	5.7	6.1	10.4	0.0	1.5	58 249
Apr	1 384 007	1 029	11.9	0.1	15.8	13.1	19.5	16.8	1.4	11.9	0.0	11.9	5.7	6.2	10.5	0.0	1.4	59 437
May	1 401 993	15 844	11.7	-1.1	16.0	13.2	19.9	17.2	-4.0	11.5	-0.3	12.0	5.7	6.3	10.7	-0.0	1.4	60 193
Jun	1 432 144	30 301	12.2	-0.8	16.6	13.9	20.1	17.8	-2.4	11.8	-0.2	12.4	6.0	6.4	11.0	-0.0	1.4	64 901
Jul	P 1 445 938	13 841	12.2	-2.2	16.9	14.5	20.1	18.4	-5.3	11.0	-0.5	12.7	6.2	6.5	11.5	-0.0	1.3	69 411
Aug	P 1 445 145	-712	12.2	-1.0	16.5	13.6	20.3	18.0	-7.7	10.4	-0.3	12.5	5.9	6.5	11.2	-0.1	1.3	70 004

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 8.7 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 annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period.

(b) Total liabilities (consolidated) less deposits. Inter-general government liabilities are deduced.

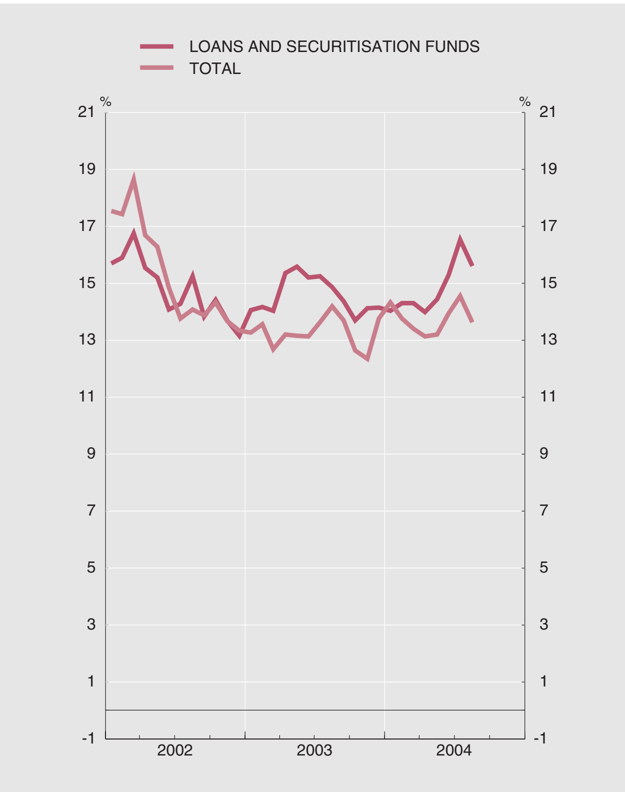
8.6. FINANCING OF NON-FINANCIAL CORPORATIONS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

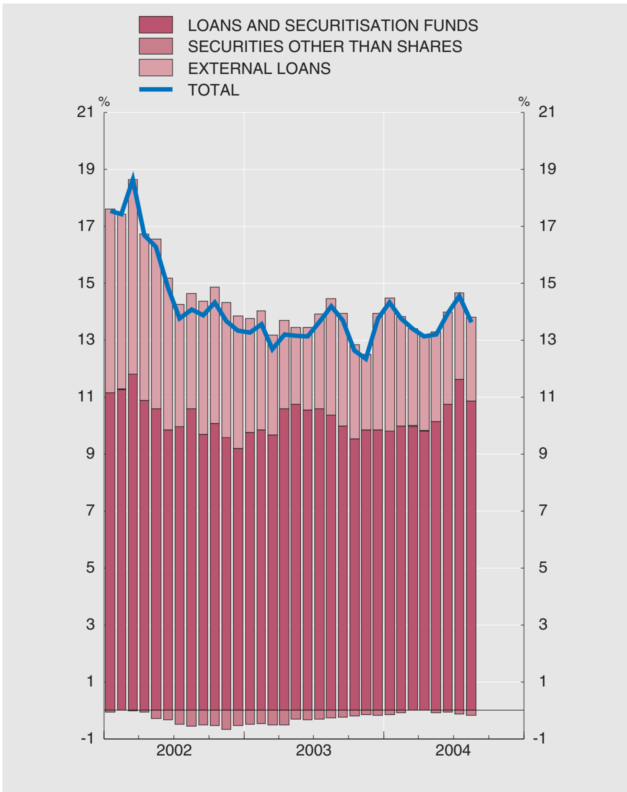
EUR millions and %

	Total			Resident credit institutions' loans and securitisation funds			Securities other than shares			External loans			Memorandum items: securitisation funds
	Stocks	Effective flow	Annual growth rate	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	
	1	2	3 ■	4	5 ■	6 ■	7	8	9 ■	10	11	12 ■	13
01	450 324	68 516	18.0	315 161	15.3	11.0	14 367	2.1	0.1	120 797	28.5	6.9	14 395
02	510 236	60 026	13.3	355 787	13.1	9.2	11 987	-16.6	-0.5	142 462	17.4	4.7	20 949
03	588 603	70 239	13.8	405 444	14.1	9.9	11 131	-7.1	-0.2	172 028	14.6	4.1	24 351
03 *May*	534 808	2 479	13.1	375 499	15.6	10.7	12 025	-10.4	-0.3	147 284	9.6	2.7	21 612
Jun	542 138	6 335	13.1	381 315	15.2	10.5	11 825	-11.3	-0.3	148 997	10.4	2.9	21 642
Jul	549 889	7 155	13.6	386 867	15.2	10.6	11 782	-10.8	-0.3	151 240	12.0	3.3	21 439
Aug	555 623	2 495	14.2	386 920	14.9	10.4	11 859	-9.7	-0.3	156 845	14.9	4.1	21 638
Sep	559 295	5 494	13.7	390 094	14.4	10.0	11 871	-9.0	-0.2	157 331	14.2	4.0	23 576
Oct	567 002	5 541	12.6	394 857	13.7	9.5	11 906	-7.4	-0.2	160 239	11.8	3.3	23 466
Nov	573 415	5 141	12.3	401 139	14.1	9.8	11 561	-6.0	-0.1	160 715	9.5	2.7	23 584
Dec	588 603	14 000	13.8	405 444	14.1	9.9	11 131	-7.1	-0.2	172 028	14.6	4.1	24 351
04 *Jan*	594 802	5 869	14.3	408 059	14.0	9.8	11 228	-6.7	-0.2	175 516	16.8	4.7	24 048
Feb	595 472	1 660	13.7	411 274	14.3	10.0	11 801	-3.7	-0.1	172 398	13.8	3.9	24 064
Mar	604 523	7 223	13.4	417 930	14.3	10.0	12 153	1.4	0.0	174 440	12.2	3.4	23 975
Apr	611 063	6 424	13.1	424 210	14.0	9.8	11 842	1.4	0.0	175 012	11.9	3.3	24 407
May	616 444	3 203	13.2	428 964	14.4	10.1	11 543	-4.0	-0.1	175 937	11.4	3.1	23 997
Jun	627 698	11 350	13.9	438 876	15.3	10.8	11 543	-2.4	-0.1	177 279	11.8	3.2	24 349
Jul P	639 206	11 533	14.5	450 057	16.5	11.6	11 161	-5.3	-0.1	177 988	11.0	3.0	24 548
Aug P	637 466	-1 695	13.6	446 547	15.6	10.9	10 949	-7.7	-0.2	179 970	10.4	2.9	25 129

FINANCING OF NON-FINANCIAL CORPORATIONS
Annual percentage change



FINANCING OF NON-FINANCIAL CORPORATIONS
Contributions to the annual percentage change



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 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).

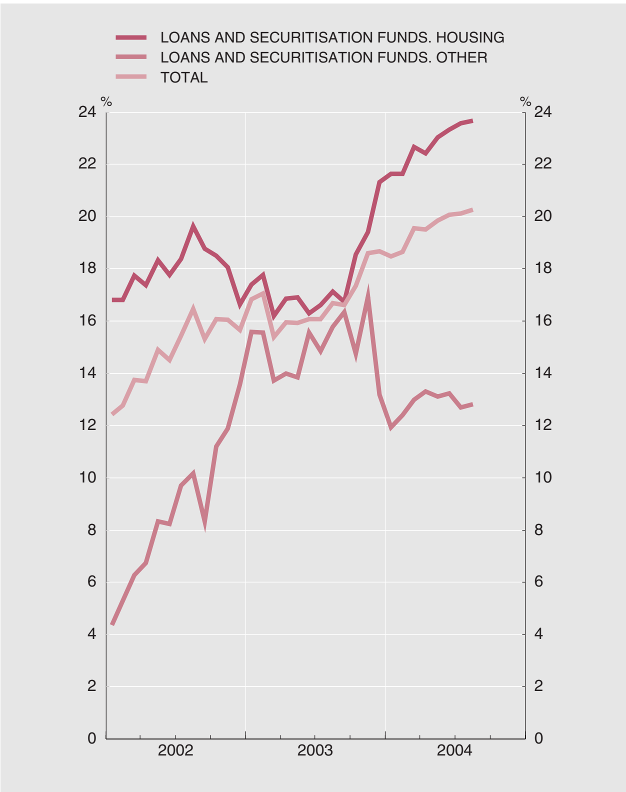
(a) The annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period. To December 2002 the frequency of this information was quarterly. The annual growth rates for months for which there is no information have been calculated using the figure obtained from the linear interpolation of the quarterly data.

8.7. FINANCING OF HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

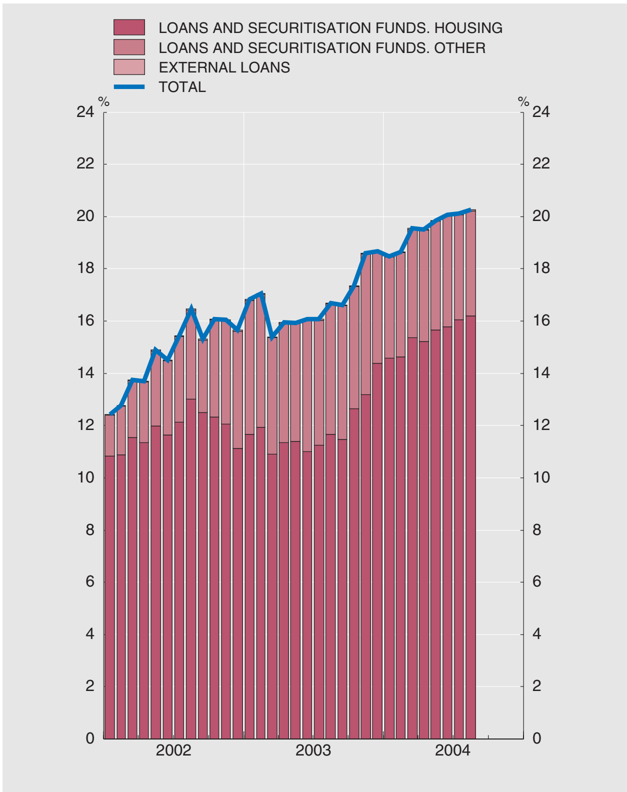
■ Series depicted in chart. *EUR millions and %*

	Total			Resident credit institutions' loans and securitisation funds. Housing			Resident credit institutions' loans and securitisation funds. Other			External loans			Memorandum items: securitisation funds	
	Stocks	Effective flow	Annual growth rate	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Housing	Other
	1	2	3 ■	4	5 ■	6 ■	7	8 ■	9 ■	10	11 ■	12 ■	13	14
01	322 472	35 487	12.3	215 775	17.1	11.0	106 237	3.9	1.4	460	13.9	0.0	9 985	188
02	372 251	50 461	15.6	251 195	16.6	11.1	120 443	13.6	4.5	613	33.3	0.0	16 109	1 931
03	441 298	69 540	18.7	304 729	21.3	14.4	135 850	13.2	4.3	719	17.3	0.0	28 771	3 124
03 *May*	397 021	5 305	15.9	269 838	16.9	11.4	126 536	13.8	4.5	646	25.6	0.0	17 197	2 999
Jun	406 480	9 522	16.1	274 918	16.3	11.0	130 906	15.5	5.0	657	26.5	0.0	18 907	3 187
Jul	412 508	6 052	16.1	280 742	16.6	11.2	131 093	14.9	4.8	673	31.7	0.0	20 262	3 187
Aug	414 649	2 168	16.7	283 510	17.1	11.7	130 463	15.8	5.0	676	22.3	0.0	20 153	3 187
Sep	419 118	4 515	16.6	287 606	16.7	11.5	130 821	16.4	5.1	692	24.0	0.0	23 153	3 157
Oct	426 691	7 608	17.4	293 668	18.6	12.6	132 319	14.8	4.7	705	23.1	0.0	24 749	3 157
Nov	437 240	10 599	18.6	299 288	19.4	13.2	137 240	16.9	5.4	712	18.4	0.0	25 804	3 157
Dec	441 298	4 183	18.7	304 729	21.3	14.4	135 850	13.2	4.3	719	17.3	0.0	28 771	3 124
04 *Jan*	445 300	4 040	18.5	308 272	21.6	14.6	136 290	11.9	3.9	738	19.1	0.0	29 488	3 124
Feb	451 059	5 781	18.7	312 657	21.6	14.6	137 655	12.4	4.0	747	18.8	0.0	29 733	3 124
Mar	459 488	8 472	19.5	319 914	22.7	15.4	138 819	13.0	4.2	756	20.4	0.0	31 178	3 095
Apr	467 610	8 148	19.5	325 516	22.4	15.2	141 331	13.3	4.3	763	20.1	0.0	31 935	3 095
May	475 332	7 757	19.9	331 959	23.0	15.7	142 595	13.1	4.2	778	20.3	0.0	33 101	3 095
Jun	487 523	12 245	20.1	339 021	23.3	15.8	147 707	13.2	4.3	796	21.2	0.0	37 484	3 068
Jul P	494 945	7 444	20.1	346 916	23.6	16.0	147 223	12.7	4.0	806	19.9	0.0	41 795	3 068
Aug P	498 116	3 209	20.3	350 619	23.7	16.2	146 680	12.8	4.0	817	20.8	0.0	41 611	3 263

FINANCING OF HOUSEHOLDS AND NPISHs
Annual percentage change



FINANCING OF HOUSEHOLDS AND NPISHs
Contributions to the annual percentage change



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 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 annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period. To December 2002 the frequency of this information was quarterly. The annual growth rates for months for which there is no information have been calculated using the figure obtained from de linear interpolation of the quarterly data.

