

BANCO DE ESPAÑA

economic bulletin

July 1999

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## Conventions used

M1	Money supply = Notes and coins held by the public + sight deposits.
M2	M1 + savings deposits.
M3	M2 + time deposits.
ALP	Liquid assets held by the public = M3 + other liquid assets.
ALPF	ALP + fixed-income mutual funds.
bn	Billions (10 <sup>9</sup> ).
m	Millions.
a	Projection.
p	After a date [January (p)], this means that all the related figures are provisional; after a figure, only said figure is provisional.
pp	Percentage points.
	Annual ( 1970 ) or quarterly data with this symbol are averages of the monthly data of the year or quarter; series of monthly, ten-day or weekly data are averages of the daily data for such periods.
...	Not available.
—	Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth.
»	Less than half of the last digit indicated in the series.
*	Series of seasonally adjusted data.

## Abbreviations

AIAF	Association of Securities Dealers
BIS	Bank for International Settlements
CNE	Spanish National Accounts
CNMV	National Securities Market Commission
CPI	Consumer price index
DM	Deutsche mark
EAGGF	European Agricultural Guidance and Guarantee Fund
ECB	European Central Bank
ECOFIN	EU Council (Economic and Financial Affairs)
EDP	Excessive Deficit Procedure
EMU	Economic and Monetary Union
EPA	Official Labour Force Survey

ERM	Exchange Rate Mechanism
ERM II	New Exchange Rate Mechanism for currencies of EU Member States outside the euro area
ESA 79	European System of Integrated Economic Accounts (1979)
ESA 95	European System of National and Regional Accounts (1995)
ESCB	European System of Central Banks
ESP	Pesetas
EU	European Union
EU-15	The fifteen current EU Member States
EUR	Euro
EUROSTAT	Statistical Office of the European Community
FIAMMs	Money-market funds
FIMs	Securities funds
FUNCAS	Fundación de Cajas de Ahorros
GDP	Gross Domestic Product
GDP cp	GDP at constant prices
Gen. govt.	General government
GNP	Gross National Product
GVA	Gross Value Added
G7	Group of Seven
HICP	Harmonised index of consumer prices
HF	Households and firms
H1/H2	First/second half
IMF	International Monetary Fund
INE	National Statistics Office
INVERCO	Asociación de Instituciones de Inversión Colectiva y Fondos de Pensiones
IPI	Industrial Production Index
MEFF	Financial Futures and Options Market
MFIs	Monetary financial institutions
MINER	Ministry of Industry and Energy
MMFs	Money-market funds
NBER	National Bureau of Economic Research
OECD	Organisation for Economic Co-operation and Development
PPI	Producer price index
R + D	Research and development
RENFE	National railway company
SEPI	State industrial holding company
SGP	Stability and Growth Pact
SIB	Stock-exchange interconnection system
TARGET	Trans-European Automated Real-Time Gross Settlement Express Transfer system
ULCs	Unit labour costs
VAT	Value Added Tax
WB	World Bank

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# Quarterly report on the Spanish economy

## 1. Overview

INE has recently released the first Spanish National Accounts data (base year 1995, CNE 95), drawn up using ESA 95 methodology. These figures include changes of both a statistical and conceptual nature, the former being quantitatively more significant owing, among other factors, to the use of new sources and estimation methods, and the latter derived from the application of a methodology which broadens the definition of the concept of economic activity (see Box 1).

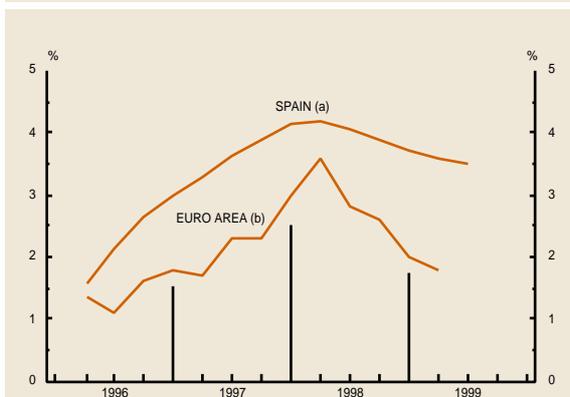
With the release of the new series, INE has laid out its provisional estimate for the first quarter of 1999. Compared with a year earlier, real GDP in this period ran at 3.6 %, in terms of the trend-cycle series, extending the moderate slowdown apparent in the 1998 figures (see Chart 1). The rate of increase of national demand heightened to 5.7 %, while the negative contribution of net external demand reached a new peak, subtracting two percentage points from the growth of real output. The key features of the main components of final demand are as follows: the tendency of final household consumer spending and capital investment to stabilise at very high year-on-year rates; the resilience of investment in construction and the notable weakness of goods exports, despite the progressive growth of the tourism sector; and the response by imports to the firmness of demand, with a slight increase in their growth rate. There is no significant change discernible in the patterns seen last year in the various productive branches, a fresh loss of momentum being witnessed in non-energy industry.

During the first months following the start of Economic and Monetary Union (EMU), the Spanish economy continued to show remarkable buoyancy (among the highest in the euro area) and job-creation capacity. The pattern of growth resides to an increasingly greater extent on domestic demand, while exports have been impacted by the slowdown on international markets. The external deficit thus corresponds to the reduction of the economy's private-sector financing capacity whereas, conversely, public finances have improved appreciably, with a further reduction in borrowing requirements and debt. There has been a sizeable increase in labour costs in the industrial and services sectors, despite having moderated during the first quarter of the year. And this, combined with the ongoing recovery in intermediate input prices on international markets (the rise in energy prices is already feeding through to the consumer price index), might shape a setting less conducive to sustaining the economy's stability and competitiveness.

The second quarter of 1999 has seen confirmation of the improved economic situation of

CHART 1

Gross domestic product



Sources: ECB, Instituto Nacional de Estadística and Banco de España.

(a) Non-centred annual rates of change calculated on the basis of the trend-cycle series.

(b) Non-centred annual rates of changes calculated on the basis of the seasonally adjusted series.

the external environment of the euro area. Significant contributing factors here have been the continuation of a sustained rate of economic activity without inflationary pressures in the United States, the gradual recovery in the level of output in the United Kingdom and more favourable figures from Japan. As regards the emerging market economies, the end of the crisis in the south-east Asian countries and the improvement in the Russian economic situation reinforce the recovery in the external setting. However, some of the main Latin-American countries continue to be affected by the consequences of the Brazilian crisis, despite the fact this country has performed much better than expected.

The economic situation of the euro area has likewise improved in the period to date in 1999. On the data available, it may be asserted that the slowdown in activity in the area reached a trough at the end of 1998 and that a moderate expansion has been under way since the early months of the current year, with consumption and investment running at sustained rates. The recovery already perceptible on foreign markets will undoubtedly be one of the key factors for the consolidation of this process.

On the prices front, continuing moderate growth rates have been the general norm, despite the fact that the rise in oil prices on international markets is passing through to energy goods prices, the growth rates of which have turned positive. Nonetheless, the slowdown in the prices of other HICP components has once

more placed the inflation rate for the area as a whole below 1 % in June.

Monetary and financial conditions in the euro area generally remained accommodating during the second quarter of 1999, given weak growth prospects without significant risks for price stability. Against this background, the Governing Council of the ECB decided at its meeting on 8th April to cut the interest rate on its main refinancing operations by 50 basis points, to 2.5 %. This gave rise to reductions in interest rates along the entire yield curve in April.

Subsequently, the improvement in the economic outlook for the euro area as from May, underpinned partly by a more optimistic international setting, prompted upward movements in euro-area interest rates which were more intense in the longer-dated terms. As a result, the interest rates on long-term debt stood at higher levels than those at end-1998, and the rates on 6- and 12-month interbank deposits regained the levels reached before the reduction in the Eurosystem's benchmark rates in April. During the second quarter the ongoing depreciation of the euro against the dollar continued, although there was a turnaround as from mid-July as economic prospects for the euro area improved and firmed. The progressive pick-up in economic activity has also been reflected in the euro-area monetary and credit aggregates which, on information to May, have been relatively expansionary. Specifically, M3, the Eurosystem's reference monetary aggregate, grew slightly over 5 % in April and May compared with a year earlier, while M1, incorporating the most liquid assets, ran at over 11 % year-on-year. Likewise, financing to the private sector was highly buoyant, posting a growth rate of 10.5 % in the twelve months to May.

The information available at the time of this report going to press shows that the high growth rates of the Spanish economy continued to moderate in the second quarter of the year. The national demand indicators generally point to a stabilising of or reduction in such growth rates. The signs are clearest in the case of capital investment; though it continues to evidence great buoyancy, it is nonetheless affected by the relative slackness apparent in manufacturing industry, given the persistently unfavourable results in foreign sales. The favourable expectations about developments in foreign markets have not yet passed through to goods exports, the April figures for which are considerably adverse (1). The changes apparent in the interna-

(1) The May figures were released after the cut-off date for this report, but do not alter this assessment. Imports remain buoyant.

**Main changes incorporated into Spanish National Accounts (base year 1995)**

The Spanish National Accounts series (base year 1995, CNE 95) recently released by INE have two important new features: the re-basing of the accounts and the implementation of the new ESA 95 (European System of Accounts 1995) methodology. The aim of both these features is to enhance adaptation of the National Accounts to changes in the actual economic situation. Differences between the CNE 95 and CNE 86 estimates are due to two types of factor (1), of a statistical and conceptual nature. Statistical changes arise with all re-basing processes and are the outcome of the use and adaptation of new statistical sources and of the application of new estimation methods. The conceptual changes in this case are linked to the application of the new National Accounts methodology. INE has provided a quantitative estimate of the impact of the statistical and conceptual changes on the level of GDP and of the main demand components at current prices for the year 1995 (see adjoining chart). The statistical changes have been of greater significance in quantitative terms, while the conceptual changes have mainly affected gross capital formation, owing to the widening of the concept. Overall, the level of GDP has increased 4.4% in the base year.

As regards GDP developments in the period 1995-1998, in constant pesetas, the new CNE has entailed a minor upward revision of growth rates in 1997 and 1998 (and a downward one in 1996). From a quarterly standpoint, one of the new features of CNE 95 is the presentation of series of the main aggregates in terms of gross seasonally adjusted data, in addition to the trend-cycle data, which were already published previously. Comparison of the quarterly profiles between CNE 95 and CNE 86, in terms of data at constant prices and in terms of trend-cycle, is given in the adjoining Chart. It can be seen that the contribution of national demand heightens in the new estimates (owing to the progressive acceleration of investment, while spending on final consumption is on a rising trend until the last quarter of 1998) and the contribution of net external demand is ultimately more negative at end-1998, since the slowdown in imports during the year is less marked.

The main addition in the labour market area is the estimation of various employment concepts, whereas under the previous system only equivalent employment was estimated, which entails measuring jobs in homogeneous terms. Under CNE 95, the set of variables relating to the use of the labour factor are as follows: employment (including all people – wage-earners and self-employed - engaged in productive activity); jobs (number of contracts, whether explicit or implicit, between an individual and a resident institutional unit for engaging in work in exchange for remuneration); hours worked (overall figure of hours actually worked by employees in the economy); and full-time-equivalent jobs (total hours worked divided by the average full-time working day). So far, INE has only released data on jobs and full-time-equivalent jobs, the latter being the variable comparable with the former National Accounts employment variable. The new information on employment has meant an upward revision of the level per the CNE 86 figures: comparison between these and the new series of full-time-equivalent jobs reveals an average difference, for the period 1995-1998, of 230,000 jobs.

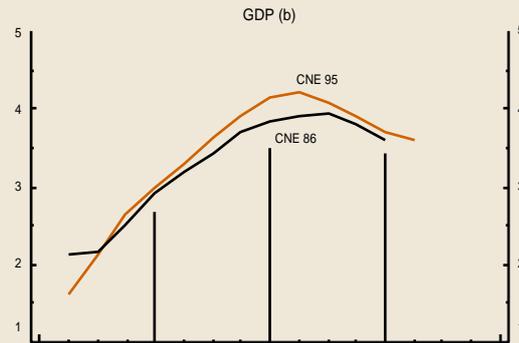
With regard to the measurement of GDP from the income standpoint, the most significant changes are the loss of the share of the surplus in nominal GDP and the increase in the weight of employee compensation, which is largely due to the broadening of the concept of wage-earner in the new accounts. Further, the share in GDP of taxes net of subsidies has also increased, owing largely to a stricter definition of subsidies. The rates of change of employee compensation are similar to the previous ones, while the surplus has grown more sharply than with the CNE 86 data, except in 1998, when there was greater growth both of employee compensation and of average employee compensation under the new accounts.

(1) See "Contabilidad Nacional de España 1995", INE, *Boletín Trimestral de Coyuntura*, June 1999.

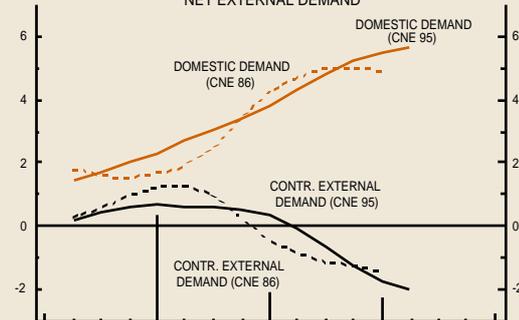
**Comparison between CNE 95 and CNE 86 figures**

DIFFERENCES IN GDP AND DEMAND-AGGREGATE LEVELS, 1995 (a)

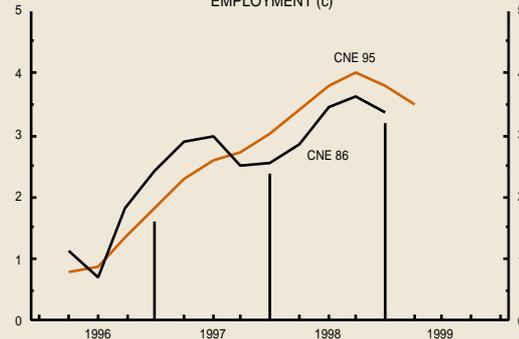
	Total change	Statistical changes	Conceptual changes
Final consumption expenditure	3.0	2.0	1.0
Gross fixed capital formation	10.3	6.0	4.3
Exports of goods and services	-0.6	-0.8	0.2
Imports of goods and services	0.8	-0.2	1.0
GDP	4.4	2.9	1.5



DOMESTIC DEMAND (b) AND CONTRIBUTION OF NET EXTERNAL DEMAND



EMPLOYMENT (c)



Source: Instituto Nacional de Estadística.

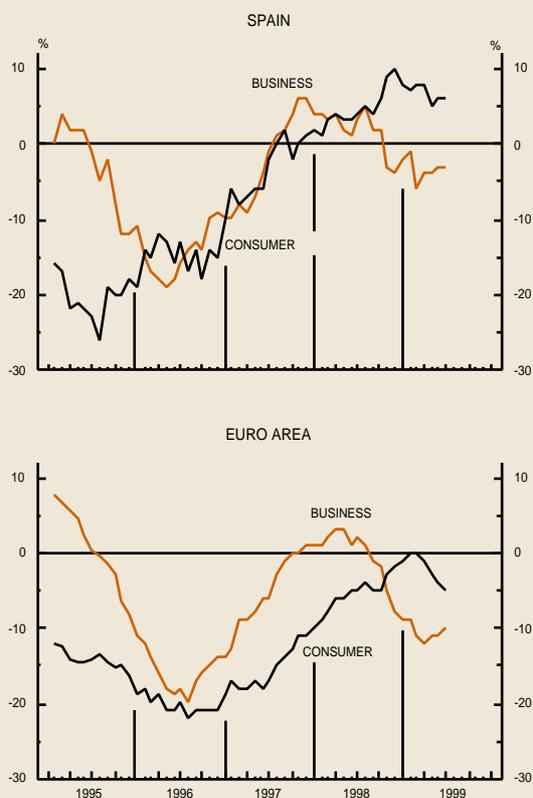
(a) As percentage of CNE 95 over CNE 86. GDP at current prices.

(b) Percentage change on same quarter a year earlier, calculated on the basis of constant-price series. For the CNE 95 series, the rates of change are based on the trend-cycle component.

(c) Percentage change on same quarter a year earlier. For the CNE 95 series, the rates of change are based on the trend-cycle component.

CHART 2

**Confidence indicators**



Source: European Commission.

CHART 3

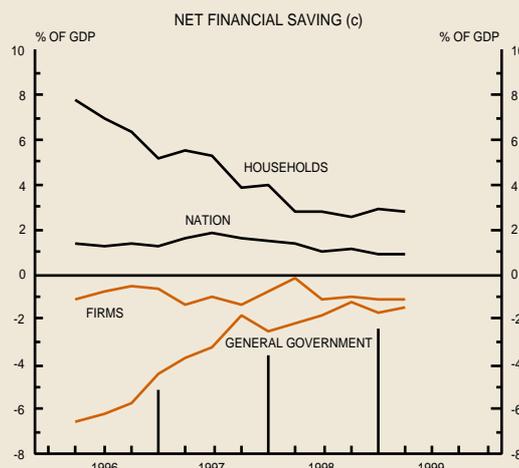
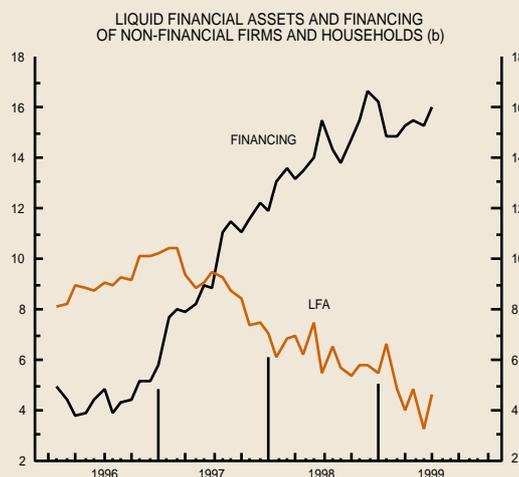
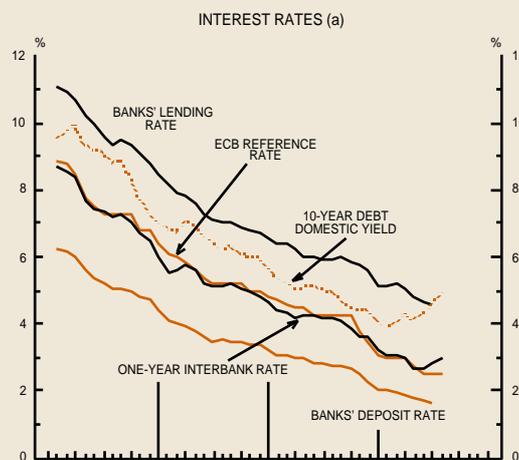
**Harmonised indices of consumer prices**



Sources: Eurostat and European Central Bank.

CHART 4

**Financial indicators of the Spanish economy**



Source: Banco de España.

- (a) Series calculated as daily data averages.
- (b) Financing includes bank loans extended by resident and non-resident credit institutions and fixed-income securities.
- (c) Cumulative data of four quarters.

tional outlook will no doubt ultimately affect exports and contribute to improving business expectations. Turning to household spending, some indicators have slipped back slightly, in step with consumer confidence levels (see Chart 2). However, other expenditure segments, especially car sales, remain very resilient, as do house purchases. As a result, investment in the construction sector has perhaps been the sole demand component whose year-on-year growth rate has not fallen during the second quarter.

If these trends hold, the year-on-year growth rates of national demand for the second quarter of 1999, measured on the basis of the trend-cycle series, could be around 5.5 %. Imports, for their part, continue to show notable vigour, in step with that of demand. Accordingly, even if the slowdown in exports were to touch bottom (taking into account the excellent tourism revenue results), net external demand would once again subtract about two percentage points from real GDP growth, leaving its growth rate at approximately 3.5 %.

The trend of the employment indicators in the second quarter is in line with the behaviour of the various productive branches, and a tendency towards deceleration is also apparent. The case of employee compensation is somewhat similar and this, combined with the slight rise in productivity, is slackening the growth rate of unit labour costs, which remains considerably higher than that in other euro-area countries. The greater relative pressure exerted by costs, against a background of strong demand growth, is reflected in the inflation differential between the Spanish economy and the euro area as a whole, measured on the basis of the respective HICPs (see Chart 3). The spread in the services component has stabilised at almost two points so far in 1999 (it was one point in 1996), and is widening considerably in the case of goods, where it stands above one point after

having been virtually zero over the two previous years.

Regarding the State deficit figures, the results in the first half of the year have been very favourable. The rate of increase of expenditure, once adjusted for the factors distorting its comparison, is in line with the targets set, while the growth of revenue is above budget.

Lastly, from the financial standpoint, the second quarter has been marked by a gradual pass-through of the cuts in monetary policy interest rates to bank lending and borrowing interest rates in Spain which, especially in the case of lending, have fallen to very low levels. Conversely, long-term yields have risen significantly, in step with the situation of the area as a whole, whereby the slope of the yield curve has increased. The relative easiness of bank financing conditions in Spain has continued to encourage households and non-financial firms to take on debt, which has grown at a high rate, while it has detracted from the attractiveness of liquid financial assets in favour of other higher-yielding and riskier assets and of real assets.

Specifically, financing to households and firms in the form of bank credit and fixed-income securities retained a rate of expansion of 16 % year-on-year in the second quarter, similar to that recorded at end-1998 and significantly higher than the growth rate of nominal expenditure in the economy (see Chart 4). Liquid financial assets held by households and firms posted a year-on-year rate of less than 5 % at the end of the second quarter, more in keeping with economic activity. On the information for the first quarter from the financial accounts, net household financial saving can be seen to have held on the slowing course begun in 1995, which is consistent with the strong growth of bank credit to this sector. This did not affect the nation's net financial saving insofar as general government saving increased and corporate saving held constant.

## 2. The external environment of the euro area

The improvement in the worldwide economic situation initially discernible in the opening months of the year progressively firmed during the second quarter of 1999. Among the industrialised countries, highlights included the prolongation of the sustained growth phase in the United States, the start of a fresh pick-up in the United Kingdom and the unexpected increase in GDP in Japan in the first quarter. In turn, inflation has held at low levels, despite the fact that oil prices on international markets have continued on an upward course since February.

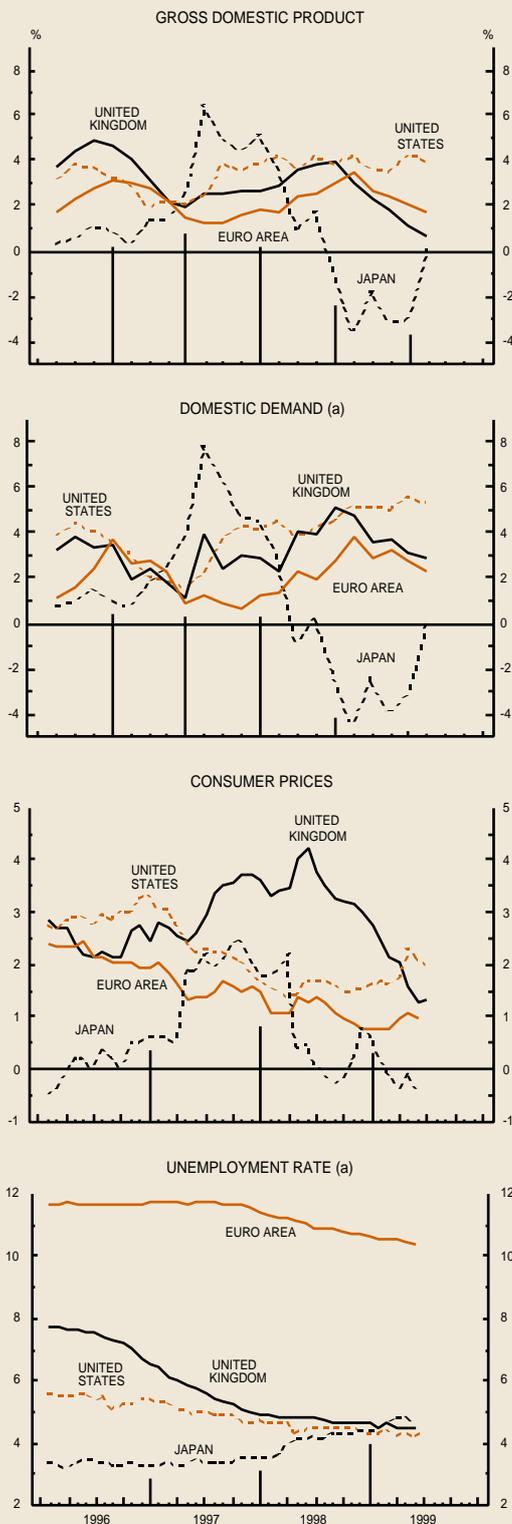
As regards the emerging market economies, events so far in 1999 have confirmed the end of the crisis in the south-east Asian countries, some of which, such as Korea, are already posting positive growth rates. Likewise, the economic situation in Russia has shown signs of improving in recent months.

In Latin America, the main conditioning factor of the economic situation of the area continues to be the fall-out from the Brazilian crisis. That said, its effects on international financial markets were less than expected and its consequences have been confined predominantly to the Mercosur countries. Against this background, the economic recession affecting the Brazilian economy is proving less intense than forecast, inflation has risen very moderately following the devaluation of the real and the fiscal adjustment policies implemented suggest that the fiscal targets set for 1999 will be met. Argentina is the Latin American country that is being most affected by the Brazilian crisis owing to their close trade links (30 % of Argentine exports are to Brazil). Nonetheless, insofar as the recovery in Brazil firms in the coming months, the knock-on effect this will exert on the area in general and on the Argentine economy in particular could improve the economic outlook for the area.

The US economy has continued growing at a sustained pace during the second quarter, at a similar year-on-year rate to the previous three months (4 %). On the indicators available, the composition of growth would have been similar to that of the first quarter, with highly buoyant domestic demand (see Chart 5) and a negative contribution of the external sector. The loss in competitiveness entailed by the strong appreciation of the dollar (7 % between January and July in real effective terms against the developed countries) along with the slackness of foreign markets accounts for the unfavourable performance of exports. And this, combined with a greater demand for imports, is translating into an ongoing widening of the trade and current-account deficit since the beginning of the year. Thus, the negative trade balance built up in the

CHART 5

**Main macroeconomic indicators  
Percentage change on previous year**



Sources: Banco de España, national statistics and Eurostat.

(a) As a percentage of the labour force.

first five months of the year was 30 % higher than for the same period a year earlier.

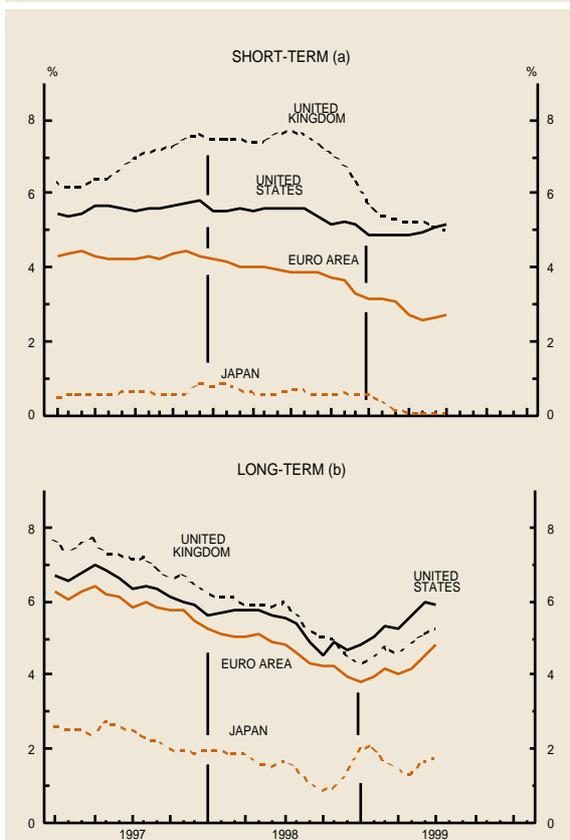
The unemployment rate held at between 4.2 % and 4.3 % of the labour force in the second quarter. Despite surging activity, consumer prices continue to grow at very moderate rates. The rise in inflation in April (to 2.3 % on 12 months earlier), essentially as a result of the increase in the prices of energy products, did not continue in the following two months. Thus, in June, the 12-month growth rate of prices was 2 %, a rate which rises to 2.1 % if energy and food prices are excluded from the general index.

In Japan, GDP grew 0.1 % in year-on-year terms in the first quarter of 1999 (1.9 % on the previous quarter), clearly above forecast. This result, which broke with the falling trajectory of Japanese output since the fourth quarter of 1997, was associated with an appreciable and unexpected improvement in domestic demand, both on the side of private consumption (which increased 0.8 % year-on-year) and of private investment (the rate of decline of which was substantially lower than in previous quarters). The indicators of activity available for the second quarter do not yet offer a clear and robust signal that the economic recovery has continued. But the previous rate of decline of industrial production has moderated, construction appears to have touched bottom and the latest quarterly survey of business expectations shows an improvement as far as the major manufacturing firms are concerned. The unemployment rate dipped to 4.6 % in May, although the level of employment has continued to fall. Consumer prices and producer prices have continued to grow at negative 12-month rates (-0.4 % and -3.4 %, respectively), denoting the persistence of deflationary pressures. In the external sector, the loss of competitiveness entailed by the appreciation of the yen in the second half of 1998 (25 % in real terms against the industrialised countries between August 1998 and January 1999) is being reflected in a significant reduction in the Japanese trade and current-account surpluses.

Turning to the EU economies not currently members of EMU, mention may be made of the moderate and gradual path of economic recovery in the United Kingdom, a pattern perceptible in the positive course of the latest indicators of activity available. In the labour market, unemployment has fallen to 4.4 % of the labour force in June. Moreover, this has been accompanied by a clear moderation of inflation: the 12-month increase in retail prices, excluding mortgage interest payments, was 2.2 % in June (2.7 % in March), below the 2.5 % target set. The favourable course of wages and the apprecia-

CHART 6

Interest rates



Source: Banco de España.

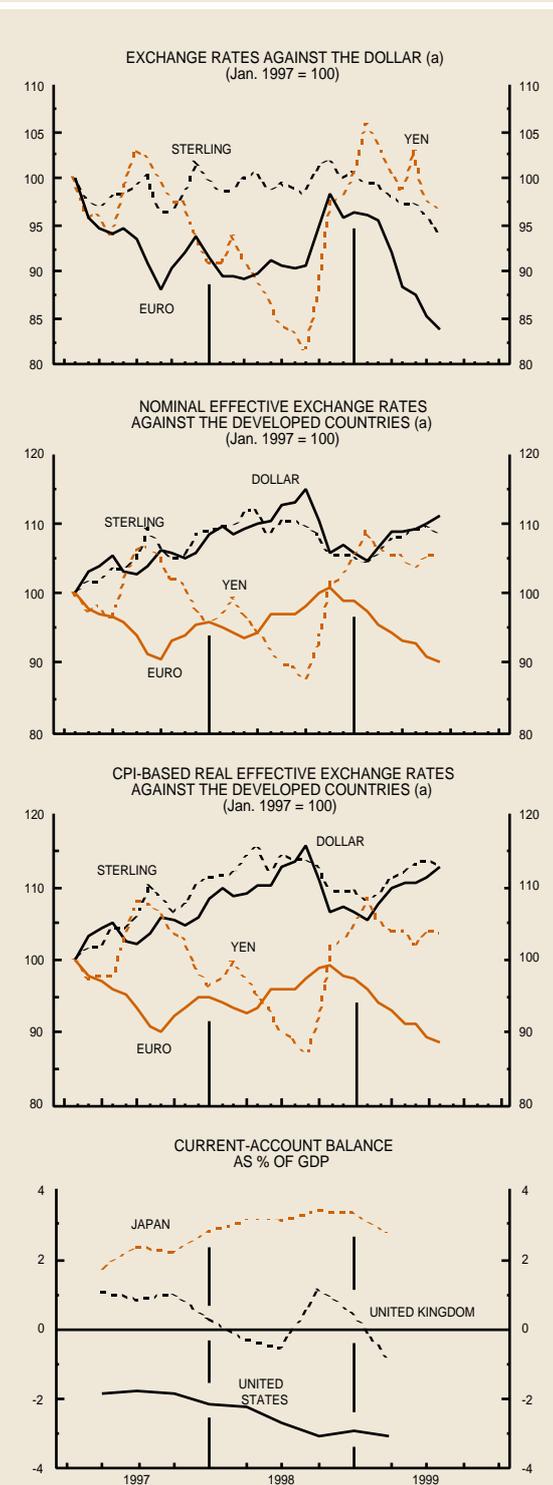
- (a) Three-month interbank market interest rate. Euro area: until December 1998, weighted average of the 11 euro area countries. In 1999, three-month EURIBOR.
- (b) Ten-year government bond yields. Euro area: weighted average of the 11 euro area countries.

tion of sterling are among the factors that explain the fall in UK inflation.

With respect to economic policies, fiscal consolidation has continued in the main Anglo-Saxon economies. In the United States, the federal surplus in May stood at \$24 billion and it is foreseen that the positive balance at the end of the current fiscal year will be slightly higher than programmed; on different forecasts, general government net lending would be between 1 % and 2 % of GDP. In the United Kingdom, the entrenchment of a higher growth rate in the coming months might help hold the budget deficit below 1 % of GDP in 1999. On the contrary, in Japan, public borrowing requirements for the current year might, in principle, stand at around 8 % of GDP, although the possibility of a new expansionary fiscal package being introduced in the last quarter of the year might ultimately raise this figure.

CHART 7

Exchange rates and current-account balances



Sources: Banco de España, BIS and national statistics.

- (a) A fall in the index denotes a depreciation of the currency against the dollar or the rest of the currencies making up the grouping, and vice-versa.
- (b) The "euro" line is the depiction, to 1999, of an approximate indicator devised by the BIS on the basis of the effective exchange rates of the euro area countries.

As regards monetary policy, the US Federal Reserve raised its federal funds rate by 25 basis points to 5 % on 30th June. This measure was unveiled as a means of forestalling future inflationary pressures, given the high economic growth rate, the low level of the unemployment rate and the rise in the price of energy commodities. Nonetheless, the increase in the official interest-rate was accompanied by the announcement by the Federal Reserve that it would maintain a neutral bias in the implementation of monetary policy in the coming months. That has contributed to moderating expectations of additional rate increases in the immediate future. By contrast, the Bank of England once more cut its base rate on June 10th (for the fourth time since the start of 1999) by one quarter of a point, to 5 %, in view of the slowdown in the inflation rate so far this year. Finally, in Japan, the monetary authorities have kept official intervention rates stable and at levels close to zero.

Turning to the money and financial markets, three-month interest rates in the United States edged up in the period between April and July (see Chart 6). The increase in long-term interest rates over this same period was on a greater scale, rising to stand at around 6 % as from mid-June. In the United Kingdom, the fall in short-term rates which followed a fresh cut in the official interest rate was accompanied by a slight increase in 10-year rates, which stand at over 5 %. Lastly, in Japan, while the shorter-dated interest rates remained unchanged and

close to zero, 10-year government bond yields rose once more to 1.7 %. On the securities markets, there was a generalised upward trend which was somewhat more notable in Japan's case further to its improved economic results. The behaviour of stock market indices has been somewhat more volatile in the United States. Indeed, since mid-May, the upward trend has been checked, although the indices are still at very high levels.

Finally, on the foreign exchange markets, the dollar has continued rising against the main currencies (see Chart 7). The dollar appreciated by 5 % against the euro between April and July (15 % since the start of the year). However, since mid-July, the euro has tended to regain ground against the dollar, whereby in the last fortnight of July it stood at above 1.06 dollars per euro. In relation to the yen, the dollar appreciated by somewhat over 1 % between April and July. Nonetheless, the strength of the Japanese currency once the increase in GDP in the first quarter was disclosed has prompted interventions on the foreign exchange markets. These involved not only the Bank of Japan but, on occasions, also the ECB and the Federal Reserve, who sought to prevent an additional worsening in competitiveness from weakening the possibility of economic recovery in Japan. Lastly, between April and July, the dollar appreciated by almost 3 % against sterling. The appreciation of the dollar in this period against the developed countries was 2 % in nominal effective terms.

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

#### 3.1. Economic developments

On the information available, economic activity in the euro area in the first half of 1999 has progressively recovered following the slow-down seen during 1998. This performance is in response to the gradual improvement in the area's main export markets, especially if it is borne in mind that the crisis of the emerging market economies was one of the main reasons for the reduction in the rate of output of the euro-area countries. In the second quarter, the unemployment rate for the area as a whole fell very slightly and inflation stood once more below 1 % in June, despite the upward bias induced by the rise in energy prices.

The National Accounts figures for the first quarter of 1999 (2) suggest that economic activity in the area underwent a turnaround in this period. Thus, although the year-on-year growth of GDP (1.8 %) was somewhat lower than the related rate in the previous quarter (2 %), the quarter-on-quarter rate of change (0.5 %) was two-tenths of a point up on that of the fourth quarter of 1998, thereby turning around the downtrend evident in these quarterly rates since end-1997. The rise in domestic demand was the driving force behind growth, and all its components posted significant increases. In year-on-year terms, private consumption grew by 2.8 % and gross fixed capital formation by 3.2 %. The change in stockbuilding, after having reached very high levels in 1998, subtracted 0.8 percentage points from GDP growth (see Chart 8). Finally, the contribution of net external demand remained negative, albeit in a lesser proportion than in previous quarters. Exports grew by 0.4 % compared with a year earlier, while imports increased by 2.3 % (1.3 % and 4.6 % in the previous quarter, respectively).