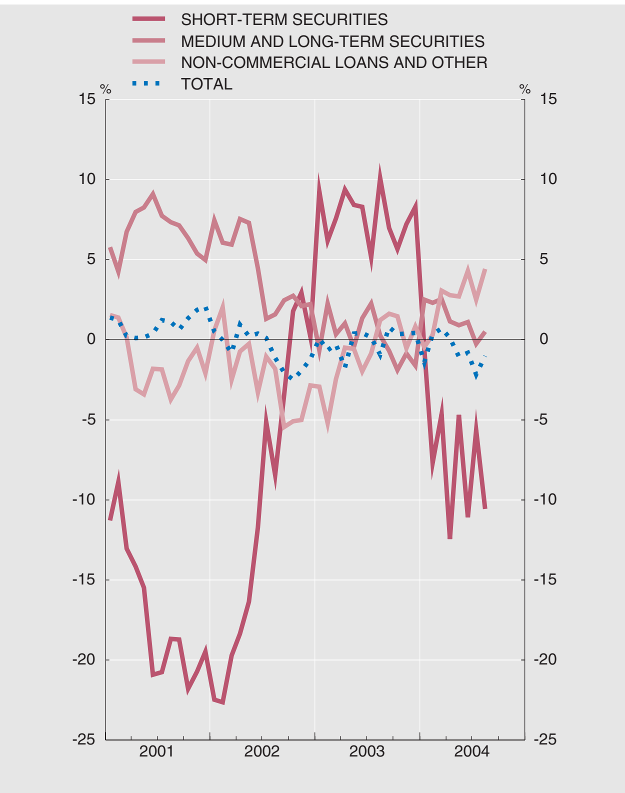
8.8. NET FINANCING OF SPAIN'S GENERAL GOVERNMENT

■ Series depicted in chart.

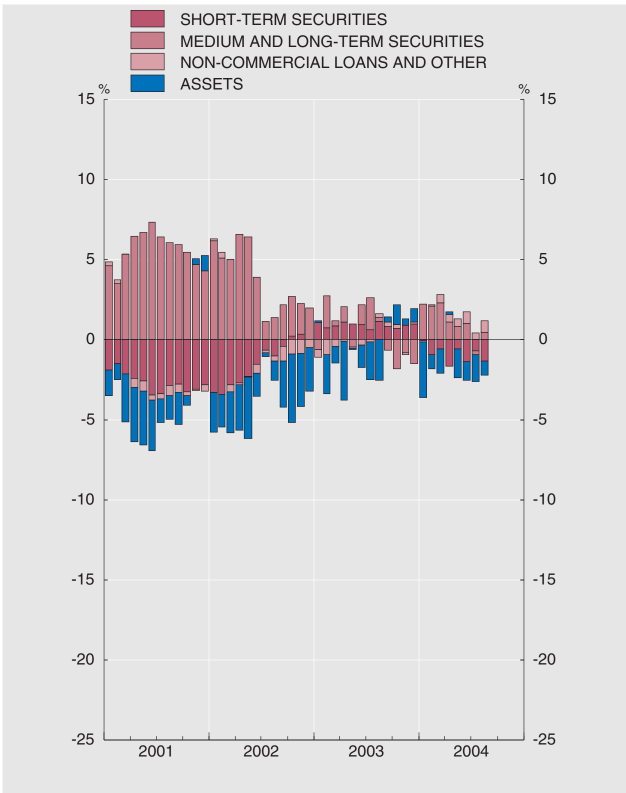
EUR millions and %

	Net financing			Monthly change in stocks						12-month % change in stocks					Contribution to 12-month % change in net stocks of liabilities			
				Liabilities (a)				Assets		Liabilities				Assets	Liabilities			Assets
	Net stock of liabilities	Monthly change (columns 4-8-9)	12-month % change of col. 1 ■	Total	Securities: Short-term	Securities: Medium and long-term	Non-commercial loans and other (b)	Deposits at the Banco de Espana	Other deposits (c)	Total	Securities: Short-term ■	Securities: Medium and long-term ■	Non-commercial loans and other (a) ■	Assets	Securities: Short-term ■	Securities: Medium and long-term ■	Non-commercial loans and other (a) ■	Assets ■
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
01	320 091	6 384	2.0	3 425	-8 901	13 518	-1 193	-17 060	14 101	0.9	-19.5	5.0	-2.1	-4.9	-2.8	4.3	-0.4	0.9
02	316 152	-3 939	-1.2	4 797	59	6 322	-1 584	1 785	6 950	1.3	0.2	2.2	-2.9	15.2	0.0	2.0	-0.5	-2.7
03	P 317 515	1 363	0.4	-1 234	3 049	-4 710	428	1 767	-4 363	-0.3	8.3	-1.6	0.8	-3.9	1.0	-1.5	0.1	0.8
03 *Mar*	P 316 621	4 114	-0.3	308	443	-29	-107	316	-4 122	0.6	7.6	0.3	-2.5	5.4	0.9	0.3	-0.4	-1.0
Apr	P 305 071	-11 550	-1.7	6 992	812	5 343	836	2 833	15 709	1.6	9.4	1.0	-0.5	16.2	1.1	0.9	-0.1	-3.7
May	P 313 558	8 487	0.4	-1 618	-439	-1 039	-140	27	-10 132	0.4	8.4	-0.5	-0.6	0.3	1.0	-0.5	-0.1	-0.1
Jun	P 319 523	5 965	0.4	2 109	-342	2 745	-294	-144	-3 712	1.5	8.3	1.3	-2.0	7.1	1.0	1.2	-0.3	-1.4
Jul	P 318 744	-779	0.1	-2 648	853	-4 332	831	-1 631	-237	2.1	5.1	2.3	-0.8	12.8	0.6	2.0	-0.1	-2.3
Aug	P 312 788	-5 955	-0.9	-5 691	-840	-3 871	-980	224	41	1.3	10.1	0.3	1.2	13.8	1.1	0.2	0.2	-2.5
Sep	P 315 454	2 665	0.8	1 738	-5	2 053	-310	-13	-914	0.4	7.0	-0.7	1.6	-1.6	0.8	-0.7	0.3	0.3
Oct	P 308 288	-7 165	0.3	-2 245	-194	-1 662	-390	-459	5 380	-0.7	5.7	-1.9	1.4	-5.1	0.7	-1.8	0.2	1.2
Nov	P 309 049	761	0.4	1 489	813	1 773	-1 097	64	664	-0.0	7.2	-0.9	-0.5	-1.8	0.9	-0.8	-0.1	0.4
Dec	P 317 515	8 466	0.4	1 032	-242	-1 037	2 311	275	-7 709	-0.3	8.3	-1.6	0.8	-3.9	1.0	-1.5	0.1	0.8
04 *Jan*	A 316 701	-813	-1.4	3 108	-236	3 676	-332	-1 730	5 651	1.8	-0.6	2.5	-0.5	19.8	-0.1	2.2	-0.1	-3.5
Feb	A 313 503	-3 198	0.3	-842	-3 632	2 968	-178	-11	2 367	1.0	-7.7	2.3	0.3	4.1	-1.0	2.1	0.0	-0.9
Mar	A 318 876	5 373	0.7	3 622	1 618	629	1 375	499	-2 250	1.9	-4.6	2.5	3.1	7.6	-0.6	2.3	0.5	-1.5
Apr	A 305 334	-13 543	0.1	-234	-2 376	1 451	690	3 306	10 003	-0.0	-12.5	1.1	2.8	-0.5	-1.6	1.1	0.5	0.1
May	A 310 217	4 883	-1.1	762	2 714	-1 780	-173	-61	-4 061	0.6	-4.7	0.9	2.7	7.7	-0.6	0.8	0.5	-1.8
Jun	A 316 923	6 706	-0.8	1 086	-2 851	3 379	559	-70	-5 550	0.3	-11.1	1.1	4.3	5.6	-1.4	1.0	0.7	-1.2
Jul	A 311 788	-5 135	-2.2	-5 507	2 942	-8 334	-115	184	-556	-0.4	-5.7	-0.3	2.5	8.0	-0.7	-0.2	0.4	-1.7
Aug	A 309 562	-2 225	-1.0	-4 465	-2 724	-1 756	14	55	-2 294	-0.1	-10.6	0.5	4.4	4.2	-1.3	0.4	0.8	-0.9

NET FINANCING OF GENERAL GOVERNMENT
Annual percentage changes



NET FINANCING OF GENERAL GOVERNMENT
Contributions to the annual percentage change



Source: BE.

(a) Consolidated: deducted securities and loans held by other General Government units.

(b) Including coined money and Caja General de Depositos.

(c) Tax collection accounts are not included.

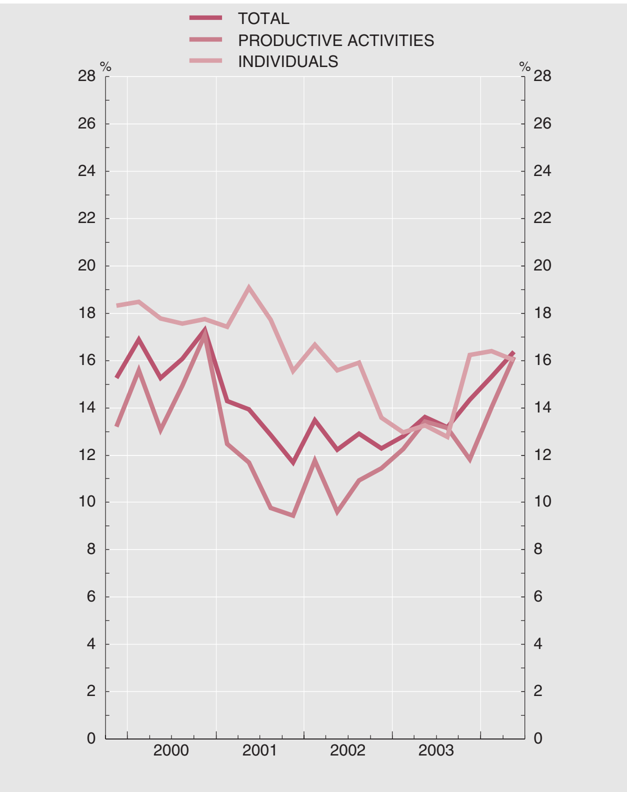
8.9 LENDING BY CREDIT INSTITUTIONS TO OTHER RESIDENT SECTORS. BREAKDOWN BY END-USE.

■ Series depicted in chart.

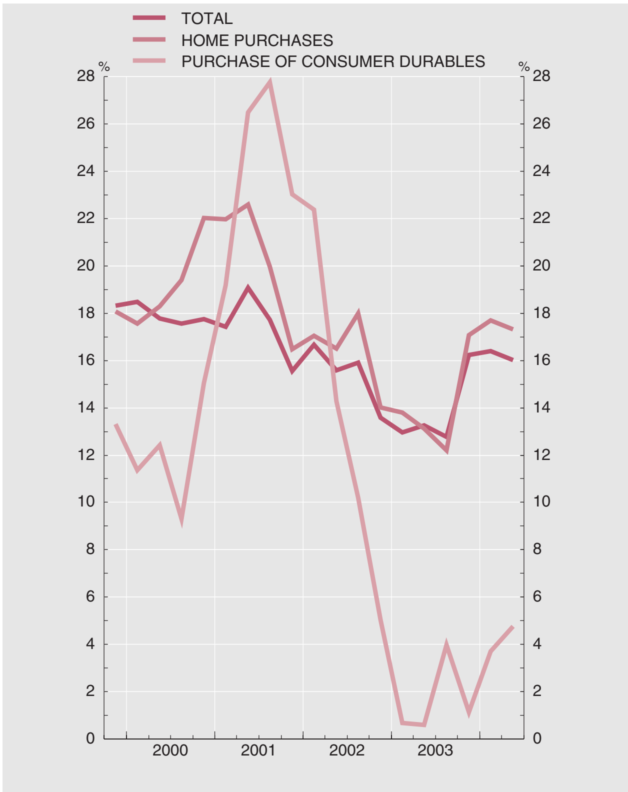
EUR millions and percentages

	Total (a)	Financing of productive activities					Financing of individuals						Finan-cing of private non-profit entities	Unclas-sified
		Total	Agricul-ture and fish-eries	Industry excluding construc-tion	Cons-truc-tion	Services	Total	Home purchases and improvements			Pur-chases of consumer durables	Other (b)		
								Total	Purchases	Improve-ments				
	1 ■	2 ■	3	4	5	6	7 ■	8	9 ■	10	11 ■	12	13	14
01	624 854	330 591	13 320	82 959	46 412	187 901	281 789	205 790	197 192	8 598	33 076	42 922	2 394	10 079
02	701 663	368 466	15 122	85 762	57 376	210 206	320 053	235 086	224 830	10 256	34 741	50 227	2 324	10 819
03	802 212	412 054	16 402	85 829	65 784	244 040	372 013	275 958	263 192	12 766	35 136	60 919	3 002	15 144
01 *Q2*	592 071	313 118	12 946	78 850	44 684	176 638	266 945	193 427	185 449	7 978	31 034	42 483	2 264	9 745
Q3	603 049	317 262	13 215	81 899	44 957	177 191	273 224	198 747	190 559	8 188	31 826	42 651	2 282	10 280
Q4	624 854	330 591	13 320	82 959	46 412	187 901	281 789	205 790	197 192	8 598	33 076	42 922	2 394	10 079
02 *Q1*	640 193	334 865	13 420	82 689	47 487	191 269	293 673	214 354	205 404	8 949	34 671	44 648	2 382	9 273
Q2	664 446	343 191	13 980	81 235	50 770	197 207	308 555	225 521	216 080	9 441	35 466	47 568	2 287	10 413
Q3	680 806	351 950	14 281	82 834	53 777	201 057	316 697	234 668	224 849	9 819	35 072	46 957	2 339	9 820
Q4	701 663	368 466	15 122	85 762	57 376	210 206	320 053	235 086	224 830	10 256	34 741	50 227	2 324	10 819
03 *Q1*	722 204	375 901	15 138	86 559	56 975	217 229	331 747	244 498	233 729	10 769	34 910	52 339	2 285	12 271
Q2	754 872	389 249	15 712	87 015	59 431	227 091	349 500	256 010	244 414	11 596	35 676	57 814	2 512	13 608
Q3	770 523	398 206	16 462	87 240	61 902	232 601	357 146	264 453	252 316	12 136	36 468	56 225	2 651	12 520
Q4	802 212	412 054	16 402	85 829	65 784	244 040	372 013	275 958	263 192	12 766	35 136	60 919	3 002	15 144
04 *Q1*	832 734	428 593	16 973	85 326	68 171	258 123	386 179	288 736	275 107	13 629	36 201	61 242	3 108	14 854
Q2	878 510	452 145	17 102	86 663	72 362	276 018	405 486	301 537	286 744	14 793	37 374	66 575	3 183	17 696

CREDIT BY END-USE
Annual percentage changes



CREDIT TO INDIVIDUALS BY END-USE
Annual percentage changes



Source: BE.

(a) Series obtained from information in the accounting statement established for the supervision of resident institutions. See the changes introduced in the October 2001 edition of the Boletín estadístico and Tables 89.53, 89.54 and 89.55 of the Boletin estadístico, which are published at www.bde.es.

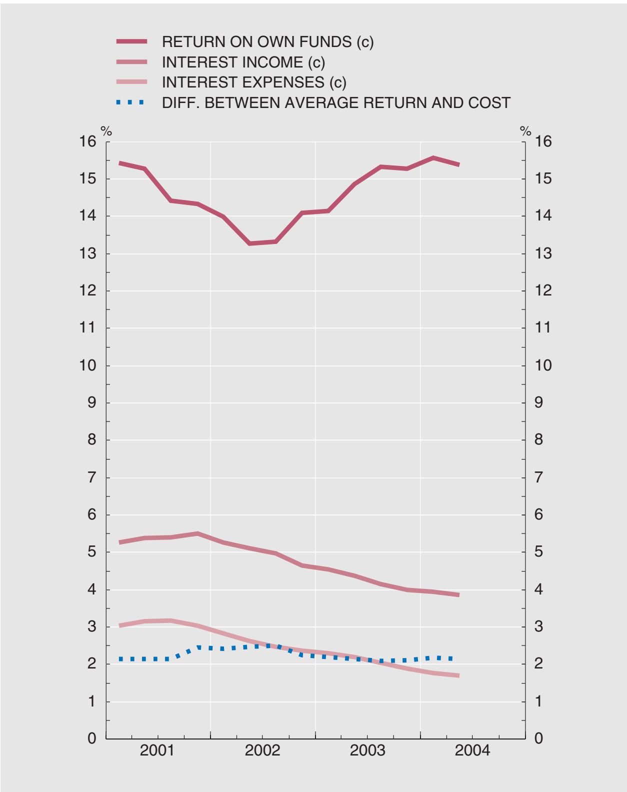
(b) Includes loans and credit to households for the purchase of land and rural property, the purchase of securities, the purchase of current goods and services not considered to be consumer durables (e.g. loans to finance travel expenses) and for various end-uses not included in the foregoing.

8.10. PROFIT AND LOSS ACCOUNT OF BANKS, SAVINGS BANKS AND CREDIT CO-OPERATIVES RESIDENT IN SPAIN

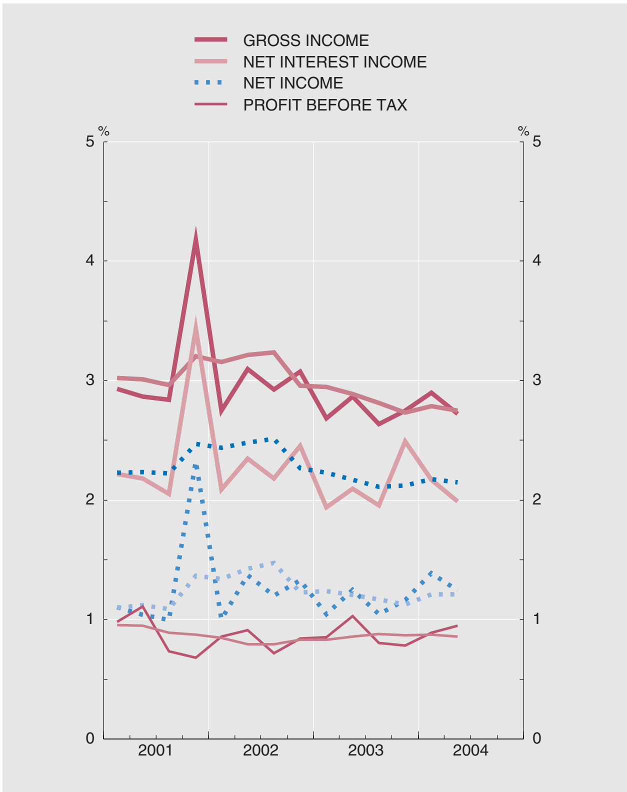
■ Series depicted in chart.

	As a percentage of the adjusted average balance sheet										Percentages			
	Interest income	Interest expenses	Net interest income	Non interest income and expenses	Gross income	Operating expenses:	Of which: Staff costs	Net income	Provisions and other income and expenses	Profit before tax	Return on own funds (a)	Average return on lending operations (b)	Average cost of borrowing operations (b)	Difference (12-13)
	1 ■	2 ■	3 ■	4	5 ■	6	7	8 ■	9	10 ■	11 ■	12	13	14 ■
01	6.2	2.8	3.4	0.7	4.2	1.9	1.1	2.3	-2.0	0.7	11.5	6.0	3.5	2.4
02	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-1.6	0.8	14.6	5.0	2.7	2.3
03	4.2	1.8	2.5	0.3	2.7	1.6	0.9	1.2	-1.0	0.8	14.4	4.3	2.2	2.1
01 *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
Q3	5.1	3.0	2.1	0.8	2.8	1.8	1.1	1.0	-0.3	0.7	12.0	5.8	3.7	2.1
Q4	6.2	2.8	3.4	0.7	4.2	1.9	1.1	2.3	-1.6	0.7	11.5	6.0	3.5	2.4
02 *Q1*	4.5	2.4	2.1	0.7	2.7	1.7	1.0	1.0	-0.1	0.9	14.5	5.7	3.3	2.4
Q2	4.7	2.4	2.3	0.8	3.1	1.7	1.0	1.4	-0.5	0.9	15.0	5.5	3.0	2.5
Q3	4.6	2.4	2.2	0.7	2.9	1.7	1.0	1.2	-0.5	0.7	12.2	5.3	2.8	2.5
Q4	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-0.5	0.8	14.6	5.0	2.7	2.3
03 *Q1*	4.0	2.1	1.9	0.7	2.7	1.6	1.0	1.0	-0.2	0.8	14.8	4.9	2.7	2.2
Q2	4.0	1.9	2.1	0.8	2.9	1.6	1.0	1.3	-0.2	1.0	17.9	4.7	2.5	2.1
Q3	3.7	1.7	2.0	0.7	2.6	1.6	0.9	1.0	-0.2	0.8	14.0	4.4	2.3	2.1
Q4	4.2	1.8	2.5	0.3	2.7	1.6	0.9	1.2	-0.4	0.8	14.4	4.3	2.2	2.1
04 *Q1*	3.8	1.7	2.2	0.7	2.9	1.5	0.9	1.4	-0.5	0.9	15.9	4.2	2.0	2.2
Q2	3.7	1.7	2.0	0.7	2.7	1.5	0.9	1.2	-0.3	0.9	17.1	4.1	1.9	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.

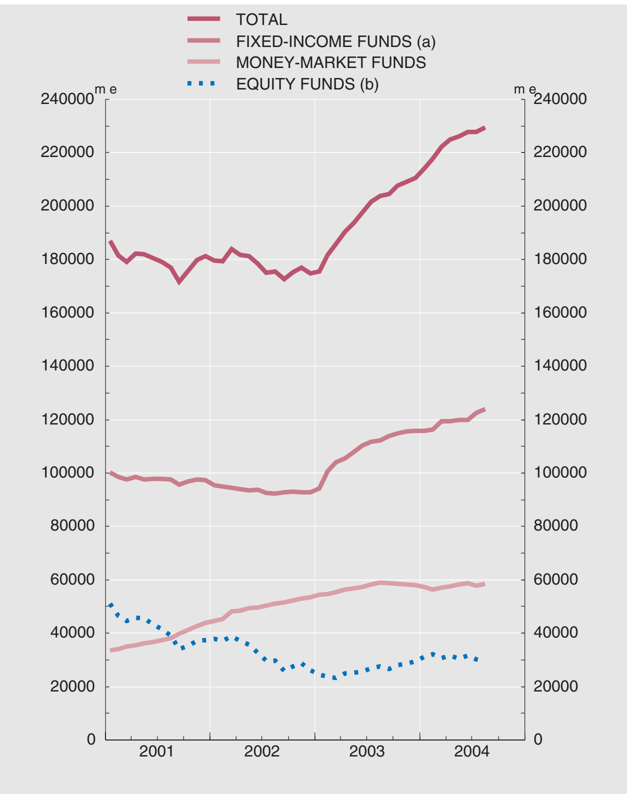
8.11. MUTUAL FUNDS RESIDENT IN SPAIN

■ Series depicted in chart.