As regards the individual results for the euro-area economies, the degree of diachrony among the six countries for which information is available lessened in the first quarter of 1999: the highest national GDP year-on-year rate was that of Finland (3.9 %), while the lowest was that of Germany (0.8 %). Greater convergence has been achieved owing, above all, to the recovery in those economies, such as Germany and Italy, whose level of output had been markedly impacted by the international crisis, given its greater degree of exposure to developments on foreign markets. Nonetheless, the increase in the GDP of these two countries in the

(2) The estimate of GDP for this quarter combines mixed methodological criteria according to the countries involved. Most have calculated their figures in accordance with ESA 95 criteria while others have continued to take ESA 79 as their basis.

TABLE 1

## Euro area. Qualitative indicators

	1989-1998	1998	1998			1999		1999					
			Q2	Q3	Q4	Q1	Q2	JAN	FEB	MAR	APR	MAY	JUN
<b>MONTHLY SURVEY (NET REPLIES):</b>													
Industrial confidence	-8	0	2	-1	-5	-10	-11	-8	-11	-12	-11	-11	-10
Order books	-18	-4	-1	-4	-11	-19	-20	-15	-19	-22	-19	-20	-20
<i>Foreign orders</i>	-20	-5	-3	-5	-15	-23	-24	-19	-24	-27	-24	-23	-24
Stocks	11	8	7	8	10	14	14	13	14	14	14	14	13
Construction-													
sector confidence	-22	-19	-22	-13	-15	-9	-7	-9	-9	-9	-7	-8	-6
Order books	-30	-25	-28	-19	-21	-17	-14	-19	-18	-15	-13	-16	-12
Retailer confidence	-7	-2	-4	-1	-3	-3	-4	0	-4	-6	-1	-3	-9
Consumer confidence	-14	-5	-5	-5	-2	0	-4	0	0	-1	-3	-4	-5
<b>Economic sentiment index (1985 = 100)</b>	<b>101.2</b>	<b>104.0</b>	<b>104.9</b>	<b>104.4</b>	<b>103.7</b>	<b>104.1</b>	<b>103.9</b>	<b>104.4</b>	<b>104.1</b>	<b>103.9</b>	<b>104.1</b>	<b>103.8</b>	<b>103.8</b>
<b>QUARTERLY SURVEY:</b>													
Capacity utilisation (%)	81.8	82.6	81.9	83.7	82.8	81.9	81.9						

Source: European Commission.

first quarter remained below that of the average for the area.

The indicators of activity in the euro area during the second quarter tend to corroborate the fact a recovery is taking place. The area-wide economic sentiment indicator drawn up by the European Commission, though it fell slightly in average terms in the second quarter, has tended to stabilise and is holding at historically high levels. However, a certain dichotomy persists between business and consumer confidence (see Table 1). On one hand, business confidence has picked up from the trough reached in March, largely in response to the recovery of orders, especially those from foreign markets. Likewise, production expectations have been growing since February. In the construction sector, too, the confidence indicator has tended to rise slightly. On the other hand, consumer confidence has continued falling, although it is still at historically high levels and purchasing intentions have increased. In any event, other consumption indicators (car and retail sales, among others) continued to reflect sustained growth.

The information available for the euro-area countries points in the same direction. Of particular relevance are the improvement in the business climate in Germany and the upward revision of official forecasts of German GDP growth for the year as a whole. That contributes to reaffirming the prospects of recovery in the common monetary area in the second half of

the year. Likewise, the ongoing pick-up in the external environment, combined with the gain in competitiveness of the euro against the developed countries since the start of the year (9 %), will be conducive to the contribution of the external sector to growth in the area becoming less negative. Most uncertainty over growth currently turns on whether the adjustment of stocks observed in the first quarter continues or not in the coming months, given their highly volatile nature and the measurement problems involved.

The euro-area labour market continues to be influenced by the loss of momentum of activity in 1998. Employment has thus been growing at falling rates since the middle of last year, which prevents unemployment from declining at a greater pace. Between March and May, the unemployment rate has held stable at around 10.3 % of the labour force.

Prices have remained stable throughout the second quarter despite the increase in oil prices, which have risen 75 % since February. The 12-month growth rate of the HICP for the area, after having risen to 1.1 % in April, stood at 0.9 % in June. In explaining the price performance it should be borne in mind that, although the prices of energy products have climbed most significantly, their upward impact on the general index has been offset by the decline in the prices of services and, most especially, of food. As a result, the differential between services and goods inflation has narrowed from 1.4

percentage points in January to 0.9 points in June (see Chart 9).

Country by country, convergence between national inflation rates has increased, as witnessed by the fact that their degree of dispersion, measured by the difference between the maximum and minimum values, has moved from 2.3 percentage points in January to 1.9 percentage points in June. However, analysis of the differences between the national growth rates of services prices (services being the most inflationary component of the HICP in all the countries) gives very different results: the differential here widened by 0.6 percentage points between January and June.

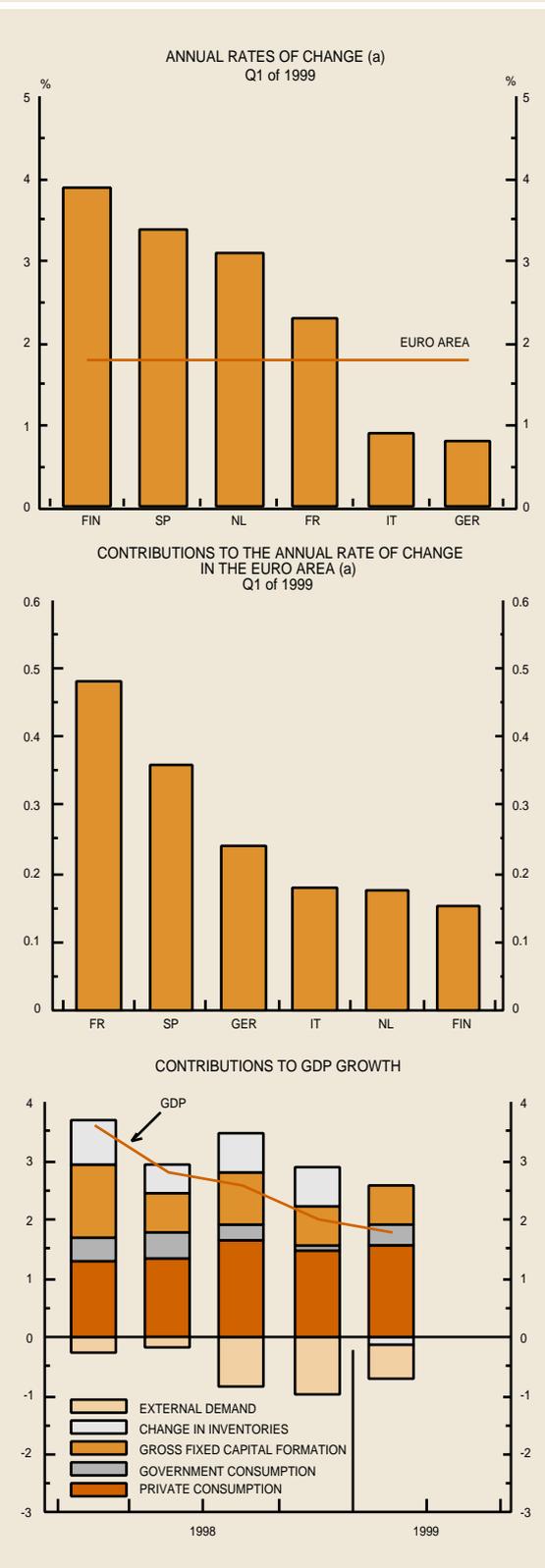
In the near future, there are certain risks that area-wide inflation may trend upwards, albeit without jeopardising price stability. Such risks are associated with various factors. First, the course of oil prices which, after a slight correction in May, have grown most significantly in recent weeks, it seeming unlikely that they will fall substantially in what remains of the year. Next, the behaviour of non-energy commodity prices, which have also been on something of a rising trend. Further, the possibility of wage settlements agreed on at the beginning of the year in certain countries not being offset by gains in productivity and passing through to final prices. And finally, the cumulative depreciation of the euro since the start of 1999.

Since May, the ECB has published the external accounts of the area as a whole. Thus, on provisional data, the euro-area current-account balance in the first five months of 1999 ran a surplus of EUR 18.5 billion (EUR 19.4 billion in the same period in 1998). The trade balance over this same period was EUR 34.1 billion, 9.5 billion lower than in 1998. In the services balance, payments exceeded receipts by EUR 3.5 billion. And the income and current transfers accounts also ran deficits (of EUR 1.1 billion and 11.1 billion, respectively).

In the budgetary area, no additional headway in budgetary consolidation is expected in the area as a whole in 1999, particularly in view of the fact that the final 1998 outturn was better than expected (see Table 2). On the estimates available, the cyclically adjusted balance would remain unchanged in relation to 1998, while the actual deficit would show a slight reduction, as a result mainly of a fall in the interest burden. The composition of the growth of actual output so far in 1999, in particular the strength of private consumption, proves favourable for tax revenue. In any

CHART 8

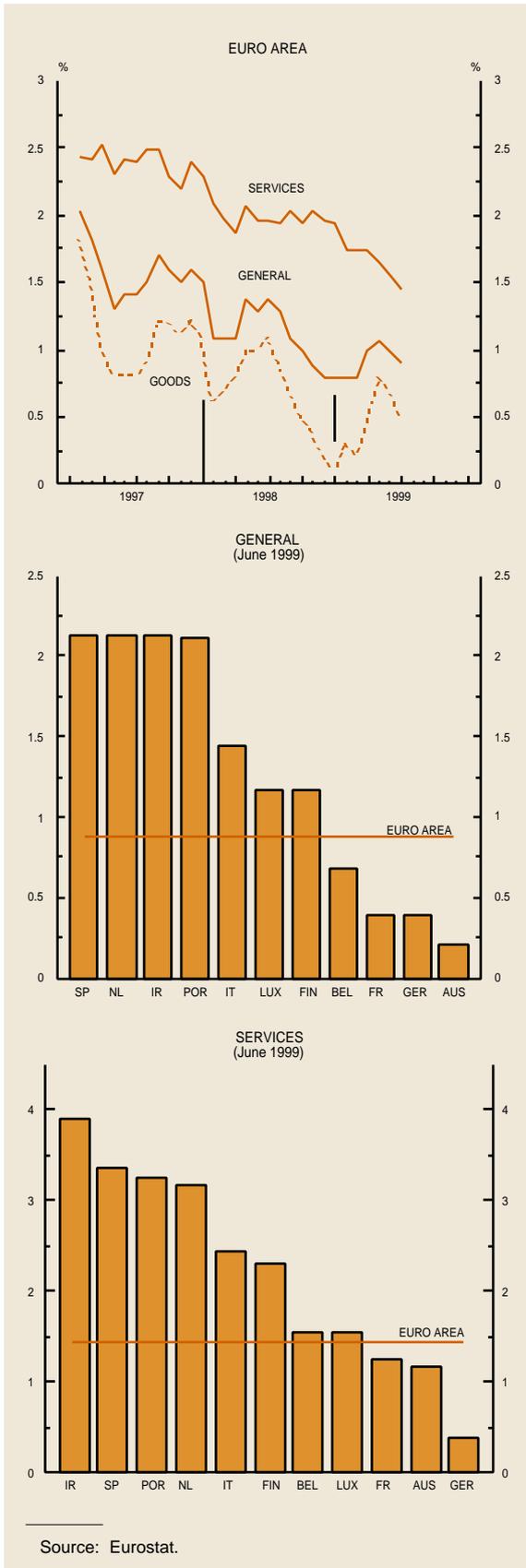
GDP in the euro area



Source: Eurostat.  
 (a) Excluding Belgium, Ireland, Luxembourg, Austria and Portugal, for which no quarterly national accounts data are available.

CHART 9

**Harmonised Indices of Consumer Prices  
12-month percentage change**



event, this overall evaluation masks differing situations in the countries of the area, as can be seen in Table 2.

As regards fiscal programming for the coming years, two countries, Germany and Italy, have disclosed their medium-term plans. The German government has unveiled the guiding principles of its federal budget for the year 2000 and of its fiscal strategy up to the year 2003. The authorities envisage a broad range of measures, with further details pending. For next year, a 1.5 % cut in federal spending has been announced, which would offset the foreseen reduction in the tax burden, placing the federal deficit at 1.2 % of GDP. The Italian government has, in its Document on Economic and Financial Programming for the period 2000-2003, confirmed the deficit targets of the Stability Programme for the next two years, although these would be attained with a primary surplus lower by the order of half a percentage point of GDP. It is envisaged achieving budgetary equilibrium by the year 2003, mainly through the control of current primary expenditure.

In a setting in which fiscal policy is geared to achieving medium-term targets (through positions close to budgetary equilibrium under neutral cyclical conditions), the possibilities of a counter-cyclical use of fiscal policy are governed by the closeness to or distance from such targets. Moreover, the positions of the various countries along the business cycle differ. For those further ahead in the cycle, both considerations make it advisable to adopt a particularly tight fiscal policy stance, so as to prevent inflationary pressures emerging and to entrench the progress made towards the medium-term targets. Conversely, in the countries in which the slowdown in economic activity has been sharper (tending to coincide with those with a more unfavourable structural position), there is scarcely any scope for the built-in stabilisers to contribute to sustaining activity.

**3.2. Monetary and financial developments**

Monetary and financial conditions in the euro area were generally accommodating during the second quarter of 1999, against a backdrop of relatively weak growth prospects, without significant risks for price stability. However, the configuration of these conditions underwent significant changes during the period under consideration.

As indicated in the preceding «Quarterly Report», the economic situation in the euro area at the outset of the year was marked by relatively pessimistic growth expectations and by a very

TABLE 2

**General government financial balances of the euro-area countries  
(as a % of GDP)**

	1994	1995	1996	1997	1998	1999 (b)
Belgium	-4.9	-4.0	-3.1	-1.9	-1.3	-1.3
Germany	-2.6	-3.3	-3.4	-2.7	-2.1	-2.0
Spain	-6.2	-7.1	-4.5	-2.6	-1.8	-1.6
France	-5.8	-4.9	-4.1	-3.0	-2.9	-2.3
Ireland	-1.5	-2.1	-0.3	1.1	2.3	1.7
Italy	-9.2	-7.7	-6.6	-2.7	-2.7	-2.0
Luxembourg	2.7	1.8	2.8	2.9	2.1	1.1
Netherlands	-3.8	-4.0	-2.0	-0.9	-0.9	-1.3
Austria	-5.0	-5.1	-3.7	-1.9	-2.1	-2.0
Portugal	-6.0	-5.7	-3.3	-2.5	-2.3	-2.0
Finland	-6.6	-4.6	-3.1	-1.2	1.0	2.4
<b>MEMORANDUM ITEM:</b>						
Euro area						
Primary balance (a)	0.3	0.7	1.3	2.5	2.4	
Overall balance (a)	-5.1	-5.0	-4.1	-2.5	-2.1	
Public debt	70.8	74.8	76.1	75.4	73.6	

Source: ECB (to 1998).

(a) Deficit (-) / surplus (+).

(b) National stability and convergence programmes.

low inflation rate. Against this background, the Governing Council of the ECB decided at its meeting on 8th April to cut the interest rate on its main refinancing operations by 50 basis points to 2.5 %, simultaneously reducing the rates on its standing lending and deposit facilities to 3.5 % and 1.5 %, respectively, from 4.5 % and 2.5 % (see Chart 10). This cut in the official Eurosystem rates was greater than expected by the markets and gave rise in April to reductions in interest rates along the entire yield curve.

Bearing on the external environment in the second quarter were expectations of an interest rate hike by the Federal Reserve. As previously mentioned in this Report, this rise finally took place on 30th June. Further, certain signs of recovery in the pace of activity were discernible in the euro area as from May. These factors led thereafter to upward movements in euro-area interest rates, which were sharper in the longer terms. As a result, long-term interest rates were at higher levels than those in place at end-1998.

As regards the shorter-term interest rates, those on interbank deposits rose as from the six-month maturity (see Chart 11). On the latest information available, the six-month EURIBOR stood, as of 20th July, around 35 basis points above the average level reached in May, whereas the increase in the case of the 12-month EURIBOR was 41 basis points. Conse-

quently, the slope of the EURIBOR curve has increased significantly in recent weeks, with the difference between the 12-month and one-month EURIBOR widening from 11 basis points in May to 23 basis points in June and to 43 basis points as of 20th July. By contrast, the rates on three-month and shorter-term interbank deposits have scarcely altered during the same period.

Longer-term interest rates have also increased significantly in recent months. Here, the first increases were seen in the opening months of the year; in February and March there were rises in the yields on ten-year bonds from the minimum level, below 4 %, observed in January. In any event, this course of events intensified as from May and, at present, rates stand at around 5 %, more than one percentage point above the levels at the outset of 1999. As a result of these movements, the long-term interest rate spread over the United States narrowed, especially after 30th June, when the Federal Reserve decided to increase its intervention rate and the upward trajectory of US long-term rates moderated. Thus, the US/euro area spread narrowed in the first half of July to around 115 basis points, after having stood at over 140 basis points in May and June.

Initially, the upward movement in interest rates in the euro area and the narrowing of the

CHART 10

**ECB interest rates and euro exchange rates**

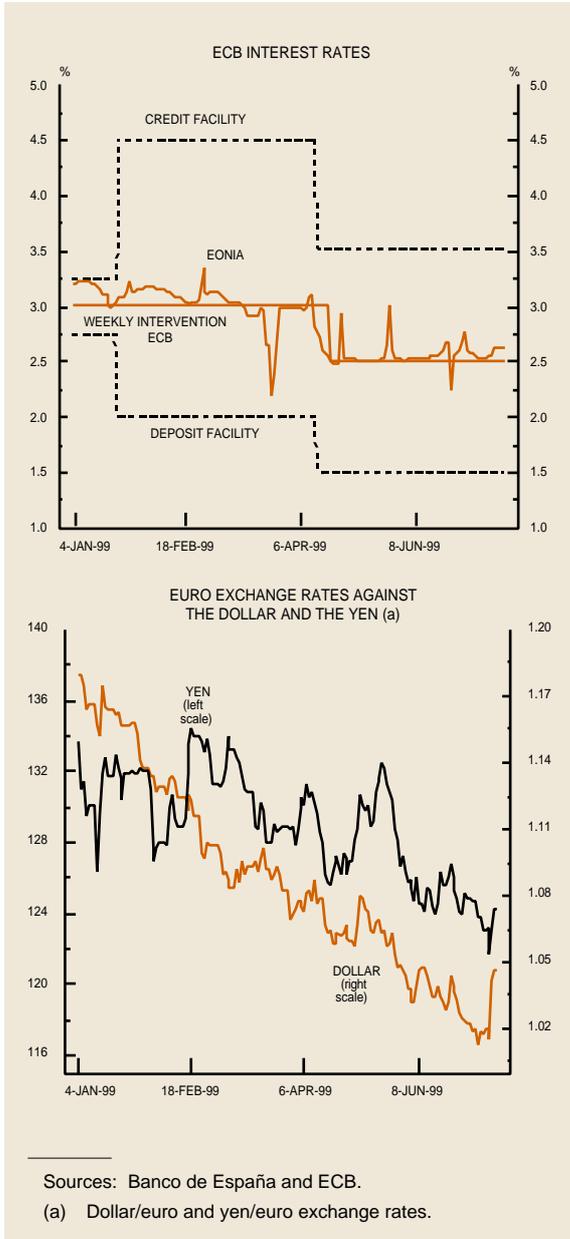
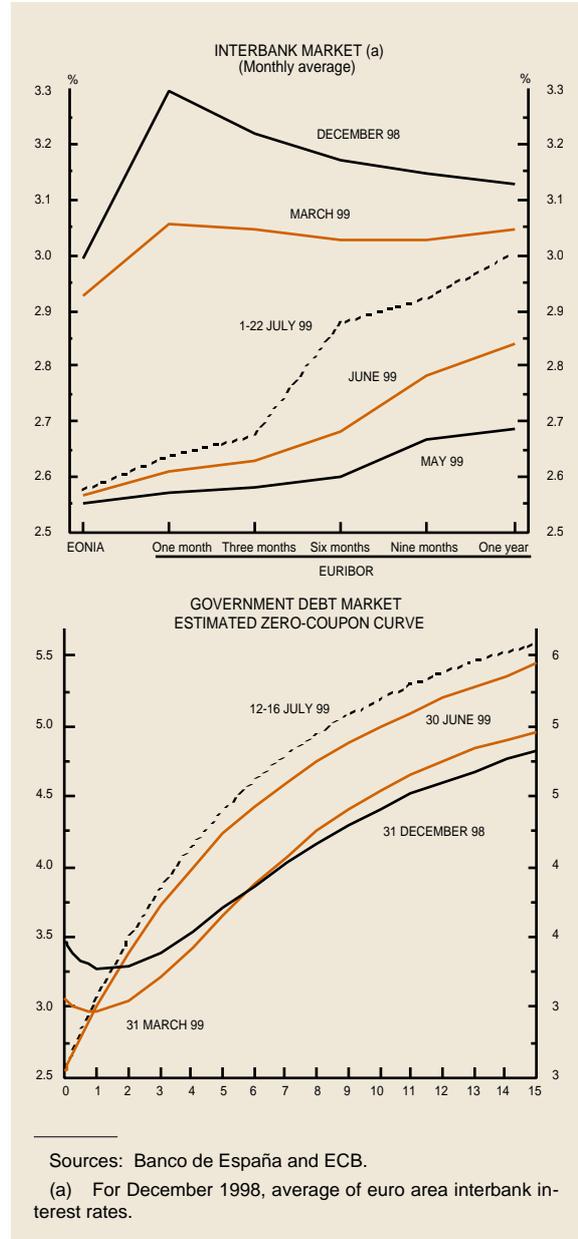


CHART 11

**Euro area yield curves**



long-term spread over US debt did not check the depreciation of the euro against the dollar during the second quarter. In that period, the exchange rate of the euro weakened by around 5 % vis-à-vis the US currency, running up a maximum cumulative depreciation of 12 % in relation to the average exchange rate in January. However, in mid-July the exchange rate of the euro stabilised, embarking thereafter on a process of appreciation up to the time of this report going to press for (see Chart 10).

As regards retail bank interest rates, the lower part of Chart 12 shows that, until May, the

rates on retail bank lending to households and firms continued falling, reflecting with something of a lag the decline in market interest rates in previous quarters.

Despite the rise in long-term interest rates during the second quarter, there was, as on other international stock exchanges, a certain improvement in equity markets in the euro area owing to the more favourable economic outlook for the zone. From March to 15th July the Dow Jones Euro Stoxx index rose by around 8.5 %, with a concurrent reduction in its volatility in relation to the pattern of previous months.

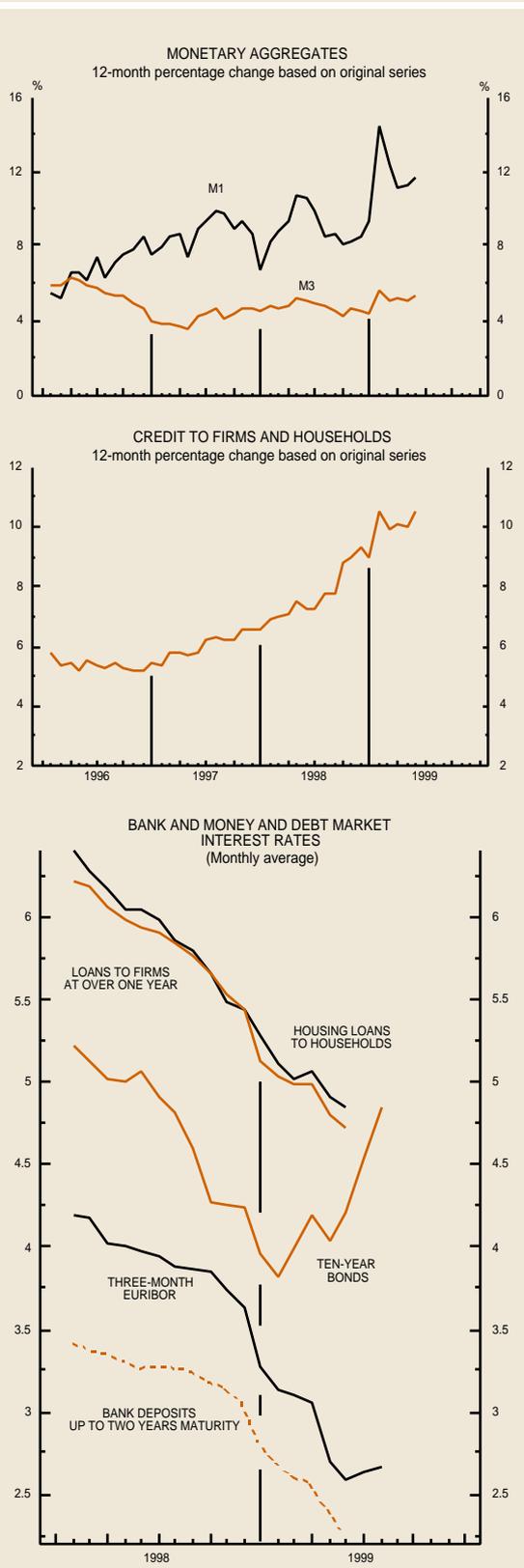
The brighter economic outlook and the low levels of short-term interest rates have also been reflected in the monetary and credit aggregates. On information to May, the behaviour of these aggregates has been relatively expansionary (see Chart 12). The benchmark monetary aggregate (M3) grew by around 5 % in April and May compared with a year earlier, and its moving average over the last three months stood at 5.2 %. This was essentially due to the strong growth of the demand for sight deposits which, after decelerating in March, gave signs of renewed vigour in April and May. M1 posted year-on-year growth of over 11 % in these two months. Among the other financial assets included in M3, only the demand for shares in money market funds showed great resilience, growing at around 15 % in May compared with twelve months earlier.

Turning to the counterparts of M3, the high growth of financing to resident sectors in the euro area continued, rising to almost 8 % year-on-year in May. This reflected the strong expansion of financing to households and non-financial firms, which grew 10.5 % in May compared with twelve months earlier, and very moderate growth of financing to general government (1.2 %). The behaviour of the longer-term liabilities not included in M3 was generally fairly stable, with year-on-year growth of around 5 %. The difference between the growth of credit, on one hand, and of M3 and other liabilities, on the other, was financed by means of a reduction in the net external asset position of MFIs.

With respect to monetary policy implementation during the second quarter, the liquidity provided by the Eurosystem through the main refinancing operations (75 % of the total) and the longer-term operations (25 % of the total) meant that the overnight interbank interest rate, EONIA, held at between 2.5 % and 2.6 %, around 30 basis points below the average levels in March. The pro rata percentages applied by the Eurosystem at its main refinancing operations remained very small throughout the second quarter and, in particular, in recent weeks, where the allotment ratio has varied between 4 % and 7 %. The net liquidity provided by the Eurosystem in the third, fourth and fifth reserve maintenance periods, corresponding to the second quarter, amounted to EUR 175.5 billion, 167 billion and 176.7 billion, respectively, which sufficed to meet institutions' liquidity requirements in respect of minimum reserves and the effect of autonomous factors. These factors entailed, on average, a net absorption of liquidity for the respective amounts of EUR 74.4 billion, 65.8 billion and 74.8 billion.

CHART 12

Monetary and credit aggregates and interest rates in the euro area



Sources: Banco de España and ECB.

## 4. The Spanish economy

### 4.1. Demand

As indicated in the "Overview" of this report, INE has, with the publication of the Quarterly National Accounts (QNA) provisional data for the first quarter of 1999, re-based the National Accounts (CNE 95) incorporating ESA 95 methodology. The new data exhibit significant changes as regards the course of certain economic aggregates. Specifically, the new information reveals much more pronounced growth in national demand in the second half of 1998 than that previously estimated. GDP, however, has continued to show a gently slowing profile since mid-1998, as reflected under the former accounting methodology, since the contribution of net external demand has become much more negative since the third quarter of 1998.

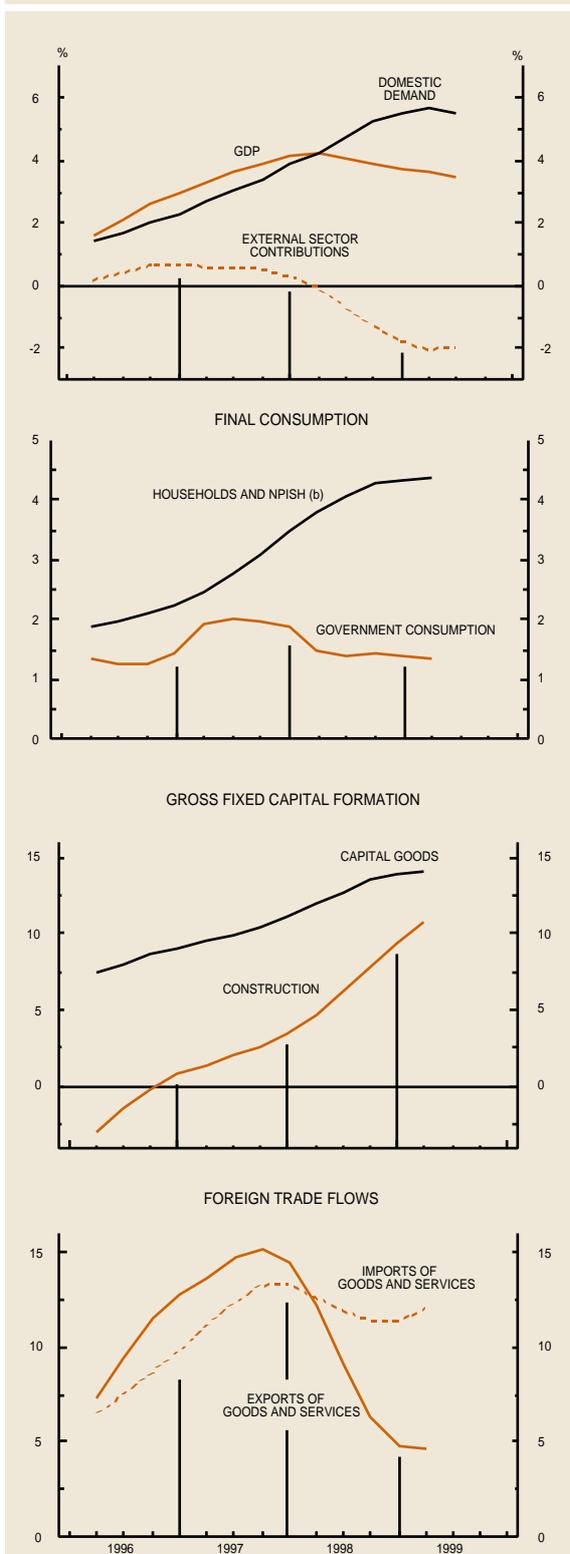
According to this new information, national demand posted real growth of 5.7 % in the first quarter (3) of 1999 compared with four quarters earlier, slightly up on the figure for the fourth quarter of 1998, for which year average growth was 5 % (see Chart 13). The growth rates of all the national demand components, except general government final consumption spending, intensified in the first quarter of 1999. There was a notable acceleration in construction spending, while household final consumption spending and capital investment recorded a rate of increase one-tenth of a point higher than in the previous quarter. Net external demand became more contractionary in the first quarter of the year, subtracting two percentage points from real GDP growth. This result reflects the acceleration in imports, in line with the strength of domestic demand, and a further weakening in exports.

The economic information available for the second quarter of 1999 indicates that the previous acceleration in national demand, in year-on-year terms, has not continued. Indeed, it is estimated that this variable recorded a slightly lower growth rate in this period than in the first quarter of the year, since both national final consumption expenditure and gross capital formation decelerated, although they once more posted high real rates of increase. On the partial information currently available, the negative contribution of external demand to real GDP growth is estimated to have held at first-quarter levels, as a result of (as yet) very limited headway by exports, whereas imports continued to

(3) Unless otherwise indicated, the rates of change of the QNA referred to in this section are those defined in trend-cycle terms; INE also publishes gross and seasonally adjusted data.

CHART 13

Main macroeconomic aggregates (a)



Sources: Instituto Nacional de Estadística and Banco de España.  
 (a) Non-centered annual percentage change, based on the trend of the indicator.  
 (b) Non-profit institutions serving households.

be boosted by the resilience of the economy's final demand.

Drawing on the latest consumption indicators, the pattern of behaviour of this variable was close to that of the preceding quarter, although it embarked on a slight slowing trend. Chart 14 shows that, although the index of apparent consumption of goods and services, calculated on as yet limited information, has tended to stabilise in terms of its growth rate and in relation to the previous quarter, the rate of increase of the goods component in the second quarter of the year has moderated. This is the result of the loss of momentum of the food component and of the aggregate of durable goods. Behind the slowdown in this latter component has been the set of durable goods other than those intended for private transport, since car purchases remain very buoyant. Indeed, the expansiveness of the index of apparent consumption of transport goods is matched by the indicator of new car registrations, which has advanced further in the second quarter. The retail sales index showed growth of 0.5 % in real terms in April and May compared with the same two-month period a year earlier, far below the figure of 3.2 % observed in the first quarter. Nonetheless, this slowdown has not been confirmed by the retail trade survey indicator, the improvement in which in the second quarter has been underpinned by greater optimism in respect of the current situation of this type of business.

Since the sectoral accounts estimated under CNE 95 methodology are not yet available, it is a particularly complex task to approximate the course of household disposable income for 1999. Nonetheless, the indicators of some of the components of this aggregate confirm that income has continued running at high growth rates, since the still-significant increase in employee compensation (despite the mild slowdown in employment) has added to the expansionary effect arising from the personal income tax reform. The other determinants of private consumption – wealth and interest rates – also attest to the buoyancy of expenditure, since their favourable performance during 1998 and the lag with which these variables act on household decisions are an additional spur to consumption growth in 1999. The ongoing optimism characterising household expectations is also conducive to spending decisions materialising. In fact, although the consumer confidence indicator has dipped slightly in the second quarter, its level remains positive and high. The slight fall in the indicator has come about as a

result of surveyed opinions about both the current and future situation of the country, while its other chief component parts exhibited more stable behaviour. However, the recent deterioration in price and employment expectations should also be highlighted, as that might boost precautionary household saving.

On QNA estimates, the real year-on-year increase in general government final consumption spending was 1.4 % during the first quarter of 1999, in step with the moderation of this variable in 1998. This growth rate remained virtually unchanged during the second quarter of 1999 owing to the trend of public-sector employee compensation. Conversely, public-sector net purchases of goods and services and fixed capital consumption exhibited somewhat higher growth rates.

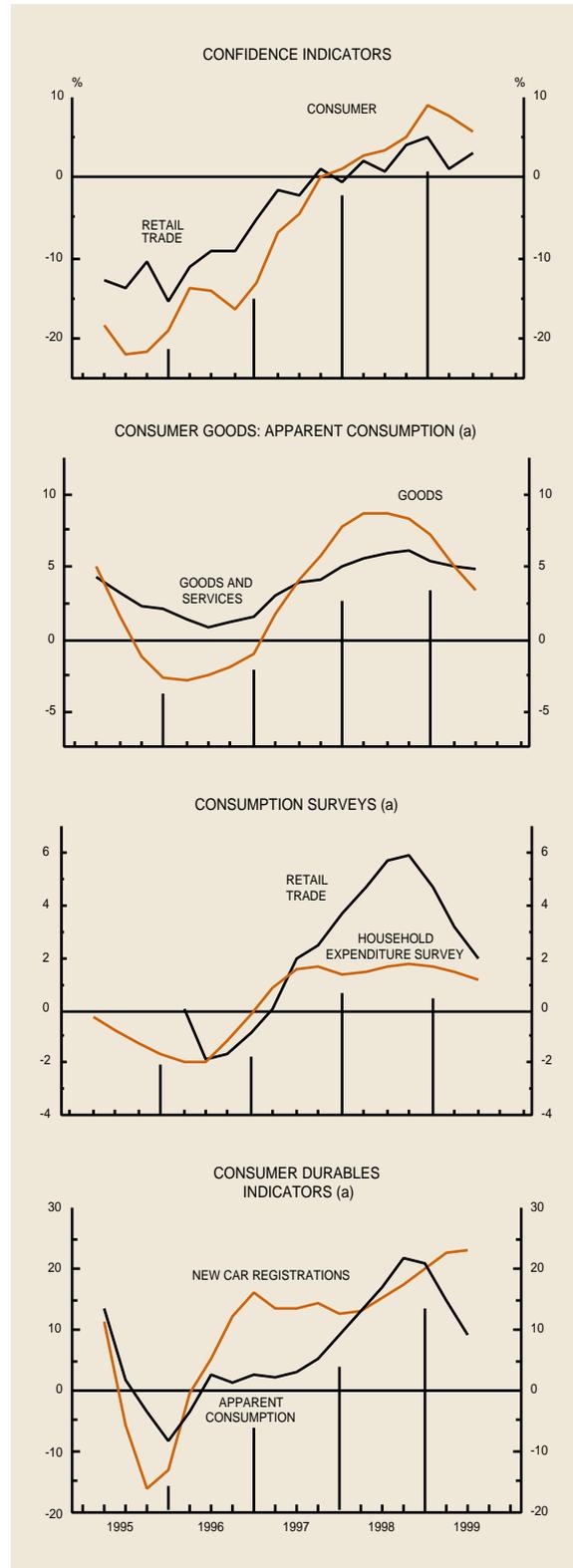
The real increase in gross fixed capital formation in the first quarter of 1999 was 11.9 % year-on-year, thereby prolonging the acceleration in this aggregate since 1996. Underpinning this acceleration was the buoyancy of construction spending and the high growth of investment in capital goods. In the second quarter of the year, the information available indicates this demand component may have run at a somewhat lower rate of increase than that of the previous quarter, owing essentially to the estimated course of investment in capital goods.