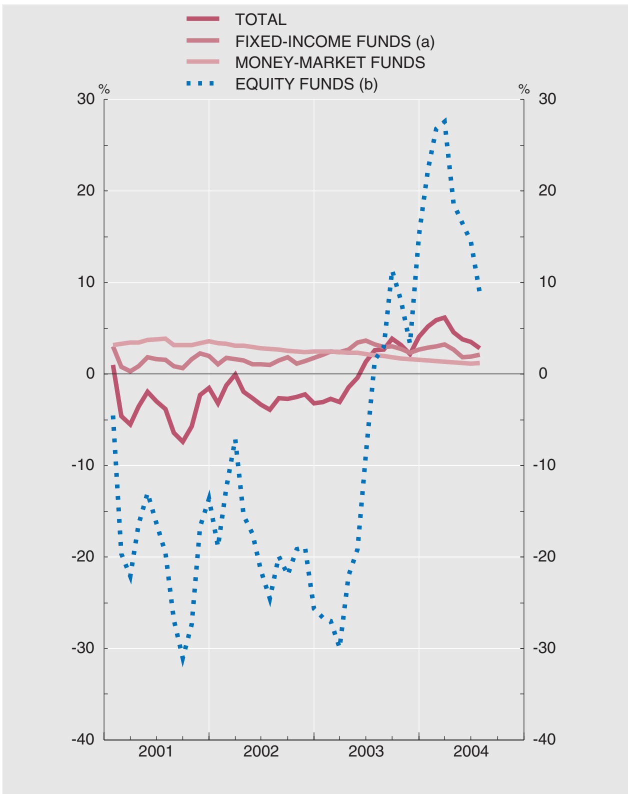
EUR millions

	Total: Net asset value	Total: Of which: Monthly change	Total: Of which: Net funds invested	Total: Of which: Return over last 12 months	Money-market funds: Net asset value	Money-market funds: Of which: Monthly change	Money-market funds: Of which: Net funds invested	Money-market funds: Of which: Return over last 12 months	Fixed-income funds (a): Net asset value	Fixed-income funds (a): Of which: Monthly change	Fixed-income funds (a): Of which: Net funds invested	Fixed-income funds (a): Of which: Return over last 12 months	Equity funds (b): Net asset value	Equity funds (b): Of which: Monthly change	Equity funds (b): Of which: Net funds invested	Equity funds (b): Of which: Return over last 12 months	Others funds (c): Net asset value
	1 ■	2	3	4 ■	5 ■	6	7	8 ■	9 ■	10	11	12 ■	13 ■	14	15	16 ■	17
01	181 323	-4 746	-194	-1.5	43 830	10 462	9 798	3.5	97 246	-3 944	-47	1.9	37 494	-11 756	-5 053	-13.7	2 753
02	174 733	-6 590	1 274	-3.2	53 366	9 536	8 327	2.4	92 742	-4 504	-5 581	1.7	26 067	-11 427	-1 794	-25.7	2 558
03	210 627	35 894	28 077	4.0	58 054	4 688	3 830	1.5	115 819	23 077	20 129	2.6	29 401	3 334	-202	15.1	7 353
03 *May*	193 743	3 408	2 417	-0.4	56 860	625	531	2.3	107 916	2 336	1 669	3.4	25 108	138	-64	-19.2	3 859
Jun	197 665	3 921	2 704	1.3	57 259	399	326	2.2	110 236	2 320	2 052	3.7	25 750	642	-185	-8.8	4 420
Jul	201 537	3 872	3 271	2.6	58 144	885	834	2.1	111 693	1 457	1 704	3.3	26 948	1 198	270	1.5	4 752
Aug	203 769	2 232	1 832	2.6	58 977	834	784	1.9	112 157	464	733	3.0	27 642	694	180	3.0	4 993
Sep	204 588	819	1 160	3.9	58 627	-350	-426	1.8	113 841	1 684	806	3.0	26 718	-924	334	11.3	5 402
Oct	207 521	2 933	1 531	3.1	58 461	-166	-204	1.7	114 870	1 029	1 117	2.7	28 050	1 332	-8	8.0	6 140
Nov	209 092	1 571	1 354	2.2	58 289	-172	-223	1.6	115 520	650	713	2.3	28 423	373	227	3.3	6 860
Dec	210 627	1 535	-156	4.0	58 054	-235	-309	1.5	115 819	299	-397	2.6	29 401	978	101	15.1	7 353
04 *Jan*	214 023	3 396	2 019	5.1	57 185	-869	-929	1.4	115 878	59	-479	2.8	31 101	1 701	989	22.3	9 858
Feb	217 640	3 617	2 284	5.9	56 357	-828	-892	1.4	116 217	339	-230	3.0	32 208	1 107	473	26.8	12 857
Mar	222 254	4 615	4 899	6.2	57 102	745	685	1.3	119 477	3 259	2 553	3.2	30 782	-1 426	-199	27.5	14 894
Apr	225 006	2 752	2 889	4.6	57 582	481	441	1.3	119 465	-11	515	2.6	31 578	796	621	18.6	16 380
May	225 991	984	1 576	3.7	58 295	712	671	1.2	119 904	439	1 019	1.8	30 404	-1 174	-669	16.5	17 387
Jun	227 806	1 816	1 352	3.5	58 666	371	328	1.2	119 975	71	724	1.9	31 647	1 243	195	14.5	17 518
Jul	227 862	56	719	2.8	57 743	-923	-984	1.2	122 510	2 535	1 936	2.1	30 096	-1 552	-216	8.8	17 514
Aug P	229 429	1 567	...	...	58 510	767	...	...	124 031	1 521	...	...	29 565	-531	...	...	17 323

NET ASSET VALUE



RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

(a) Includes short and long-term fixed-income funds in euros and international, mixed fixed-income funds in euros and international and guaranteed funds.

(b) Includes equity funds and mixed equity funds in euros, national and international.

(c) Global funds.

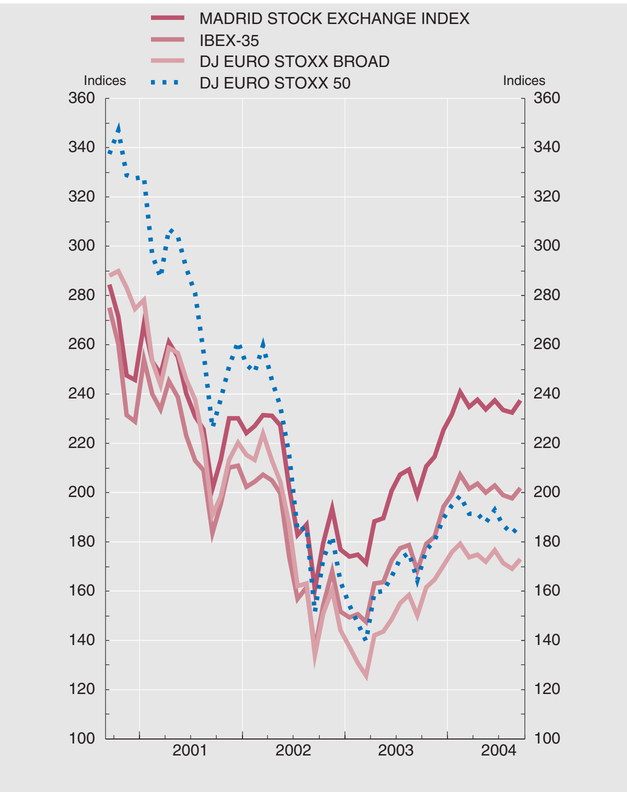
8.12. SHARE PRICE INDICES AND TURNOVER ON SECURITIES MARKETS. SPAIN AND EURO AREA

■ Series depicted in chart.

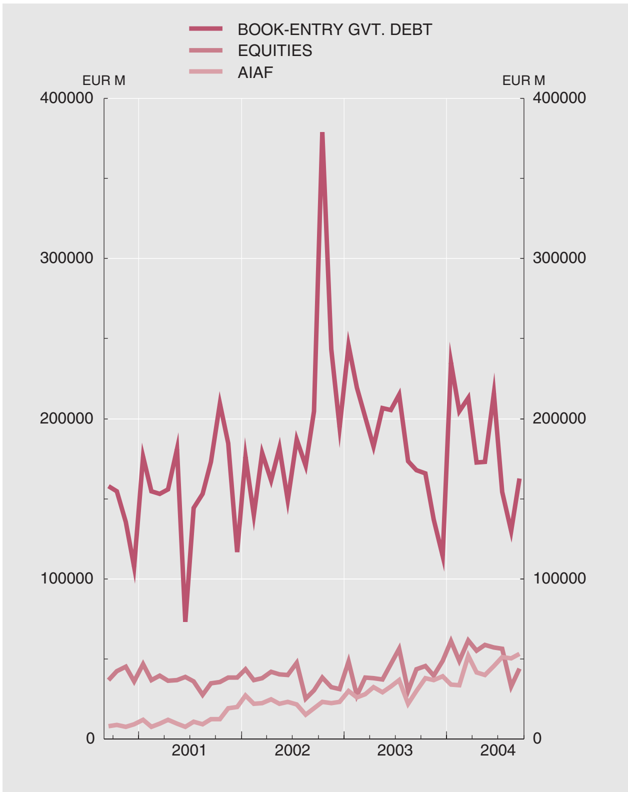
Indices, EUR millions and thousands of contracts

	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
01	853.16	8 810.46	335.07	4 039.98	445 380	56 049	1 875 428	142 491	-	23 230	290	7 953
02	723.05	7 029.55	258.10	3 027.83	445 071	69 820	2 365 859	265 754	-	19 151	55	3 955
03	706.88	6 727.59	212.92	2 413.39	499 745	74 346	2 234 366	380 204	-	11 677	1	3 653
03 *Jun*	719.87	6 862.00	211.91	2 419.51	46 773	5 536	205 541	32 593	-	1 704	0	330
Jul	742.62	7 061.70	221.19	2 519.79	56 329	6 502	215 046	36 895	-	783	0	309
Aug	749.89	7 111.30	226.36	2 556.71	30 058	4 883	173 399	21 953	-	561	0	266
Sep	713.22	6 703.60	214.34	2 395.87	43 490	6 203	167 990	30 007	-	1 080	0	327
Oct	755.09	7 129.50	230.69	2 575.04	45 571	7 582	165 674	37 844	-	740	0	328
Nov	768.38	7 252.50	235.26	2 630.47	39 690	6 965	137 049	36 962	-	473	0	308
Dec	807.98	7 737.20	243.21	2 760.66	48 589	8 767	114 414	39 030	-	1 061	0	312
04 *Jan*	830.23	7 929.90	250.91	2 839.13	61 276	6 910	235 109	33 803	-	718	0	350
Feb	862.50	8 249.40	255.66	2 893.18	48 757	6 956	204 758	33 643	-	635	0	370
Mar	841.46	8 018.10	247.90	2 787.49	61 389	7 877	213 010	52 067	-	1 064	0	471
Apr	851.91	8 109.50	249.62	2 787.48	55 268	6 795	172 710	41 488	-	402	0	374
May	837.42	7 959.30	245.43	2 736.83	58 788	6 625	172 908	40 128	-	621	0	386
Jun	850.50	8 078.30	252.24	2 811.08	57 168	7 528	215 732	45 679	-	726	0	358
Jul	836.80	7 919.30	244.74	2 720.05	56 271	7 640	154 223	51 245	...	362	...	376
Aug	832.79	7 869.50	241.33	2 670.79	32 632	5 457	129 720	50 308	...	398	...	324
Sep P	850.78	8 029.20	246.83	2 726.30	44 141	7 021	162 746	53 188	...	854	...	335

SHARE PRICE INDICES
JAN 1994 = 100



TURNOVER ON SECURITIES MARKETS



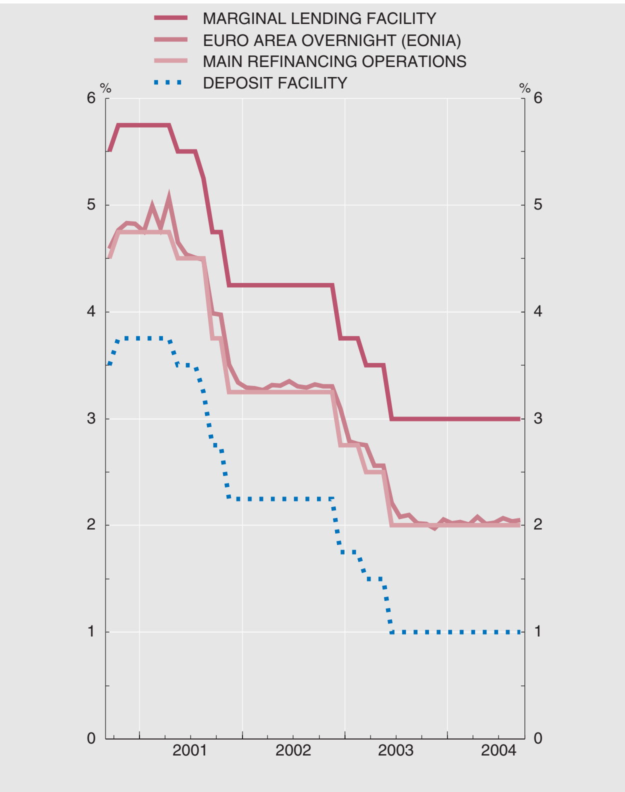
Sources: Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (columns 1, 2, 5 and 6); Reuters (columns 3 and4); AIAF (column 8) and Spanish Financial Futures Market (MEFFSA) (columns 9 to 12)