Among the available indicators of the behaviour of capital investment in the second quarter of the year is the apparent investment index. This decelerated in April, in tow to the lower growth of the domestic production of capital goods, while the buoyancy of imports heightened, climbing 26.3 % in the first four months of the year (see Chart 14). Component by component, both the index of apparent investment in transport equipment and those of other capital goods reflected the slowing profile of the aggregate index, although transport equipment stood at comparatively higher growth rates. Nonetheless, according to the MINER monthly business survey, expected orders for industry as a whole remained in April and May on the rising trend initiated in mid-1998, and the business confidence indicator in the capital goods sector has improved following its deterioration in the first quarter of the year (see Chart 15).

The slight moderation in the investment process in the second quarter of 1999 would appear to be related to the slowdown in final demand, since the remaining basic determinants of productive investment have held on the

CHART 14

Private consumption indicators

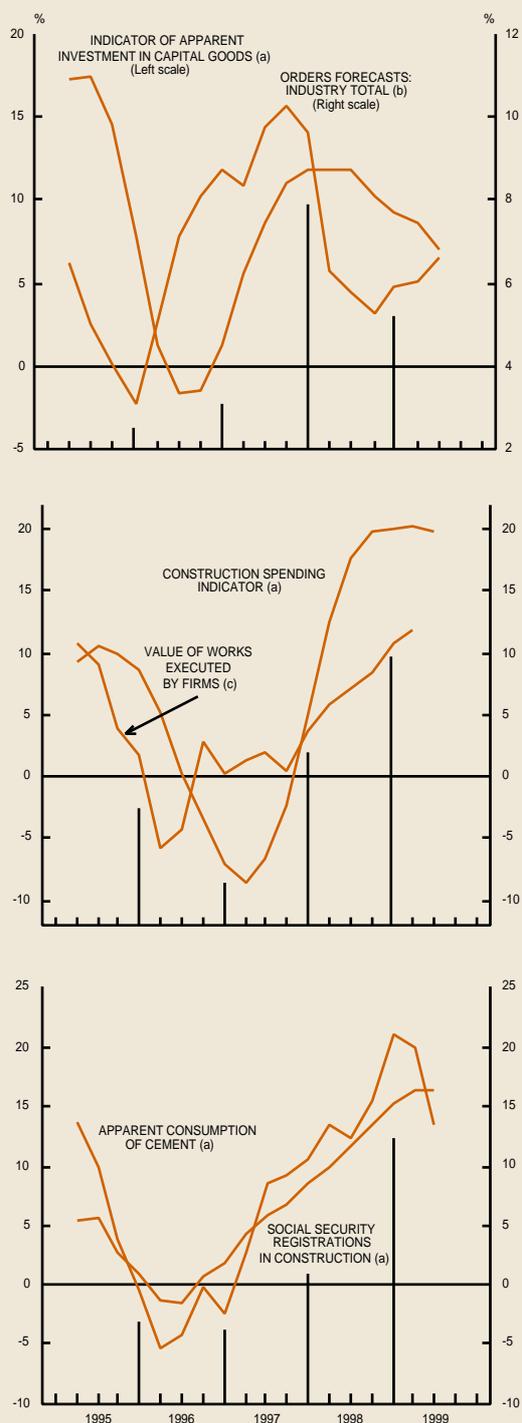


Sources: Instituto Nacional de Estadística, European Commission, Dirección General de Trabajo and Banco de España.

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

CHART 15

Gross fixed capital formation indicators



Sources: Ministerio de Industria y Energía, Oficemen, Ministerio de Trabajo y Asuntos Sociales and Banco de España.

- (a) Non-centred percentage change on same quarter a year earlier, based on the trend of the indicator.
- (b) Trend level.
- (c) Obtained from the quarterly construction industry survey and deflated by the construction costs indicator. Four-quarter rate of change based on original series.

favourable line of previous quarters. According to quarterly figures from the Banco de España Central Balance Sheet Office, the profit and loss accounts of non-financial firms continued to benefit in the first quarter of 1999 from the interest rate cuts in previous quarters, albeit to an increasingly less intense degree. Moreover, corporate returns on both net assets and equity held at considerably high levels. The improvement in self-financing sources, reflecting the increase in profits, and the favourable conditions in which firms may resort to borrowed funds have both upheld vigorous investment activity. On data drawn from the industrial sector, investment priorities are focused on increasing plant capacity, and capacity utilisation is indeed holding at high levels. Improving production process returns is, according to responses in the half-yearly investment survey conducted in autumn 1998, also one of the main aims of investment.

On QNA data, investment in construction continued to gain momentum during the first quarter of 1999. In year-on-year terms its growth rose to 10.7 %, with the national demand component posting a sharper acceleration in this period. Information from the construction indicators during the second quarter suggests that, although their related growth rates remain high, the process of acceleration has tended to halt.

Among the coincident indicators of construction, the buoyancy of apparent consumption of cement (which grew 17.7 % year-on-year in the period from April to June, compared with 19.3 % during the first quarter) is compatible with a trend deceleration, as shown in Chart 14. The force of new social security registrations in the construction sector continued in April and May, with average year-on-year growth of 16.5 %, very close to the figure of 16.3 % for the first quarter of 1999. In line with this employment performance, registered unemployment in construction underwent an average fall of 22.3 % during these months, compared with a year earlier, again similar to the previous-quarter figure of 22.9 %. Lastly, the construction-sector business climate indicator, released by the European Commission with data to June, has weakened in recent months.

An alternative assessment of the behaviour of investment in construction during the second quarter can be obtained drawing on the leading indicators in previous quarters. In this respect, public tenders, recorded on the basis of their publication in the Official State Gazette (BOE), grew 29 % during the second half of 1998.

However, the latest data on this variable, relating to the first quarter of the current year, reveal a slide. There has been an average fall of 19.9 % year-on-year, with a more marked decline in the civil engineering works component. Should this fall become entrenched, it could affect the present buoyancy of public works and, therefore, construction in the medium term. Foreseeably, however, the start-up of the Major Infrastructure Programme in the near future should sustain the buoyancy of public construction in the medium term.

The leading indicators of private-sector building (such as the number of square metres to be built included in municipal permits) showed sizeable increases during 1998 which, in general, have continued in the opening months of 1999. Further, the determinants of housing investment appear to substantiate significant growth in this variable. In this connection, the favourable performance of employment, low interest rate levels, the lengthening of mortgage loan repayment terms and the cumulative gains in financial wealth, among other factors, may be cited. Set against these factors, the rise in house prices might exert a restraining influence on spending, although the ongoing buoyancy of the supply of housing makes it foreseeable that price pressures should not heighten significantly.

The trend of investment in construction, estimated on the basis of the aforementioned leading indicators, is concisely depicted in the middle section of Chart 15 in the form of the spending indicator. The results obtained for this indicator confirm the great buoyancy of construction in the second quarter of the year that the other indicators had signalled.

The contribution of stockbuilding to GDP growth in the first quarter of the year was positive of the order of one-tenth of a point, half that of the previous quarter. The information available for the second quarter shows that this contribution continues to be positive. Drawing on the survey findings by the European Commission, the declared proportion of firms in this period with higher-than-wanted stocks was slightly lower than in the preceding quarter.

The negative contribution of net external demand to GDP growth continued to intensify in the first quarter of 1999. This was due to the marked weakness of goods exports and the high growth rate of imports, underpinned by the strength of domestic demand. The information available for the second quarter is as yet very incomplete; it refers to the merchandise trade

and balance of payments figures for April (4), and does not show significant changes from the trends observed in the first quarter. That said, in view of the determinants of goods exports, this aggregate may be expected to pick up as from the summer. Indeed, the improvement in the international setting, in general, and in the EU, in particular, coupled with the strong depreciation of the euro against the dollar, should make – if it has not done so already – for an improvement in exports. In any event, the poor April export figure, combined with the strength of tourism receipts and with a sustained growth rate for imports similar to that of the first quarter of the year (in line with the estimated trend of final demand), suggests, overall, that the negative contribution of net external demand to GDP growth will have held in the second quarter at around the levels of the preceding quarter.

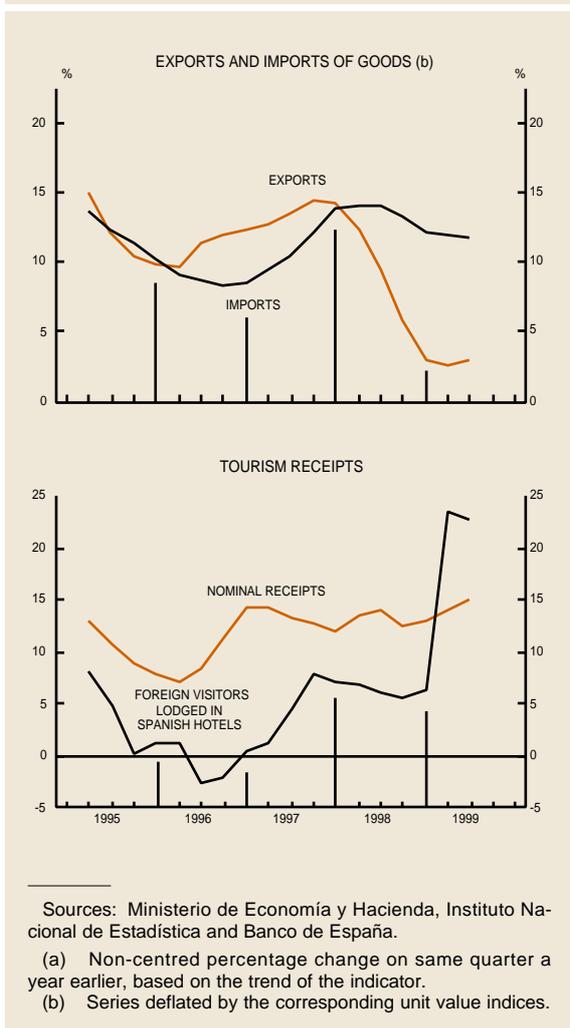
According to official Customs figures, goods exports, after resuming a positive growth path in real terms in the first quarter of 1999, were once more very depressed in April, falling by 4.8 % in real terms. Consequently, their real cumulative growth in the January-April period was only 0.8 %. The considerable slackness of sales to the EU and the sharp fall in exports to non-Community markets were behind this result. Given the variability marking these flows, assessment of the only figure available for the second quarter requires caution. The trend depicted in Chart 16 would seem to point to the persistence of very slack exports which, nevertheless, might have touched bottom in the spring, in step with the trend of its determining factors. Taking the different product groups, sales of capital goods alone remained buoyant (with a real growth rate of 14 %) over the first four months of the year, despite their recent slowdown. Meantime, there were falls in the remaining components, notably so in non-food consumer exports, influenced by a loss of competitiveness of certain consumer manufactures vis-à-vis third countries. Likewise, sales of non-energy intermediate products continued to be affected by the decline in demand from those countries most beset by the international financial crisis.

Conversely, the expansionary behaviour of real-terms tourism receipts over the course of 1999 has continued. In the Balance of Payments, tourism receipts grew by 13 % in nominal terms to April. Similarly, both tourist arrivals

(4) The aggregate foreign trade data for May were published after this report had gone to press. The figures confirm the strength of goods imports and the low growth of exports.

CHART 16

Foreign trade (a)



and the number of foreign visitors staying in hotels were most buoyant during the first five months of the year (10.2 % and 19.4 %, respectively), the high growth rates of the first quarter being repeated in the April-May period. In terms of countries of origin, there was a sizeable increase in tourists from Britain and a pick-up in numbers from other European countries, such as Germany, Italy or the Netherlands. Contributing to the strength of the tourism performance has been the high level of European consumer confidence and cheaper costs for tourists from non-EMU countries, owing to the depreciation of the euro.

In real terms, goods imports grew at a rate of 14.5 % in April compared with the same month a year earlier, prolonging the high growth rate exhibited throughout the first quarter of the year. For the first four months of 1999, the related increase was 11.7 %. Component by com-

ponent, the strength of capital goods purchases and of non-food goods in 1998 has continued during the first four months of 1999, in step with the vigour of domestic demand. Consumer imports of food, for their part, ran on a moderately quickening course, the outcome of the poor results of the latest fruit and vegetable harvest and from the fall in the prices of these products on international markets. Meantime, there was a moderate increase in non-energy intermediate goods, in line with the slowdown in industrial activity. The volume of intermediate energy goods imports continued to run at high growth rates as a consequence of ongoing stock replenishment at the main Spanish refineries, and the pace has not slackened despite the strong upward trend in the price of crude witnessed since April. Lastly, tourism expenditure grew by 15.6 % in the first four months of the year, on a par with the previous vigour of this variable, which is the result of Spanish households' greater purchasing power.

4.2. Output and employment

As can be seen from the behaviour of domestic demand and external demand in the second quarter of 1999, Spanish GDP is estimated to have slowed mildly during this period compared with a year earlier, thus prolonging a trend apparent since the start of 1998. Hence, after increasing by 3.6 % in the first quarter, GDP is estimated to have risen by around 3.5 % in the second quarter. This rate is a significantly high one and has been accompanied by substantial employment creation. From the standpoint of the productive branches, output developments have been compatible with further moderation in the growth rates of value added in the industrial branches, while construction and services have shown greater stability. The number of full-time-equivalent jobs grew by 3.4 % in the first quarter of the year (5), below the average rate recorded in 1998. And the indicators available for the second quarter of 1999 coincide in signalling a further deceleration in this variable, albeit less marked than the previous quarter. That would be conducive to a recovery in the rate of increase of apparent labour productivity, which has been at very low rates in recent quarters (see Chart 17). Collective bargaining results confirm the slowdown in wages compared with 1998, with settlements running close to consumer price growth. Yet there are signs that the process of deceleration

(5) The QNA employment data referred to hereafter relate to the trend-cycle series of full-time-equivalent jobs.

of compensation has run its course. Lastly, the CPI posted 12-month growth rates of around 2.2 % during the second quarter, rising slightly from the floor recorded in the last quarter of 1998.

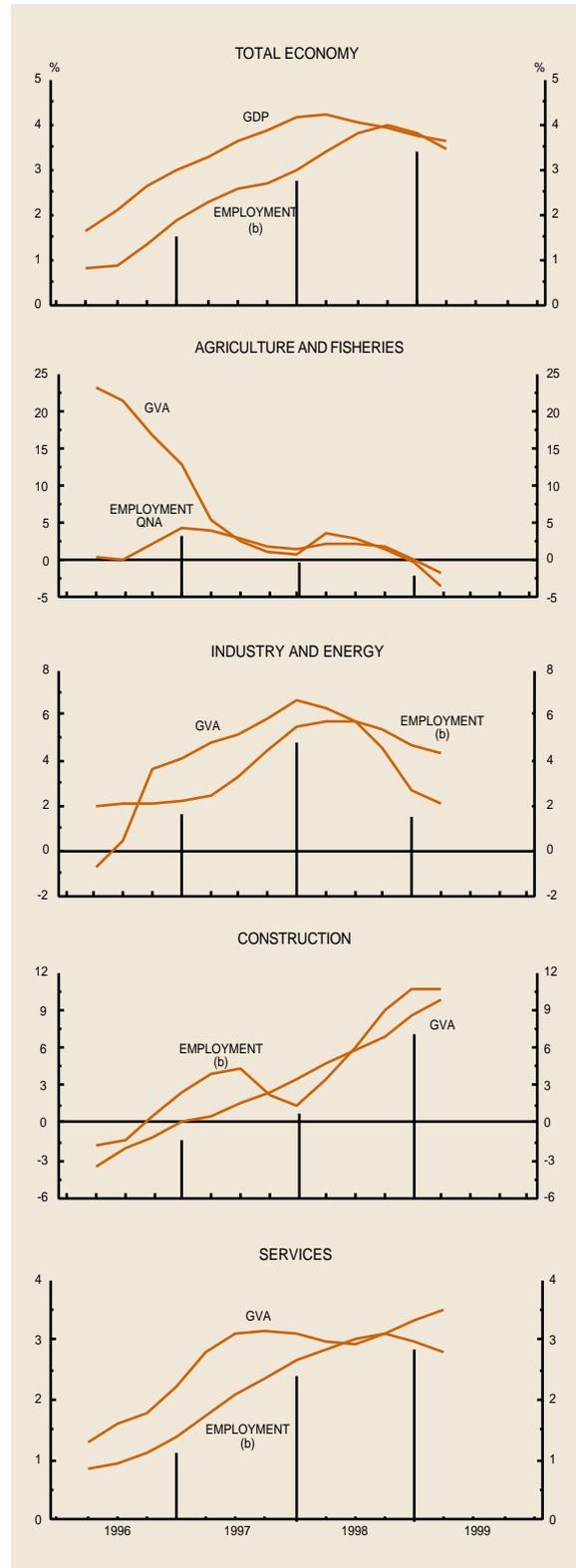
The ongoing slowdown in primary activity since early 1998 steepened in the first quarter of 1999; compared with a year earlier, it fell by 3.7 % in this period according to QNA figures. Largely behind this loss of momentum has been bad weather, specifically scant rainfall, as from the second half of 1998, the effects of which will also be felt in output in this branch in the second quarter of the year. The lack of rainfall has intensely affected the dry farming cereal and beet harvests, as well as olive and wine production. It has also had a bearing on livestock farming output, where the resulting reduction of pasture has begun to affect cattle and sheep. The economic information relating to the second quarter of 1999 is very limited and generally confirms the depressed state of value added in this branch. Indeed, both registered unemployment in the agricultural sector in the second quarter and the manufacture of products for agriculture in April and May have shown signs of slowing, while the number of social security registrations in the branch has held fairly stable.

Value added in the energy branches recovered in the first quarter of 1999, halting the progressive deceleration witnessed since late 1997. The information available for the second quarter of the year, however, would not seem to point to a prolongation of this favourable performance. According to the Industrial Production Index, the energy branch, despite this being the most buoyant activity in the first five months of 1999, with cumulative year-on-year growth of 3.5 %, was also that which slowed to the greatest extent in this period. This loss of momentum was extensive to all its components, notably solid fuel production, which fell by 8.7 % to May.

The ongoing loss of steam in industrial activity since early 1998 continued into the first quarter of 1999, albeit in a slacker fashion. The economic data available for the second quarter tend to confirm the deceleration scenario observed at the start of 1999, although there are signs that the process could be coming to an end. The non-energy component of the Industrial Production Index increased by 2.6 % year-on-year in the period spanning April and May, though this figure falls substantially if adjusted for calendar effects, thereby extending the flatness of the previous months. Nonetheless, the qualitative business climate indicator ceased, in

CHART 17

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



Source: Instituto Nacional de Estadística.

(a) Non-centred percentage change on same quarter a year earlier, based on the trend cycle series of the QNA.  
 (b) Number of equivalent full-time jobs.

the second quarter of the year, to move on the sharply deteriorating line it had followed since mid-1998. And adding to this is the expected recovery in exports to the EU and to those economies most affected by the recent international crisis, as indicated in the section on demand. Consequently, there are factors providing scope for regeneration which may boost industrial activity in the coming months.

A more itemised analysis of the various industrial branches reveals different behaviour among them. The slowdown in train in the metal working industry since the second quarter of 1998 intensified in April and May, with cumulative year-on-year growth of 0.8 % being recorded to May. Notable within this branch were the heavy falls in the first five months of the year in the production of electronic equipment (excluding computers), office machinery and shipbuilding. Conversely, the growth of activities included under the production and transformation of non-energy products and the chemical industry increased in April and May, running at a cumulative year-on-year rate of 2.6 % in the latter month. This broke the slowing trend it had been exhibiting over the past twelve months. It was the result of favourable developments in the chemical industry, the non-metallic mineral industry and the extraction of non-metallic, non-energy minerals. The other manufacturing sectors also began to pick up as from March, recording cumulative year-on-year growth of 1.5 % in the first five months of the year. A clear distinction should be drawn under this latter group of activities between those immersed in recession (leather, footwear, clothing and textiles) and those showing signs of recovery, such as cork and furniture, rubber transformation and the production of food, beverages and tobacco. There appears to have been a turnaround in this latter industry from the negative growth rates recorded in the opening months of the year, which were largely brought about by the poor yield of olives intended for olive oil production.

Value added in construction advanced at a year-on-year rate of 10.2 % on QNA estimates in the first quarter of 1999, in line with its vigorous expansion since early 1996. Underpinning this continuing buoyancy has been the vigour of civil engineering works and overall building, both for residential and other purposes. As earlier discussed in the section on demand, the information available for the second quarter of 1999 confirms the sustained high growth rate in this activity, but without indicating an additional acceleration.

Growth in the services branches climbed to 3.5 % in the first quarter of 1999, two-tenths of a point up on the previous quarter. This was due to the acceleration in both the market and non-market services components. The limited information available for the second quarter of 1999 points to flat growth in the value added by market services, the outcome of counteracting and offsetting movements in the various associated components. The ongoing deceleration in branches such as distribution (drawing on the retail trade sales index in April and May) would be offset by the growing buoyancy of the transport sector (as shown by the employment indicators, with information to May) and by the excellent performance in recent months in the hotel and catering trade, since the indicators on hotel and overnight stays have advanced strongly in the first five months of the year.

The new QNA have, for the first time, provided employment data calculated in terms of jobs and jobs equivalent to full-time posts. According to these data, the lower growth rate of economic activity in the first quarter of 1999 was accompanied by less buoyant employment, albeit at high levels. The number of full-time-equivalent jobs rose by 3.4 % in this period, compared with the same quarter of 1998, prolonging the deceleration that began in the third quarter last year. This lesser figure was scarcely reflected in dependent employment (this group has expanded significantly with the definition of the new re-based National Accounts — CNE 95), which has held at a stable and high rate of increase since the second half of 1998, running at a year-on-year rate of 4.4 % in the first quarter. The numbers of self-employed, after having picked up slightly in 1998, declined by 1 % in the first half of the current year.

Drawing on the Labour Force Survey (EPA), the main employment indicator available, there was a substantial acceleration in the number of employed in the first quarter of 1999. This was in contrast to the QNA data for this period and to the information provided by other indicators. In effect, the data provided by the EPA survey for this period should be interpreted with caution, since they have already incorporated certain changes in the design of the survey (6). These changes no doubt provide for a better measurement of employment and unemployment levels, but they have tem-

(6) See "La evolución del empleo durante el primer trimestre de 1999", *Boletín económico*, June 1999.

porarily affected the rate of change of the main variables analysed and it will be necessary to bear them in mind when interpreting them. With regard to unemployment, the jobless rate estimated under EPA for the first quarter stood at 17 % of the labour force. In the case of registered unemployment, there was a sizeable fall of 13.8 % in this same quarter compared with the same period a year earlier. The rate of decline of registered unemployment began to show signs of slowing during the second quarter, though it ended this period nonetheless posting a fall of 13.3 %. The number of social security registrations also showed something of a slowdown in the second quarter, when it increased by 5.5 % over the same period in 1998, two-tenths of a point less than in the first quarter. The data available therefore point to an increase in employment in the second quarter lower than that in the preceding three months. The slight deceleration in output, along with the moderate loss of momentum of employment, would have entailed a mild recovery in apparent labour productivity, after its growing at rates close to zero in the previous quarters.

By type of employment contract, and qualifying the first-quarter data accordingly, the EPA survey showed a notable increase in wage-earners with permanent contracts in this period, more than double the growth in temporary contracts. That is in line with the rising profile of permanent contracts registered by INEM (the Spanish National Employment Office), and it has placed the proportion of temporary to permanent employees at 32.6 % in the first quarter, eight-tenths of a point below the level in the same period in 1998. Regarding employment by branch of activity, the EPA information for the first quarter of 1999 largely coincides with that drawn from QNA. Of note is the decline in employment in agriculture (-2 % according to QNA), in step with the trend of gross value added in this branch. The loss of steam in industrial activity, for its part, was accompanied by only a mild moderation in the rate of increase of jobs (up to 4.3 %) – owing to a strong decline in self-employment –, which is indicative of a fall-off in apparent labour productivity in this branch. In construction, the most buoyant activity, employment retained the vigour it had shown at end-1998, the number of jobs increasing by 10.6 %. As to services, net jobs increased by 2.8 %, slightly down on the previous quarter. The slowdown affected market services to a lesser degree than non-market services; jobs in the former grew by 4 %, while in the latter they increased by scarcely 0.4 %.

### 4.3. Costs and prices

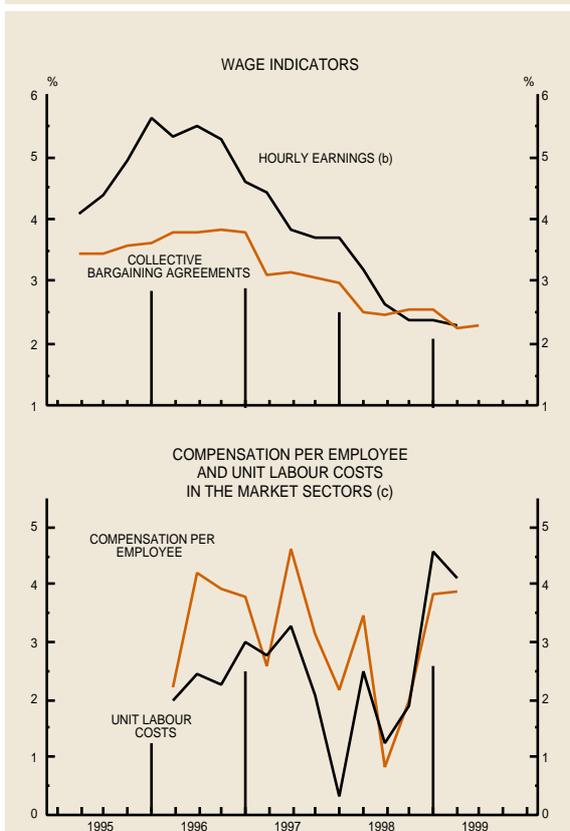
With the new re-based National Accounts (CNE 95), quarterly data on employee compensation have begun to be published. These allow unit labour costs (also quarterly) that are compatible with the trend of GDP and of employment to be calculated. According to the new and as yet provisional data, compensation per employee in the economy as a whole increased by 3.8 % (7) in the first quarter of 1999, after having recorded average growth of 2.7 % in 1998. These results show compensation to have been on an accelerating line since mid-1998, and this, combined with the moderation of productivity gains, points to a likewise upward trend in unit labour costs (ULCs) in the economy as a whole. Indeed, the estimated increase for ULCs in the first quarter of 1999 is 3.7 %. The use of gross data QNA series softens somewhat the growing profile of compensation per employee and of costs, showing a slowdown in both magnitudes in the first quarter of 1999. In any event, this accelerating path is not perceptible in the indicators available on wage developments during 1998 and early 1999, although the use of disaggregated information from these indicators (specifically, from the wage survey), with criteria and weights closer to those of National Accounts, do allow a closer approximation to the growth rates of compensation estimated under QNA.

The wage survey data relating to industry and services in the first quarter of the year (the latest received) and collective bargaining agreements signed in the period to June would indicate the continuation of moderate wage growth rates (see Chart 18). According to the wage survey, the increase in average hourly earnings in terms of basic pay was 2.3 % during the first quarter of 1999, one-tenth of a point less than in the fourth quarter of 1998. Nonetheless, in terms of total earnings, there was a rise in this rate to 2.6 %. Wage-earners with shorter working days joining the labour market have made for a lower increase in average monthly earnings (1.8 % in terms of basic pay). By branch of activity, the biggest increase in average hourly earnings in the first quarter was in construction (3.9 %), following the acceleration seen during the previous year. In industry and in services the increase was 2.3 %, although in the former branch the trend was an accelerating one while in the latter the increase was less than in the fourth quarter of the previous year.

(7) Unless otherwise indicated, the rates mentioned are those calculated using the trend-cycle series.

CHART 18

**Developments in wages and labour costs (a)**



Sources: Instituto Nacional de Estadística and Ministerio de Trabajo y Asuntos Sociales.

- (a) Percentage change on same quarter a year earlier.
- (b) Basic pay.
- (c) Gross QNA data.

Wage settlements under collective bargaining agreements recorded to 30th June (indicating the potential result for the whole of the year) ran at 2.3 %, three-tenths of a point down on 1998 and only marginally above the expected increase in consumer prices (2.1 % according to the official Budget forecast). Across the various branches of activity, there are scarcely any differences. The highest settlements correspond to agriculture (2.6 %), followed by services (2.3 %) and by industry and construction (2.2 %). Comparing these figures with the increases in hourly earnings per the wage survey shows that, although the growth rates are similar in aggregate terms (denoting wage drift close to zero), there has been a notable increase in wage drift in construction, while in services its sign is negative.

On the basis of the foregoing interpretation of wage indicators, the slowdown in compensa-

tion per employee and in ULCs inferred by the gross QNA data in the first quarter of 1999 may be estimated to have continued in the second quarter, more markedly so in the case of ULCs owing to the bigger increase in productivity. Nonetheless, the persistence of higher growth rates for ULCs than for prices might adversely affect the economy's competitiveness if the favourable course of other costs (such as import costs) were to turn around and cease to offset the rises in labour costs. Prior to a joint analysis of prices and costs, the following paragraphs briefly discuss how the main price indicators have trended.

Most of the indicators of prices in the Spanish economy were very stable in the second quarter of the year, after having deteriorated in the first quarter. The 12-month growth rate of the CPI stood at 2.2 % in June, unchanged on the March figure (see Chart 19). Meantime, the 12-month growth rate of the sub-index that excludes fresh food and energy prices (IPSEBENE by its Spanish name) held stable in June at 2.5 %. Component by component, processed food prices posted a year-on-year increase of 2.4 % in June, five-tenths of a point above the related March rate. Unprocessed food, which follows a much more variable trajectory, slowed during the second quarter, offsetting its upward course in the opening months of the year. This process might, however, be inverted in the near future if the drought were to result in a shortage of certain foodstuffs. The prices of industrial goods increased between March and June, as a result of the ongoing acceleration in energy prices, the annual growth rate of which moved from -2.9 % to 1.6 % in this period. The price cuts in electricity and gas rates, further to the urgent legislative measures to liberalise and heighten competition, have been unable to counter the effects of the rise in the oil price on international markets. The 12-month growth rate of non-energy industrial goods prices has, for its part, held at 1.5 %. Finally, services prices were running at 3.5 % year-on-year in June. The 12-month growth rate of these prices has risen and fallen by the odd tenth of a point since March, as a result of the price of tourist services, which has followed a somewhat different pattern than that seen in 1998. Nonetheless, the year-on-year rate of this heading was still 9.4 % in June.

The harmonised index of consumer prices (HICP) remained more or less stable between March and June at a rate of 2.1 %. However, the moderate trend of the HICP in the euro area as a whole has prompted a slight widening of

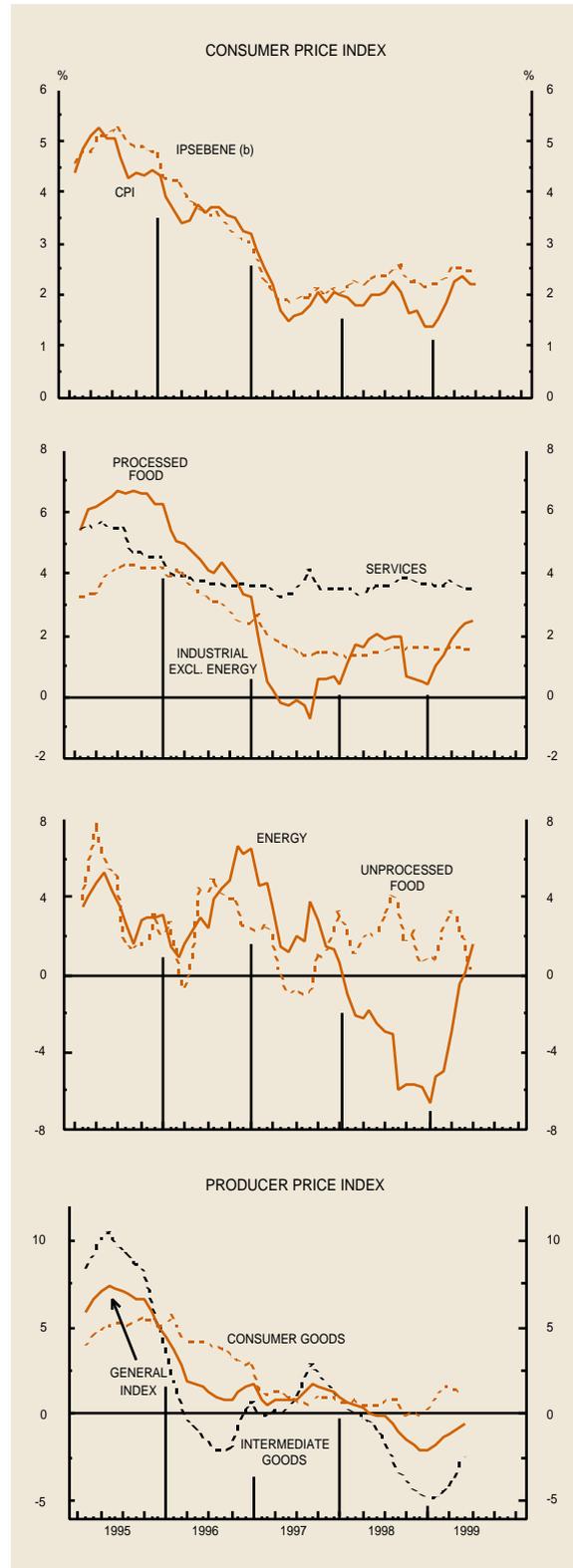
the inflation differential with this area, which stood at 1.2 percentage points in June. Regarding the different components, there is a perceptible improvement in the services differential, which is still very wide, and an opening up of the inflation gap in the case of food (see Chart 20).

There has been a certain deterioration in the producer price index in recent months, although its rate of change on a year earlier has remained negative. The year-on-year rate of the general index stood in May at  $-0.5\%$ , against  $-1.2\%$  in March. This performance was marked by the course of the prices of intermediate energy goods, whose rate of change was  $-1.8\%$  in May, having been  $-5.2\%$  at the end of the first quarter. The producer prices of consumer goods stabilised at a rate of  $1.3\%$  in year-on-year terms, following a deterioration in the opening months of the year, while capital goods prices also stabilised at around  $0.5\%$ . The prices at source of agricultural produce remained on a rising path in the opening months of the year (the latest figure for the index of prices received by farmers corresponds to February), reflecting dearer olive oil and fresh fruit. Other more up-to-date information has shown price rises to have slackened in subsequent months, though they could worsen as a result of the drought. Lastly, the 12-month growth rate of the import unit value index remained negative in April, although its rate of decline moderated over the course of the first four months of the year. This result is evident both in the case of non-energy products (due to the acceleration of non-food consumer goods prices) and energy goods.

By combining the information provided by the prices and costs indicators, within the accounting framework of the input-output tables of the Spanish economy, representative indicators of the price formation process and, residually, of the trend of operating margins (see Chart 21) can be obtained. In the first quarter of 1999, the latest period for which full information is available, the final prices of non-financial firms accelerated moderately. This reflected the greater proportion of products intended for the domestic market (where moderate increases in final prices are being recorded), as opposed to the weakening of exports (the prices of which have fallen). Variable costs also accelerated slightly, whereby unit operating margins tended to stabilise, after having widened considerably in 1998. Elsewhere, the rises in labour costs, in line with the behaviour of ULCs calculated with QNA data, were offset by the fall in intermediate

CHART 19

Price indicators (a)  
Spain



Source: Instituto Nacional de Estadística.

(a) Percentage change on same period a year earlier, based on the original series.

(b) Index of non-energy processed goods and services prices.

CHART 20

**Price indicators**  
Differentials vis-à-vis the euro area (a)



Source: Instituto Nacional de Estadística and Eurostat.

(a) Calculations based on percentage change on same quarter a year earlier of the original series.

costs, which have continued to reflect the substantial reductions in train in the prices of imported intermediate goods.