9.1. INTEREST RATES. EUROSYSTEM AND MONEY MARKET. EURO AREA AND SPAIN

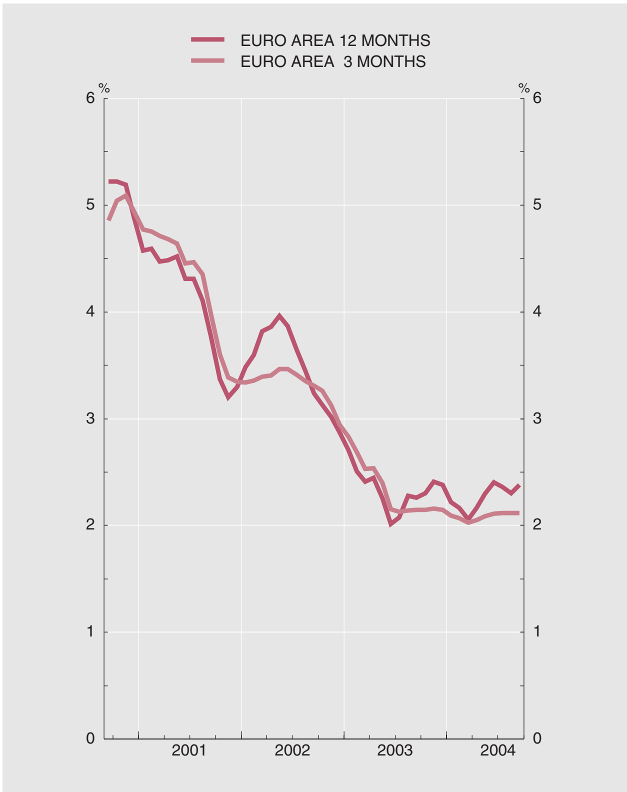
■ Series depicted in chart. *Averages of daily data. Percentages per annum*

	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							
			Marginal lending	Deposit	Overnight (EONIA)	1-month	3-month	6-month	1-year	Non-transferable deposits				Government-securities repos			
										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	17
01	3.25	3.29	4.25	2.25	4.38	4.33	4.26	4.15	4.08	4.36	4.31	4.24	4.07	4.30	4.20	4.11	4.11
02	2.75	2.93	3.75	1.75	3.29	3.30	3.32	3.35	3.49	3.28	3.29	3.31	3.49	3.21	3.21	3.20	3.38
03	2.00	2.12	3.00	1.00	2.32	2.35	2.33	2.31	2.34	2.31	2.34	2.33	2.35	2.26	2.26	2.21	2.23
03 *Jun*	2.00	2.11	3.00	1.00	2.21	2.18	2.15	2.08	2.01	2.20	2.17	2.16	2.07	2.18	2.08	2.03	1.90
Jul	2.00	2.08	3.00	1.00	2.08	2.13	2.13	2.09	2.08	2.07	2.12	2.13	2.10	2.06	2.26	2.01	-
Aug	2.00	2.12	3.00	1.00	2.10	2.12	2.14	2.17	2.28	2.08	2.11	2.15	2.28	1.96	1.99	2.02	2.20
Sep	2.00	2.10	3.00	1.00	2.02	2.13	2.15	2.18	2.26	2.02	2.12	2.14	2.26	2.02	2.04	2.03	2.25
Oct	2.00	2.13	3.00	1.00	2.01	2.10	2.14	2.17	2.30	2.01	2.08	2.14	2.28	2.00	2.02	2.02	2.16
Nov	2.00	2.12	3.00	1.00	1.97	2.09	2.16	2.22	2.41	1.98	2.07	2.15	2.43	1.96	2.01	2.04	2.30
Dec	2.00	2.12	3.00	1.00	2.06	2.13	2.15	2.20	2.38	2.02	2.11	2.14	2.36	1.95	2.03	2.04	-
04 *Jan*	2.00	2.03	3.00	1.00	2.02	2.08	2.09	2.12	2.22	2.01	2.06	2.08	2.21	1.94	1.97	1.92	2.07
Feb	2.00	2.01	3.00	1.00	2.03	2.06	2.07	2.09	2.16	2.03	2.05	2.06	2.22	1.98	1.96	1.97	2.03
Mar	2.00	-	3.00	1.00	2.01	2.04	2.03	2.02	2.06	2.00	2.02	2.03	2.03	1.94	1.95	1.93	1.87
Apr	2.00	2.01	3.00	1.00	2.08	2.05	2.05	2.06	2.16	2.06	2.03	2.03	2.18	1.96	1.94	1.95	2.12
May	2.00	2.04	3.00	1.00	2.02	2.06	2.09	2.14	2.30	2.01	2.05	2.08	2.30	1.97	1.96	1.97	2.18
Jun	2.00	-	3.00	1.00	2.03	2.08	2.11	2.19	2.40	2.03	2.06	2.10	2.41	1.99	1.98	1.99	2.15
Jul	2.00	2.07	3.00	1.00	2.07	2.08	2.12	2.19	2.36	2.05	2.06	2.11	2.40	2.00	1.98	2.01	2.29
Aug	2.00	2.06	3.00	1.00	2.04	2.08	2.11	2.17	2.30	2.03	2.06	2.11	2.33	2.00	2.00	2.01	2.22
Sep	2.00	2.06	3.00	1.00	2.05	2.08	2.12	2.20	2.38	2.05	2.07	2.11	2.38	2.02	2.00	2.02	2.29

EUROSYSTEM: MONETARY POLICY OPERATIONS AND EURO AREA OVERNIGHT DEPOSITS



INTERBANK MARKET: EURO AREA 3-MONTH AND 1-YEAR RATES



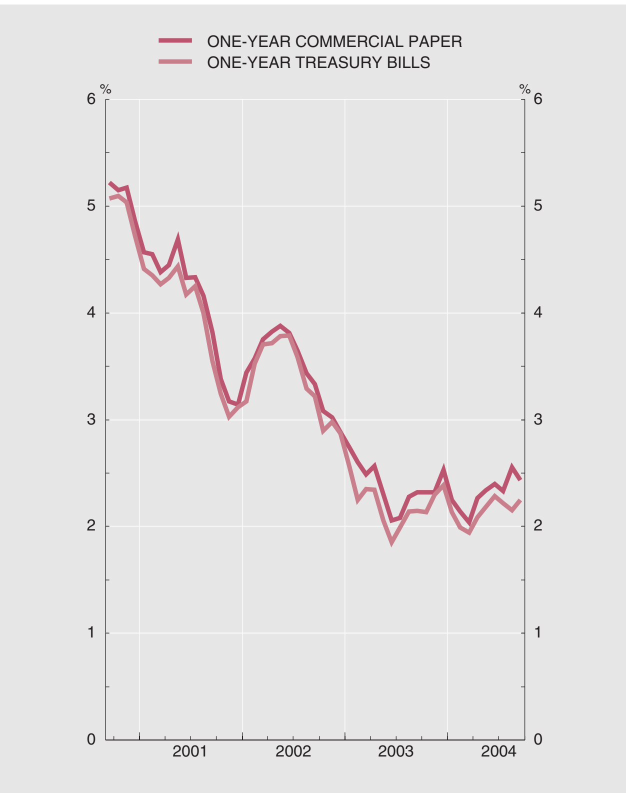
Source: ECB (columns 1 to 8).
(a) To December 1998, synthetic euro area rates have been calculated on the basis of national rates weighted by GDP

9.2. INTEREST RATES: SPANISH SHORT-TERM AND LONG-TERM SECURITIES MARKETS

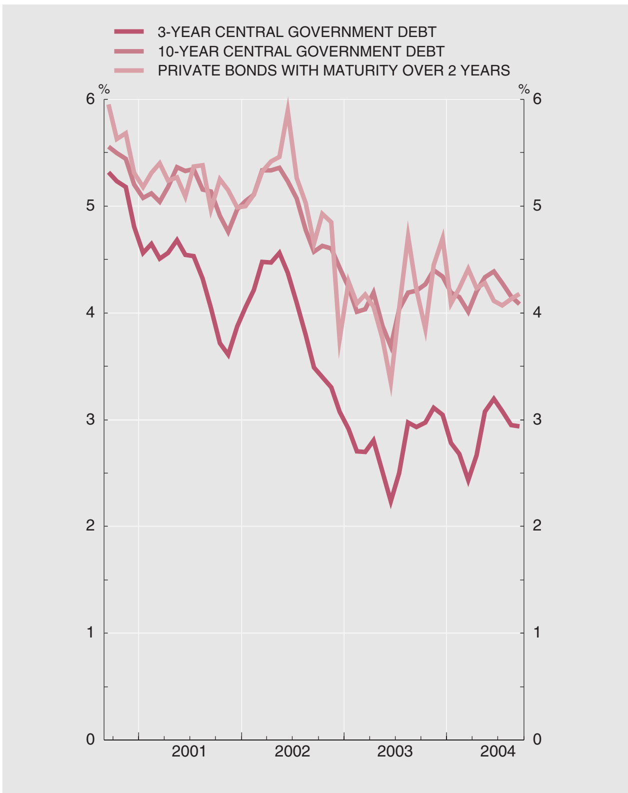
■ Series depicted in chart. *Percentages per annum*

	Short-term securities				Long-term securities							
	One-year Treasury bills		One-year commercial paper		Central Government 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 ■
01	3.93	3.91	4.08	4.16	4.35	4.54	5.12	5.28	5.66	4.30	5.12	5.22
02	3.37	3.34	3.47	3.45	4.06	4.40	4.98	5.32	5.22	3.94	4.96	5.05
03	2.21	2.21	2.38	2.34	2.66	3.19	4.11	4.46	4.90	2.78	4.12	4.14
03 *Jun*	1.85	1.84	2.06	2.03	2.22	-	3.75	-	-	2.24	3.69	3.35
Jul	1.99	1.91	2.08	2.12	-	2.85	4.00	4.37	-	2.50	4.03	4.04
Aug	2.14	2.18	2.28	2.29	2.80	-	-	-	-	2.97	4.19	4.72
Sep	2.15	2.22	2.32	2.33	-	3.54	4.39	-	5.07	2.93	4.21	4.22
Oct	2.14	2.23	2.32	2.28	2.40	-	-	4.41	-	2.97	4.27	3.85
Nov	2.30	2.32	2.32	2.42	-	-	4.40	-	5.05	3.11	4.40	4.45
Dec	2.39	2.34	2.53	2.37	-	3.52	-	-	-	3.04	4.34	4.70
04 *Jan*	2.14	2.15	2.25	2.21	-	3.39	-	4.45	-	2.78	4.19	4.09
Feb	1.99	2.05	2.14	2.15	2.46	-	4.19	-	4.90	2.68	4.15	4.23
Mar	1.95	2.08	2.04	1.97	-	3.29	-	4.24	-	2.43	4.01	4.41
Apr	2.09	2.08	2.26	2.16	-	3.03	-	-	4.91	2.67	4.20	4.23
May	2.18	2.14	2.34	2.30	2.93	-	-	4.63	-	3.08	4.33	4.28
Jun	2.29	2.30	2.40	2.26	3.15	-	4.44	-	-	3.20	4.39	4.11
Jul	2.22	2.24	2.33	2.28	-	3.53	-	4.51	-	3.08	4.28	4.07
Aug	2.15	2.16	2.56	2.38	-	-	-	-	-	2.95	4.15	4.13
Sep	2.25	2.17	2.44	2.38	2.78	-	4.13	-	4.71	2.94	4.08	4.18

PRIMARY MARKET



SECONDARY MARKET



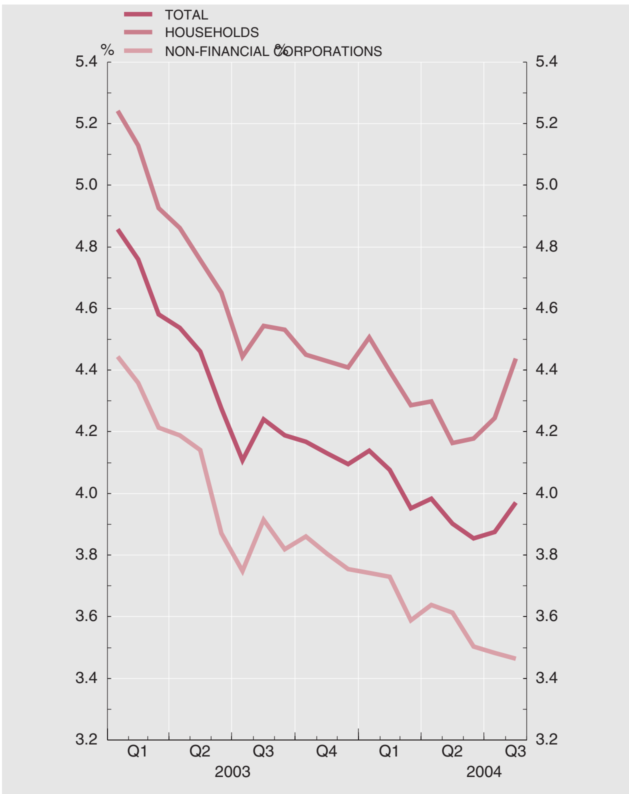
Sources: Main issuers (column 3); AIAF (columns 4 and 12).

9.3. INTEREST RATES ON NEW BUSINESS. CREDIT INSTITUTIONS. (CBE 4/2002)

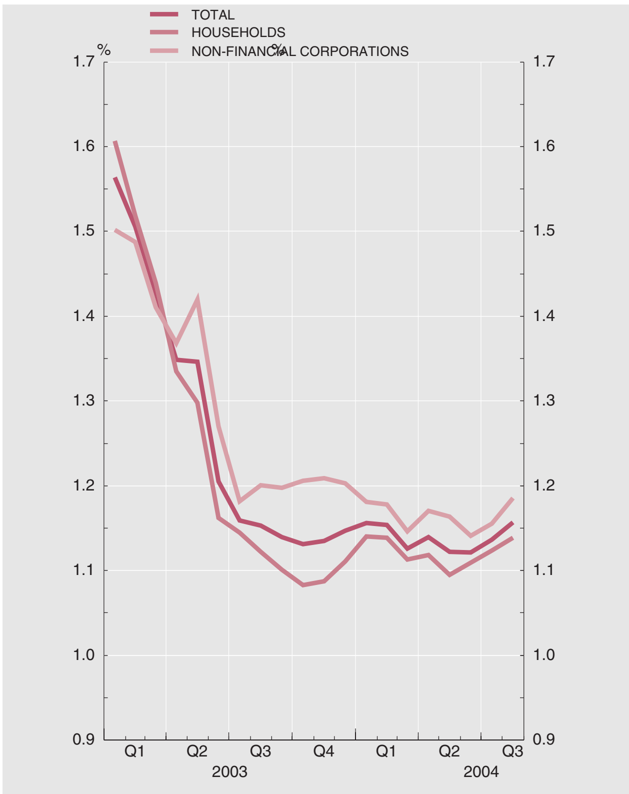
Percentages

	Loans (APRC) (a)							Deposits (NDER) (a)								
	Syn-thetic rate	Households and NPISH			Non-financial corporations			Syn-thetic rate	Households and NPISH				Non-financial corporations			
		Syn-thetic rate	House pur-chase	Con-sump-tion and other	Syn-thetic rate	Up to EUR 1 million	Over EUR 1 million (b)		Syn-thetic rate	Over-night and re-deema-ble at notice	Time	Repos	Syn-thetic rate	Over-night	Time	Repos
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
03 *Jan*	4.86	5.24	4.33	7.05	4.44	5.07	3.90	1.56	1.61	0.53	2.66	2.66	1.50	0.82	2.62	2.69
Feb	4.76	5.13	4.20	6.99	4.36	4.96	3.84	1.51	1.52	0.54	2.48	2.61	1.49	0.82	2.54	2.71
Mar	4.58	4.92	4.07	6.67	4.21	4.83	3.73	1.43	1.44	0.53	2.35	2.60	1.41	0.78	2.44	2.62
Apr	4.54	4.86	3.93	6.77	4.19	4.80	3.68	1.35	1.33	0.51	2.16	2.48	1.37	0.76	2.36	2.52
May	4.46	4.76	3.85	6.62	4.14	4.68	3.67	1.35	1.30	0.48	2.13	2.45	1.42	0.78	2.33	2.51
Jun	4.28	4.65	3.75	6.48	3.87	4.48	3.45	1.21	1.16	0.44	1.94	2.19	1.27	0.77	2.03	2.16
Jul	4.11	4.44	3.55	6.28	3.75	4.38	3.25	1.16	1.14	0.42	1.94	2.05	1.18	0.66	1.97	2.05
Aug	4.24	4.54	3.45	6.80	3.91	4.47	3.45	1.15	1.12	0.42	1.89	2.02	1.20	0.69	1.98	1.97
Sep	4.19	4.53	3.46	6.76	3.82	4.35	3.38	1.14	1.10	0.41	1.87	2.04	1.20	0.68	1.98	2.02
Oct	4.17	4.45	3.48	6.46	3.86	4.41	3.39	1.13	1.08	0.40	1.84	2.03	1.21	0.68	1.98	2.00
Nov	4.13	4.43	3.46	6.41	3.80	4.37	3.33	1.14	1.09	0.39	1.88	1.97	1.21	0.69	2.03	1.97
Dec	4.09	4.41	3.46	6.40	3.75	4.25	3.40	1.15	1.11	0.39	1.93	2.05	1.20	0.66	2.01	1.98
04 *Jan*	4.14	4.51	3.53	6.55	3.74	4.32	3.29	1.16	1.14	0.39	1.99	1.93	1.18	0.68	1.98	1.95
Feb	4.08	4.40	3.51	6.27	3.73	4.22	3.27	1.15	1.14	0.39	1.99	1.96	1.18	0.66	2.02	1.99
Mar	3.95	4.29	3.39	6.20	3.59	4.17	3.13	1.13	1.11	0.39	1.93	2.00	1.15	0.66	1.91	1.99
Apr	3.98	4.30	3.31	6.40	3.64	4.14	3.14	1.14	1.12	0.39	1.95	2.01	1.17	0.65	1.99	1.96
May	3.90	4.16	3.25	6.13	3.61	4.18	3.13	1.12	1.09	0.38	1.92	1.94	1.16	0.66	1.96	1.96
Jun	3.85	4.18	3.29	6.04	3.50	4.15	3.09	1.12	1.11	0.37	2.00	2.06	1.14	0.64	2.01	1.98
Jul	3.88	4.24	3.38	6.07	3.48	4.14	3.03	1.14	1.12	0.37	2.04	2.07	1.16	0.66	1.98	1.99
Aug P	3.97	4.44	3.46	6.54	3.46	4.21	2.88	1.16	1.14	0.38	2.03	2.00	1.19	0.68	1.97	2.00

LOANS
SYNTHETIC RATES



DEPOSITS
SYNTHETIC RATES



(a) APRC: annual percentage rate of change. NEDR: narrowly defined effective rate, which is the same as the APRC without including commissions.
(b) Calculated by adding to the NDER rate, which does not include commissions and other expenses, a moving average of such expenses.
(c) See note on changes introduced in the june 2003 edition of the Boletin Estadístico.

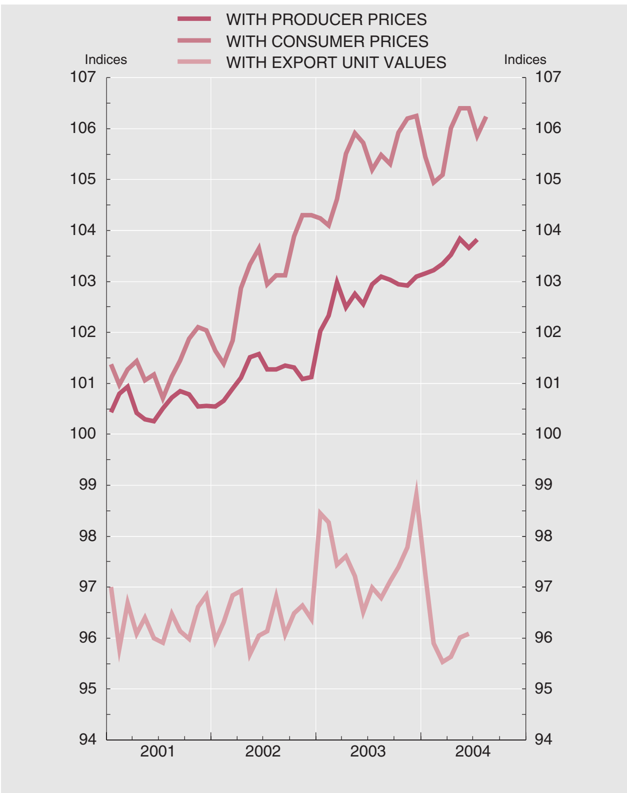
9.4 INDICES OF SPANISH COMPETITIVENES VIS-à-VIS THE EU 15 AND THE EURO AREA

■ Series depicted in chart.

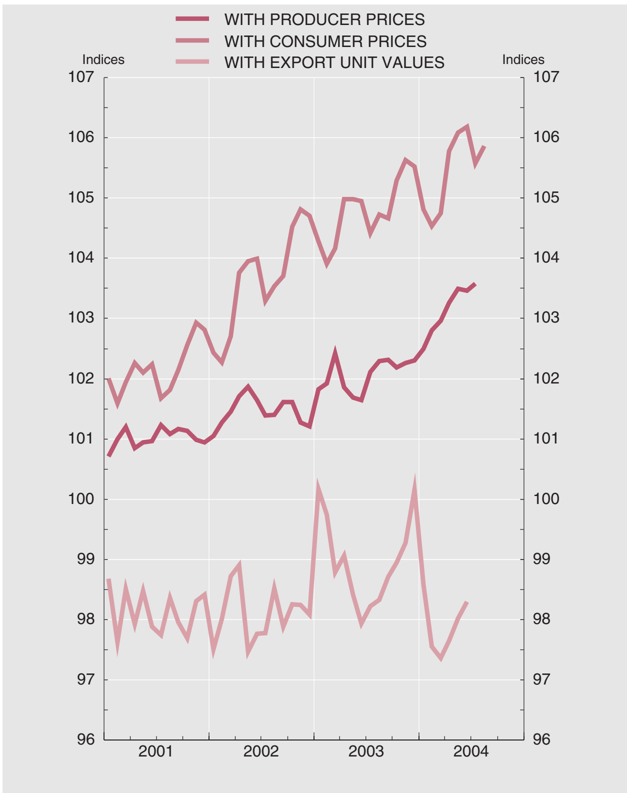
Base 1999 QI = 100

	Vis-à-vis the EU 15									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 manufactu-ring unit labour costs	Based on export unit values		Based on producer prices	Based on consumer prices	Based on manufactu-ring unit costs	Based on export unit values				
	1 ■	2 ■	3	4 ■	5	6	7	8	9	10 ■	11 ■	12	13 ■
01	100.6	101.4	103.6	96.3	99.0	101.6	102.4	104.7	97.3	101.0	102.2	104.3	98.1
02	101.1	103.0	105.5	96.4	99.1	102.1	104.0	106.5	97.3	101.5	103.6	106.1	98.1
03	102.8	105.4	106.7	97.5	100.1	102.6	105.2	106.6	97.4	102.1	104.8	105.7	99.0
02 *Q3*	101.3	103.1	106.1	96.3	99.2	102.1	103.9	107.0	97.1	101.5	103.5	106.5	98.1
Q4	101.2	104.2	106.2	96.5	99.2	102.0	105.0	107.1	97.3	101.4	104.7	106.6	98.2
03 *Q1*	102.5	104.3	106.8	98.0	99.8	102.7	104.5	107.0	98.3	102.1	104.1	106.4	99.6
Q2	102.6	105.7	107.2	97.1	100.3	102.3	105.4	106.8	96.8	101.7	105.0	106.0	98.5
Q3	103.0	105.3	106.7	97.0	100.3	102.7	105.0	106.4	96.7	102.2	104.6	105.4	98.4
Q4	103.0	106.1	106.3	98.0	100.2	102.8	105.9	106.1	97.8	102.2	105.5	105.0	99.5
04 *Q1*	103.2	105.2	106.0	96.2	100.0	103.3	105.2	106.0	96.3	102.8	104.7	105.1	97.8
Q2	103.7	106.3	105.9	95.9	99.7	103.9	106.5	106.2	96.2	103.4	106.0	105.2	98.0
03 *Dec*	103.1	106.2	...	98.8	100.3	102.8	105.9	...	98.5	102.3	105.5	...	100.2
04 *Jan*	103.2	105.4	...	97.3	100.2	103.0	105.3	...	97.1	102.5	104.8	...	98.6
Feb	103.2	104.9	...	95.9	99.9	103.3	105.0	...	96.0	102.8	104.5	...	97.6
Mar	103.3	105.1	...	95.5	99.8	103.5	105.3	...	95.7	103.0	104.7	...	97.4
Apr	103.5	106.0	...	95.6	99.7	103.8	106.3	...	95.9	103.3	105.8	...	97.6
May	103.8	106.4	...	96.0	99.8	104.0	106.6	...	96.2	103.5	106.1	...	98.0
Jun	103.7	106.4	...	96.1	99.7	104.0	106.7	...	96.4	103.5	106.2	...	98.3
Jul	103.8	105.9	...	...	99.7	104.1	106.2	...	...	103.6	105.6	...	...
Aug	...	106.2	...	...	99.8	...	106.5	...	...	...	105.9	...	...
Sep	...	...	...	...	100.0	...	...	...	...	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE EU 15



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 manufacturing foreign trade figures.

(c) Relationship between the price indices of Spain and of the group.