By branch of activity, the differential behaviour of prices and margins in manufacturing and in services continued. In manufacturing, final prices declined strongly, associated both with the course of domestic prices and, especially, with the prices of products intended for export. Meantime, the growth of variable costs, driven by labour costs, outstripped that of prices. Accordingly, there was a fresh squeeze on operating margins. In services, prices tended to quicken in the first quarter, running at far higher growth rates than those of costs. As a result, the gross operating margin per unit of output continued to widen.

#### 4.4. State budget

The State cash-basis budget stood at ESP 1,006 billion in the first half of the year, 10.8 % up on the same period a year earlier. This rate of change is below that forecast in the State Budget for the year as a whole (27.6 %) (see Table 3). The increase in the cash-basis deficit was due to the rise in expenditure (9.5 %) outstripping that in revenue (9.4 %), contrary to the budgetary forecast of a small reduction in revenue (0.5 %) and a slight increase in expenditure (1.2 %). Nonetheless, the growth rates for the first half of the year have been temporarily influenced by certain exceptional effects. These are particularly significant in the case of expenditure, which has been affected by the concentration of interest payments in the opening months of the current year. The removal of these effects would result in an improvement in the cash-basis deficit both overall and in relation to the first half of 1998.

In National Accounts terms, the State budget deficit stood at ESP 1,274 billion in the first half of the year, 6.4 % up on the same period in 1998. Expenditure climbed 10.4 %, in line with the rise according to the cash-basis criterion, while revenue rose 11 %. The result for the first six months of the year, once the aforementioned calendar effects have been taken into account, is compatible with the annual budget deficit target set by the Government in the Stability and Growth Programme. The behaviour of the revenue and expenditure items in the second quarter is discussed below. Cash-basis data are used since it is these that are available

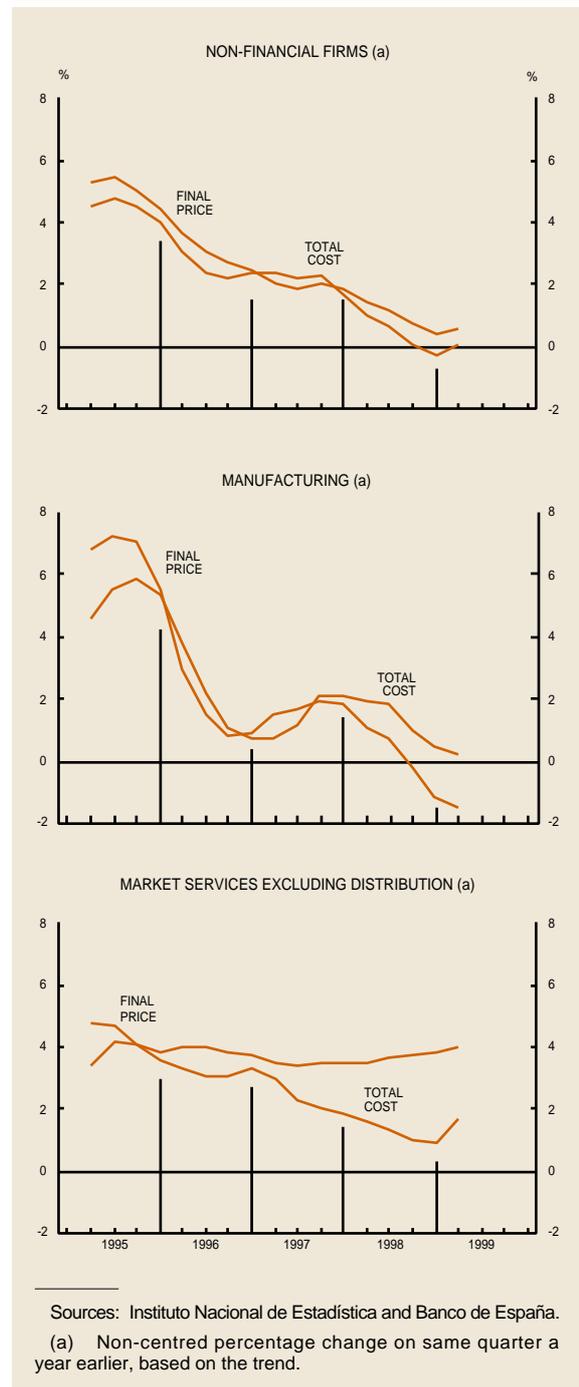
at the time of this report going to press (see Table 3).

The growth rates of both taxes and other net revenue were higher than budgeted in the second quarter, although a slowdown in relation to the first quarter was apparent. The high growth of direct taxes (13.6 %) in the first six months of the year, in contrast to the forecast decline (0.3 %), was due in particular to the sound performance of personal income and corporate income tax revenue (7.9 % and 47.7 %, respectively). In the case of personal income tax, regard should be had, first, to the fall in revenue from employment income, associated with the cut in average withholding rates applicable since February; and further, to the ESP 145 million of revenue from the Autonomous (Regional) Governments and Social Security Funds in respect of employment income withholdings from previous years (the related amount last year was ESP 30 million). If this latter effect were removed, the growth rate of personal income tax revenue would be 3.9 %, slightly lower than budgeted (4.2 %). Corporate income tax revenue was favourably affected by lower tax rebates and by the revenue from withholdings on property leasing and on capital gains arising from mutual funds. Capital gains arising from privatisation, however, had a negative effect if compared with the previous year.

Indirect taxes grew 13 % in the first half of the year. All the taxes comprising this heading were highly buoyant. The related growth rates were far greater than initially budgeted, owing largely to the behaviour of consumption and imports. The growth of VAT, at 16.1 %, was particularly significant, although the fall in rebates in relation to the previous year had a bearing on this rate. Once this effect is removed, however, the resulting growth rate remains higher than budgeted (9.9 %). In the case of excise duties, there were increases in the taxes on hydrocarbons and specific means of transport, and on electricity, which includes one month more than in 1998. Also of note among other indirect taxes was that on insurance premia. The behaviour of this latter levy is, like that on specific means of transport, warranted by the expanding trend of car sales.

Finally, the cumulative rate of change of other net revenue in the second quarter drew closer to that initially budgeted. The decline in revenue relating to State profits and dividends was due to the fact that the increase in dividends and shares in the profits of the Banco de España did not offset lower privatisation proceeds

CHART 21  
Price and cost indicators



during the year. Of the remaining items of other net revenue, only current transfers showed a positive growth rate. Fees and charges and other revenue fell by 13.3 % in the first six months, the result of lower revenue in connection with public debt issuance premia, and capital transfers declined by 9.7 %, owing to the altered timing of EU transfers.

TABLE 3

State Budget outturn

PTA bn and %

	Outturn	Budgeted		Outturn	Outturn		
	1998	1999	Percentage change	Percentage change	1998	1999	Percentage change
	1	2	3=2/1	4	JAN-JUN	JAN-JUN	7=6/5
<b>1. Revenue</b>	<b>17,534</b>	<b>17,445</b>	<b>-0.5</b>	<b>23.0</b>	<b>8,372</b>	<b>9,158</b>	<b>9.4</b>
Direct taxes	7,457	7,431	-0.3	35.8	3,378	3,839	13.6
<i>Personal income tax</i>	4,992	5,201	4.2	24.9	2,834	3,059	7.9
<i>Corporate income tax (a)</i>	2,324	2,082	-10.4	—	463	683	47.7
<i>Other</i>	140	149	5.7	137.2	82	96	17.9
Indirect taxes	7,015	7,524	7.3	14.7	3,499	3,954	13.0
VAT	4,373	4,807	9.9	17.8	2,231	2,591	16.1
<i>Excise duties</i>	2,391	2,463	3.0	7.0	1,149	1,233	7.3
<i>Tariffs</i>	132	133	0.8	16.6	61	67	10.4
<i>Other</i>	120	120	0.7	26.8	58	63	8.8
Other net revenue	3,063	2,490	-18.7	20.9	1,495	1,366	-8.6
<b>2. Expenditure</b>	<b>18,649</b>	<b>18,867</b>	<b>1.2</b>	<b>19.2</b>	<b>9,280</b>	<b>10,165</b>	<b>9.5</b>
Wages and salaries	3,053	3,132	2.6	0.4	1,519	1,525	0.4
Goods and services	388	340	-12.4	14.7	195	227	16.5
Interest payments	3,334	3,042	-8.8	51.6	1,782	2,183	22.5
Current transfers	9,906	10,411	5.1	10.5	4,811	5,204	8.2
Investment	898	945	5.3	36.3	476	582	22.2
Capital transfers	1,071	997	-6.9	-4.3	498	444	-10.9
<b>3. Cash-basis deficit (3 = 1 - 2) (b)</b>	<b>-1,114</b>	<b>-1,422</b>	<b>27.6</b>	<b>-3.1</b>	<b>-908</b>	<b>-1,006</b>	<b>10.8</b>
MEMORANDUM ITEM: NATIONAL ACCOUNTS							
Revenue	17,316	—	—	17.4	8,014	8,898	11.0
Expenditure	18,550	—	—	19.2	9,211	10,172	10.4
<b>Net borrowing (-) or lending (c)</b>	<b>-1,234</b>	<b>-1,164</b>	<b>-5.6</b>	<b>29.3</b>	<b>-1,198</b>	<b>-1,274</b>	<b>6.4</b>

Sources: Ministerio de Economía y Hacienda and Banco de España.

(a) The January-June 1999 outturn includes all non-resident corporate income tax revenue.

(b) This is the cash-basis deficit as defined by IGAE (National Audit Office).

(c) The Budgeted figure is the Central Government figure drawn from the Spanish Finance Ministry's response to the Excessive Deficit Procedure questionnaire. Further, the January-June outturn figures do not include the gross operating surplus, owing to the lack of information to date, although this shortcoming does not affect the net borrowing figure.

Expenditure, for its part, also slowed in relation to the first quarter. Nonetheless, all the related captions, except wages and salaries and capital transfers, showed higher growth rates in the first six months than those budgeted for the year as a whole. The growth rate of interest payments (22.5 %) has, as discussed earlier, been influenced by the different public-debt maturity calendar. This effect will be removed in the second half of the year, whereby the growth rate of expenditure relating to this item will draw closer to the decline initially budgeted (8.8 %). Such a decline is warranted by the greater expenditure arising in 1998 in connection with the early redemption of debt, with the effects derived from the interest rate cuts in train since 1995 and with the primary surpluses recorded in recent years. The most significant overruns came about in purchases of goods and services and real investment, with somewhat over 60 %

of the related budgetary appropriations having been used up in both cases. For purchases of goods and services, a decline of 12.4 % -as opposed to the increase of 16.5 % in the first half of the year- was budgeted. In the case of real investment, the forecast rate was 5.3 %, in contrast to the actual rate to June (22.2 %). The growth of current transfers has also been greater than budgeted. Yet it should be borne in mind that such transfers include those intended for Social Security Funds and the Regional (Autonomous) Governments, which grow as a result of the State assuming the cost of health-care and of the transfer of responsibility for non-university education to the Aragon, Balearic Islands and La Rioja regional governments. Capital transfers fell by 10.9 % in relation to the first half of 1998. This decline was attributable to the delay in payments to RENFE (the State Railway Company) and to the fall in transfers intended

**Social security budget outturn**

On budget outturn data to April, the Social Security System showed a surplus of ESP 640 million, ESP 175 million (37.5 %) greater than that recorded in the same period a year earlier. This result is a notable improvement on the budgetary forecast for the year as a whole, which had predicted a reduction in the deficit of ESP 48 million in relation to the 1998 Budget.

This performance was due to growth in revenue of 9.1 % to April (above the budgetary forecast of 6.2 %), which outpaced the 5.8 % increase in expenditure. Revenue relating to social security contributions climbed 8.1 %, three percentage points more than initially budgeted. The rise was due, above all, to the favourable trend in social security registrations, mainly under the general regime. The other major source of revenue, current transfers from the State, also posted an increase over two points bigger than the budgeted figure.

The growth of expenditure during the first four months of 1999 matched the budgetary forecast for the year as a whole. The greater-than-budgeted increases in consumption-related expenditure (especially purchases of goods and services) were offset by the lower growth of benefits-related expenditure, essentially contributory pensions and prescriptions (this is included under the «Other» heading in the adjoining table). On the contrary, temporary disability benefits increased strongly, in contrast to the initially budgeted reduction.

With regard to INEM (the National Employment Office), information is available on social security contributions to March and unemployment benefits to May. In these respective periods, the former grew by 11.7 % compared with a year earlier, and the latter fell by 4.8 %. The sound performance of employment explains these developments. Lastly, social security rebates relating to job promotion increased by around 65 % in the first quarter.

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

ESP bn and %

	Budgeted			Outturn		
				JAN-APR		
	1998 (c)	1999	% change	1998	1999	% change
<b>1. Revenue</b>	<b>12,731</b>	<b>13,519</b>	<b>6.2</b>	<b>4,399</b>	<b>4,801</b>	<b>9.1</b>
Social security contributions	8,596	9,032	5.1	2,763	2,987	8.1
Current transfers	3,998	4,327	8.2	1,597	1,766	10.6
Other	137	160	16.5	39	48	20.9
<b>2. Expenditure</b>	<b>12,850</b>	<b>13,589</b>	<b>5.8</b>	<b>3,934</b>	<b>4,161</b>	<b>5.8</b>
Wages and salaries	2,038	2,144	5.2	719	761	5.8
Goods and services	1,211	1,281	5.7	400	433	8.3
Current transfers	9,417	9,959	5.8	2,777	2,926	5.4
Benefits	9,357	9,896	5.8	2,752	2,900	5.4
<i>Contributory pensions</i>	7,477	7,892	5.6	2,119	2,221	4.8
<i>Temporary disability</i>	519	505	-2.8	125	143	14.7
<i>Other</i>	1,361	1,499	10.1	508	535	5.3
Other current transfers	60	64	5.9	25	26	5.9
Other	184	205	11.6	38	41	9.2
<b>3. Balance (3 = 1 - 2)</b>	<b>-119</b>	<b>-71</b>	<b>-40.4</b>	<b>465</b>	<b>640</b>	<b>37.5</b>

Sources: Ministerios de Economía y Hacienda y 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 for the year 1999 are not available.

(b) Transfers to Regional Governments to finance the health-care and social services responsibilities they have assumed have been distributed among the various expenditure captions on the basis of the percentages resulting from the General Government accounts for 1995 (the latest year available).

(c) The budgetary reference takes the budget for 1998 as the basis for comparison, since the outturn for last year is not yet available.

TABLE 4

**Balance of payments: summary table (a)**

EUR m

	JAN-APR 1998	JAN-APR 1999
	Receipts	Receipts
<b>Current account</b>	<b>54,547</b>	<b>56,634</b>
Merchandise	32,944	32,475
Services	12,450	14,083
<i>Tourism</i>	7,156	8,086
<i>Other services</i>	5,294	5,997
Income	3,978	4,754
Current transfers	5,175	5,322
<b>Capital account</b>	<b>2,636</b>	<b>1,972</b>
	Payments	Payments
<b>Current account</b>	<b>53,976</b>	<b>57,993</b>
Merchandise	36,816	39,317
Services	7,696	8,685
<i>Tourism</i>	1,231	1,423
<i>Other services</i>	6,465	7,262
Income	6,231	6,750
Current transfers	3,234	3,240
<b>Capital account</b>	<b>228</b>	<b>334</b>
	Balance	Balance
<b>Current account</b>	<b>571</b>	<b>-1,359</b>
Merchandise	-3,872	-6,842
Services	4,754	5,398
<i>Tourism</i>	5,925	6,663
<i>Other services</i>	-1,170	-1,265
Income	-2,253	-1,996
Current transfers	1,941	2,082
<b>Capital account</b>	<b>2,408</b>	<b>1,638</b>

Source: Banco de España.

(a) First provisional results.

#### 4.5. The Spanish balance of payments and capital account

According to Balance of Payments data, the overall current and capital account ran a surplus of EUR 279 million in the first four months of 1999, EUR 2,699 million less than in the same period of the previous year (see Table 4). This result was essentially due to the notable widening of the trade deficit in this period, which reflected the weakness of goods exports. Neither the excellent performance of tourism operations nor the improvement in the other current-account balances were able to offset such weakness. Specifically, the surplus on current transfers widened slightly thanks to the bigger increase in flows from the EU (the EAGGF-Guarantee Fund). Likewise, the income deficit underwent a correction, as a consequence of the buoyancy of receipts, particularly those relating to the private sector, which have benefited from the expansion of assets in this sector. Conversely, the capital-account balance deteriorated considerably in the January-April period compared with a year earlier owing to delays in receiving the structural funds assigned to Spain under the Community budget.

As earlier indicated in section 4.1, the non-availability, to date, of the accounts of the institutional sectors using the new ESA 95 methodology means the breakdown of resident-sector saving and investment flows cannot be appropriately assessed. However, it may be inferred from the comments made in this section that the ongoing weakness of the economy's financing capacity would, in part, be offset by lesser general government borrowing requirements. That said, it might also have been reflected in a deterioration of the sectoral balances of households and firms, as a consequence of the continuing forceful expansion of non-residential investment and private productive investment.

for mortgage interest relief. Lastly, in connection with wages and salaries, the resulting growth rate was lower than budgeted (0.4 % compared with 2.6 %).

## 5. The financial markets and flows of the Spanish economy

In the financial sphere, the second quarter was marked in Spain by the gradual pass-through of the reduction in official interest rates to very short-dated interest rates and to bank rates. The latter, and lending rates in particular, have fallen to very low levels. By contrast, yields on Spanish bond markets have increased significantly, following the pattern in the euro area.

The favourable credit conditions have meant that the high rate of expansion of financing to the private sector of the economy has continued. In year-on-year terms, it is estimated to have grown at around 16 % in the second quarter. The increase in longer-dated interest rates relative to short rates has detracted from the attractiveness of liquid financial assets in favour of other higher-yielding and riskier instruments. The reflection of this has been an estimated year-on-year growth rate of liquid financial assets of slightly below 5 % as of the end of the second quarter, a figure more in keeping with the trend of economic activity.

### 5.1. Interest rates and the financial markets

As in other European countries, there has been a significant increase in Spanish bond market yields since May, and this has intensified in recent weeks. The increase has been particularly marked in the case of 10-year bonds, the latest yield on which has been around 5 %, the same as that a year earlier and almost one point above the end-1998 level.

Evidently, the foregoing has affected the primary markets for public debt. After a temporary period in April and May when Treasury yields declined slightly, in June, and above all at the tenders held in July, interest rates were revised upwards. Hence, the yield on one-year Treasury bill issues regained in July its first-quarter level, at around 2.9 %, while the yields on 18-month bills stood above 3 %. With regard to medium- and long-term bond issues, this turnaround has had a more pronounced effect. Specifically, at the June tender, the rate at issue on 10-year bonds was 38 basis points up on the previous month's level, and at the July tender the marginal rate additionally increased by almost half a percentage point to 5.1 % (see Table 5).

Notable on the private fixed-income markets was the increase in trading on the AIAF (Spanish Securities Dealers' Association) market in the period January-June 1999. A volume of EUR 216 billion (ESP 36 trillion) was traded in this period, almost threefold the traded volume in the same period a year earlier. The greater

TABLE 5

**Domestic interest rates and financial markets (a)**

	1998				1999		Memorandum item: July 1999
	Q1	Q2	Q3	Q4	Q1	Q2	
<b>RETAIL BANK RATES:</b>							
Deposit synthetic rate	3.02	2.79	2.67	2.06	1.90	1.66	...
Lending synthetic rate	6.20	5.93	5.80	5.15	5.02	4.54	...
<b>TREASURY RATES:</b>							
12-month Treasury bills (b)	4.01	4.05	3.67	2.95	2.94	2.75	2.95
3-year government bonds	4.32	4.35	3.96	3.54	3.51	3.29	3.92
10-year government bonds	5.14	5.05	4.75	4.32	4.40	4.59	5.09
<b>SECONDARY MARKETS:</b>							
6/12-month Treasury bills	4.05	4.06	3.64	2.88	2.91	2.68	2.78
10-year government bonds	5.09	5.02	4.47	4.08	4.25	4.60	4.90
Yield spread over German <i>bund</i>	0.18	0.22	0.43	0.20	0.22	0.25	0.22
Commercial paper	4.12	4.30	3.82	3.21	3.09	2.89	2.94
Private-sector bonds	5.06	4.96	4.35	4.29	3.93	4.18	...
Madrid Stock Exchange General Index (c)	40.49	39.66	8.72	37.19	-0.12	4.22	0.76

Source: Banco de España.

(a) Average daily data of last month in quarter.

(b) Marginal interest rate.

(c) Cumulative percentage change in index since start of year. Latest data available: July 23rd 1999.

buoyancy of this market has been due in part to the surge in securitisation funds following the sizeable issues of these bonds on the primary market, linked in the main to the mortgage market. It has also been partly attributable to the pick-up in the commercial paper market, the result, to some extent, of the change in taxation on this product since early 1999, which has entailed the elimination of the withholding on account on transfers by legal entities. Yields in this trading segment continue to be closely aligned to the interbank market for 12-month deposits, at around 3 %. Lastly, mention should be made of the increase in trading in private medium- and long-term securities (bonds and notes). The continuing differential vis-à-vis public debt, against a background of low interest rates, may have helped boost the demand for these securities.

In line with developments on the secondary market, bond issues on the primary market have retained the buoyancy shown since end-1998, although a lower volume of securities issues has been evident during the second quarter of 1999. That said, during the first half of the year private securities issues amounted to EUR 2.7 billion, 85 % of which related to securitised bond issues.

With regard to equities, national securities markets continue to be prone to relatively high volatility, which may be checking equity investment. Following the fall-off in February and

March, there was a modest recovery during the second quarter associated with the improved economic outlook for Europe. Thus, overall, the Madrid Stock Exchange General Index rose 4.2 % in the first six months of the year, somewhat below the related rises on the main European exchanges.

Turning to bank interest rates, the overriding effect in the second quarter was the feed-through of the cut made to the Eurosystem's official rate in April to transactions with customers. The cut was more marked in lending than in deposit operations. Thus, the synthetic rate on lending transactions stood, in the second quarter, at around 4.5 %, against 5 % in the first quarter of 1999, a reduction similar to that in the official rate (see Table 5). The already low level of deposit interest rates meant that such rates fell to a lesser extent in the second quarter. Even so, the synthetic rate on deposits was revised downwards by 25 basis points, to 1.7 % in June. In any event, attention should be paid to the potential effect on bank interest rates of the change in trend in recent weeks of financial market interest rates.

## 5.2. Financial flows in the economy as a whole

Information from the financial accounts for the first quarter of 1999 reflects the absence of

TABLE 6

**Saving and financial position**

	FINANCIAL SAVING AS A % OF GDP (Cumulative data over four quarters)							
	Average 1988-1992	Average 1993-1997	1997	1998				1999
				Q1	Q2	Q3	Q4	Q1
Financial saving of the nation	-2.6	0.5	1.5	1.3	1.0	1.1	0.9	0.9
Non-financial firms and households	-0.2	4.9	3.2	2.6	1.7	1.5	1.8	1.6
<i>Non-financial firms</i>	-3.9	-0.8	-0.7	-0.2	-1.1	-1.0	-1.1	-1.1
<i>Households</i>	3.7	5.7	3.9	2.8	2.8	2.6	2.9	2.8
Credit institutions (a)	1.4	0.7	0.6	0.7	0.8	0.6	0.6	0.5
Institutional investors (b)	-0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1
General government	-3.8	-5.4	-2.5	-2.2	-1.8	-1.2	-1.7	-1.4

	FINANCIAL POSITION AS A % OF GDP (Fourth-quarter data)							
	1992	1993	1994	1995	1996	1997	1998	1999 (d)
Financial position of the nation	-16.6	-19.0	-19.3	-18.1	-17.7	-18.1	-19.4	-18.3
Non-financial firms and households	39.5	47.8	52.8	59.1	68.4	77.2	86.4	86.0
<i>Non-financial firms (c)</i>	-17.2	-16.3	-13.6	-11.0	-6.8	-4.9	-0.5	-0.2
<i>Households</i>	56.7	64.1	66.3	70.1	75.3	82.1	86.9	86.3
Credit institutions (a) (c)	12.4	14.0	12.9	12.1	12.8	14.3	14.3	14.4
Institutional investors (b)	-1.1	-1.2	-1.0	-0.9	-0.6	-0.5	-0.6	-0.6
General government	-35.0	-42.0	-46.1	-50.3	-52.6	-52.0	-50.0	-49.2

Source: Banco de España.

(a) Defined according to the 1st Banking Directive.

(b) Insurance companies, collective investment undertakings, and securities-dealer companies and securities agencies.

(c) Shares excluded from liabilities.

(d) First-quarter data.

significant changes in the economy's financial flows during the first three months of the year compared with the last quarter of 1998. As can be seen in Table 6, there has been a reduction in private-sector net saving and a firming of the trends indicated in the previous "Quarterly Report", which showed lower net household financial saving, especially when compared with past data and, specifically, with a similar economic boom such as the period spanning the years 1988 to 1992. The trends that may be extrapolated on the basis of the information available for the second quarter of the year confirm the deterioration in net household financial saving insofar as the pace of acquisition of financial assets has been much more moderate than that of borrowing. The tendency towards lower household saving has not had a significant bearing on the nation's financial saving, which remains at around 1 % of GDP at the end of the first quarter (calculated in cumulative terms over the last four quarters). This is because there has been a progressive improvement in general government saving, to -1.4 % of GDP in the first quarter of 1999. Further, non-financial firms' debt has held stable at around -1.1 % of GDP in the first quarter.

In terms of the net financial position, defined as the difference between total financial assets and liabilities, the trend of net financial saving has meant, first, a slight decline in the case of households, in contrast to the continuous rise recorded in the past; and further, an increase in the financial position of firms, which have progressively shored up their finances in recent years.

The information covering the period to April on the Balance of Payments financial account reflects a continuation of the trends recorded in 1998. At the same time, there has been a perceptible turnaround in net capital flows compared with those in the same period a year earlier. The balance on the financial account thus showed net capital inflows amounting to EUR 1,856 million in the first four months of 1999, compared with net outflows of EUR 1,610 million in the same period in 1998 (see Table 7).

Purchases of foreign assets (capital outflows) remained very buoyant in the opening months of 1999. Direct investment posted high growth in the January-April period, substantially up on that recorded in the same period a year

TABLE 7

Balance of payments on financial account

EUR m

	1997	1998	JAN-APR	
			1998	1999
<b>BALANCE ON FINANCIAL ACCOUNT</b>	<b>-2,775</b>	<b>-1,188</b>	<b>-1,610</b>	<b>1,856</b>
<b>CHANGE IN LIABILITIES VIA-À-VIS EXTERNAL SECTOR</b>	<b>34,479</b>	<b>65,681</b>	<b>25,405</b>	<b>24,859</b>
<b>Direct investment (a)</b>	<b>5,621</b>	<b>10,152</b>	<b>3,809</b>	<b>2,553</b>
<b>Portfolio investment (b)</b>	11,068	15,354	-1,662	8,946
General government	9,952	4,125	-6,067	5,783
Other resident sectors	1,183	8,469	2,199	863
Credit system	-67	2,760	2,206	2,300
<b>Other investment</b>	<b>17,790</b>	<b>40,176</b>	<b>23,258</b>	<b>13,360</b>
General government	21	866	76	152
Other resident sectors	544	4,319	2,298	3,682
Credit system	17,226	34,991	20,884	9,526
<b>CHANGE IN ASSETS VIS-À-VIS EXTERNAL SECTOR</b>	<b>37,255</b>	<b>66,870</b>	<b>27,015</b>	<b>23,003</b>
<b>Direct investment</b>	<b>10,970</b>	<b>16,507</b>	<b>3,837</b>	<b>5,371</b>
Other resident sectors	9,844	14,756	3,432	5,293
Credit system	1,126	1,751	405	78
<b>Portfolio investment</b>	<b>14,377</b>	<b>40,985</b>	<b>10,874</b>	<b>21,020</b>
Other resident sectors	10,049	29,873	9,441	13,965
Credit system	4,328	11,112	1,433	7,055
<b>Other investment</b>	<b>1,555</b>	<b>21,625</b>	<b>13,629</b>	<b>10,103</b>
General government	331	388	163	-19
Other resident sectors	12,392	17,668	9,133	1,012
Credit system	-11,168	3,569	4,333	9,110
<b>Reserves</b>	<b>10,352</b>	<b>-12,248</b>	<b>-1,325</b>	<b>-13,491</b>

Source: Balanza de Pagos. Banco de España.

(a) Includes portfolio investment in unlisted shares.

(b) Includes direct investment in listed shares.

earlier. This was the outcome of intense investment by Spanish firms abroad, especially in Latin America. Portfolio investment doubled in the first four months of the year and, in this connection, the acquisition of securities by Spanish credit institutions was notable. Under other investment, there was a slight increase in resident deposits abroad, albeit far lower than that in the same period a year earlier. Finally, the reduction in reserve assets is largely attributable to the unwinding of currency swap transactions entered into the previous year and to the transfer of Banco de España reserves to the ECB at the outset of 1999 (and which, in exchange, gave rise to assets of the same order being classified under other investment).

As to capital inflows, the related volume between January and April 1999 was similar to that in the same period a year earlier, although a high proportion of the change in foreign liabilities has been channelled this year through the purchase of general government securities. Also of note is the high flow of financing obtained by the private sector abroad; in the first

four months of the year, it was only slightly below the total financing extended by non-resident institutions throughout the whole of 1998. Moreover, as in recent years, Spanish credit institutions increased their foreign debt, meaning that national financial saving continues to be insufficient to cover residents' sizeable foreign asset purchases.

### 5.3. Financial flows of households and non-financial firms

As discussed in the previous section, the net financial saving of the private sector as a proportion of GDP fell in the first quarter, and it is estimated that it may fall further in the April-June period. This is the outcome of household financial saving being lower and that of non-financial firms holding stable. The private sector's lower net financial saving can be explained by the strong increase in its financial liabilities, set against more moderate growth in its financial assets (see Table 8).

TABLE 8

**Financial assets and liabilities of households and non-financial firms**

	Latest- quarter balance (a) (b)	Four-quarter % change					
		1998				1999 (b)	
		Q1	Q2	Q3	Q4	Q1	Q2
<b>HOUSEHOLDS AND NON-FINANCIAL FIRMS:</b>							
<b>Total financial assets</b>	<b>1,270.5</b>	<b>14.9</b>	<b>14.0</b>	<b>10.5</b>	<b>12.9</b>	<b>10.2</b>	<b>11.4</b>
Liquid financial assets	545.6	6.9	5.5	5.3	5.4	4.0	4.7
<i>Cash and cash equivalents</i>	253.9	10.5	7.7	10.2	14.6	14.6	16.8
<i>Other liquid financial assets</i>	291.6	4.5	3.9	2.0	-1.1	-3.3	-4.0
Other financial assets	724.9	22.8	22.4	15.4	20.0	15.5	17.1
<b>Total financial liabilities</b>	<b>863.8</b>	<b>10.3</b>	<b>12.7</b>	<b>12.3</b>	<b>13.3</b>	<b>15.5</b>	<b>16.9</b>
Bank financing plus fixed-income securities	543.5	13.1	15.4	14.8	16.2	15.3	16.0
<i>Credit from resident credit institutions</i>	440.3	14.2	16.7	15.9	15.8	14.4	15.5
Other financial liabilities	320.3	5.7	8.3	8.2	8.4	16.0	18.4
<b>HOUSEHOLDS:</b>							
<b>Total financial assets</b>	<b>806.6</b>	<b>15.2</b>	<b>11.7</b>	<b>6.9</b>	<b>10.5</b>	<b>6.4</b>	<b>8.8</b>
Liquid financial assets	453.6	6.5	4.4	4.7	3.6	2.0	3.7
<i>Cash and cash equivalents</i>	191.2	7.6	4.9	6.5	8.9	10.6	14.0
<i>Other liquid financial assets</i>	262.4	5.8	4.1	3.6	0.4	-3.1	-2.8
Other financial assets	353.0	30.8	24.1	10.6	21.9	12.7	16.2
<b>Total financial liabilities</b>	<b>360.3</b>	<b>11.7</b>	<b>12.2</b>	<b>12.0</b>	<b>13.4</b>	<b>16.0</b>	<b>18.3</b>
Bank financing plus fixed-income securities	250.4	16.8	17.4	16.5	18.3	18.6	20.0
<i>Credit from resident credit institutions</i>	226.8	17.6	18.2	17.2	19.1	19.4	20.9
Other financial liabilities	109.9	2.2	2.4	3.3	3.6	10.5	14.6
<b>NON-FINANCIAL FIRMS:</b>							
<b>Total financial assets</b>	<b>463.9</b>	<b>14.1</b>	<b>18.6</b>	<b>17.5</b>	<b>17.5</b>	<b>17.6</b>	<b>16.3</b>
Liquid financial assets	92.0	8.9	11.2	8.7	14.8	15.1	9.9
<i>Cash and cash equivalents</i>	62.8	22.3	18.1	24.7	35.4	28.8	26.0
<i>Other liquid financial assets</i>	29.2	-5.7	2.4	-9.7	-13.5	-4.5	-13.7
Other financial assets	371.8	15.6	20.7	20.0	18.2	18.3	18.0
<b>Total financial liabilities</b>	<b>503.4</b>	<b>9.3</b>	<b>13.1</b>	<b>12.5</b>	<b>13.2</b>	<b>15.2</b>	<b>15.9</b>
Bank financing plus fixed-income securities	293.1	10.3	13.9	13.5	14.6	12.7	12.8
<i>Credit from resident credit institutions</i>	213.5	11.0	15.4	14.7	12.7	9.6	10.3
Other financial liabilities	210.4	7.9	11.8	11.1	11.2	19.0	20.5

Source: Banco de España.

(a) EUR billion.

(b) The data for the second quarter of 1999 are provisional estimates.

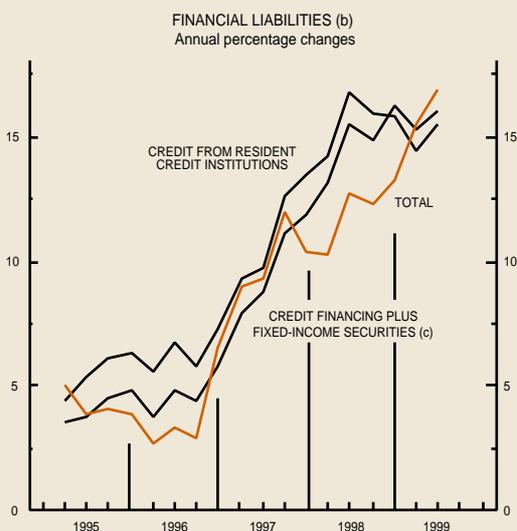
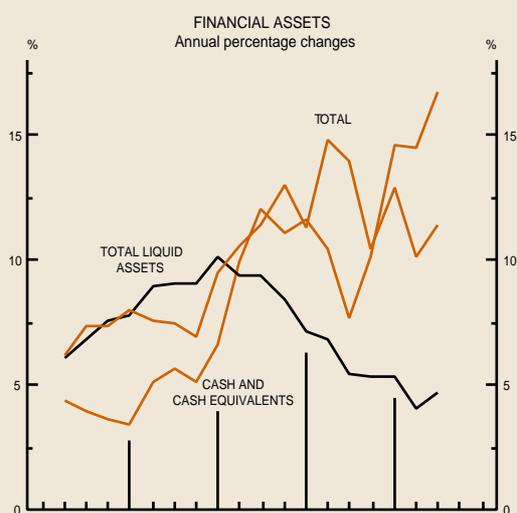
Monthly monitoring of the set of most liquid financial assets, and of bank financing, has already shown the different course of household and corporate financial assets and liabilities over recent months. Yet, as Chart 22 shows, liquid financial assets have trended much more moderately than total assets. It is thus estimated that total household and corporate financial assets have grown by around 11 % year-on-year in the second quarter, outpacing the growth rate for the previous quarter but lower than the end-1998 figure of 13 %. By contrast, liquid financial assets (which include, along with cash and cash equivalents, other financial assets such as time deposits, repos, banks securities and shares in fixed-income mutual funds)

have grown by around 5 %, slightly below the rate posted at the end of 1998. Under this subset of financial assets, it is cash and cash equivalents which have most accelerated during the second quarter, most probably as a result of the lower opportunity cost of holding such instruments.

Turning to financial liabilities, a certain acceleration – to a year-on-year rate of almost 17 % in June – is apparent in what had already been a markedly expansionary course in the previous quarters. Given the more provisional nature of the information available on certain financial liabilities, such as inter-company loans, it would be advisable to pay more attention to the debt ag-

CHART 22

**Non-financial firms and households (a)**



Source: Banco de España.

(a) The data for the second quarter of 1999 are provisional estimates.

(b) Excluding shares.

(c) Excluding trade credit.

gregate made up of bank credit and fixed-income securities. Analysis of this financing variable reveals that in the second quarter there has not been an acceleration such as that seen in estimated total liabilities, although the high growth rate (16 %) of financing extended to the private sector seen in previous quarters has firmed.