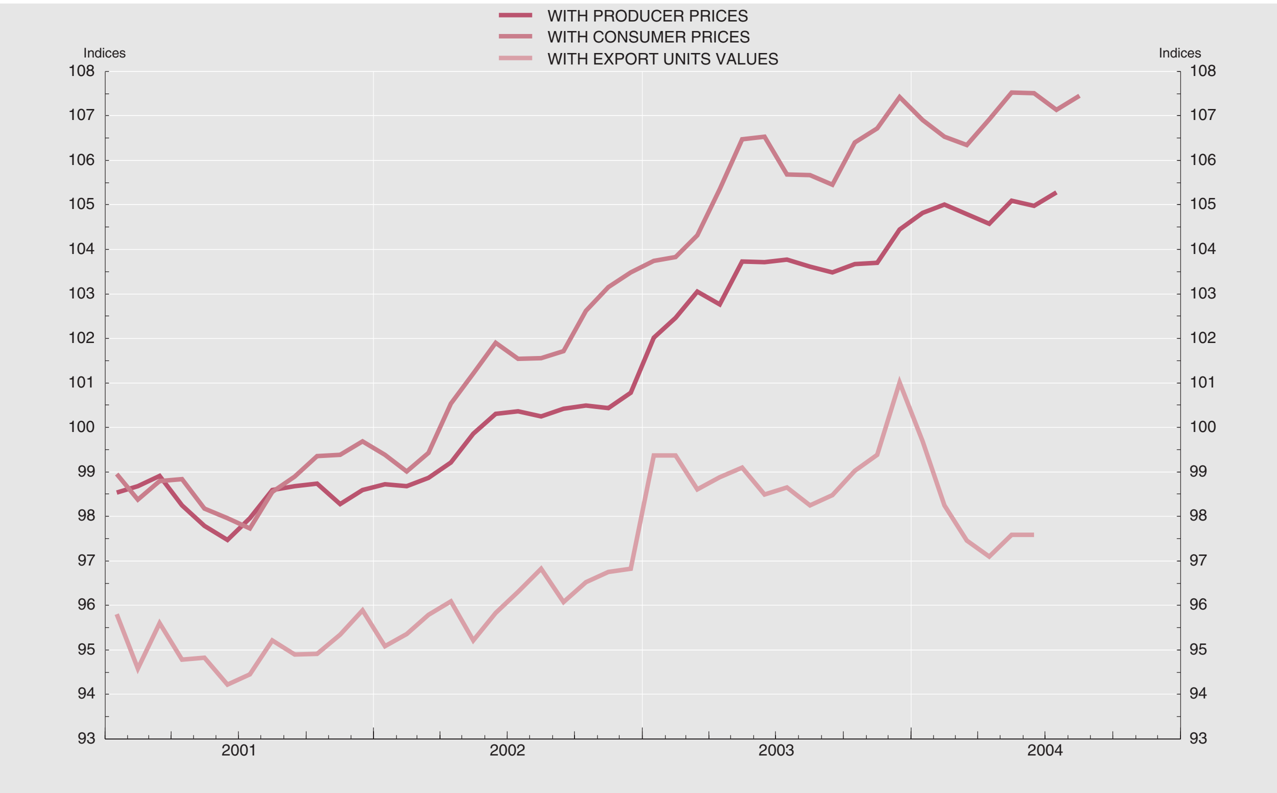
9.5 INDICES OF SPANISH COMPETITIVENESS VIS-à-VIS THE DEVELOPED COUNTRIES

■ 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
01	98.4	98.7	101.2	95.0	96.3	102.2	102.5	105.1	98.7
02	99.9	101.3	104.5	96.1	97.1	102.9	104.3	107.6	98.9
03	103.4	105.6	107.9	99.0	100.0	103.4	105.6	107.8	99.0
02 *Q3*	100.3	101.6	105.5	96.4	97.5	102.9	104.2	108.2	98.9
Q4	100.6	103.1	106.1	96.7	97.8	102.8	105.3	108.4	98.8
03 *Q1*	102.5	104.0	107.4	99.1	99.1	103.4	104.9	108.3	100.0
Q2	103.4	106.1	108.5	98.8	100.3	103.1	105.8	108.1	98.5
Q3	103.6	105.6	107.8	98.5	100.1	103.5	105.5	107.6	98.3
Q4	103.9	106.8	107.8	99.8	100.4	103.5	106.4	107.3	99.4
04 *Q1*	104.9	106.6	108.2	98.5	100.9	104.0	105.7	107.3	97.6
Q2	104.9	107.3	107.7	97.4	100.3	104.6	107.0	107.4	97.2
03 *Dec*	104.4	107.4	...	101.0	100.9	103.5	106.5	...	100.1
04 *Jan*	104.8	106.9	...	99.7	101.1	103.7	105.8	...	98.6
Feb	105.0	106.5	...	98.2	101.0	104.0	105.5	...	97.3
Mar	104.8	106.3	...	97.5	100.6	104.2	105.8	...	96.9
Apr	104.6	106.9	...	97.1	100.1	104.5	106.8	...	97.0
May	105.1	107.5	...	97.6	100.4	104.7	107.1	...	97.2
Jun	105.0	107.5	...	97.6	100.3	104.7	107.2	...	97.3
Jul	105.3	107.1	...	...	100.5	104.8	106.6	...	...
Aug	...	107.5	...	...	100.5	...	106.9	...	...
Sep	...	...	...	...	100.7	...	...	...	...

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 manufacturing foreign trade figures.

(c) Relationship between the price indices of Spain and of the group.

ARTICLES PUBLISHED IN THE ECONOMIC BULLETIN

BANCO DE ESPAÑA PUBLICATIONS

Studies and reports

REGULAR

Annual Report (in Spanish and English)
Economic Bulletin (quarterly) (the Spanish version is monthly)
Financial Stability Report (in Spanish and English) (half-yearly)
Memoria del Servicio de Reclamaciones (annual)
Mercado de Deuda Pública (annual)
Report on Banking Supervision in Spain (in Spanish and English) (annual)
The Spanish Balance of Payments and International Investment Position (in Spanish and English) (annual)

NON-PERIODICAL

Central Balance Sheet Data Office: commissioned studies
Notas de Estabilidad Financiera

ECONOMIC STUDIES

51 ELOÍSA ORTEGA: La inversión extranjera directa en España (1986-1990) (1992).
52 ALBERTO CABRERO, JOSÉ LUIS ESCRIVÁ AND TERESA SASTRE: Demand equations of the new monetary aggregates (1992). (The Spanish original of this publication has the same number.)
53 ÁNGEL LUIS GÓMEZ JIMÉNEZ AND JOSÉ MARÍA ROLDÁN ALEGRE: Analysis of fiscal policy in Spain: a macroeconomic perspective (1988-1994) (1995). (The Spanish original of this publication has the same number.)
54 JUAN MARÍA PEÑALOSA: El papel de la posición financiera de los agentes económicos en la transmisión de la política monetaria (1996).
55 ISABEL ARGIMÓN MAZA: El comportamiento del ahorro y su composición: evidencia empírica para algunos países de la Unión Europea (1996).
56 JUAN AYUSO HUERTAS: Riesgo cambiario y riesgo de tipo de interés bajo regímenes alternativos de tipo de cambio (1996).
57 OLYMPIA BOVER, MANUEL ARELLANO AND SAMUEL BENTOLILA: Unemployment duration, benefit duration, and the business cycle (1996). (The Spanish original of this publication has the same number.)
58 JOSÉ MARÍN ARCAS: Stabilising effects of fiscal policy. Volumes I and II (1997). (The Spanish original of this publication has the same number.)
59 JOSÉ LUIS ESCRIVÁ, IGNACIO FUENTES, FERNANDO GUTIÉRREZ AND M.ª TERESA SASTRE: El sistema bancario español ante la Unión Monetaria Europea (1997).
60 ANA BUISÁN AND ESTHER GORDO: El sector exterior en España (1997).
61 ÁNGEL ESTRADA, FRANCISCO DE CASTRO, IGNACIO HERNANDO AND JAVIER VALLÉS: La inversión en España (1997).
62 ENRIQUE ALBEROLA ILA: España en la Unión Monetaria. Una aproximación a sus costes y beneficios (1998).
63 GABRIEL QUIRÓS (ed.): Mercado español de deuda pública. Volumes I and II (1998).
64 FERNANDO C. BALLABRIGA, LUIS JULIÁN ÁLVAREZ GONZÁLEZ AND JAVIER JAREÑO MORAGO: A BVAR macroeconometric model for the Spanish economy: methodology and results (2000). (The Spanish original of this publication has the same number.)
65 ÁNGEL ESTRADA AND ANA BUISÁN: El gasto de las familias en España (1999).
66 ROBERTO BLANCO ESCOLAR: El mercado español de renta variable. Análisis de la liquidez e influencia del mercado de derivados (1999).
67 JUAN AYUSO, IGNACIO FUENTES, JUAN PEÑALOSA AND FERNANDO RESTOY: El mercado monetario español en la Unión Monetaria (1999).
68 ISABEL ARGIMÓN, ÁNGEL LUIS GÓMEZ, PABLO HERNÁNDEZ DE COS AND FRANCISCO MARTÍ: El sector de las Administraciones Públicas en España (1999).
69 JAVIER ANDRÉS, IGNACIO HERNANDO AND J. DAVID LÓPEZ-SALIDO: Assessing the benefits of price stability: the international experience (2000).
70 OLYMPIA BOVER AND MARIO IZQUIERDO: Quality-adjusted prices: hedonic methods and implications for National Accounts (2001). (The Spanish original of this publication has the same number.)
71 MARIO IZQUIERDO AND M.ª DE LOS LLANOS MATEA: An approximation to biases in the measurement of Spanish macroeconomic variables derived from product quality changes (2001). (The Spanish original of this publication has the same number.)
72 MARIO IZQUIERDO, OMAR LICANDRO AND ALBERTO MAYDEU: Car quality improvements and price indices in Spain (2001). (The Spanish original of this publication has the same number.)

Note: The full list of each series is given in the Publications Catalogue.
All publications are available in electronic format, with the exception of statistical and miscellaneous publications and texts of the Human Resources Development Division.

73 OLYMPIA BOVER AND PILAR VELILLA: Hedonic house prices without characteristics: the case of new multiunit housing (2001). (The Spanish original of this publication has the same number.)
74 MARIO IZQUIERDO AND M.ª DE LOS LLANOS MATEA: Hedonic prices for personal computers in Spain during the 90s (2001). (The Spanish original of this publication has the same number.)
75 PABLO HERNÁNDEZ DE COS: Empresa pública, privatización y eficiencia (2004).

ECONOMIC HISTORY STUDIES

25 MARÍA JESÚS FUENTE: Finanzas y ciudades. El tránsito del siglo XV al XVI (1992).
26 HERNÁN ASDRÚBAL SILVA: El Comercio entre España y el Río de la Plata (1778-1810) (1993).
27 JOHN ROBERT FISHER: El Comercio entre España e Hispanoamérica (1797-1820) (1993).
28 BEATRIZ CÁRCELES DE GEA: Fraude y administración fiscal en Castilla. La Comisión de Millones (1632-1658): Poder fiscal y privilegio jurídico-político (1994).
29 PEDRO TEDDE AND CARLOS MARICHAL (eds.): La formación de los bancos centrales en España y América Latina (siglos XIX y XX). Vol. I: España y México (1994).
30 PEDRO TEDDE AND CARLOS MARICHAL (eds.): La formación de los bancos centrales en España y América Latina (siglos XIX y XX). Vol. II: Suramérica y el Caribe (1994).
31 BEATRIZ CÁRCELES DE GEA: Reforma y fraude fiscal en el reinado de Carlos II. La Sala de Millones (1658-1700) (1995).
32 SEBASTIÁN COLL AND JOSÉ IGNACIO FORTEA: Guía de fuentes cuantitativas para la historia económica de España. Vol. I: Recursos y sectores productivos (1995).
33 FERNANDO SERRANO MANGAS: Vellón y metales preciosos en la Corte del Rey de España (1618-1668) (1996).
34 ALBERTO SABIO ALCUTÉN: Los mercados informales de crédito y tierra en una comunidad rural aragonesa (1850-1930) (1996).
35 M.ª GUADALUPE CARRASCO GONZÁLEZ: Los instrumentos del comercio colonial en el Cádiz del siglo XVII (1650-1700) (1996).
36 CARLOS ÁLVAREZ NOGAL: Los banqueros de Felipe IV y los metales preciosos americanos (1621-1665) (1997).
37 EVA PARDOS MARTÍNEZ: La incidencia de la protección arancelaria en los mercados españoles (1870-1913) (1998).
38 ELENA MARÍA GARCÍA GUERRA: Las acuñaciones de moneda de vellón durante el reinado de Felipe III (1999).
39 MIGUEL ÁNGEL BRINGAS GUTIÉRREZ: La productividad de los factores en la agricultura española (1752-1935) (2000).
40 ANA CRESPO SOLANA: El comercio marítimo entre Ámsterdam y Cádiz (1713-1778) (2000).
41 LLUIS CASTAÑEDA PEIRÓN: El Banco de España (1874-1900): la red de sucursales y los nuevos servicios financieros (2001).
42 SEBASTIÁN COLL AND JOSÉ IGNACIO FORTEA: Guía de fuentes cuantitativas para la historia económica de España. Vol. II: Finanzas y renta nacional (2002).
43 ELENA MARTÍNEZ RUIZ: El sector exterior durante la autarquía. Una reconstrucción de las balanzas de pagos de España, 1940-1958. Revised edition (2003).
44 INÉS ROLDÁN DE MONTAUD: La banca de emisión en Cuba (1856-1898) (2004).
45 ALFONSO HERRANZ LONCÁN: La dotación de infraestructuras en España, 1844-1935 (2004).