**5.3.1. Financial flows of households**

The trend of financial flows during the first half of 1999 shows that households' lesser sav-

ing capacity has become entrenched at below 3 % of GDP. This result is the outcome of the growth rate of lending operations stabilising somewhat, albeit with fluctuations, while debt levels have been on a rising course that has become significantly more marked as the year has unfolded. Moreover, unlike in 1998, the effect of the rise in the price of certain financial assets scarcely offsets the moderation of financial flows, given the uncertainty and volatility that have characterised stock markets throughout the first half of 1999. As a result of the foregoing, the increase in household net financial worth has been negligible (see Chart 23).

The more moderate growth rate – compared with previous years or with that of financial liabilities – of household financial assets may be partly due to the low return on traditional saving instruments, which encourages consumption and investment in real assets. Indeed, the indicators of activity and prices in the construction sector show considerable buoyancy, as highlighted in the previous section of this Report. The greater volatility of domestic stock markets and the fall in prices on debt markets might also be acting as a deterrent to financial-asset acquisitions, favouring instead consumer and housing spending.

As regards the most recent trend of total household financial assets, their growth stood at close to 9 % year-on-year in the second quarter. The low level of interest rates has meant that the demand for financial assets continues to focus on the more liquid instruments (whose opportunity cost has fallen significantly) and those with a lesser degree of liquidity, but which may offer a greater return in exchange for bearing a greater risk. Hence, the assets with the highest growth rates are cash and cash equivalents, which were expanding at an estimated year-on-year rate of 14 % in the second quarter, and assets with a limited degree of liquidity, such as shares and fixed-income securities. In contrast, the group of liquid assets other than cash and cash equivalents, i.e. time deposits, repos and shares in fixed-income mutual funds, showed negative growth rates in the first two quarters of 1999, insofar as the additional return offered would not appear to offset their lesser liquidity.

It is estimated that household equity holdings expanded moderately in the first half of 1999, reflecting the absence of a clear price trend in this market. In any event, there was a muted rise in equity prices in the second quarter, the result of brighter economic prospects, and household equity purchases may have been higher. Moreover, there have been sever-

al public offerings of shares early in the third quarter, the demand for which by the public has been most sizeable.

Regarding financial liabilities, there was an estimated progressive acceleration during the second quarter to a rate of 18 %, building on the rapid growth profile of the last nine months. Specifically, bank credit (the most relevant instrument and that on which the most accurate information is available), extended both by resident and non-resident institutions, increased at a rate of 20 % in the second quarter compared with a year earlier. This suggests that the low level of lending interest rates, good economic prospects and the increase in disposable income arising from the reduction in personal income tax withholdings have prompted intense indebtedness by households.

Quarterly information drawn from summary bank balance sheets regarding the end-use of credit extended to individuals (a concept that does not exactly match that of households as analysed in this section) shows that house-purchase loans are continuing to grow at a brisk pace, having run at a rate of close to 20 % during the first quarter of 1999. Likewise, there has been a significant rise in credit for consumer durables, which increased at a rate of over 40 % in the first quarter.

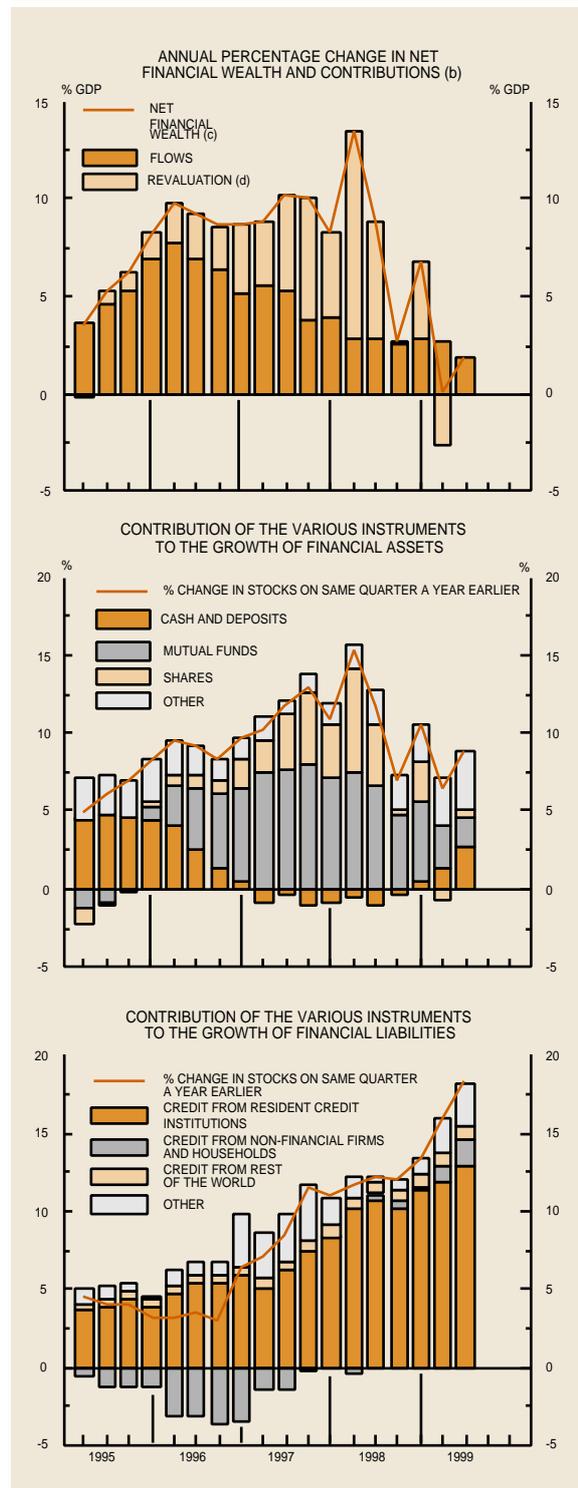
5.3.2. Financial flows of non-financial firms

Firms' financial flows have shown a greater balance between the growth of financial assets and liabilities than was the case for households, which has made for continuing stable net financial saving. To some extent, this might be due to the greater ease with which firms can finance their investment drawing on their own resources during cyclical upturns, when their profit and loss accounts are more favourable, without having to resort to external borrowing. Indeed, the growth rate of firms' financial assets has outpaced that of liabilities in recent quarters.

Estimated total financial assets grew by 16 % during the second quarter. As with households, this is the result of the strong growth of cash and cash equivalents (26 %) and of assets not considered liquid. Under the latter, claims on firms and households (so-called inter-company loans) and on the rest of the world continue to contribute strongly to the growth of firms' financial assets, as can be seen in Chart 24. In connection with this latter component, there has been something of a moderation in deposits held by non-resident institutions, while direct investment abroad has retained the buoyancy of

CHART 23

Households (a)

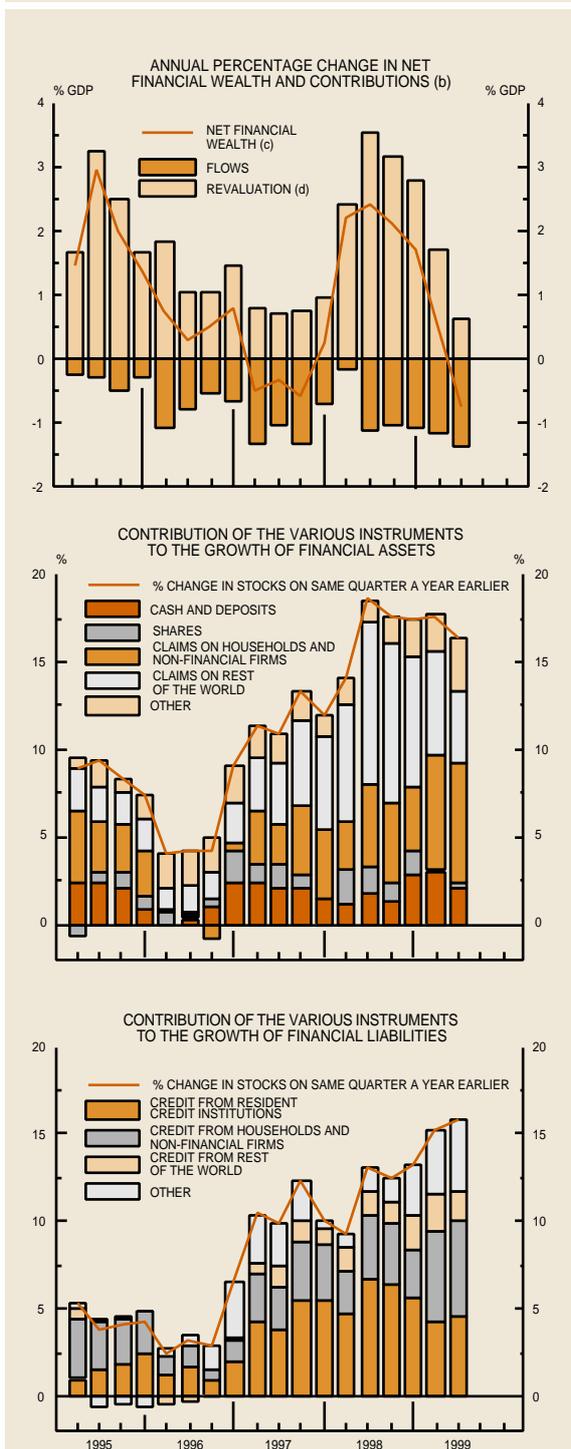


Source: Banco de España.

- (a) The data for the second quarter of 1999 are provisional estimates.
- (b) Cumulative flows and revaluation data to the fourth quarter.
- (c) Calculated using an estimate of the assets valued at market prices.
- (d) Difference between the change in the stock and the flow.

CHART 24

Non-financial firms (a)

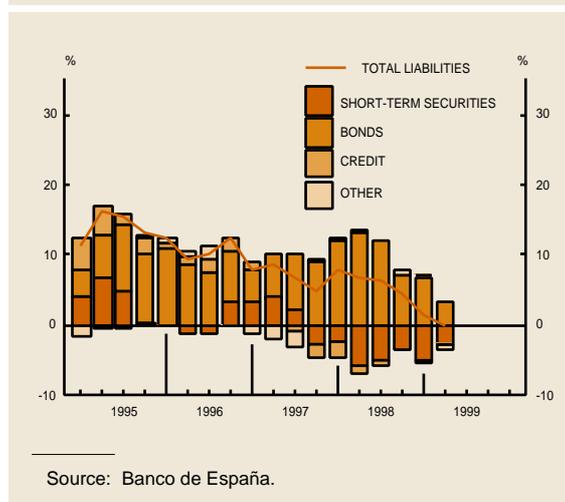


Source: Banco de España.

- (a) The data for the second quarter of 1999 are provisional estimates.
- (b) Cumulative flow and revaluation data to fourth quarter.
- (c) Shares are not included in liabilities. Calculated using an estimate of the assets valued at market prices.
- (d) Difference between the change in the stock and the flow.

CHART 25

Growth of general government liabilities  
 % change on same quarter a year earlier  
 and contributions



previous quarters, with the quarterly growth of average flows running at around EUR 2.5 billion over the past year.

The estimated trend of financial liabilities during the second quarter has been marked by a slight acceleration in growth to 16 % year-on-year. In terms of the contribution to growth of these liabilities, the breakdown by instrument has changed somewhat. Whereas bank credit remains the main source of financing, its contribution to the growth of total corporate financing has been on a declining course since mid-1998. The alternative sources of financing, such as inter-company loans and foreign financing, have contributed significantly to the overall financing obtained by this sector.

Lastly, the information available on the end-use of bank credit extended to firms during the first quarter indicates that financing to the services sector and to industry is holding at year-on-year growth rates similar to those at the end of last year, around 16 % and 11 %, respectively. However, credit to the construction sector has moderated significantly to 12 %, down from 17 % at end-1998.

5.4. General government financial flows

In the first quarter of 1999, overall general government net financial saving improved further, moving from -1.7 % of GDP at end-1998 to -1.4 %. The information available for the second quarter suggests this improvement may have continued.

The falling trajectory of financing requirements during recent quarters has run parallel to the ongoing deceleration in the growth rate of general government financial liabilities (see Chart 25). As to the coverage by instrument of these requirements, the lengthening of the maturity of financial liabilities has continued via the substitution of medium- and long-term bonds for short-term fixed-income securities.

Over the course of the first half of the year, the net issuance of public securities on the primary markets totalled EUR 6.5 billion, adding to which was an increase in foreign currency financing of EUR 950 million. Since the resources raised on the securities markets exceeded actual financing requirements, the volume of general government financial assets has risen. Specifically, the balance of general government deposits in the Banco de España has increased by EUR 6 billion in the first half of the year.

Turning to State securities placements, there was a negative net issue of Treasury bills in the April-July period of EUR 4.1 billion. Notwithstanding, this amount marks something of a recovery compared with the strong contraction in issuance activity the previous quarter, which saw most of the redemptions for the present year. The cumulative reduction in the outstanding balance of Treasury bills in the year to date amounts to EUR 11.3 billion. This reduction is concentrated in the 18-month segment, while in the 12- and 6-month segments, maturing instruments have generally been rolled over. With regard to bond tenders settled in the April-July period, the related gross issue exceeded EUR 11.6 billion, the ensuing distribution being close to that of the maximum issuance targets set. However, the amount of net financing finally raised was scant, as a result of the redemptions in this period.

28.7.1999.

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# Results of non-financial firms in the first quarter of 1999 (1)

## 1. INTRODUCTION

The Central Balance Sheet Office Quarterly Survey (CBQ) data for the first quarter of 1999 confirm the slowdown in the rate of growth of activity of the reporting firms observed in the final quarter of 1997. Despite this, the profitability ratios did not fall from the high levels recorded since the current recovery firmed.

Specifically, despite the positive performance of domestic consumption, as reflected in the distributive trade, the impact of the international financial crisis on exports moderated the nominal growth of the sample firms' GVA. This was basically due to the performance of manufacturing industry, which had already been anticipated by the industrial production and producer price indices for this period. In any event, business activity continued to exhibit positive nominal growth, although at rates well off those achieved in the first quarter of 1998. Against this background, personnel costs grew at a nominal rate of 1.5 %. Most of the sample firms recorded significant increases in employment, extending the trend that began in 1998. However, these increases in employment are not sufficiently reflected in the total aggregate, because the workforce adjustments in certain major firms in sectors undergoing liberalisation, reorganisation or privatisation has not been completed, a subject referred to on numerous occasions in previous editions of this article. Evidence of the importance of this fact is that the rate of change of employment, which in the first quarter of 1999 was -0.9 % for the sample as a whole, would be above 2 % if four major firms affected by the above-mentioned processes were excluded. Average compensation rose by several tenths of a percentage point more than inflation during the period. This growth – albeit contained – is basically explained by new hiring at generally lower levels of compensation (2). With regard to sectors, it is notable that the fall in the activity of manufacturing industry coincided with growth in its average compensation at a higher rate than the average for all the firms.

As a direct consequence of the developments in business activity and personnel costs, the gross operating result grew at a clearly pos-

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(1) The information in this article relates to 705 firms that have reported their quarterly data to the Central Balance Sheet Office (the CBQ survey) to June 15th 1999. These firms account for 16.5% of total activity – as measured by gross value added (GVA) at factor cost – in the sector of non-financial firms.

(2) This average compensation does not fully reflect the costs for firms arising from restructuring, because a large part of the necessary cost for reducing the workforce had been provisioned for in (i.e. attributed to) previous years.

TABLE 1

**Profit and loss account. Year-on-year performance**  
**(Growth rates of the same firms on the same period a year earlier/**  
**% of GVA at factor cost in the case of the net result)**

Data Bases	CBA		CBQ		
	1996	1997	98 Q1-Q4/ 97 Q1-Q4 (a)	98 Q1/97 Q1	99 Q1/98 Q1
Numbers of firms / Total national coverage	7939/37.8 %	7175/35.7 %	801/18.8 %	854/19.6 %	705/16.5 %
1. VALUE OF OUTPUT (including subsidies)	5.5	9.9	2.7	6.5	2.5
Of which:					
1. Net amount of turnover and other operating income	6.5	9.6	3.1	7.7	4.4
2. INPUTS (including taxes)	7.2	11.4	1.7	5.1	2.1
Of which:					
1. Net purchases	6.1	11.5	0.2	5.6	-1.1
2. Other operating costs	8.6	10.6	6.6	5.2	10.2
S.1. GROSS VALUE ADDED AT FACTOR COST	2.5	7.0	4.3	8.8	3.1
3. Personnel costs	3.9	3.6	3.3	3.8	1.5
S.2. GROSS OPERATING RESULT	0.9	11.2	5.1	13.1	4.3
4. Financial revenue	4.8	15.4	16.2	9.8	25.2
5. Financial costs	-13.1	-14.1	-8.3	-10.3	-8.1
6. Corporate income tax	9.4	23.7	16.1	32.0	13.9
S.3. FUNDS GENERATED FROM OPERATIONS	5.1	17.6	8.3	15.9	7.9
7. Depreciation and provisions (b)	-3.4	16.1	-4.6	0.3	13.5
S.4. TOTAL NET RESULT (% of GVA at factor cost)	10.9	15.9	22.4	21.3	26.3
<b>PROFITABILITY RATIOS</b>					
R.1. Return on net assets (before taxes) (b)	8.6	10.7	11.8	11.6	11.2
R.2. Interest on borrowed funds/ interest-bearing borrowing	8.1	6.8	6.2	6.4	4.8
R.3. Return on equity (before taxes) (b)	8.9	13.3	15.3	14.9	15.1
R.4. Debt ratio	42.5	40.3	38.8	38.6	38.5
R.5. Financial leverage (before taxes) (R.1 - R.2) (b)	0.5	3.8	5.6	5.3	6.3

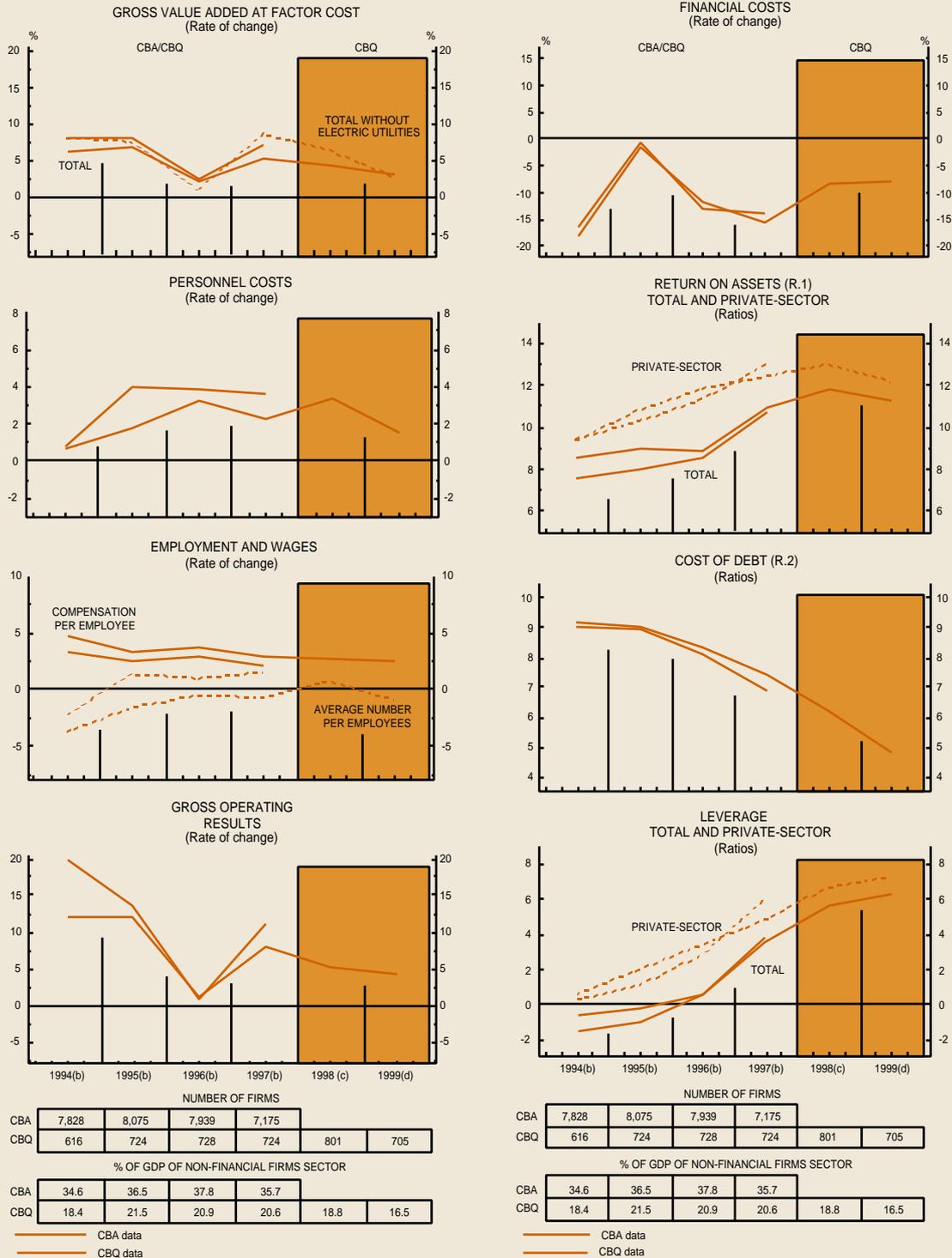
Source: Banco de España.

(a) All the data in this column have been calculated as the arithmetic mean of the quarterly data.

(b) When calculating these items the effect of balance-sheet restatement under Royal Legislative Decree 7/1996 has been removed to homogenise the series.

CHART 1

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



Source: Banco de España.

- (a) Information available to June 15th 1999 (CBA and CBQ).
- (b) The 1994, 1995, 1996 and 1997 data are based on information from the firms included in the annual survey (CBA) and the average of the four quarters of each year in relation to the previous year (CBQ).
- (c) Average of the four quarters of 1998 in relation to the same period in 1997.
- (d) First quarter of 1999 on first quarter of 1998.

itive rate in the first quarter of 1999, albeit well below the rate of the first quarter of 1998. Any analysis of profitability in the reference period should also take into account the following two facts: first, financial costs continued the decline that began in 1995, as a consequence of the feeding through to the cost of financing of the interest-rate reductions of previous periods (the cost of financing ratio reached a new record low); and second, financial revenue (basically dividends) trended very positively.

The overall effect of these factors enabled the firms to obtain a return on net assets in the first quarter of 1999 only slightly below that of the first quarter of 1998. This, together with the reduction in the cost of borrowing, enabled the financial leverage to continue its tendency to grow, which in itself summarised the generally favourable situation enjoyed by non-financial firms. Further evidence of this situation is the fact that the return on equity (before taxes) in the first quarter of 1999 was 15.1 % (see the profitability ratios in Table 1), in line with that obtained in 1998 as a whole. In any event, the diverse circumstances of the various sectors of activity, with their varying exposure abroad and the very different impact of liberalisation, reorganisation and/or privatisation, prevent any general conclusion being drawn for the sample as a whole, which is one reason for the more detailed analysis in the following sections.

## 2. ACTIVITY

According to the CBQ, in the first quarter of 1999 there was an increase in the nominal activity of non-financial firms – as measured by the rate of change of their gross value added (GVA) – of 3.1 % (see Table and Chart 1). This rate is well below that of the first quarter of 1998 (8.8 %), when the cycle which began in 1996 was at its peak. The clear moderation in the rate of growth of output in the first quarter of 1999 had been anticipated by the data collected in the second half of 1998, in which the consequences of the international financial crisis, basically reflected in the fall in exports, began to be discerned. Nonetheless, it was those firms whose output satisfies final consumption that contributed most to output growth. By sector (see Table 2.a), the distributive trade, as in the final quarter of 1998, posted GVA growth of 10 %, reflecting the recent path of disposable income and greater consumer confidence. By contrast, the GVA of manufacturing fell by –2.3 %, in nominal terms, this being one of the sectors most directly affected by foreign trade. In the production and distribution of electricity and in transport, storage and communications average GVA growth was 4.5 % and 2.4 %, re-

spectively, in the first quarter of 1999. The strong increases in the demand for electricity (exceeding 6 %, according to Red Eléctrica de España data) offset the effects of the reductions in tariffs and the lower generation of hydro-electric energy (which entails higher input consumption). The growth in transport, storage and communications was considerably more moderate than in 1998 (7.9 %), due to the price reductions resulting from greater competition and the large expansion of recent years. The firms exhibiting this moderation in the rate of growth of productive activity most strongly were large private-sector firms (in terms of GVA, the weight of public-sector firms in the sample analysed has fallen from 48 % in 1995 to only 14 % in the first quarter of 1999). Meanwhile, as shown in Table 3, sales within Spain continued to gain in importance, to the detriment of exports, especially those to countries outside the European Union.

Finally, it can be seen in Chart 2, which shows the distribution of firms according to the rate of change of their GVA, without any account being taken of their size, that there was a shift of 9 % of firms from the group of those with increases in GVA of more than 20 % to groups with lower growth. Nonetheless, what is really notable is that in the first quarter of 1999 a majority of the sample firms (65 %) still had a higher GVA than a year earlier.

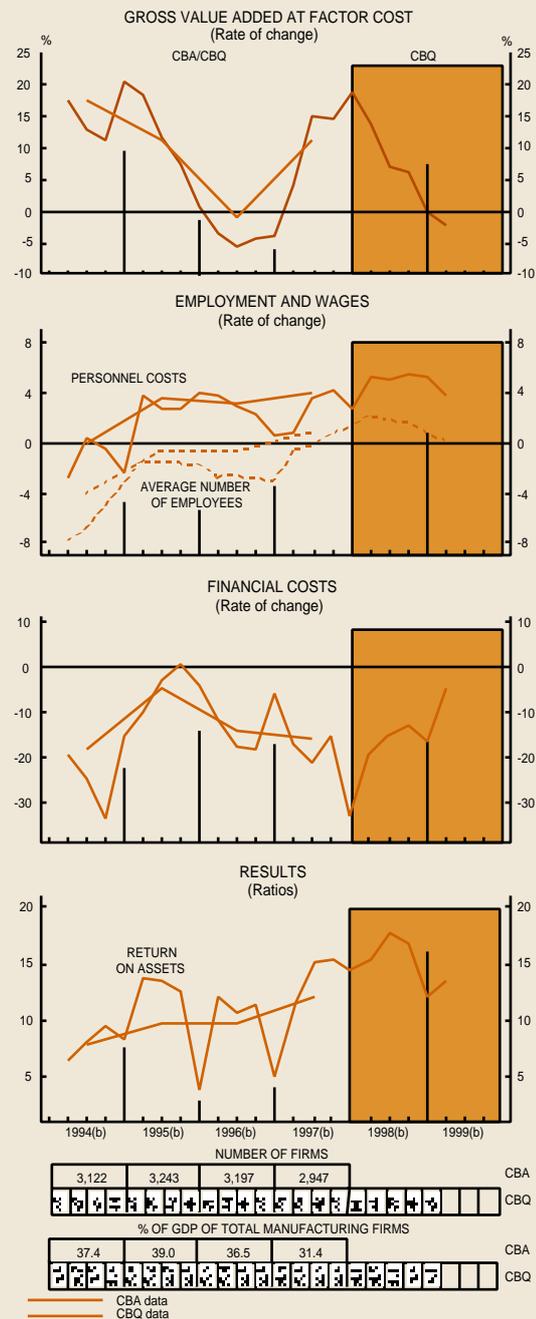
## 3. EMPLOYMENT AND PERSONNEL COSTS

The personnel costs of the CBQ firms grew by 1.5 % in the first quarter of 1999, as against 3.8 % in the same period of 1998. Employment, which had progressively expanded during 1998, reflecting increasingly positive rates of growth, stabilised in the first quarter of 1999, with the reappearance of negative rates (–0.9 % with respect to the same quarter of 1998), due to downsizing. The latter may be considered exceptional, both as regards the amount (one single firm reduced its workforce by more than 10,000 between the first quarter of 1998 and the first quarter 1999) and its causes (restructuring and adjustment to technological change and competition). The production and distribution of electricity, which is currently being liberalised, has seen average staff cuts of 9 % between the first quarter of 1999 and the same period of 1998. Table 2.a shows the main components, for the total aggregate, both including and excluding electricity, in which employment stabilised. If the four firms in the electricity, transport, storage and communications sectors most affected by the staff restructuring are excluded, then employment was created by the

## Analysis of the manufacturing sector

As is customary, the manufacturing sector, owing to its weight and representativeness in the sample, as well as its importance in the non-financial firm sector as a whole, is analysed in somewhat greater detail. In the first three months of 1999, the productive activity of the manufacturing firms in the CBQ sample (as measured by the nominal rate of change of GVA) fell by  $-2.3\%$ . This fall was a consequence of the impact of the international economic situation on the exports of these firms, but also of the lowering of the selling prices applied by certain sub-sectors. "Oil refining" and the "electrical, electronic and optical material and equipment industry" suffered particularly sharp nominal falls in their value-added. As a direct consequence, the employment creation that had been a constant feature among these firms during 1998 came to a halt. However, this was not accompanied by a containment of personnel costs, which grew by  $3.6\%$ , as the stabilisation of employment (it grew by  $0.1\%$ ) was accompanied by an increase in average compensation of  $3.5\%$ . This growth affected all manufacturing sectors equally. The conjunction of these two countervailing factors (falling activity and rising personnel costs) prompted a fall in the gross operating result of manufacturing firms in the first three months of 1999, of  $-9.4\%$ , and also in the funds generated by the firms ( $-10.6\%$ ), despite the fact that financial costs continued to fall (by  $4.6\%$  in the period considered). This shows, as anticipated in previous articles, that as the weight of financial costs in firms' total costs has gradually declined, so additional reductions have had a more limited effect on their results. The reduction in depreciation and provisions, basically in the latter, enabled the return on net assets to hold at an excellent level – only two percentage points below the first quarter of 1998 – of  $13.5\%$ . By sector, it was again "oil refining" which suffered the largest fall in profitability, compared with the first quarter of the previous year. The fall in the cost of debt, by somewhat more than one percentage point, meant that financial leverage hardly changed, remaining at very high levels ( $9.1$ ). This must be considered one of the more positive factors of the first quarter of the year, explaining the optimism with regard to the immediate outlook reported by industrial firms in other surveys.

## Performance of the manufacturing firms which report to the Central Balance Sheet Office (a)



Source: Banco de España.

- (a) Information available to June 15th 1999 (CBA and CBQ).  
 (b) The CBQ data are growth rates on the same quarter of the previous year.

TABLE 2.a

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

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Compensation per employee			
	CBA		CBQ		CBA		CBQ		CBA		CBQ		CBA		CBQ	
	1997	98 Q1-Q4 (a)	98 Q1	99 Q1	1997	98 Q1-Q4 (a)	98 Q1	99 Q1	1997	98 Q1-Q4 (a)	98 Q1	99 Q1	1997	98 Q1-Q4 (a)	98 Q1	99 Q1
<b>Total</b>	<b>7.0</b>	<b>4.3</b>	<b>8.8</b>	<b>3.1</b>	<b>1.5</b>	<b>0.7</b>	<b>0.8</b>	<b>-0.9</b>	<b>3.6</b>	<b>3.3</b>	<b>3.8</b>	<b>1.5</b>	<b>2.0</b>	<b>2.6</b>	<b>3.0</b>	<b>2.4</b>
<b>Total, except electricity sector</b>	<b>9.2</b>	<b>6.4</b>	<b>10.3</b>	<b>2.7</b>	<b>1.7</b>	<b>1.3</b>	<b>1.2</b>	<b>-0.1</b>	<b>3.9</b>	<b>4.0</b>	<b>4.3</b>	<b>2.4</b>	<b>2.1</b>	<b>2.6</b>	<b>3.0</b>	<b>2.4</b>
SIZE:																
Small	8.4	—	—	—	3.8	—	—	—	6.6	—	—	—	2.7	—	—	—
Medium	10.1	8.8	11.2	10.7	3.9	3.8	3.4	5.1	6.8	7.0	6.9	8.1	2.8	3.1	3.4	2.9
Large	6.6	4.0	8.6	2.6	1.0	0.4	0.5	-1.5	2.9	3.0	3.5	0.9	1.9	2.6	3.0	2.5
STATUS:																
Public-sector	0.4	4.3	7.8	4.2	-2.9	1.0	-0.5	2.3	-0.3	3.4	3.3	6.3	2.6	2.4	3.8	3.9
Private-sector	8.9	4.2	8.9	3.0	2.9	0.6	1.2	-2.0	4.8	3.3	4.0	0.0	1.9	2.7	2.8	2.0
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Manufacturing industries	10.9	6.7	13.9	-2.3	0.8	1.6	2.2	0.1	3.9	5.1	5.1	3.6	3.1	3.5	2.8	3.5
Production and distribution of electricity, gas and water	-4.5	-3.1	3.9	4.5	-1.7	-5.4	-3.5	-9.0	-0.6	-1.6	0.5	-4.7	1.1	4.0	4.1	4.7
Distributive trade	9.2	11.9	9.9	10.0	2.8	3.6	2.2	4.6	4.7	6.0	4.4	8.9	1.9	2.3	2.2	4.1
Transport, storage and communications	8.6	4.1	7.9	2.4	-1.1	-1.6	-2.0	-5.4	2.0	1.1	2.2	-2.7	3.1	2.8	4.3	2.8

Source: Banco de España.

(a) All the data in these columns have been calculated as the arithmetic mean of the quarterly data.

TABLE 2.b

**Employment and personnel costs  
Detail according to changes in staff levels**

	Total CBQ firms 1999 Q1	Firms increasing (or not changing) staff levels	Firms reducing staff levels
<b>Number of firms</b>	<b>705</b>	<b>419</b>	<b>286</b>
<b>Personnel costs</b>			
Initial situation 1998 Q1 (EUR millions)	4,218.8	1,794.6	2,424.3
Rate 99 Q1 / 98 Q1	1.5	10.0	-5.1
<b>Average compensation</b>			
Initial situation 1998 Q1 (EUR)	8,830.1	7,943.7	9,625.1
Rate 99 Q1 / 98 Q1	2.4	2.2	4.2
<b>Number of employees</b>			
Initial situation 1998 Q1 (thousands)	478	226	252
Rate 99 Q1 / 98 Q1	-0.9	7.6	-8.9
<b>Permanent</b>			
Initial situation 1998 Q1 (thousands)	420	182	238
Rate 99 Q1 / 98 Q1	-1.4	6.8	-8.0
<b>Non-permanent</b>			
Initial situation 1998 Q1 (thousands)	57	44	14
Rate 99 Q1 / 98 Q1	3.1	11.2	-25.5

Source: Banco de España.

aggregate of firms at a rate of 2.3 %, which gives an idea of their importance in the determination of the aggregate rate. At the other extreme is the distributive trade which, in line with its activity, continues to show the most positive performance, with a rate of increase of employment of 4.6 % in the first quarter of the year. Finally, employment growth in manufacturing also came to a halt in line with activity in the first quarter of the year, running at a rate of 0.1 %.

Compensation per employee which, as mentioned above, does not include certain exceptional items (3), grew by 2.4 %. It should be taken into account that this figure is for all sectors, including manufacturing, which was not affected

(3) Such as the application of the provision for staff restructuring, which normally appears in the profit and loss account of the firm in the year in which it is set aside and not in the year in which it is applied, with a counterpart entry in the reduction of the provision itself. In exceptional cases, compensation is paid out of reserves, and therefore does not appear in the profit and loss account (it is not recorded as wages).

TABLE 3

**Purchases and turnover of firms reporting data on purchasing sources  
and sales destinations**  
**Structure**

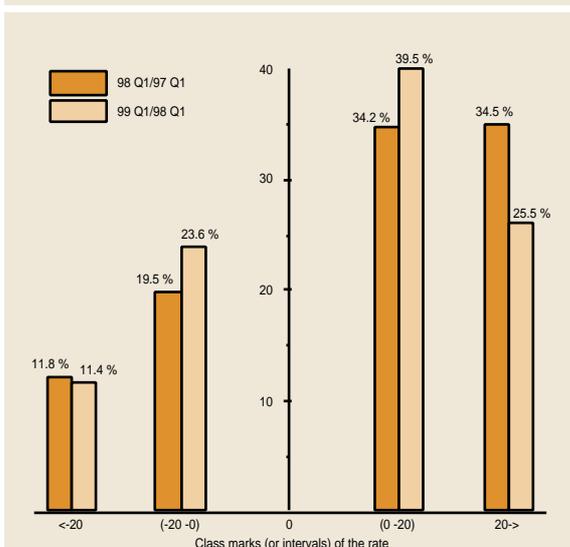
	CBA	CBQ	
	1997	98 Q1-Q4/97 Q1-Q4 (a)	99 Q1/98 Q1
<b>Total firms</b>	<b>7,175</b>	<b>801</b>	<b>705</b>
Firms reporting source/destination	7,175	749	663
	%	%	%
<b>Net purchases</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
SOURCE OF PURCHASES:			
Spain	65.2	68.3	71.9
Total abroad	34.8	31.7	28.1
<i>EU countries</i>	22.7	23.4	16.6
<i>Third countries</i>	12.1	8.2	11.5
<b>Net turnover</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
SALES DESTINATIONS:			
Spain	80.4	85.6	87.9
Total abroad	19.6	14.4	12.1
<i>EU countries</i>	14.7	10.6	8.3
<i>Third countries</i>	4.9	3.7	3.8

Source: Banco de España

(a) All the data in this column have been calculated as the arithmetic mean of the relevant quarters, including the figure for the total number of firms.