WORKING PAPERS

0316 JUAN CARLOS BERGANZA, ROBERTO CHANG AND ALICIA GARCÍA HERRERO: Balance sheet effects and the country risk premium: an empirical investigation.
0317 ANTONIO DÍEZ DE LOS RÍOS AND ALICIA GARCÍA HERRERO: Contagion and portfolio shift in emerging countries' sovereign bonds.
0318 RAFAEL GÓMEZ AND PABLO HERNÁNDEZ DE COS: Demographic maturity and economic performance: the effect of demographic transitions on per capita GDP growth.
0319 IGNACIO HERNANDO AND CARMEN MARTÍNEZ-CARRASCAL: The impact of financial variables on firms' real decisions: evidence from Spanish firm-level data.
0320 JORDI GALÍ, J. DAVID LÓPEZ-SALIDO AND JAVIER VALLÉS: Rule-of-thumb consumers and the design of interest rate rules.
0321 JORDI GALÍ, J. DAVID LÓPEZ-SALIDO AND JAVIER VALLÉS: Understanding the effects of government spending consumption.
0322 ANA BUISÁN AND JUAN CARLOS CABALLERO: Análisis comparado de la demanda de exportación de manufacturas en los países de la UEM.
0401 ROBERTO BLANCO, SIMON BRENNAN AND IAN W. MARSH: An empirical analysis of the dynamic relationship between investment-grade bonds and credit default swaps.
0402 ENRIQUE ALBEROLA AND LUIS MOLINA: What does really discipline fiscal policy in emerging markets? The role and dynamics of exchange rate regimes.
0403 PABLO BURRIEL-LLOMBART: An econometric analysis of education externalities in the matching process of UK regions (1992-99).
0404 FABIO CANOVA, MATTEO CICCARELLI AND EVA ORTEGA: Similarities and convergence in G-7 cycles.
0405 ENRIQUE ALBEROLA, HUMBERTO LÓPEZ AND LUIS SERVÉN: Tango with the gringo: the hard peg and real

misalignment in Argentina.

0406 ANA BUISÁN, JUAN CARLOS CABALLERO, AND NOELIA JIMÉNEZ: Determinación de las exportaciones de manufacturas en los países de la UEM a partir de un modelo de oferta-demanda.

0407 VÍTOR GASPAR, GABRIEL PÉREZ QUIRÓS, AND HUGO RODRÍGUEZ MENDIZÁBAL: Interest rate determination in the interbank market.

0408 MÁXIMO CAMACHO, GABRIEL PÉREZ QUIRÓS AND LORENA SAIZ: Are European business cycles close enough to be just one?

0409 JAVIER ANDRÉS, J. DAVID LÓPEZ-SALIDO AND EDWARD NELSON. Tobin's imperfect asset substitution in optimizing general equilibrium

0410 A. BUISÁN, J. C. CABALLERO, J. M. CAMPA AND N. JIMÉNEZ: La importancia de la histéresis en las exportaciones de manufacturas de los países de la UEM.

0411 ANDREW BENITO, FRANCISCO JAVIER DELGADO AND JORGE MARTÍNEZ PAGÉS: A synthetic indicator of financial pressure for Spanish firms.

0412 JAVIER DELGADO, IGNACIO HERNANDO AND MARÍA J. NIETO: Do European primarily Internet banks show scale and experience efficiencies?

0413 ÁNGEL ESTRADA, JOSÉ LUIS FERNÁNDEZ, ESTHER MORAL AND ANA V. REGIL: A quarterly macroeconometric model of the Spanish economy.

0414 GABRIEL JIMÉNEZ AND JESÚS SAURINA: Collateral, type of lender and relationship banking as determinants of credit risk.

0415 MIGUEL CASARES: On monetary policy rules for the euro area.

0416 MARTA MANRIQUE AND JOSÉ MANUEL MARQUÉS: An empirical approximation of the natural rate of interest and potential growth. (The Spanish original of this publication has the same number.)

0417 REGINA KAISER AND AGUSTÍN MARAVALL: Combining filter design with model-based filtering (with an application to business-cycle estimation).

0418 JÉRÔME HENRY, PABLO HERNÁNDEZ DE COS AND SANDRO MOMIGLIANO: The short-term impact of government budgets on prices: evidence from macroeconometrics models.

0419 PILAR BENGOECHEA AND GABRIEL PÉREZ QUIRÓS: Auseful tool to identify recessions in the euro-area.

0420 GABRIEL JIMÉNEZ, VICENTE SALAS AND JESÚS SAURINA: Determinants of collateral.

0421 CARMEN MARTÍNEZ-CARRASCAL AND ANA DEL RÍO: Household borrowing and consumption in Spain: a VECM approach.

0422 LUIS J. ÁLVAREZ AND IGNACIO HERNANDO: Price setting behaviour in Spain: stylised facts using consumer price micro data.

OCCASIONAL PAPERS

0302 MARIO IZQUIERDO, ESTHER MORAL AND ALBERTO URTASUN: Collective bargaining in Spain: an individual data analysis. (The Spanish original of this publication has the same number.)

0303 ESTHER GORDO, MARÍA GIL AND MIGUEL PÉREZ: Los efectos de la integración económica sobre la especialización y distribución geográfica de la actividad industrial en los países de la UE.

0304 ALBERTO CABRERO, CARLOS CHULIÁ AND ANTONIO MILLARUELO: An assessment of macroeconomic divergences in the euro area. (The Spanish original of this publication has the same number.)

0305 ALICIA GARCÍA HERRERO AND CÉSAR MARTÍN MACHUCA: La política monetaria en Japón: lecciones a extraer en la comparación con la de los EEUU.

0306 ESTHER MORAL AND SAMUEL HURTADO: Evolución de la calidad del factor trabajo en España.

0307 JOSÉ LUIS MALO DE MOLINA: Una visión macroeconómica de los veinticinco años de vigencia de la Constitución española.

0308 ALICIA GARCÍA HERRERO AND DANIEL NAVIA SIMÓN: Determinants and impact of financial sector FDI to emerging economies: a home country's perspective.

0309 JOSÉ MANUEL GONZÁLEZ-MÍNGUEZ, PABLO HERNÁNDEZ DE COS AND ANA DEL RÍO: An analysis of the impact of GDP revisions on cyclically adjusted budget balances (CABS).

0401 J. RAMÓN MARTÍNEZ-RESANO: Central Bank financial independence.

0402 JOSÉ LUIS MALO DE MOLINA AND FERNANDO RESTOY: Recent trends in corporate and household balance sheets in Spain: macroeconomic implications. (The Spanish original of this publication has the same number.)

0403 ESTHER GORDO, ESTHER MORAL AND MIGUEL PÉREZ: Algunas implicaciones de la ampliación de la UE para la economía española.

0404 LUIS JULIÁN ÁLVAREZ GONZÁLEZ, PILAR CUADRADO SALINAS, JAVIER JAREÑO MORAGO AND ISABEL SÁNCHEZ GARCÍA: El impacto de la puesta en circulación del euro sobre los precios de consumo.

0405 ÁNGEL ESTRADA, PABLO HERNÁNDEZ DE COS AND JAVIER JAREÑO: Una estimación del crecimiento potencial de la economía española.

0406 ALICIA GARCÍA-HERRERO AND DANIEL SANTABÁRBARA: Where is the Chinese banking system going with the ongoing reform?

0407 MIGUEL DE LAS CASAS, SANTIAGO FERNÁNDEZ DE LIS, EMILIANO GONZÁLEZ-MOTA AND CLARA MIRA-SALAMA: A review of progress in the reform of the International Financial Architecture since the Asian crisis.

0408 GIANLUCA CAPORELLO AND AGUSTÍN MARAVALL: Program TSW. Revised manual version May 2004.

0409 OLYMPIA BOVER: The Spanish survey of households finances (EFF): description and methods of the 2002 wave. (The Spanish original of this publication has the same number.)

0410 MANUEL ARELLANO, SAMUEL BENTOLILA AND OLYMPIA BOVER: Paro y prestaciones: nuevos resultados para España.

MISCELLANEOUS PUBLICATIONS[1]

BANCO DE ESPAÑA: Monedas de Oro de la Colección del Banco de España (1991). € 48.08.
PEDRO MARTÍNEZ MÉNDEZ: Los beneficios de la banca (1970-1989) (1991). € 12.50.
MARÍA JOSÉ TRUJILLO MUÑOZ: La potestad normativa del Banco de España: el régimen dual establecido en la Ley de Autonomía (1995). € 3.13.
BANCO DE ESPAÑA: Tauromaquia. Catálogo comentado sobre la Tauromaquia, de Francisco de Goya, referido a una primera tirada de esta serie, propiedad del Banco de España (1996). € 5.
JUAN LUIS SÁNCHEZ-MORENO GÓMEZ: Circular 8/1990, de 7 de septiembre. Concordancias legales (1996). € 6.25.
RAMÓN SANTILLÁN: Memorias (1808-1856) (1996) (**).
BANCO DE ESPAÑA. SERVICIO DE ESTUDIOS (Ed.): La política monetaria y la inflación en España (1997) (*).
BANCO DE ESPAÑA: La Unión Monetaria Europea: cuestiones fundamentales (1997). € 3.01.
TERESA TORTELLA: Los primeros billetes españoles: las «Cédulas» del Banco de San Carlos (1782-1829) (1997). € 28.13.
JOSÉ LUIS MALO DE MOLINA, JOSÉ VIÑALS AND FERNANDO GUTIÉRREZ (Ed.): Monetary policy and inflation in Spain (1998) (***).
VICTORIA PATXOT: Medio siglo del Registro de Bancos y Banqueros (1947-1997) (1999). Book and disquette: € 5.31.
PEDRO TEDDE DE LORCA: El Banco de San Fernando (1829-1856) (1999) (*).
BANCO DE ESPAÑA (Ed.): Arquitectura y pintura del Consejo de la Reserva Federal (2000). € 12.02.
PABLO MARTÍN ACEÑA: El Servicio de Estudios del Banco de España (1930-2000) (2000). € 9.02.
TERESA TORTELLA: Una guía de fuentes sobre inversiones extranjeras en España (1780-1914) (2000). € 9.38.
VICTORIA PATXOT AND ENRIQUE GIMÉNEZ-ARNAU: Banqueros y bancos durante la vigencia de la Ley Cambó (1922-1946) (2001). € 5.31.
BANCO DE ESPAÑA: El camino hacia el euro. El real, el escudo y la peseta (2001). 45 €.
BANCO DE ESPAÑA: El Banco de España y la introducción del euro (2002). Free copy.
BANCO DE ESPAÑA: Spanish banknotes 1940-2001 (2004). 30 €. (In Spanish and English.)

Statistics

Boletín de Operaciones (daily) (available only in electronic format on the website)
Boletín del Mercado de Deuda Pública (daily) (available only in electronic format on the website)
Boletín estadístico (monthly)
Central de Balances. Resultados anuales de las empresas no financieras (annual monograph)
Financial accounts of the Spanish economy (bilingual Spanish/English edition) (annual)

Financial legislation and official registers

Circulares a entidades de crédito[2]
Circulares del Banco de España. Recopilación (four-monthly)
Registros de Entidades (annual) (available only in electronic format on the website)

Training

BANCO DE ESPAÑA: Cálculo mercantil (con ejercicios resueltos).
PEDRO PEDRAJA GARCÍA: Contabilidad y análisis de balances en la banca (tomo I) (1999).
PEDRO PEDRAJA GARCÍA: Contabilidad y análisis de balances en la banca (tomo II) (1998).
JESÚS MARÍA RUIZ AMESTOY: Matemática financiera (2001).
JESÚS MARÍA RUIZ AMESTOY: Matemática financiera (ejercicios resueltos) (1994).
UBALDO NIETO DE ALBA: Matemática financiera y cálculo bancario.
LUIS A. HERNANDO ARENAS: Tesorería en moneda extranjera.

EUROPEAN CENTRAL BANK PUBLICATIONS

Spanish editions of:
- Annual Report
- Monthly Bulletin
- Other publications

1. All publications are distributed by the Banco de España, except those indicated with (*), (**) or (***), which are respectively distributed by Alianza Editorial, Editorial Tecnos and Macmillan (London). Prices include 4 % VAT. 2. Available only on the Banco de España website until it is included in the publication *Circulares del Banco de España. Recopilación.*

BANCO DE ESPAÑA	Unidad de Publicaciones Alcalá, 522; 28027 Madrid Telephone +34 91 338 6363. Fax +34 91 338 6488 *e-mail:* Publicaciones@bde.es www.bde.es