CHART 2

**Distribution of firms by rate of change  
in GVA at factor cost (99 Q1/98 Q1, 98 Q1/97 Q1)  
(CBQ)**



Source: Banco de España.

by restructuring. In the different groupings of manufacturing firms, the fall in activity in the first quarter of 1999 was accompanied by an increase in average compensation of around 3 %, with the average value of this variable for all manufacturing firms being 3.5 %. Table 2.b, in which the firms are divided into two clearly contrasting groups (those creating employment and those shedding staff), shows that average compensation rose more moderately (at a rate of 2.2 %, with staff increases of 7.6 %) in firms which created employment (419 firms, or almost 60 % of the sample). By contrast, the firms which shed staff reduced their work forces by 8.9 % (this percentage involves a fall of 8 % in permanent employment and 25.5 % in non-permanent employment) and increased their average compensation by 4.2 %. That rate, as indicated above, does not include the effect on average compensation of the main exceptional costs connected with staff cuts. Finally, Table 4 shows that more than half of the firms (54.8 %) still had increases in their average compensation equal to or above the rate of inflation for the period, this percentage having fallen from the same quarter a year earlier.

TABLE 4

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

	CBA		CBQ			
	1996	1997	97 Q1-Q4 (a)	98 Q1-Q4 (a)	98 Q1	99 Q1
<b>Number of firms</b>	<b>7,939</b>	<b>7,175</b>	<b>724</b>	<b>801</b>	<b>854</b>	<b>705</b>
<b>Personnel costs</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Falling	26.4	24.0	31.7	27.6	25.4	27.7
Constant or rising	73.6	76.0	68.3	72.4	74.6	72.3
<b>Average number of employees</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Falling	32.8	28.0	50.3	39.9	39.1	40.6
Constant or rising	67.2	72.0	49.7	60.1	60.9	59.4
<b>Average compensation (relative to inflation) (b)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Lower growth	48.3	43.9	40.8	41.4	39.1	45.2
Higher or same growth	51.7	56.1	59.2	58.6	60.9	54.8

Source: Banco de España.

(a) Arithmetic mean of the four quarters.

(b) Twelve-month percentage change in the CPI.

#### 4. RESULTS, MARGINS AND PROFITABILITY

Consistent with the comments already made regarding the moderation in the rate of growth of productive activity, the gross operating result or surplus grew by 4.3 %, a lower rate than in the first quarter of 1998 (13.1 %). The breakdown by sector of activity shows the existence of a turning point in the operating results of manufacturing firms, which fell by -9.4 %, with reductions in their level of activity being accompanied by increases in their average compensation and, their employment having stabilised, in their personnel costs. Box 1 analyses these developments in greater detail on the basis of the profile of the quarterly series analysed (Chart 1 shows the cumulative growth in the year on the same period a year earlier). The other sectors saw significant increases in their gross operating result, with the exception of electricity. In 1999, the increase in GVA in that sector was accompanied by a significant reduction in personnel costs (due to staff adjustment, the relevant severance payments having been provisioned in previous years), so that this variable rose by 7.1 %, as against 4.9 % in the same quarter of the previous year. As regards firm size, the slowdown in the growth of the surplus was most apparent in large firms, in which the gross operating result grew by 3.9 %, as against 12.9 % in the first quarter of 1998.

Financial costs continued to fall in the first quarter of 1999, basically as a result of the fall in the cost of finance, since the level of debt rose strongly, as can be seen below:

	99 Q1/98 Q1
<b>Change in financial costs</b>	<b>-8.1 %</b>
A <i>Interest on borrowed funds (1+2)</i>	<i>-10.4 %</i>
A.1. Due to the cost (interest rate)	-24.8 %
A.2. Due to the amount of interest-bearing debt	14.4 %
B. <i>Commissions and cash discounts</i>	2.3 %

Thus, in the period considered, interest-rate cuts made in prior quarters continued to be passed through to non-financial firms. Their contribution, in absolute terms, to the improvement in the firms' accounts, in step with the reduction in the weight of interest in the profit and loss account (interest on borrowed funds fell from 5.7 % of turnover in 1995 to 2.8 % in the first quarter of 1999), is beginning to be less significant. At the same time, business buoyancy and the investment alternatives in other markets, in a context of low interest rates, is leading firms to increase their resort to foreign sources of financing. This fall in financial costs was accompanied by an increase in financial revenue, mainly dividends received, and has taken the rate of growth of funds generated in the first

TABLE 5

**Gross operating result, funds generated, return on assets and leverage  
Breakdown by size, ownership status and main activity of firms  
(Growth rates of the same firms on the same period a year earlier)**

	Gross operating result				Funds generated				Return on assets (R.1) (a)				Leverage (a)			
	CBA		CBQ		CBA		CBQ		CBA		CBQ		CBA		CBQ	
	1997	98 Q1-Q4 (b)	98 Q1	99 Q1	1997	98 Q1-Q4 (b)	98 Q1	99 Q1	1997	98 Q1-Q4 (b)	98 Q1	99 Q1	1997	98 Q1-Q4 (b)	98 Q1	99 Q1
<b>Total</b>	<b>11.2</b>	<b>5.1</b>	<b>13.1</b>	<b>4.3</b>	<b>17.6</b>	<b>8.3</b>	<b>15.9</b>	<b>7.9</b>	<b>10.7</b>	<b>11.8</b>	<b>11.6</b>	<b>11.2</b>	<b>3.8</b>	<b>5.6</b>	<b>5.3</b>	<b>6.3</b>
<b>Total, except electricity sector</b>	<b>17.5</b>	<b>9.1</b>	<b>17.5</b>	<b>3.0</b>	<b>23.4</b>	<b>12.1</b>	<b>19.3</b>	<b>11.7</b>	<b>10.8</b>	<b>11.6</b>	<b>10.6</b>	<b>9.9</b>	<b>3.7</b>	<b>5.2</b>	<b>4.1</b>	<b>5.1</b>
SIZE:																
Small	11.5	—	—	—	18.6	—	—	—	13.2	—	—	—	4.4	—	—	—
Medium	15.6	11.4	17.4	14.1	17.2	12.7	21.0	14.8	13.1	13.3	14.0	14.8	5.9	7.4	8.1	10.4
Large	10.8	4.8	12.9	3.9	17.6	8.1	15.6	7.6	10.3	11.7	11.5	11.0	3.6	5.5	5.1	6.1
STATUS:																
Public-sector	1.6	7.2	24.1	-1.5	12.0	30.2	31.3	-3.5	5.7	5.2	2.9	7.1	-0.8	-0.2	-2.0	2.7
Private-sector	13.5	4.9	12.5	4.7	18.6	7.1	15.0	9.1	13.0	13.0	13.3	12.1	6.0	6.7	6.7	7.3
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Manufacturing industries	22.0	9.0	27.1	-9.4	27.1	8.6	28.0	-10.6	12.1	15.5	15.4	13.5	5.4	9.8	9.6	9.1
Production and distribution of electricity, gas and water	-5.7	-3.6	4.9	7.1	0.3	-0.6	9.2	-0.7	10.1	12.1	13.8	14.1	4.2	6.3	7.6	9.3
Distributive trade	16.4	20.4	16.9	11.2	16.3	21.5	18.7	13.4	14.5	13.8	15.3	17.8	7.7	7.7	8.6	13.0
Transport, storage and communications	15.1	6.2	12.3	5.9	22.1	13.6	14.2	8.6	8.2	10.0	7.4	6.0	0.4	2.9	0.2	0.9

Source: Banco de España.

(a) When calculating the data in these columns the effect of the balance-sheet restatement under Royal Legislative Decree 7/1996 has been removed in order to homogenise the series.

(b) The data in these columns have been calculated as the arithmetic mean of the quarterly data.

quarter of 1999 to 7.9 %. Admittedly this is well below the rate in the same period of the previous year (15.9 %), but it is an indication of the favourable situation of corporate results. By sector, manufacturing continues to be notable for its negative performance, with a fall of -10.6 % in funds generated, in line with the fall detected in its activity. Funds generated in the electricity sector fell by -0.7 %, due to the strong increase in its net financial costs. In other sectors funds generated performed more positively, albeit with more moderate growth than in the previous year.

As regards profitability, both the return on net assets and the return on equity held at notably high levels (see Table 5), exceeding, in the latter case, the level of the same quarter a year earlier. This higher return was not observed in the case of manufacturing firms, due to the developments in the sector referred to

above, although the fall in its level of profitability was lessened (the return on net assets fell by two percentage points from the first quarter of 1998, to 13.5 %) by the effect of lower transfers to provisions. The return on equity in the other sectors equalled or exceeded the 1998 level. This, combined with the reduction in the cost of borrowing (for the sample as a whole it fell by 1.6 percentage points), enabled both the total aggregate of firms and all the sectors specified to continue recording positive leverage levels, above those of the first quarter of 1998. Table 6 shows that in the first quarter of 1999 there was an increase in the number of firms posting more moderate levels of profitability. Thus, while in the first three months of 1998, 49.3 % of firms had returns on equity above 15 %, in the same period of 1999 the percentage had fallen to 47.9 %, i.e. by 1.4 percentage points.

TABLE 6

**Structure of reporting firms' returns  
on net assets and on equity**

	CBQ			
	Return on net assets (R.1)		Return on equity (R.3)	
	98 Q1	99 Q1	98 Q1	99 Q1
<b>Total firms</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
R 0 %	18.8	18.9	22.8	21.4
0 % < R 5 %	13.6	15.6	8.8	11.1
5 % < R 10 %	15.4	16.2	9.6	9.1
10 % < R 15 %	13.5	12.2	9.5	10.5
15 % < R	38.7	37.2	49.3	47.9
<b>Number of firms</b>	<b>854</b>	<b>705</b>	<b>854</b>	<b>705</b>
MEMORANDUM ITEM:				
Average return	<b>11.6</b>	<b>11.2</b>	<b>14.9</b>	<b>15.1</b>

Source: Banco de España.

Finally, to sum up, the impact of the international financial crisis, mainly on the industrial sector, led to a slowdown in the growth of activity of the individual firms reporting to the CBQ in the first quarter of 1999. However, despite this, the good performance of the firms engaged in other activities and the positive trend in financial results (financial revenue less costs) made for an increase in the surplus and overall profitability of the sample. The improvements in own sources of financing, as a consequence of the increase in profits, and the favourable conditions on which external financing is available,

are enabling firms to strengthen their productive structures and to make headway in the restructuring of their businesses in the face of the challenge posed by the opening up of markets prompted by monetary union. This, moreover, is the base for employment creation, a process which is somewhat obscured in the analysis of the CBQ firms by the high weight in the sample of a small number of very large firms still undergoing restructuring.

22.6.1999.

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## Financial regulation: second quarter of 1999

### 1. INTRODUCTION

New financial provisions were relatively sparse in the second quarter of 1999, although some of them are of great importance.

In the area of the Banco de España, two circulars were published in relation to the *Sistema Nacional de Compensación Electrónica* (National Electronic Clearing System, SNCE). The first incorporates, within the current-account cheques and promissory notes general subsystem, documents subject to a protest before a notary public, since the extension of the period for protest means that protests can now be processed in the system by computer. The second, basically attempts to update various Banco de España circulars relating to the SNCE which had become obsolete, adapting them to current legislation.

With respect to credit institutions, the provisions of Directive 97/5/EC of 27 January 1997 (1) of the European Parliament and of the Council on cross-border credit transfers have been partially incorporated into Spanish law. As in the Directive, it is intended that transfers carried out through a credit institution from one place to another within the European Union (EU) should be rapid, reliable and cheap, and the customer information the institutions are required to ensure and the minimum obligations the institutions must assume to execute such transfers are established. Also, the table of official benchmark rates for mortgages has been adjusted, incorporating a new one-year interbank benchmark rate linked to the Euribor index.

Most of the provisions enacted during this period relate to the securities market. In the primary market, the liberalising regime introduced by Law 24/1988 of 28 July 1988 (2) has been extended to include issues of securities previously banned or subject to prior authorisation, modifying their administrative treatment. At the same time, the new legal regime for issuance in the securities markets established in Royal Decree 2590/1998 of 7 December 1998 (3) has been partially implemented: the National Securities Market Commission (CNMV) has been authorised to determine the content of short-form programme prospectuses (a new form of short-form prospectus) and to modify certain

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(1) See "Regulación financiera: primer trimestre de 1997", in *Boletín económico*, Banco de España, April 1997, p. 117.

(2) See "Regulación financiera: tercer trimestre de 1988", in *Boletín económico*, Banco de España, October 1988, pp. 61 and 62.

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

types of prospectus currently regulated to adapt them to the special characteristics of the issuers, in order to make it easier for them to place securities in the primary market.

In the area of Portfolio Investment Institutions, three provisions worth mentioning are discussed: first, the agreements for the promotion of asset securitisation funds, which have made it possible to set up funds ("FTPymes") which, with a state guarantee, will specialise in the securitisation of loans to productive firms; second, the amendment of the co-operation agreements relating to FONDTESOROs (mutual funds which invest in government securities), state-guaranteed assets issued by "FTPymes", and to trade derivative instruments that are not traded on organised secondary markets; and, finally, the legal and tax regime for real-estate investment institutions, which implements the provisions of Law 20/1998 of 1 July 1998 (4). In particular, their investment policy has been made more flexible and they have been granted greater tax incentives.

With regard to other financial institutions the new legal regime for risk-capital institutions contained in Law 1/1999 of 5 January 1999 (5) has been implemented. The CNMV has been authorised to issue provisions in relation to the procedure for the authorisation of new institutions, and to establish their accounting rules and the formats for their annual accounts, as well as the information deriving from the financial supervision to which they are subject.

Turning to other areas, a new regulation has been issued on foreign investment, combining in one single piece of legislation the regulation of foreign investment in Spain and that of Spanish investment abroad, both of which are fully liberalised, in accordance with the principles laid down in this respect by the Treaty on European Union (the Maastricht treaty).

The publication of the statute of the Official Credit Institute should also be mentioned. This adapts its legal and financial regime to Law 6/1997 of 14 April 1997 on the organisation and operation of the general state administration, as was required by the provisions of the latter.

Finally, a set of urgent liberalisation and competition-enhancing measures have been introduced, to stimulate competition in markets for goods, services and productive factors, and also

(4) See "Financial regulation: second quarter of 1998", in *Economic bulletin*, Banco de España, July 1999, pp. 89-90.

(5) See "Financial regulation: fourth quarter of 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 100-101.

to avoid inflationary pressures emerging in certain sectors less exposed to foreign competition.

## 2. NATIONAL ELECTRONIC CLEARING SYSTEM: INCORPORATION OF NEW DOCUMENTS AND UPDATING OF CERTAIN ASPECTS

Royal Decree 1369/1987 of 18 September 1987 (6), the Ministerial Order of 29 February 1988 (7) and Banco de España Circular 8/1988 of 14 June 1988 (8) regulated the structure and operation of the SNCE, which is made up of the *Sistema Nacional de Intercambios* (National Exchange System) and the *Sistema Nacional de Liquidación* (National Settlement System). Later, Banco de España Circular 11/1990 of 6 November 1990 (9) laid down the operating rules for the current-account cheques and promissory notes general subsystem regulated in Rule SNCE-04 and integrated within the National Exchange System. Subsequently, said Circular was amended by Banco de España Circular 5/1991 of 26 July 1991 (10), Banco de España Circular 1/1995 of 30 June 1995 (11), Banco de España Circular 2/1998 of 27 January 1998 (12) and Banco de España Circular 9/1998 of 30 October 1998, in order to incorporate the clearing of new documents and payment instruments into that subsystem.

In the past, the regulation of Rule SNCE-04 excluded certain documents subject to one or more exceptions from its scope of application, including those subject to a protest before a notary public, since the period for its execution meant that they could not be processed through the subsystem.

Recently, under Law 19/1985 of 16 July 1985 on bills of exchange and cheques, amended by Law 37/1998 of 16 November

(6) See "Regulación financiera: cuarto trimestre de 1987", in *Boletín económico*, Banco de España, January 1988, p. 51.

(7) See "Regulación financiera: primer trimestre de 1988", in *Boletín económico*, Banco de España, April 1988, p. 65.

(8) See "Regulación financiera: segundo trimestre de 1988", in *Boletín económico*, Banco de España, July-August 1988, p. 79.

(9) See "Regulación financiera: cuarto trimestre de 1990", in *Boletín económico*, Banco de España, January 1991, pp. 31 and 32.

(10) See "Regulación financiera: tercer trimestre de 1991", in *Boletín económico*, Banco de España, October 1991, pp. 53 and 54.

(11) See "Regulación financiera: segundo trimestre de 1995", in *Boletín económico*, Banco de España, July-August 1995, p. 107.

(12) See "Financial regulation: first quarter of 1998", in *Economic bulletin*, Banco de España, April 1998, pp. 104 and 105.

1998 (13) on the reform of the securities market, the period for making protests was extended from five to eight business days. This has made it possible for these documents to be brought within the scope of application of Rule SNCE-04. The Banco de España has carried out this incorporation through Banco de España Circular 5/1999 of 28 May 1999 (BOE [Official State Gazette] of 16 June 1999).

The following documents, among others, remain excluded from the subsystem: cheques with a payment date the same as or after the clearing date; cheques with a payment date more than 15 calendar days before the clearing date; cheques made out to a named payee with an issue date more than 45 calendar days prior to the clearing date; current-account promissory notes with maturity subsequent to the clearing date; and current-account promissory notes with maturity date more than ninety calendar days prior to the clearing date.

*Banco de España Circular 6/1999 of 28 May 1999* (BOE of 16 June 1999), which amends various Banco de España circulars dedicated to the regulation of the SNCE, has been published. Its purpose is to update and homogenise their content, since some aspects thereof have been modified by higher ranking provisions, by the development of the SNCE itself, or by the publication of subsequent circulars.

### 3. BANK TRANSFERS

Directive 97/5/EC of the European Parliament and of the Council of 27 January 1997 on cross-border credit transfers laid down the basic rules for individuals and firms (in particular, small and medium-sized firms) to be able to make transfers through a credit institution from one place to another within the EU rapidly, reliably and cheaply, establishing both the customer information that the institutions must ensure and the minimum obligations of the institutions when executing such transfers in accordance with the customers' instructions.

The EU Member States were required to incorporate the provisions of this Directive into their domestic law by 14 August 1999.

*Law 9/1999 of 12 April 1999* (BOE of 13 April 1999), which regulates the legal regime for cross-border transfers within the EU, has been published in order to comply with this requirement. This law partially introduces into Spanish

law those provisions of Directive 97/5/EC that need to be enacted through a Law. The rest of the provisions of the Directive, which do not require such status, will be incorporated into Spanish law through the subsequent implementation of the Law.

The main novelty consists in the establishment, on one hand, of a number of minimum obligations of institutions in respect of the execution of cross-border transfers within the EU and, on the other, the legal consequences of breach of such obligations.

The scope of application of the Law includes any cross-border transfer made within the EU of an amount of up to EUR 50,000 (14) (approximately ESP 8.3 million pesetas) (excluding transfers not to be paid into an account), ordered by natural or legal persons (15), either through a credit institution or the branch of such an institution, or through so-called currency-exchange bureaux which manage transfers received from abroad or sent abroad through credit institutions. Likewise, intermediary institutions may participate in transfers between Member States. These may be credit institutions, other than the credit institutions of the originator and the beneficiary, acting as the correspondent of any of the above-mentioned entities.

With respect to the *minimum obligations* of the institutions, the latter shall execute transfers in accordance with the specific instructions of the customer, as regards both the time limit for execution and the total amount to be transferred. To this end, they shall comply with certain minimum requirements as to speed and reliability.

Both the institution of the originator and that of the beneficiary shall credit funds and make them available, respectively, within the time limit agreed with their customers. Where such time limit is not complied with or, in the absence of any such time limit, where, at the end of the fifth banking business day following the date of acceptance of the transfer order, the funds have not been credited to the beneficiary's account, the originator's institution shall compensate the latter in the terms laid down in the Law (16).

(14) The same amount as established in Directive 97/5/EC.

(15) The originator must be a natural or legal person other than a credit institution, currency-exchange bureau, insurance company, portfolio investment institution or investment services company.

(16) The compensation shall consist of interest on the amount of the transfer calculated at the legally established rate (4.25 % this year) multiplied by 1.25, for the period running from the end of the time limit indicated to the date on which the funds are credited into the account of the beneficiary entity.

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

The beneficiary's institution shall compensate the beneficiary, in similar terms, where the agreed time limit has not been complied with or, in the absence of any such time limit, where, at the end of the banking day following the day on which the funds have been credited to the account of the beneficiary's institution, they have not been credited to the beneficiary's account.

In the absence of any order to the contrary, the transfer must be executed free of charges for the beneficiary, unless the originator has specified that the charges for the transfer are to be wholly or partly borne by the beneficiary. Such instructions shall be notified to the beneficiary entity and to the intermediary institutions, if any. Otherwise, any amount unduly deducted shall be transferred or paid to the relevant party, the costs of such deductions being assumed by the party responsible.

The most serious case of breach consists of failure to execute a transfer, once it has been accepted by the originator's institution. In this case, the institution is obliged to refund the amount of the transfer plus the costs incurred by the originator and compensation – like that laid down in the Directive – up to a total of EUR 12,500 (approximately ESP 2.1 million).

Notwithstanding the foregoing, the Law provides that all the obligations mentioned are discharged in any situation of force majeure, namely abnormal and unforeseeable circumstances beyond the control of the person pleading force majeure, the consequences of which would have been unavoidable despite all efforts to the contrary.

#### 4. CREDIT INSTITUTIONS: THE "EURIBOR" INDEX AS A NEW BENCHMARK RATE FOR MORTGAGES

Banco de España Circular 8/1990 of 7 September 1990 (17) on the transparency of operations and the protection of customers implemented the Ministerial Order of 12 December 1989 (18), which extended to credit institutions rules that were initially only applicable to deposit money institutions. This Circular has been updated since to reflect the changes that have occurred in the Spanish financial system, which have had a particular impact on the oper-

(17) See "Regulación financiera: tercer trimestre de 1990", in *Boletín económico*, Banco de España, October 1990, pp. 76 and 77.

(18) See "Regulación financiera: cuarto trimestre de 1989", in *Boletín económico*, Banco de España, January 1990, p. 35.

ations of credit institutions with their customers, as well as to adapt Spanish law to the EU law in this area. In particular, the latest amendments to Banco de España Circular 8/1990 were introduced by Banco de España Circular 4/1998 of 27 January 1998 (19), which incorporated the provisions of the Recommendation of the European Commission of 30 July 1997 concerning transactions by electronic payment instruments, and by Banco de España Circular 3/1999 of 24 March 1999 (20), which introduced some of the rules contained in Law 46/1998 of 17 December 1998 (21) on the introduction of the euro, as well as the recommendations of the European Commission of 23 April 1998 (22) concerning "banking charges for conversion to the euro" and concerning "dual display of prices and other monetary amounts", during the transitional period (from 1 January 1999 to 31 December 2001).

Banco de España Circular 8/1990 has recently been amended again, by *Banco de España Circular 7/1999 of 29 June 1999* (BOE of 9 July 1999). The table of official benchmark rates for mortgages has been extended to incorporate a new benchmark index linked to the euro-area interbank market. This index has been created by the European Banking Federation on the basis of the information provided by a broad set of banks of the area on their one-year interbank operations. This new one-year interbank benchmark rate, called EURIBOR, is defined as the simple arithmetic mean of the values of the spot rate published by the European Banking Federation for one-year euro deposit transactions, calculated from the offering rates of the above-mentioned banks.

#### 5. MODIFICATION OF THE RULES ON SECURITIES ISSUANCE

Law 24/1988 of 28 July 1988 on the securities market established the general principle of freedom of issuance on the Spanish market, although, at the same time, it empowered the Ministry of Economy and Finance to ban certain issues or make them subject to prior authorisation. The Ministerial Order of 14 November

(19) See "Financial regulation: first quarter of 1998", in *Economic bulletin*, Banco de España, April 1998, pp. 105-106.

(20) See "Financial regulation: first quarter of 1999", in *Economic bulletin*, Banco de España, April 1999, pp. 58-60.

(21) See "Financial regulation: fourth quarter of 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 83-90.

(22) See "Financial regulation: second quarter of 1998" in *Economic bulletin*, Banco de España, July 1998, pp. 92-93.

1989 (23), exercising this power, banned issues of securities where the principal or interest may be revised in accordance with the movements in some general index, and made three types of issue subject to prior authorisation: issues denominated in foreign currency made on the domestic market; issues by non-residents made on the domestic market; and issues with a maturity of more than 18 months when certain circumstances apply. Subsequently, the Ministerial Order of 18 December 1992 (24) dispensed with the need for prior authorisation in the first two cases (foreign-currency-denominated issues and issues by non-residents), without prejudice to the requirement for issues by non-residents in the Spanish market to be notified in advance to the Treasury.

The *Ministerial Order of 28 May 1999* (BOE of 4 June 1999) has recently extended the liberalising regime to the other cases mentioned, changing their administrative treatment.

Thus, the only case of a ban, namely issues of securities where the principal or interest may be revised in accordance with some general price index or with the price of some good or service or indices linked to the latter, is now subject to *prior authorisation*. However, this regime does not affect issues whose interest rate may be revised in accordance with the change in another interest rate which serves as a benchmark rate, or those whose yield is determined by the change in stock market indices or the indices of other secondary securities markets which, as in the past, remain liberalised.

The need for prior authorisation is lifted in the only case in which it was provided for, i.e. for issues with maturity of more than 18 months with any of the following characteristics:

1. No explicit return (e.g. zero-coupon bonds).
2. A mixed return, provided that the actual explicit annual return is less than the benchmark rate in force for each issue.
3. An explicit return (coupons) payable at intervals of more than one year.

When these types of issues are made and there is an obligation to register the prospectus with the CNMV, the latter shall send a copy of

(23) See "Regulación financiera: cuarto trimestre de 1989", in *Boletín económico*, Banco de España, January 1990, p. 39.

(24) See "Regulación financiera: cuarto trimestre de 1992" in *Boletín económico*, Banco de España, January 1993, p. 75.

the same to the tax authorities. The CNMV shall also inform the tax authorities of the result of the allotment procedure and the dispersion of the placement, as well as of any changes in the characteristics of the securities already issued.

## 6. PROSPECTUSES FOR USE IN ISSUES OR PUBLIC OFFERINGS OF SECURITIES

Royal Decree 2590/1998 of 7 December 1998 (25) on changes to the legal regime for the securities markets made important changes to the regulation of issues and public offerings of securities. Among the changes, in relation to the primary market, one of the most important concerns prospectuses. A new form of short-form prospectus, called a *short-form programme prospectus*, was introduced and the minimum content of prospectuses established. The latter may vary according to the type of securities to be issued, the characteristics of the issuing entity, the amount of the issue and any other circumstances that justify a difference. In both cases, the CNMV was authorised to adapt the content of these prospectuses to the special characteristics of the issuer, in order to facilitate the placement of securities on the primary market on comparable conditions to those in other EU countries.

The CNMV, exercising this power, has published *Circular 2/1999 of 22 April 1999* (BOE of 30 April 1999), which implements the new abridged programme prospectus and modifies certain types of prospectus currently regulated to adapt them to the special characteristics of the issues.

One notable change is the possibility that the CNMV may require, in certain circumstances, and for all forms of prospectus provided for in this provision, an introductory chapter (Chapter 0), to highlight the most important circumstances and the specific risks of the issuer offering securities. Also, a new format is introduced for Chapter 1, relating to the persons who assume the responsibility for the content of the prospectus and the relevant supervisory bodies, applicable to all forms of prospectus which issuers of equities, fixed income or warrants envisaged in this Circular may use.

As an alternative to the traditional short-form prospectus (designed for a specific issue) the short-form programme prospectus can cover the plan for issues or offerings – generally, issues of private fixed income – which a single

(25) See note 3.

entity intends to make during the following 12 months. Thus, each time the entity decides to make an issue envisaged in the plan, it will not have to publish a new short-form prospectus, but simply to file supplementary information with the CNMV at the time of the issue. The CNMV has introduced two kinds of programme prospectus for fixed-income issues: one for non-convertible and non-exchangeable fixed-income securities (simple fixed income) and the other for warrants.

The Circular also modifies other types of prospectus to adapt them to the special circumstances of simple fixed-income issues, and it clarifies the type and content of other forms of prospectus applicable both to equities and fixed-income securities in general.

In particular, as regards the forms of prospectus for simple fixed income, the following are provided for:

- a) An extended prospectus specifically for fixed income, the content of which is more limited and less extensive than that of the incomplete prospectus regulated in the Ministerial Order of 12 July 1993, which can only be used by issuers who issue exclusively fixed-income securities.
- b) An extended prospectus specially for public-sector entities (which may be used by domestic or foreign public-sector bodies, international agencies of a public nature and foreign states) which are not exempt from the legal requirement to prepare and file a prospectus.
- c) A short-form prospectus for the issue or offering of simple fixed income securities which modifies the short-form prospectus used until now for this kind of issuer and extends the benefits of the reform to those who because they issue sporadically cannot take advantage of the programme prospectus system.
- d) A short-form programme prospectus for simple fixed-income securities and a short-form programme prospectus for warrants.

Thus, besides clarifying the type and content of the forms of prospectus for the issue and public offering of both fixed-income and equity securities, the CNMV has established a new regime for the issuance of fixed-income securities, which is much more rapid and efficient than the one currently in force, in order to help increase the financing possibilities for numerous firms in the Spanish market.

## 7. PORTFOLIO INVESTMENT INSTITUTIONS: CHANGES TO "FONDTESOROS"

The Ministerial Order of 7 June 1990 (26), amended by the Ministerial Order of 25th January 1994 (27), authorised the Ministry of Economy and Finance, through the Directorate General of the Treasury and Financial Policy, to enter into standard-form co-operation agreements with the Management Companies of Portfolio Investment Institutions for the creation of Securities Funds and Money-Market Funds to invest in public debt (hereafter "FONDTESOROS"). Also, the Treasury undertook to grant, during the term of the agreements, use of the trademark "FONDTESORO" and of its logotypes, in order to facilitate the marketing of the funds.

The Ministerial Order of 10 June 1997 (28) on the financial operations of Portfolio Investment Institutions in financial derivatives, opened up the possibility for such institutions to enter into contracts for derivatives not traded on any organised secondary market. Recently, the Ministerial Order of 28 May 1999 on agreements for the promotion of asset securitisation funds (commented on below) provides for the creation of funds which, under the trade name "FT-Pyme", will specialise in the securitisation of loans to productive firms, with part of their liabilities (within the principal tranche of fixed-income securities) enjoying a state guarantee.

In order for FONDTESOROs to be able to benefit from the use of such instruments for the management of their portfolios, the *Ministerial Order of 28 May 1999* has been published. It partially amends the Ministerial Order of 7 June 1990 on co-operation agreements relating to FONDTESOROs, enabling these mutual funds to invest in that part of the assets issued by "FTPymes" covered by the state guarantee and, also, to enter into contracts for derivative instruments not traded on any organised secondary market.

Likewise, and in order to widen the range of financial assets in which they can invest their funds, it has been considered appropriate to permit a percentage of their portfolio to be invested in other fixed-income assets, provided that they enjoy a high credit rating. Finally, in the

(26) See "Regulación financiera: segundo trimestre de 1990" in *Boletín económico*, Banco de España, July-August 1990, pp. 80 and 81.

(27) See "Regulación financiera: primer trimestre de 1994" in *Boletín económico*, Banco de España, April 1994, p. 93.

(28) See "Regulación financiera: segundo trimestre de 1997" in *Boletín económico*, Banco de España, July-August 1997, pp. 111-113.

case of newly created FONDTESOROs, this Order authorises investment of up to a certain percentage of their portfolio in equity securities.

Thus, the Order in question makes three new investment possibilities available both to newly created FONDTESOROs and those others which, having an agreement in force, wish to modify their investment policy in order to extend the variety of financial instruments in which they can invest their funds. They are the following:

- *FONDTESORO RENTA FIM*: whose portfolio must be invested (save for the part to cover the liquidity ratio), principally, in government debt, in any of its forms, or in bonds issued by FTPymes which enjoy a state guarantee. These investments must account for no less than 70 % of the assets of the fund. Likewise, at least 50 % of their assets shall be invested outright in government bonds, or the like, with an original maturity of more than one year, and they may invest a maximum of 20 % of their total assets in other fixed-income securities (other than government debt) that are traded on a Spanish organised secondary market and have a high credit rating. Finally, they may trade on forward markets or markets for financial derivatives solely in order to hedge the financial risks of their portfolios.
- *FONDTESORO PLUS FIM*: whose portfolio must have the same composition as above, except for the final percentage. Thus, this type of FONDTESORO may invest a maximum of 20 % of its total assets in the equity securities on which the IBEX-35 index is based and in other fixed-income securities (other than government debt) that are traded on a Spanish organised secondary market and have a high credit rating. They may also trade on forward markets and markets for financial derivatives solely in order to hedge the financial risks of their portfolios.
- *FONDTESORO RENTA FIAMM*: whose portfolio must be invested (save for the part to cover the liquidity ratio), principally, in government debt, in any of its forms, or in bonds issued by FTPymes which enjoy a state guarantee. These investments must account for no less than 80 % of the assets of the fund. Likewise, at least 60 % of their assets shall be invested in government debt in any of its forms with a residual maturity not exceeding the limits laid down in current legislation (at the moment, eighteen months), and they may invest a maximum of 10 % of their total assets in other fixed-income securities (other than government debt) that are traded on a Spanish organ-

ised secondary market, have a high credit rating and have a residual maturity not exceeding the limits established in current legislation. Finally, they may also trade on forward markets or markets for financial derivatives, for the sole purpose of hedging the financial risks of their portfolio.

## 8. ASSET SECURITISATION FUNDS: PROMOTIONAL AGREEMENTS (FTPYMES)

Royal Legislative Decree 3/1993 of 26 February 1993 (29) on urgent budgetary, tax, financial and employment measures and additional provision five of Law 3/1994 of 14 April 1994, whereby the Second Banking Co-ordination Directive was introduced into Spanish law, authorised the government to extend the regime established in Law 19/1992 of 7 July 1992 (30) for mortgage securitisation funds, with suitable adaptations, to the securitisation of other loans and creditors' rights, including those arising under leasing transactions, and those relating to the activities of small and medium-sized firms, to be known as asset securitisation funds. The government, exercising this power, issued Royal Decree 926/1998 of 14 May 1998 regulating asset securitisation funds and their management companies, establishing the reference framework for asset securitisation in Spain.

Recently, Law 49/1998 of 30 December 1998 (31) on the 1999 State Budget, has empowered the Ministry of Economy and Finance to give guarantees for fixed-income securities issued by asset securitisation funds set up under the agreements which would be entered into by the said Ministry with their management companies and, at the same time, to establish rules and requirements for such agreements.

The *Ministerial Order of 28 May 1999* (BOE 4 June 1999) has been published to execute this provision. It establishes the regime for and content of the promotional agreements which the Ministry of Economy and Finance (through the Directorate General of the Treasury and Financial Policy (DGTPF) may enter into with the management companies of asset securitisation funds. The purpose of such agreements is to

(29) See "Regulación financiera: primer trimestre de 1993" in *Boletín económico*, Banco de España, April 1993, p. 96.

(30) See "Regulación financiera: segundo trimestre de 1992" in *Boletín económico*, Banco de España, July-August 1992, pp. 93 and 94.

(31) See "Financial regulation: fourth quarter of 1998", in *Economic bulletin*, Banco de España, January 1999, p. 109.

promote the creation of asset securitisation funds which, under the trade name "FTPyme", may benefit from state guarantees for the fixed-income securities they issue, in order to support the financing of business.

Management companies seeking to enter into such agreements shall file an application with the DGTPF, submitting a report explaining their plans to set up an FTPyme. This step shall be carried out quite separately from the formalities subsequently required by the CNMV under current regulations. To this end, in addition to observing the general provisions of the relevant legislation, they shall fulfil the following requirements:

1. As regards their assets, loans or credits granted by credit institutions which have signed the agreement executed with the Ministry of Economy and Finance may be securitised. Such loans or credits must fulfil the conditions stipulated in that agreement.
2. As for liabilities, the percentages of the nominal value of each series or class of fixed-income securities issued by asset securitisation funds which may be guaranteed are specified in the annex to the Order.
3. There must be a credit improvement which reduces the risk of the guaranteed securities, so that they are granted a minimum credit rating by a credit rating agency recognised by the CNMV. This rating must be obtained prior to the final grant of the guarantee.
4. Finally, all the securities issued by the asset securitisation funds belonging to the series or classes guaranteed by the state must be traded, even when the guarantee only covers a proportion of the series or class, on an official Spanish secondary securities market.

Lastly, the Order's annexes contain details of the standard co-operation agreement for the creation of FTPymes to be entered into by the DGTPF and the management companies, as well as of the framework co-operation agreement between the Ministry of Economy and Finance and credit institutions, determining which credits may be assigned to FTPymes, set up to support the financing of business.

## 9. REAL-ESTATE INVESTMENT INSTITUTIONS

The basic regulation of Portfolio Investment Institutions is contained in Law 46/1984 of 26

December 1984 (32), and in its implementing regulations, i.e. Royal Decree 1393/1990 of 2 November 1990 (33). Subsequently, both pieces of legislation were amended, by Law 19/1992 of 7 July 1992 (34) and Royal Decree 686/1993 of 7 May 1993 (35), respectively, to incorporate the regulation of real-estate investment institutions (real-estate investment companies and mutual funds), establishing their financial characteristics, and the tax and sanctioning regimes applicable to them. Later, the Ministerial Order of 24 September 1993 (36) completed the legislation regulating these institutions, and specified the significant role to be performed by management and appraisal companies and the custodian in their affairs.

The precautionary measures established in these provisions involved certain rigidities that made these instruments unattractive compared to other forms of portfolio investment. These limitations were overcome by Law 20/1998 of 1 July 1998 (37) on reform of the legal and tax regime for real-estate investment institutions and on the assignment of certain creditors' rights of central government, which amended Law 46/1984, introducing greater flexibility into their investment policy and greater tax incentives.

It was then necessary to amend Royal Decree 1393/1990, to adapt the regulations to the provisions of Law 20/1998, and this has now been done through *Royal Decree 845/1999 of 21 May 1999* (BOE of 4 June 1999).

Of the main changes introduced, it is worth highlighting the new investment options available to real-estate investment institutions. Until now real-estate investment institutions could only invest in completed buildings for rental, or in separate parts of them, to be used for housing, offices, car parks or commercial premises. Now, under this Law, they may also invest in buildings under construction, purchase options and commitments to purchase buildings by in-

(32) See "Regulación financiero: cuarto trimestre de 1984", in *Boletín económico*, Banco de España, January 1985, pp. 41-43.

(33) See "Regulación financiera: cuarto trimestre de 1990", in *Boletín económico*, Banco de España, January 1991, pp. 30 and 31.

(34) See note 23.

(35) See "Regulación financiera: segundo trimestre de 1993", in *Boletín económico*, Banco de España, July-August 1993, pp. 104 and 105.

(36) See "Regulación financiera: tercer trimestre de 1993", in *Boletín económico*, Banco de España, October 1993, pp. 77-79.

(37) See "Financial regulation: second quarter of 1998", in *Economic bulletin*, Banco de España, July 1998, pp. 89-90.

stalments, provided that their maturity does not exceed two years, title to administrative licences which allow buildings to be rented, as well as buildings to be used as residences for students and the elderly. In all cases, these types of business shall be exploited through rental.

As against the current regime of a complete ban on transactions with shareholders and group companies, some are permitted, subject to certain limits and conditions. Thus, real-estate investment institutions' shareholders and group companies may be lessees or hold rights, other than those arising from their shareholder status, with respect to the property which makes up the assets of the institutions, provided that no conflict of interests arises therefrom, and that arm's-length prices and conditions apply to the relevant contracts. The same provisos shall be applicable to any purchase or sale of property where the other party is a shareholder. These provisions shall also apply in the case of persons or entities having links with shareholders, and property rented to such persons or entities may not, under any circumstances, exceed 25 % of the assets of real-estate investment institutions. As regards the contributions of shareholders to the capital or net worth, these may take the form of, besides cash, real estate or securities.

Real-estate investment institutions may also finance the acquisition of property and its refurbishment through mortgages, provided that the outstanding balance of borrowing does not exceed 50 % of the assets of the institution. Finally, they may acquire property from entities of the same group, or which belong to the group of their management company, provided that they are newly built and that certain other requirements are fulfilled.

As regards the rules governing their investments, real-estate investment companies shall invest at least 90 % of the annual average of the monthly balances of their assets in real estate with the above-mentioned characteristics. The rest may be invested in fixed-income securities traded on organised secondary markets, as well as in such equities as may be determined by the Ministry of Economy and Finance. Real-estate investment funds shall invest at least 70 % of the annual average of the monthly balances of their assets in real estate. Also, they shall maintain a liquidity coefficient of at least 10 % of the total assets of the previous month, in the form of cash, deposits, sight accounts or assets with a residual majority of less than 18 months. Of this coefficient, up to 5 % of total assets may take the form of such equities as may be determined by the Ministry of Econo-

my and Finance. The remaining percentage of the assets may be invested in fixed-income securities traded on organised secondary markets. In both cases, these institutions may not acquire any single asset representing more than 35 % of their total assets.

As regards the tax regime for these institutions, that provided for in Law 20/1998 is introduced. Thus, corporate income tax shall be levied at a rate of 1 %, provided that investments in any type of urban property for rental account, during the tax period as a whole, for at least 50 % of their assets (investments in housing and residences for students and the elderly count for these purposes). In the case of property under construction, it must be registered in the Property Registry. Finally, the minimum period for which properties must be held by the institutions is reduced from four to three years, save where, exceptionally, the institution has the express authorisation of the CNMV.

The Royal Decree in question also amends Royal Decree 1343/1992 of 6 November 1992 (38), implementing Law 13/1992 of 1 June 1992 (39) on shareholders' equity and supervision on a consolidated basis of financial institutions. Thus, as regards the weighting of risk elements for the calculation of the solvency coefficient, the mortgage market fixed-income securities envisaged in Law 2/1981 of 25 March 1981 on the mortgage market are introduced with a weighting of no less than 10 % (previously 50 %). Finally, certain changes are made to Royal Decree 1732/1998 of 31 July 1998 (40) on the fees applicable to the activities and services provided by the CNMV.

## 10. RISK-CAPITAL INSTITUTIONS: AUTHORISATION OF NEW INSTITUTIONS, ACCOUNTING RULES AND INFORMATION OBLIGATIONS

Certain amendments have been made to the legal regime for risk-capital institutions, initially contained in Royal Legislative Decree 1/1986 of 14 March 1986 (41) on urgent administrative, financial, tax and employment measures, to

(38) See "Regulación financiera: cuarto trimestre de 1992, in *Boletín económico*, Banco de España, January 1993, pp. 65-71.

(39) See "Regulación financiera: segundo trimestre de 1992", in *Boletín económico*, Banco de España, July-August 1992, pp. 82-86.

(40) See "Financial regulation: third quarter of 1998" in *Economic bulletin*, Banco de España, October 1998, pp. 79-80.

(41) See "Regulación financiera: primer trimestre de 1986", in *Boletín económico*, Banco de España, April 1986, pp. 31 and 32

adapt its provisions to current circumstances. Law 1/1999 of 5 January 1999 (42) established a stable and complete legal framework for these institutions, laying the foundations for them to continue promoting and fostering small and medium-sized non-financial firms, which engage in activities relating to technological innovation or others through the acquisition of temporary holdings in their capital.

This Law authorises the Ministry of Economy and Finance to determine, for each type of risk-capital institution (according to their specialities), the requirements and forms to apply for authorisation, as well as the documents which must accompany such applications. It is also authorised to establish and modify the accounting rules and the information which both the risk-capital institutions and their management companies must provide to the CNMV.

The *Ministerial Order of 17 June 1999* (BOE of 30 June 1999) has been published pursuant to this power. It partially amends Law 1/1999, authorising the CNMV to issue provisions in relation to the procedure for the authorisation of new institutions, and to determine the accounting rules and the formats for the annual accounts, in order to adapt them to the prolonged period of maturity of the investments which they make, incorporating a specific section containing information on the fulfilment of coefficients and information deriving from the financial supervision to which they are subject. It is also authorised to determine the content, frequency and scope of the information (in particular, on activities, investments, funds, net-worth, financial statements, shareholders and the economic/financial situation) which these institutions and their management companies must supply to the said Commission.

## 11. THE NEW LEGAL REGIME FOR CAPITAL MOVEMENTS AND FOREIGN INVESTMENT

Directive 88/361/EC of 24 June 1988 liberalised capital movements between residents in Community states, establishing a transitional period of application for Spain, which ended on 31 December 1992. However, the Spanish economic situation and the growing internationalisation of economic activity made it possible to bring forward the full liberalisation of cross-border transactions and transfers to February 1992, through Royal Decree 1816/1991 of 20

(42) See "Financial regulation: fourth quarter of 1998" in *Economic bulletin*, Banco de España, January 1999, pp. 100 and 101

December 1991 (43). That royal decree was subsequently adapted to the new liberalised context by means of Law 18/1992 of 1 July 1992 (44), its implementing regulations being issued by Royal Decree 671/1992 of 2 July 1992 (45) on foreign investment in Spain and Royal Decree 672/1992 of 2 July 1992 (46) on Spanish investment abroad.

The Treaty on European Union, signed by Spain on 7 February 1992 (47), established full freedom of movement of capital. However, it authorised the Member States to impose or maintain administrative requirements for the liberalised transactions, for two basic reasons: to allow administrative, statistical or economic monitoring of such operations and to allow the adoption of measures justified by reasons of public order and security.

The purpose of the above-mentioned royal decrees was to incorporate the provisions of Directive 88/361 into Spanish law. However, this directive was subsequently superseded by the provisions of the Maastricht Treaty on the freedom of capital movements, which translated into a system characterised by the absence of administrative controls of a prior nature, unless, pursuant to the safeguard clauses, they affected national interests.

*Royal Decree 664/1999 of 23 April 1999* (BOE of 4 May 1999) on foreign investment has now been published to ensure that Spanish law is fully adjusted to the provisions of the Maastricht Treaty. This establishes, generally, the freedom of both incoming and outgoing capital movements.

The Royal Decree combines in a single piece of legislation the regulation of foreign investment in Spain and Spanish investment abroad, both being fully liberalised, at the same time as it repeals the above-mentioned Royal Decrees 671/1992 of 2nd July 1992 and 672/1992 of the same date. All this is without prejudice to the special regimes affecting foreign investment in Spain that are contained in specific sectoral legislation.

(43) See "Regulación financiera: cuarto trimestre de 1991", in *Boletín económico*, Banco de España, January 1992, pp. 58-60.

(44) See "Regulación financiera: segundo trimestre de 1992" in *Boletín económico*, Banco de España, July-August 1992, pp. 87-89.

(45) See previous note.

(46) See "Regulación financiera: segundo trimestre de 1992", in *Boletín económico*, Banco de España, July-August 1992, pp. 89 and 90.

(47) See "Regulación financiera: cuarto trimestre de 1992", in *Boletín económico*, Banco de España, January 1993, p. 72.

The main change introduced by the Royal Decree is the establishment of an ex-post administrative step consisting of a general declaration of investments for administrative, economic and statistical purposes, while the prior verification and authorisation procedures required until now are dispensed with. However, in certain cases of investment made from territories or countries classified by current Spanish law as *tax havens*, a prior declaration is required in addition to the declaration mentioned above.

With respect to *foreign investment in Spain*, it is worth mentioning that the traditional categories into which investment used to be classified (direct, portfolio, real-estate, and other forms of investment) are replaced by a specific list of operations considered to be foreign investment:

1. The taking of holdings in Spanish firms.
2. Establishing and increasing capital endowments of branches.
3. The subscription for and acquisition of marketable debt securities issued by residents.
4. The acquisition of shares in mutual funds registered with the CNMV.
5. The acquisition of property situated in Spain, for a total amount exceeding ESP 250 million (or the euro equivalent), or when, irrespective of the amount, it comes from a tax haven.
6. The creation, execution or participation in joint ventures, foundations, economic interest groupings, co-operatives and co-ownership, when the total value of the share of the foreign investors exceeds ESP 500 million (or the euro equivalent), or when, irrespective of the amount, it comes from a tax haven.

As regards its declaration, generally the investment shall be declared by the non-resident investor after it has been made, merely for administrative, statistical or economic purposes. Non-resident investors shall send to the Investment Registry of the Ministry of Economy and Finance information on such operations within such period and with such content as may be established by the rules implementing this decree. As an exception to the general rule, in the case of investments made from tax havens, investors must also make a declaration prior to making the investment.

Marketable securities (issued or offered publicly and traded on a secondary market) are a

special case. Here, the *financial institutions* whose activity is the custody or administration of securities represented by means of book-entries that are the object of the investment, or the firms whose intervention is necessary for the subscription or transfer of securities, in accordance with the rules applicable, are obliged to make the declaration. In the event that the investment is in securities that are not traded on secondary markets, but the parties have deposited or registered such securities voluntarily, the entity obliged to make the declaration shall be the entity which is the custodian or administrator of the same, unless a firm, securities agency or credit institution has intervened in the transaction, in which case it shall be responsible for making the declaration. In the case of bearer shares, the person obliged to declare shall be the Spanish firm in which the investment is made, and finally, investments in mutual funds shall be declared by the management company of the fund.

As regards the *regime for Spanish investment abroad*, it is somewhat similar to the above regime. Thus, the following operations are considered Spanish investment abroad:

1. The taking of holdings in foreign companies.
2. Establishing and increasing capital endowments of branches.
3. The subscription for and acquisition of marketable debt securities issued by non-residents.
4. The acquisition of shares in foreign mutual funds.
5. The acquisition of property situated abroad, for a total amount exceeding ESP 250 million (or the euro equivalent), or when, irrespective of the amount, the investment is in a tax haven.
6. The creation, execution or participation in joint ventures, foundations, economic interest groupings, co-operatives and co-ownership, when the total value of the share of the resident investors exceeds ESP 250 million (or the euro equivalent), or when, irrespective of the amount, the investment is in a tax haven.

Likewise, Spanish investments abroad shall be declared, generally by the resident investor after the investment has been made, for the same administrative, statistical or economic purpose. As an exception to the foregoing, only in the case of investment where the host is a

tax haven is a declaration also required prior to the making of the investment.

Investments in marketable securities made through investment services companies, credit institutions or any other resident entities engaging in any of the activities of the former, which act for the account and at the risk of the investor as the intermediary holder of such securities shall be declared to the Investment Registry by such entities.

As an exception to the liberalising regime, the Royal Decree establishes those cases in which prior clearance of the investment is necessary. Investments which by their nature affect or may affect – even occasionally – activities relating to the exercise of public power or activities which affect or may affect public order, security, and public health, require prior administrative authorisation by the Council of Ministers, upon the proposal of the Ministry of the Economy and Finance and the department affected.

Similarly, foreign investment in Spain in activities directly relating to national defence, and those in the production or distribution of arms, munitions, explosives or war material, also requires the prior authorisation of the Council of Ministers, upon the proposal of the Ministry of Defence. In the case of listed companies engaging in such activities, only acquisitions by non-residents of more than 5 % of the share capital of the Spanish company, or of holdings which, although smaller, entitle the investor to direct or indirect representation on the board of directors, shall require authorisation.

## 12. MODIFICATION OF THE LEGAL REGIME OF THE OFFICIAL CREDIT INSTITUTE

State-capital credit institutions (formerly, official credit institutions) and the Official Credit Institute have undergone notable legal and operational changes in recent years. In 1991, pursuant to Royal Legislative Decree 3/1991 of 3 May 1991 (48) and Law 25/1991 of 21 November 1991, overhaul of the whole model of official Spanish credit was undertaken, in order to expand lending activity and to eliminate certain barriers limiting the potential to compete on the single European financial market. Corporación Bancaria de España, S.A., a state-owned institution with 100 % state capital – today known

(48) See “Regulación financiera: segundo trimestre de 1991”, in *Boletín económico*, Banco de España, July-August 1991, pp. 60 and 61.

as Argentario – was set up. Subsequently, it brought under one umbrella the official credit institutions, the Caja Postal de Ahorros and Banco Exterior. As part of this process the status of the Official Credit Institute was changed to that of a state-owned public limited company and credit institution, attached to the Ministry of Economy and Finance, and considered to be a State Financial Agency.

Subsequently, Royal Legislative Decree 12/1995 of 28 December 1995 (49) on urgent budgetary, tax and financial measures developed the legal and financial regime of the Official Credit Institute, in order to clarify and rationalise state official credit activity. This decree provided that one aspect of its legal regime that would have to be adapted was its statute, and it granted the government powers for such purpose.

Later, Law 6/1997 of 14 April 1997 on the organisation and operation of the general state administration established the aim of rationalising the institutional structure of state administration, with adaptation of the autonomous agencies and other public-law entities to such structure.

*Royal Decree 706/1999 of 30 April 1999* (BOE of 13 May 1999) on the adaptation of the Official Credit Institute to the Law on the organisation and operation of the general state administration and approval of its statute has been published to comply with the legal requirements of the above-mentioned legislation. This decree contains the rules for adapting to Law 6/1997 and the text of the statute of the Official Credit Institute, as established by Royal Legislative Decree 12/1995, giving it the status of a public-sector business entity (it was formally considered to be a state-owned public limited company). It remains a credit institution, attached to the Ministry of Economy and Finance, and is still considered to be a State Financial Agency.

## 13. URGENT LIBERALISATION AND COMPETITION ENHANCEMENT MEASURES

The buoyancy of domestic demand as the driving force of economic growth has highlighted significant increases in the prices of certain sectors, especially those less exposed to foreign competition, obliging urgent measures to

(49) See “Regulación financiera: cuarto trimestre de 1995”, in *Boletín económico*, Banco de España, January 1996, p. 85.

be taken to avoid the emergence of inflationary pressures. In consequence, *Royal Legislative Decree 6/1999 of 16 April 1999* (BOE of 17 April 1999) has been published. It seeks to stimulate competition in the markets for goods, services and productive factors, and to contribute to the stability of the economy by improving resource allocation and making the opportunities of agents in these markets more equal.

First, with respect to the protection of competition, precautionary measures have been taken to prevent processes of modification of market structures resulting in an excessive increase in the degree of business concentration. For this purpose, a number of instruments have been introduced to improve the monitoring of business concentration operations and its efficacy. Specifically, notification to the *Servicio de Defensa de la Competencia* (Protection of Competition Service) – attached to the Ministry of Economy and Finance – has been made compulsory for those projects or operations where:

- a) A share of 25 % or more of the domestic market, or a defined geographical market therein, for a particular product or service is acquired or increased.
- b) The total sales in Spain of all the participants in the last accounting year exceeded ESP 40 billion, provided that at least two of the participants individually have a turnover of more than ESP 10 billion in Spain.

The Protection of Competition Service shall be notified prior to the operation or within one month of the date of conclusion of the concen-

tration agreement. In transactions for the acquisition of listed shares, when a takeover bid is necessary the notification obligation shall be subject to a specific procedure to be determined in regulations.

As regards measures relating to attestation of documents, the fees of notaries public and land registrars are reduced for mortgages and house purchases. Also, the costs of registering companies in mercantile registries are reduced.

To make further headway in the deregulation of the gas sector, due to be fully deregulated in 2008, the levels of consumption required to gain access to the status of a wholesale consumer are reduced. Also, in view of the development of the natural gas sector and the desirability of promoting the entry of new distributors and stimulating competition, the period of exclusivity in a specific geographical area granted to the current authorised distributors is reduced.

In relation to the electricity sector, the far-reaching deregulation of the market, together with the decline in interest rates, the rise in electricity demand and the increase in competition, enable a further reduction to be made in the electricity tariff, which will particularly affect domestic consumers.

Finally, the prices of other basic products and services, such as medicines, the tariffs paid by toll-motorway users and telecommunications services, have been moderated and a number of measures have been introduced to stimulate competition in mobile telephony.

21.7.1999.

## ECONOMIC INDICATORS

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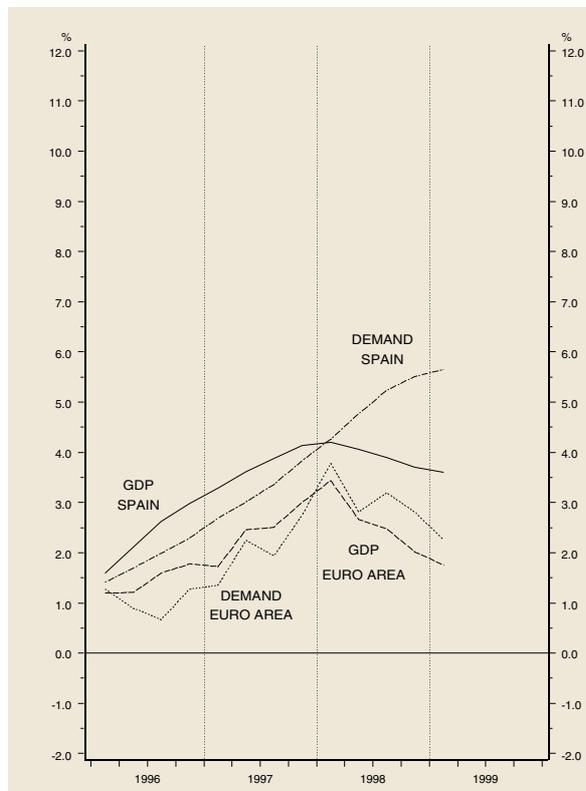
### 1.1. Gross domestic product. Constant 1995 prices. Demand components. Spain and euro area (a)

n Series depicted in chart.

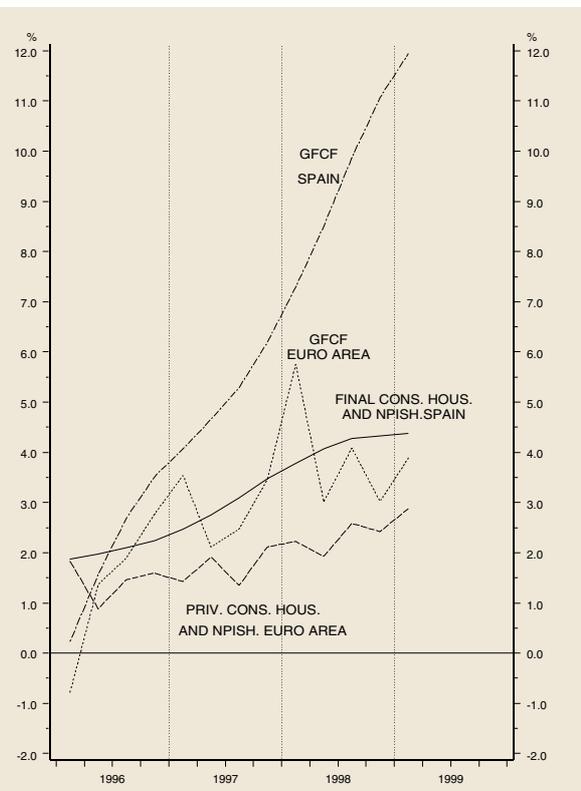
Annual percentage changes

	GDP		Private consumption		Government consumption		Gross fixed capital formation		Domestic demand		Exports		Imports		Memorandum item: GDPmp (current prices)	
	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 (e)	Euro area
	1 n	2 n	3 n	4 n	5	6	7 n	8 n	9 n	10 n	11	12	13	14	15	16
<b>96 p</b>	2.3	1.4	2.0	1.4	1.3	1.2	2.0	1.3	1.8	1.0	10.3	4.7	8.1	3.5	463	5 429
<b>97 p</b>	3.7	2.4	2.9	1.7	1.9	0.3	5.1	2.9	3.2	2.1	14.5	9.4	12.5	8.8	491	5 545
<b>98 p</b>	4.0	2.6	4.1	2.3	1.4	1.6	9.2	4.0	5.0	3.1	8.0	6.0	11.8	8.0	522	5 774
<b>96 I p</b>	1.6	1.2	1.9	1.8	1.3	2.7	0.2	-0.8	1.4	1.3	7.3	3.5	6.4	4.0	113	1 340
<b>97 II p</b>	2.1	1.2	2.0	0.9	1.2	1.4	1.6	1.4	1.7	0.9	9.4	2.3	7.5	1.3	115	1 353
<b>98 III p</b>	2.6	1.6	2.1	1.5	1.3	1.0	2.7	1.9	2.0	0.7	11.5	5.8	8.6	2.7	117	1 366
<b>99 IV p</b>	3.0	1.8	2.2	1.6	1.4	-0.3	3.5	2.8	2.3	1.3	12.8	7.3	9.7	5.8	118	1 369
<b>97 I p</b>	3.3	1.7	2.5	1.4	1.9	0.2	4.1	3.5	2.7	1.4	13.6	5.5	11.1	4.5	120	1 366
<b>98 II p</b>	3.6	2.5	2.7	1.9	2.0	0.1	4.7	2.1	3.0	2.2	14.7	9.4	12.3	9.2	122	1 381
<b>99 III p</b>	3.9	2.5	3.1	1.3	2.0	0.3	5.3	2.5	3.4	1.9	15.1	11.9	13.2	10.7	124	1 390
<b>00 IV p</b>	4.1	3.0	3.5	2.1	1.9	0.6	6.2	3.5	3.8	2.8	14.4	10.7	13.4	10.5	125	1 408
<b>98 I p</b>	4.2	3.4	3.8	2.2	1.5	1.9	7.3	5.8	4.3	3.8	12.1	10.3	12.6	12.1	127	1 420
<b>99 II p</b>	4.1	2.7	4.1	1.9	1.4	2.2	8.5	3.0	4.8	2.8	9.1	8.7	11.9	9.8	129	1 434
<b>00 III p</b>	3.9	2.5	4.3	2.6	1.4	1.4	9.9	4.1	5.2	3.2	6.4	4.4	11.4	6.9	132	1 451
<b>01 IV p</b>	3.7	2.0	4.3	2.4	1.4	0.8	11.1	3.0	5.5	2.8	4.7	1.2	11.4	3.6	134	1 468
<b>99 I p</b>	3.6	1.8	4.4	2.9	1.4	0.4	11.9	3.9	5.7	2.3	4.6	-0.9	12.0	0.5	136	...

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 ECB.

(a) Spain: prepared in accordance with ESA 95, trend-cycle series. Euro area: prepared partly in accordance with ESA 95, partly with ESA 79.

(b) Euro area: national private consumption.

(c) Euro area: government consumption.

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

(e) EUR millions for Spain and ECU billions for the euro area.

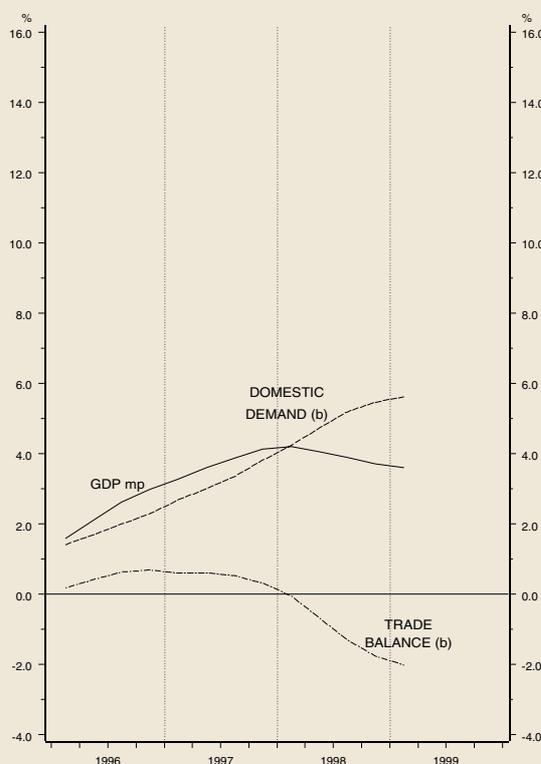
## 1.2. Gross domestic product. Constant 1995 prices. Demand components. Spain (a)

n Series depicted in chart.

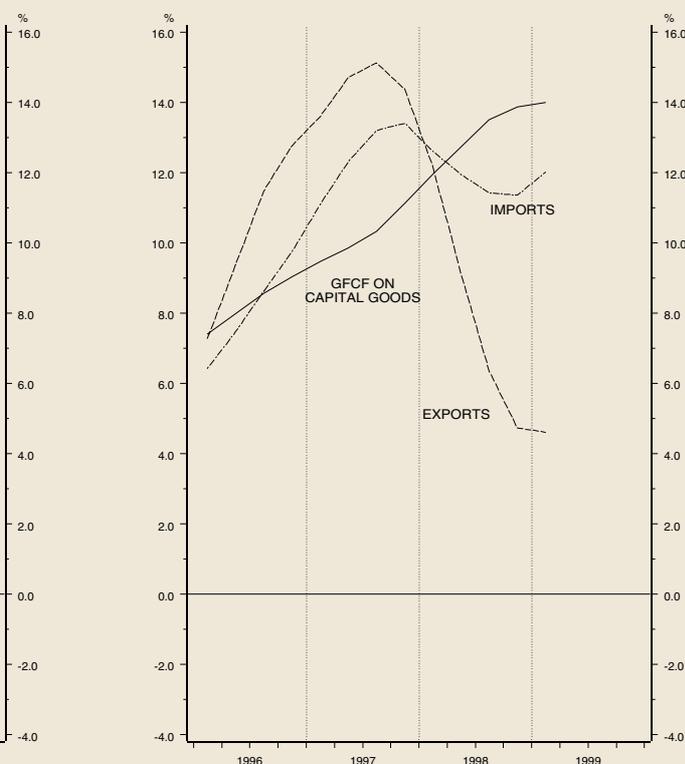
Annual percentage changes

	Gross fixed capital formation			Change in stocks (b)	Exports of goods and services				Imports of goods and services				Memorandum item:		
	Total	Capital goods	Construction		Total	Goods	Tourism	Other services	Total	Goods	Tourism	Other services	Trade balance (b)	Domestic demand (b)	GDP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>96</b> p	2.0	8.3	-1.0	»	10.3	10.5	6.4	15.6	8.1	7.3	7.6	15.4	0.5	1.9	2.3
<b>97</b> p	5.1	10.2	2.3	»	14.5	15.7	9.6	14.6	12.5	12.6	-1.0	16.2	0.5	3.2	3.7
<b>98</b> p	9.2	13.0	7.0	0.2	8.0	6.2	10.8	14.6	11.8	11.5	10.6	14.4	-0.9	4.9	4.0
<b>96</b> /															
I p	0.2	7.4	-3.1	»	7.3	6.9	3.7	16.1	6.4	5.5	8.2	14.3	0.2	1.4	1.6
II p	1.6	8.0	-1.5	»	9.4	9.5	5.4	15.7	7.5	6.5	10.3	15.3	0.4	1.7	2.1
III p	2.7	8.6	-0.2	-0.1	11.5	11.9	7.4	15.6	8.6	7.8	8.6	15.7	0.6	2.0	2.6
IV p	3.5	9.0	0.7	-0.1	12.8	13.4	8.9	15.3	9.7	9.2	3.4	16.1	0.7	2.3	3.0
<b>97</b> /															
I p	4.1	9.5	1.3	»	13.6	14.5	9.3	15.2	11.1	11.1	-3.6	16.0	0.6	2.7	3.3
II p	4.7	9.9	1.9	»	14.7	16.1	9.6	14.7	12.3	12.5	-4.4	16.5	0.6	3.0	3.6
III p	5.3	10.3	2.6	»	15.1	16.7	9.6	14.2	13.2	13.3	-0.1	16.6	0.5	3.4	3.9
IV p	6.2	11.1	3.5	0.1	14.4	15.6	9.7	14.5	13.4	13.5	4.0	15.8	0.3	3.8	4.1
<b>98</b> /															
I p	7.3	12.0	4.7	0.1	12.1	12.2	10.5	14.5	12.6	12.5	7.7	14.7	»	4.2	4.2
II p	8.5	12.7	6.1	0.2	9.1	7.8	10.6	14.8	11.9	11.7	10.8	14.0	-0.7	4.7	4.1
III p	9.9	13.5	7.8	0.2	6.4	3.9	10.8	15.0	11.4	11.1	11.1	13.8	-1.3	5.2	3.9
IV p	11.1	13.9	9.4	0.2	4.7	1.6	11.1	14.3	11.4	10.8	12.7	15.0	-1.8	5.5	3.7
<b>99</b> /															
I p	11.9	14.0	10.7	0.1	4.6	1.4	11.6	13.1	12.0	11.2	16.6	17.4	-2.0	5.6	3.6

**GDP. DEMAND COMPONENTS**  
Annual percentage changes



**GDP. DEMAND COMPONENTS**  
Annual percentage changes



Source: INE, *Contabilidad Nacional Trimestral de España*.

- (a) Prepared in accordance with ESA 95, trend-cycle series.  
(b) Contribution to GDPmp growth rate.

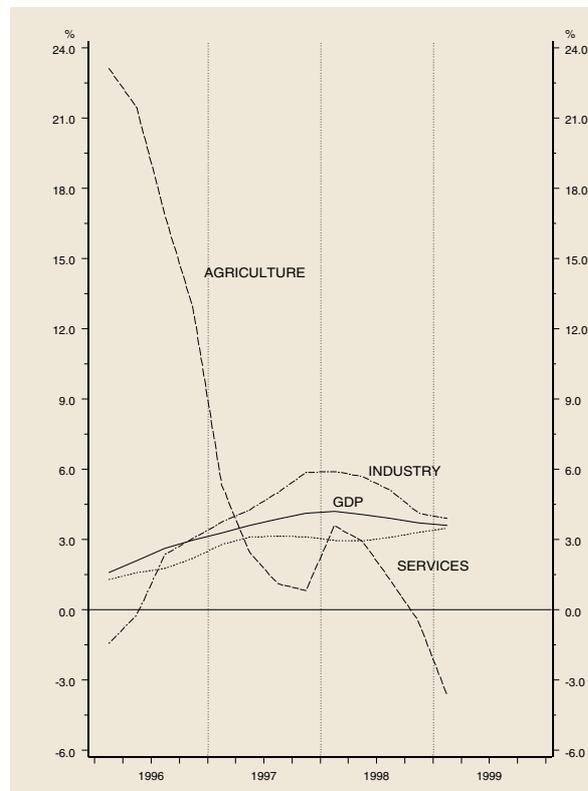
### 1.3. Gross domestic product. Constant 1995 prices. Branches of activity (a)

n Series depicted in chart.

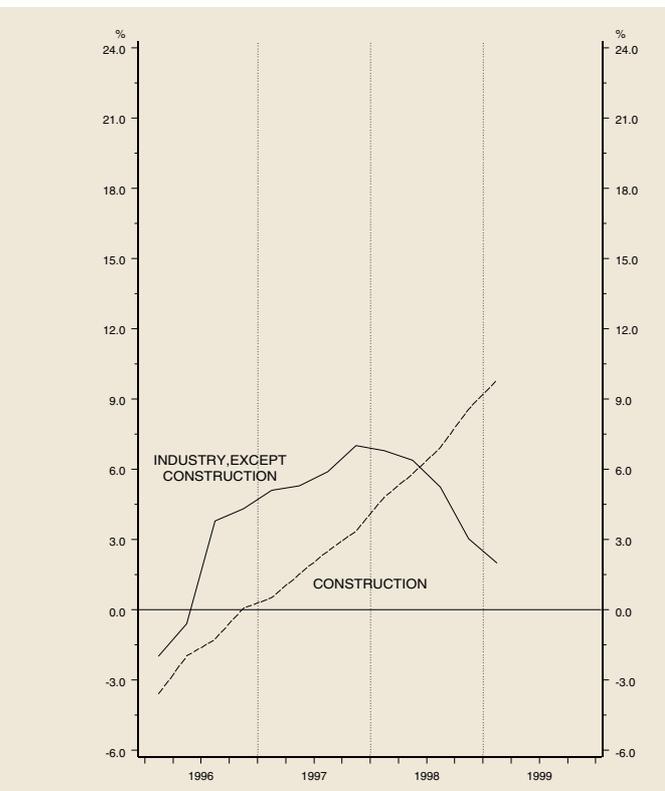
Annual percentage changes

	Annual percentage changes											
	1	2	3	4	5	Services			9	10	11	
						6	7	8				
	GDP at market prices	Agriculture and fisheries	Energy	Industry	Construction	Total	Market services	Non-market services	VAT on products	Net taxes linked to imports	Other net taxes on products	
	n	n	n	n	n	n						
96 p	2.3	18.3	4.1	1.3	-1.7	1.7	1.8	1.5	3.8	-13.4	3.9	
97 p	3.7	2.4	4.7	5.8	2.0	3.0	3.5	1.6	4.2	7.9	10.5	
98 p	4.0	1.8	2.2	5.3	6.5	3.1	3.6	1.3	5.2	14.4	11.4	
96 I	p	1.6	23.1	5.5	-2.0	-3.6	1.3	1.1	1.8	4.9	9.9	2.4
96 II	p	2.1	21.4	5.1	-0.6	-2.0	1.6	1.5	1.7	4.6	1.3	4.5
96 III	p	2.6	16.8	2.9	3.8	-1.3	1.8	1.9	1.3	3.0	-29.7	3.3
96 IV	p	3.0	12.9	2.9	4.3	0.1	2.2	2.5	1.3	2.9	-26.4	5.4
97 I	p	3.3	5.4	3.5	5.1	0.5	2.8	3.2	1.5	3.2	-14.3	7.7
97 II	p	3.6	2.4	4.6	5.3	1.5	3.1	3.6	1.7	3.8	5.2	10.3
97 III	p	3.9	1.1	5.5	5.9	2.5	3.1	3.6	1.8	4.7	19.6	12.0
97 IV	p	4.1	0.8	5.2	7.0	3.4	3.1	3.6	1.7	5.2	25.8	12.0
98 I	p	4.2	3.6	3.9	6.8	4.8	3.0	3.5	1.4	5.2	22.5	11.8
98 II	p	4.1	2.9	2.4	6.4	5.8	2.9	3.5	1.2	5.1	12.0	11.3
98 III	p	3.9	1.3	1.2	5.2	6.9	3.1	3.7	1.1	5.0	7.4	11.2
98 IV	p	3.7	-0.5	1.3	3.0	8.6	3.3	3.9	1.3	5.4	16.7	11.3
99 I	p	3.6	-3.7	2.1	2.0	9.8	3.5	4.1	1.6	5.8	26.0	10.3

GDP. BRANCHES OF ACTIVITY  
Annual percentage changes



GDP. BRANCHES OF ACTIVITY  
Annual percentage changes



Source: INE, *Contabilidad Nacional Trimestral de España*.

(a) Prepared in accordance with ESA 95, trend-cycle series.

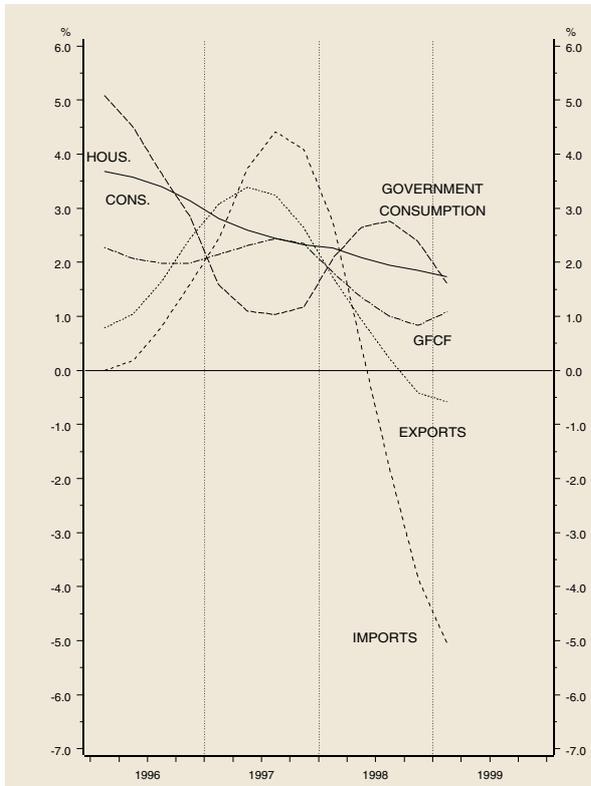
### 1.4. Gross domestic product. Implicit deflators. Spain (a)

n Series depicted in chart.

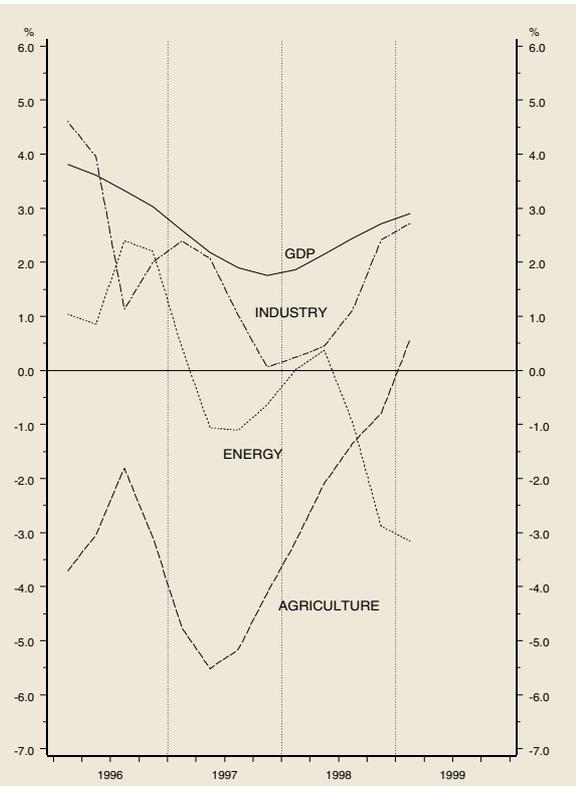
Annual percentage changes

	Demand components								GDP at market prices	Branches of activity					
	Final consumption households and NPISH	Final consumption of General Government	Gross capital formation			Exports of goods and services	Imports of goods and services	Agriculture and fisheries		Industry	Energy	Construction	Services	Of which	
			Total	Of which										Market services	
				Capital goods	Construction										
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
96 p	3.4	4.0	2.1	0.6	2.9	1.5	0.7	3.4	-2.9	2.9	1.6	2.7	4.1	4.0	
97 p	2.5	1.2	2.3	2.5	2.3	3.1	3.7	2.1	-4.9	1.4	-0.6	2.0	2.7	3.2	
98 p	2.0	2.5	1.2	0.1	2.0	0.6	-0.7	2.3	-1.8	1.1	-0.9	1.9	2.9	2.8	
96 I	p	3.7	5.1	2.3	1.2	2.8	0.8	»	-3.7	4.6	1.0	2.7	4.3	4.0	
II	p	3.6	4.5	2.1	0.3	2.9	1.0	0.2	-3.0	3.9	0.9	2.6	4.2	4.1	
III	p	3.4	3.6	2.0	0.2	3.0	1.6	0.8	-1.8	1.1	2.4	3.1	4.1	4.2	
IV	p	3.1	2.9	2.0	0.6	2.8	2.4	1.6	-3.1	2.0	2.2	2.4	3.7	3.9	
97 I	p	2.8	1.6	2.1	2.0	2.3	3.1	2.4	-4.8	2.4	0.4	2.2	3.2	3.6	
II	p	2.6	1.1	2.3	2.7	2.1	3.4	3.7	-5.5	2.1	-1.1	1.9	2.8	3.3	
III	p	2.4	1.0	2.4	2.9	2.2	3.2	4.4	-5.2	1.0	-1.1	2.0	2.6	3.0	
IV	p	2.3	1.2	2.3	2.5	2.4	2.6	4.1	-4.1	0.1	-0.6	2.2	2.4	2.8	
98 I	p	2.3	2.1	1.8	1.4	2.3	1.7	2.7	-3.2	0.2	»	1.8	2.5	2.6	
II	p	2.1	2.6	1.4	0.4	2.1	0.9	0.5	-2.1	0.4	0.4	1.8	2.8	2.6	
III	p	1.9	2.8	1.0	-0.4	1.8	0.2	-1.8	-1.4	1.1	-1.0	1.9	3.0	2.9	
IV	p	1.9	2.4	0.8	-1.0	1.6	-0.4	-3.9	-0.8	2.4	-2.9	1.9	3.1	3.1	
99 I	p	1.7	1.6	1.1	-1.4	1.9	-0.6	-5.0	2.9	0.6	-3.2	2.5	3.0	3.3	

**GDP. IMPLICIT DEFLATORS**  
Annual percentage changes



**GDP. IMPLICIT DEFLATORS**  
Annual percentage changes



Source: INE, *Contabilidad Nacional Trimestral de España*.

(a) Prepared in accordance with ESA 95, trend-cycle series.

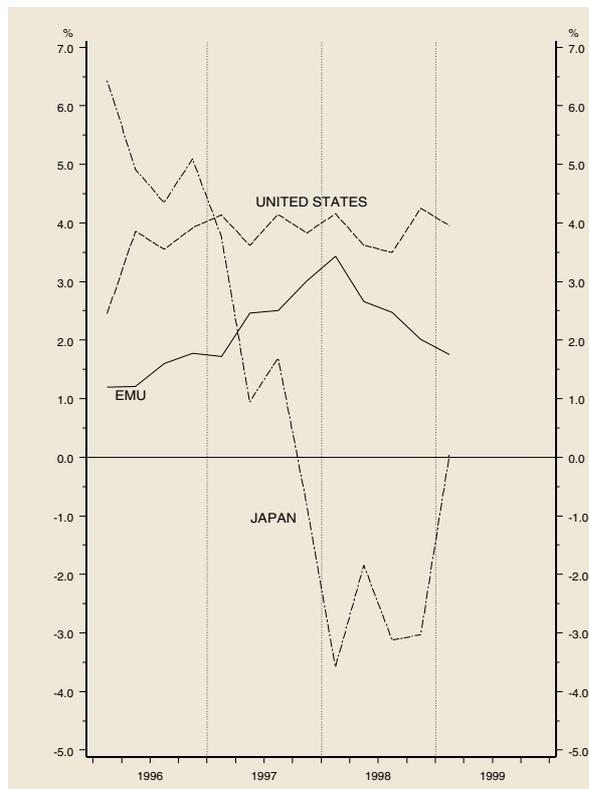
## 2.1. International comparison. Gross domestic product at constant prices

n Series depicted in chart.

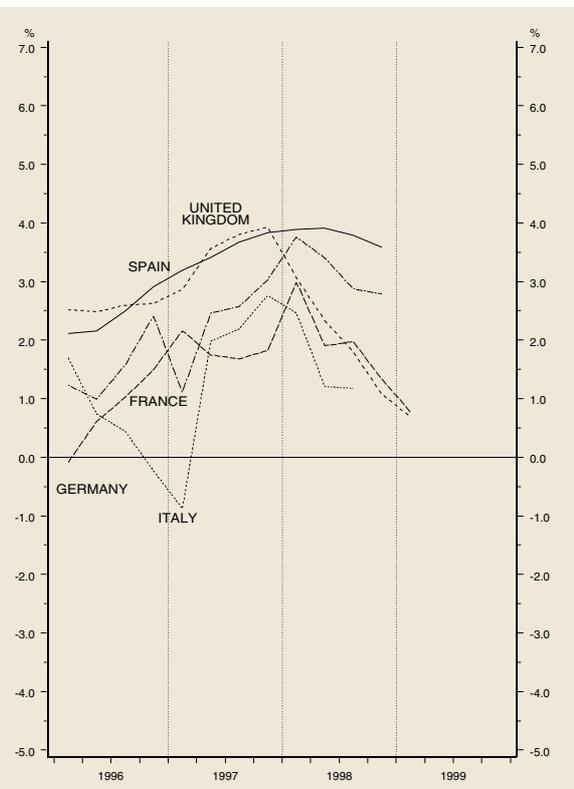
Annual percentage changes

	1	2	3	4	5	6	7	8	9	10
	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	n	n	n	n	n	n	n	n	n	n
96	3.1	1.8	1.4	1.3	2.4	3.4	1.6	0.7	5.2	2.6
97	3.3	2.7	2.4	2.3	3.5	3.9	2.3	1.5	1.4	3.5
98	2.5	2.7	2.6	2.5	3.8	3.9	3.2	...	-2.9	2.1
96 I	2.7	1.7	1.2	0.4	2.1	2.4	1.2	1.7	6.4	2.5
II	3.2	1.7	1.2	1.0	2.2	3.9	1.0	0.7	4.9	2.5
III	3.1	1.9	1.6	1.6	2.5	3.5	1.6	0.4	4.3	2.6
IV	3.5	2.1	1.8	2.1	2.9	3.9	2.4	-0.2	5.1	2.6
97 I	3.2	1.8	1.7	2.5	3.2	4.1	1.1	-0.9	3.8	2.9
II	3.2	2.8	2.5	2.2	3.4	3.6	2.5	2.0	0.9	3.6
III	3.5	3.0	2.5	2.4	3.7	4.1	2.6	2.2	1.7	3.8
IV	3.2	3.3	3.0	2.3	3.8	3.8	3.0	2.8	-0.8	3.9
98 I	2.9	3.5	3.4	3.4	3.9	4.2	3.8	2.5	-3.6	3.1
II	2.5	2.7	2.7	2.3	3.9	3.6	3.4	1.2	-1.8	2.3
III	2.3	2.6	2.5	2.7	3.8	3.5	2.9	1.2	-3.1	1.8
IV	2.3	2.2	2.0	1.8	3.6	4.3	2.8	...	-3.0	1.1
99 I	...	...	1.8	...	...	3.9	...	...	0.1	0.6

GROSS DOMESTIC PRODUCT  
Annual percentage changes



GROSS DOMESTIC PRODUCT  
Annual percentage changes



Sources: ECB, INE and OECD.

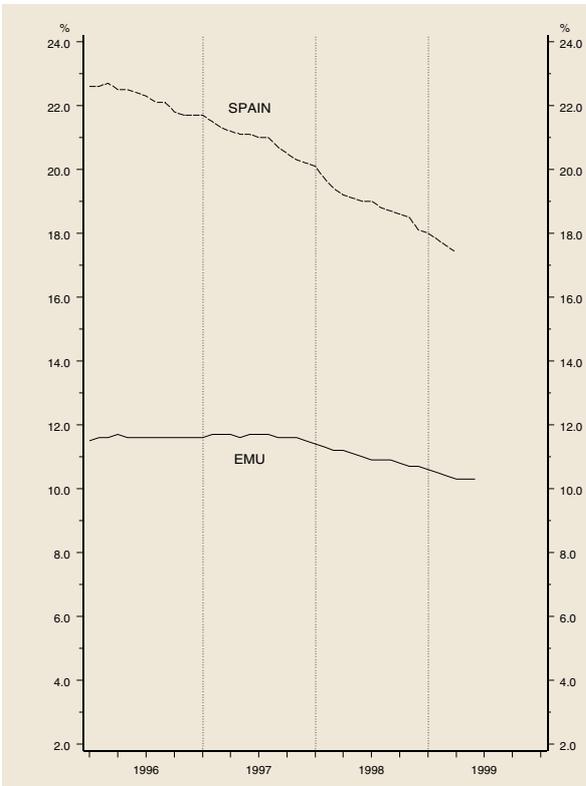
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín estadístico.

## 2.2. International comparison. Unemployment rates

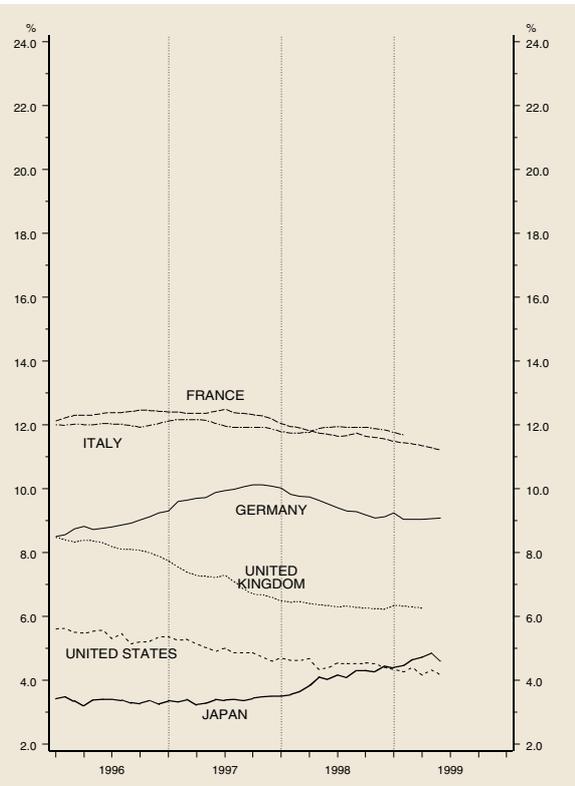
n Series depicted in chart.

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	n	n	n	n	n	n	n	n	n	n
<b>96</b>	7.7	10.8	11.6	8.9	22.2	5.4	12.4	12.0	3.4	8.2
<b>97</b>	7.4	10.7	11.6	9.9	20.8	4.9	12.3	12.0	3.4	7.0
<b>98</b>	7.1	10.0	10.9	9.4	18.8	4.5	11.7	11.9	4.1	6.3
<b>97 Aug</b>	7.4	10.6	11.6	10.1	20.7	4.9	12.4	11.9	3.4	6.9
<i>Sep</i>	7.4	10.6	11.6	10.1	20.5	4.9	12.3	11.9	3.4	6.7
<i>Oct</i>	7.3	10.6	11.6	10.1	20.3	4.7	12.3	11.9	3.5	6.7
<i>Nov</i>	7.2	10.5	11.5	10.1	20.2	4.6	12.2	11.9	3.5	6.6
<i>Dec</i>	7.2	10.4	11.4	10.0	20.1	4.7	12.0	11.8	3.5	6.5
<b>98 Jan</b>	7.2	10.3	11.3	9.8	19.7	4.6	12.0	11.8	3.6	6.5
<i>Feb</i>	7.2	10.3	11.2	9.8	19.4	4.6	11.9	11.8	3.7	6.5
<i>Mar</i>	7.2	10.2	11.2	9.7	19.2	4.7	11.8	11.8	3.8	6.4
<i>Apr</i>	7.1	10.1	11.1	9.6	19.1	4.3	11.8	11.9	4.1	6.4
<i>May</i>	7.1	10.1	11.0	9.5	19.0	4.4	11.7	11.9	4.1	6.3
<i>Jun</i>	7.1	10.0	10.9	9.4	19.0	4.5	11.6	11.9	4.2	6.3
<i>Jul</i>	7.1	10.0	10.9	9.3	18.8	4.5	11.7	11.9	4.1	6.3
<i>Aug</i>	7.1	9.9	10.9	9.3	18.7	4.5	11.7	11.9	4.3	6.3
<i>Sep</i>	7.1	9.9	10.8	9.2	18.6	4.5	11.7	11.9	4.3	6.3
<i>Oct</i>	7.0	9.8	10.7	9.1	18.5	4.5	11.6	11.9	4.3	6.3
<i>Nov</i>	7.0	9.7	10.7	9.1	18.1	4.4	11.6	11.8	4.5	6.2
<i>Dec</i>	7.0	9.8	10.6	9.2	18.0	4.4	11.5	11.8	4.4	6.4
<b>99 Jan</b>	7.0	9.7	10.5	9.1	17.8	4.3	11.4	11.7	4.5	6.3
<i>Feb</i>	7.0	9.6	10.5	9.0	17.6	4.4	11.4	...	4.7	6.3
<i>Mar</i>	6.9	9.6	10.5	9.0	17.4	4.2	11.4	...	4.7	...
<i>Apr</i>	7.0	9.6	10.4	9.1	...	4.3	11.3	...	4.9	...
<i>May</i>	...	...	...	...	...	4.2	...	...	...	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB, OECD and Eurostat

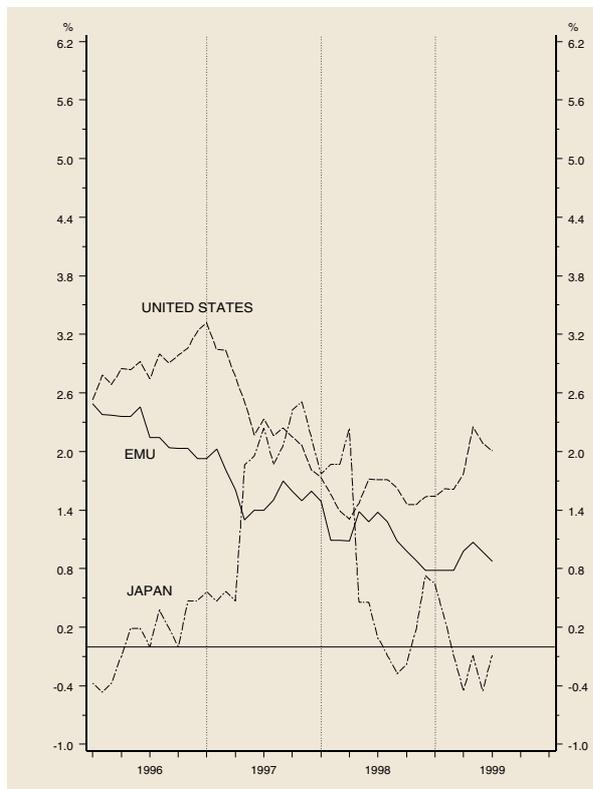
### 2.3. International comparison. Consumer prices (a)

n Series depicted in chart.

Annual percentage changes

	1	2	3	4	5	6	7	8	9	10
	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	n	n	n	n	n	n	n	n	n	n
96	3.7	2.4	2.2	1.2	3.6	2.9	2.1	4.0	0.1	2.5
97	2.8	1.7	1.6	1.5	1.9	2.3	1.3	1.9	1.7	1.8
98	2.0	1.3	1.1	0.6	1.8	1.5	0.7	2.0	0.7	1.5
97 Nov	2.5	1.8	1.6	1.6	1.9	1.8	1.4	1.8	2.1	1.9
97 Dec	2.3	1.6	1.5	1.4	1.9	1.7	1.2	1.8	1.8	1.8
98 Jan	2.1	1.3	1.1	0.7	1.9	1.6	0.6	1.9	1.9	1.5
98 Feb	2.1	1.3	1.1	0.6	1.7	1.4	0.7	2.1	1.9	1.5
98 Mar	2.1	1.3	1.1	0.5	1.7	1.3	0.8	2.1	2.2	1.6
98 Apr	2.0	1.6	1.4	0.9	1.9	1.5	1.0	2.2	0.5	1.9
98 May	2.0	1.6	1.3	0.9	2.0	1.7	1.0	2.0	0.5	2.0
98 Jun	2.0	1.5	1.4	0.8	2.0	1.7	1.1	2.1	0.1	1.7
98 Jul	2.0	1.4	1.3	0.8	2.3	1.7	0.8	2.1	-0.1	1.5
98 Aug	1.9	1.3	1.1	0.6	2.1	1.6	0.6	2.2	-0.3	1.3
98 Sep	1.8	1.2	1.0	0.5	1.6	1.5	0.5	2.1	-0.2	1.5
98 Oct	1.9	1.1	0.9	0.4	1.6	1.5	0.5	1.9	0.2	1.3
98 Nov	2.0	1.0	0.8	0.4	1.4	1.5	0.2	1.7	0.7	1.4
98 Dec	1.9	1.0	0.8	0.2	1.4	1.5	0.3	1.7	0.6	1.5
99 Jan	1.9	0.9	0.8	0.2	1.5	1.6	0.4	1.5	0.3	1.6
99 Feb	1.8	1.0	0.8	0.1	1.8	1.6	0.3	1.4	-0.1	1.5
99 Mar	1.9	1.2	1.0	0.5	2.1	1.8	0.5	1.4	-0.5	1.7
99 Apr	2.2	1.2	1.1	0.8	2.3	2.3	0.6	1.3	-0.1	1.5
99 May	...	1.1	1.0	0.4	2.1	2.1	0.5	1.5	-0.5	1.3
99 Jun	...	1.0	0.9	0.4	2.1	...	0.4	1.4	...	1.4

CONSUMER PRICES  
Annual percentage changes



CONSUMER PRICES  
Annual percentage changes



Sources: OECD, INE and EUROSTAT.

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

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

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

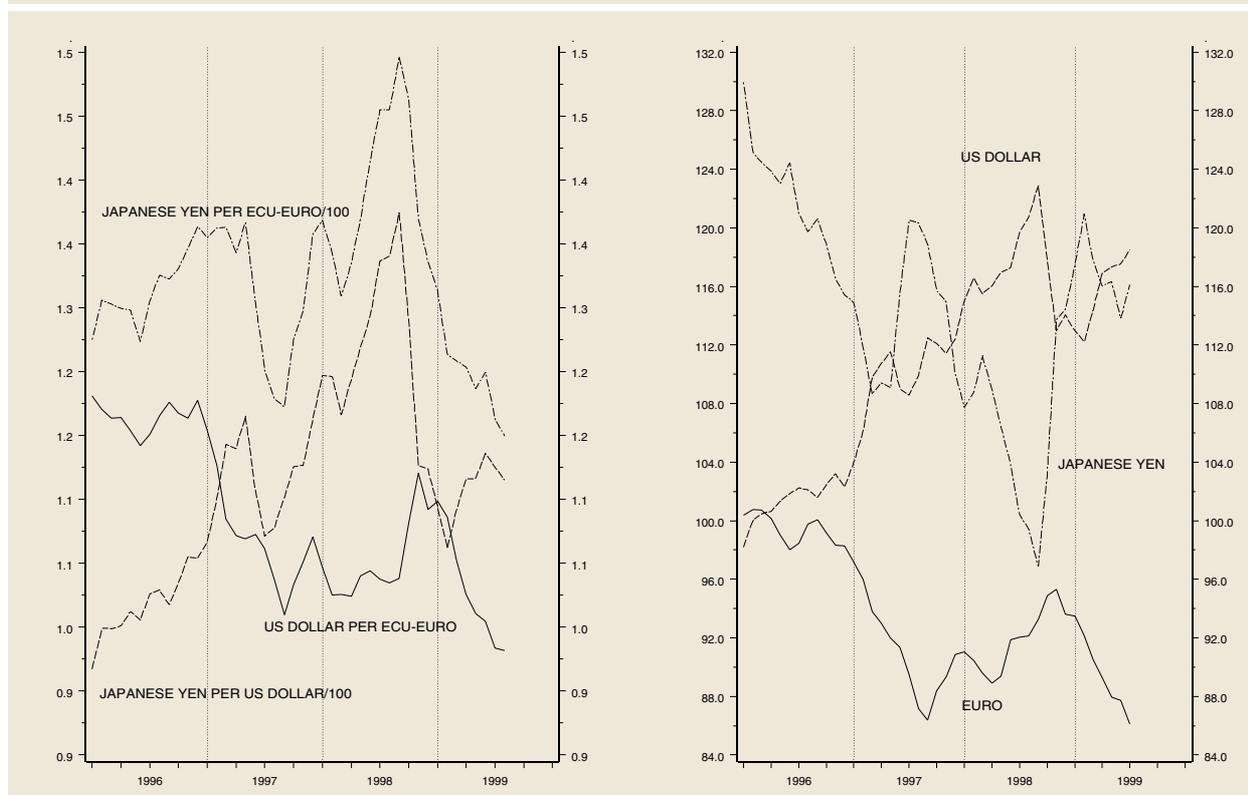
n Series depicted in chart.

Average of daily data

	Exchange rates			Indices of the nominal effective exchange rate against the developed countries (a)			Indices of the real effective exchange rate against the developed countries (b)					
	US dollar per ECU/euro	Japanese yen per ECU/euro	Japanese yen per US dollar	Euro	US dollar	Japanese yen	Based on consumer prices			Based on producer prices		
							Euro	US dollar	Japanese yen	Euro	US-dollar	Japanese yen
	1	2	3	4	5	6	1990 = 100					
n	n	n	n	n	n	7	8	9	10	11	12	
<b>95</b>	1.3080	123.01	94.07	97.8	92.9	155.7	98.7	95.8	143.0	...	92.5	137.6
<b>96</b>	1.2697	138.08	108.71	98.3	97.3	134.5	99.1	101.9	120.7	...	99.7	115.1
<b>97</b>	1.1340	137.08	120.82	90.4	105.2	126.9	90.7	110.8	113.6	...	107.2	108.7
<b>98</b>	1.1211	146.41	131.03	92.3	110.6	120.4	92.1	117.0	107.0	...	112.3	102.2
<b>98 J-J</b>	1.0943	145.81	133.19	90.7	111.4	118.6	90.6	117.6	105.5	...	112.6	101.1
<b>99 J-J</b>	1.0820	128.44	118.82	88.9	109.2	133.4	89.0	116.2	116.8	...	111.7	111.7
<b>98 May</b>	1.1090	149.67	135.01	92.2	111.3	116.5	91.9	117.3	103.9	...	112.7	99.0
<b>Jun</b>	1.1014	154.35	140.15	92.2	113.4	113.1	92.0	119.7	100.4	...	115.0	95.9
<b>Jul</b>	1.0975	154.35	140.63	92.0	114.0	112.7	92.1	120.7	99.4	...	115.9	95.4
<b>Aug</b>	1.1016	159.37	144.68	93.3	115.9	110.1	93.3	122.9	96.9	...	117.6	93.2
<b>Sep</b>	1.1541	155.30	134.57	95.2	111.2	116.3	94.9	117.8	103.1	...	113.2	98.3
<b>Oct</b>	1.1938	144.17	120.90	95.8	106.7	127.6	95.3	113.0	113.7	...	109.3	107.5
<b>Nov</b>	1.1644	140.12	120.63	94.1	107.7	128.5	93.6	114.0	114.4	...	110.0	108.4
<b>Dec</b>	1.1721	137.36	117.13	94.0	106.6	132.3	93.5	113.0	117.4	...	109.3	111.7
<b>99 Jan</b>	1.1608	131.35	113.16	92.7	105.5	137.0	92.2	112.2	121.0	...	108.7	115.3
<b>Feb</b>	1.1208	130.78	116.72	90.9	107.3	134.2	90.5	114.3	117.8	...	110.3	113.0
<b>Mar</b>	1.0883	130.20	119.64	89.5	109.7	132.5	89.3	116.9	116.0	...	112.8	111.0
<b>Apr</b>	1.0704	128.16	119.72	88.4	109.8	132.8	87.9	117.3	116.3	...	113.3	110.7
<b>May</b>	1.0628	129.71	122.05	88.1	110.0	130.1	87.7	117.5	113.8	...	113.5	108.5
<b>Jun</b>	1.0378	125.32	120.76	86.4	110.8	132.7	86.1	118.5	116.1	...	...	...
<b>Jul</b>	1.0353	123.71	119.54	86.2	111.1	134.5	...	...	...	...	...	...

EXCHANGE RATES

INDICES OF THE REAL EFFECTIVE EXCHANGE RATE  
BASED ON CONSUMER PRICES AGAINST THE DEVELOPED COUNTRIES



Sources: ECB, BIS and BE.

(a) Geometric mean – calculated using a double weighting system based on 1990 manufacturing trade for the euro, and 1991 total trade for the US dollar and Japanese Yen – of changes in the spot price of each currency against the currencies of the other developed countries. A fall in the index denotes a depreciation of the currency against those of the other developed countries.

(b) Obtained by multiplying the relative prices of each country (relation between 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, therefore, may be interpreted as an improvement in that country's competitiveness.

(c) To December 1998, calculated by BIS on the basis of weighted averages of the exchange rate indices of the euro area. From January 1999, based on the bilateral euro exchange rates (see ECB *Monthly Bulletin*, Table 10).

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

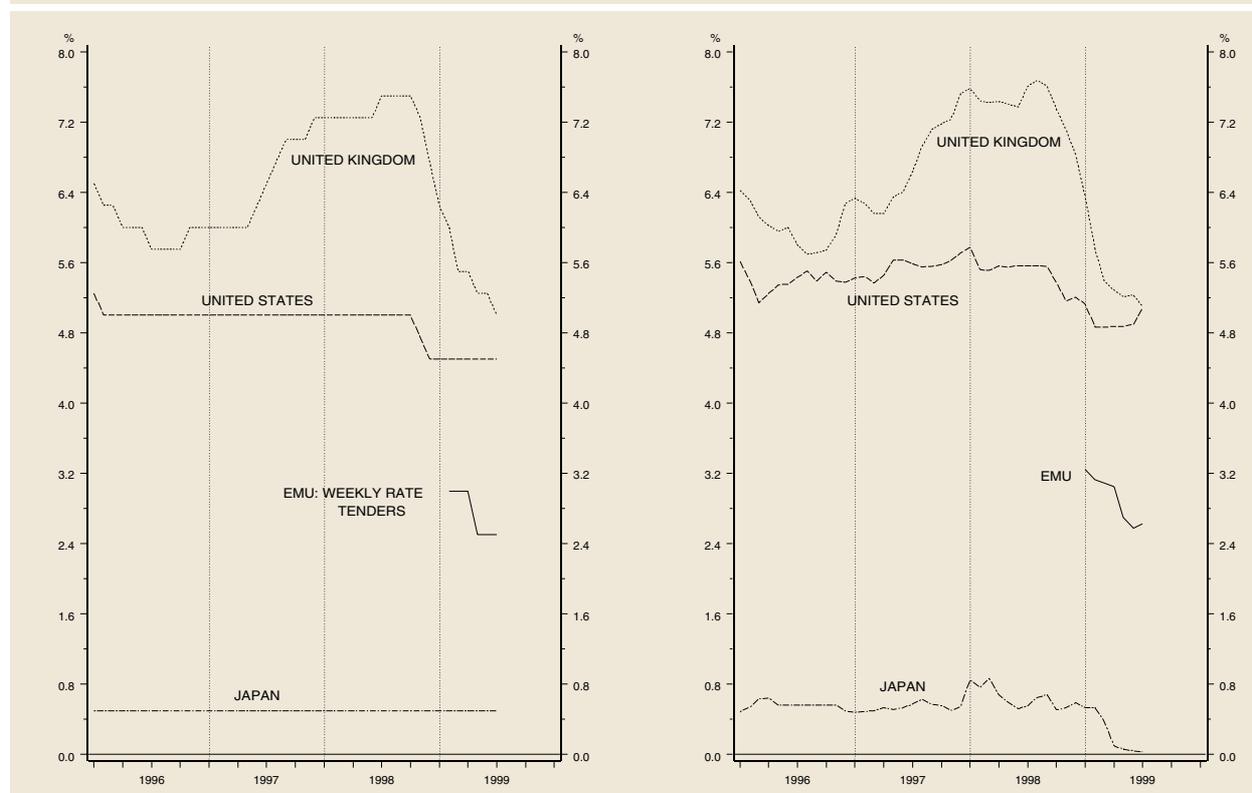
n Series depicted in chart.

Percentages

	Official intervention interest rates				3-month interbank rates									
	Euro area (a)	United States (b)	Japan (c)	United Kingdom (d)	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>96</b>	–	5.00	0.50	6.00	4.55	5.30	–	3.19	7.49	5.38	3.80	8.79	0.56	5.99
<b>97</b>	–	5.00	0.50	7.25	4.35	4.80	–	3.25	5.37	5.58	3.33	6.85	0.57	6.80
<b>98</b>	–	4.50	0.50	6.25	4.25	4.56	–	3.47	4.24	5.44	3.42	4.95	0.62	7.30
<b>97 Sep</b>	–	5.00	0.50	7.00	4.33	4.79	–	3.24	5.17	5.58	3.28	6.65	0.56	7.18
<b>Oct</b>	–	5.00	0.50	7.00	4.40	4.92	–	3.52	5.12	5.63	3.46	6.63	0.50	7.23
<b>Nov</b>	–	5.00	0.50	7.25	4.49	5.04	–	3.67	5.04	5.71	3.55	6.48	0.54	7.52
<b>Dec</b>	–	5.00	0.50	7.25	4.53	4.96	–	3.67	4.83	5.77	3.55	6.07	0.85	7.58
<b>98 Jan</b>	–	5.00	0.50	7.25	4.42	4.89	–	3.51	4.70	5.52	3.48	6.07	0.76	7.44
<b>Feb</b>	–	5.00	0.50	7.25	4.41	4.85	–	3.46	4.64	5.51	3.44	6.11	0.87	7.42
<b>Mar</b>	–	5.00	0.50	7.25	4.35	4.71	–	3.44	4.44	5.56	3.44	5.58	0.68	7.43
<b>Apr</b>	–	5.00	0.50	7.25	4.32	4.67	–	3.56	4.41	5.55	3.49	5.19	0.59	7.40
<b>May</b>	–	5.00	0.50	7.25	4.32	4.66	–	3.56	4.34	5.57	3.47	5.08	0.52	7.37
<b>Jun</b>	–	5.00	0.50	7.50	4.34	4.66	–	3.49	4.33	5.56	3.44	5.10	0.56	7.61
<b>Jul</b>	–	5.00	0.50	7.50	4.33	4.62	–	3.48	4.33	5.56	3.43	4.85	0.65	7.67
<b>Aug</b>	–	5.00	0.50	7.50	4.33	4.60	–	3.42	4.35	5.56	3.42	4.88	0.68	7.61
<b>Sep</b>	–	5.00	0.50	7.50	4.22	4.56	–	3.41	4.25	5.37	3.42	4.96	0.51	7.35
<b>Oct</b>	–	4.75	0.50	7.25	4.07	4.42	–	3.51	3.99	5.16	3.42	4.49	0.53	7.11
<b>Nov</b>	–	4.50	0.50	6.75	4.05	4.26	–	3.57	3.80	5.21	3.45	3.89	0.59	6.83
<b>Dec</b>	–	4.50	0.50	6.25	3.87	3.90	–	3.30	3.36	5.13	3.20	3.33	0.53	6.35
<b>99 Jan</b>	3.00	4.50	0.50	6.00	3.63	3.64	3.13	–	–	4.87	–	–	0.53	5.75
<b>Feb</b>	3.00	4.50	0.50	5.50	3.56	3.51	3.09	–	–	4.86	–	–	0.38	5.39
<b>Mar</b>	3.00	4.50	0.50	5.50	3.49	3.46	3.05	–	–	4.88	–	–	0.10	5.29
<b>Apr</b>	2.50	4.50	0.50	5.25	3.38	3.19	2.70	–	–	4.88	–	–	0.06	5.21
<b>May</b>	2.50	4.50	0.50	5.25	3.35	3.08	2.58	–	–	4.90	–	–	0.04	5.23
<b>Jun</b>	2.50	4.50	0.50	5.00	3.42	3.09	2.63	–	–	5.08	–	–	0.03	5.10

OFFICIAL INTERVENTION INTEREST RATES

3-MONTH INTERBANK RATES



Sources: ECB, Reuters and BE.

- (a) Main refinancing operations.
- (b) Discount rate.
- (c) Discount rate.
- (d) Retail bank base rate.

## 2.6. 10-year government bond yields

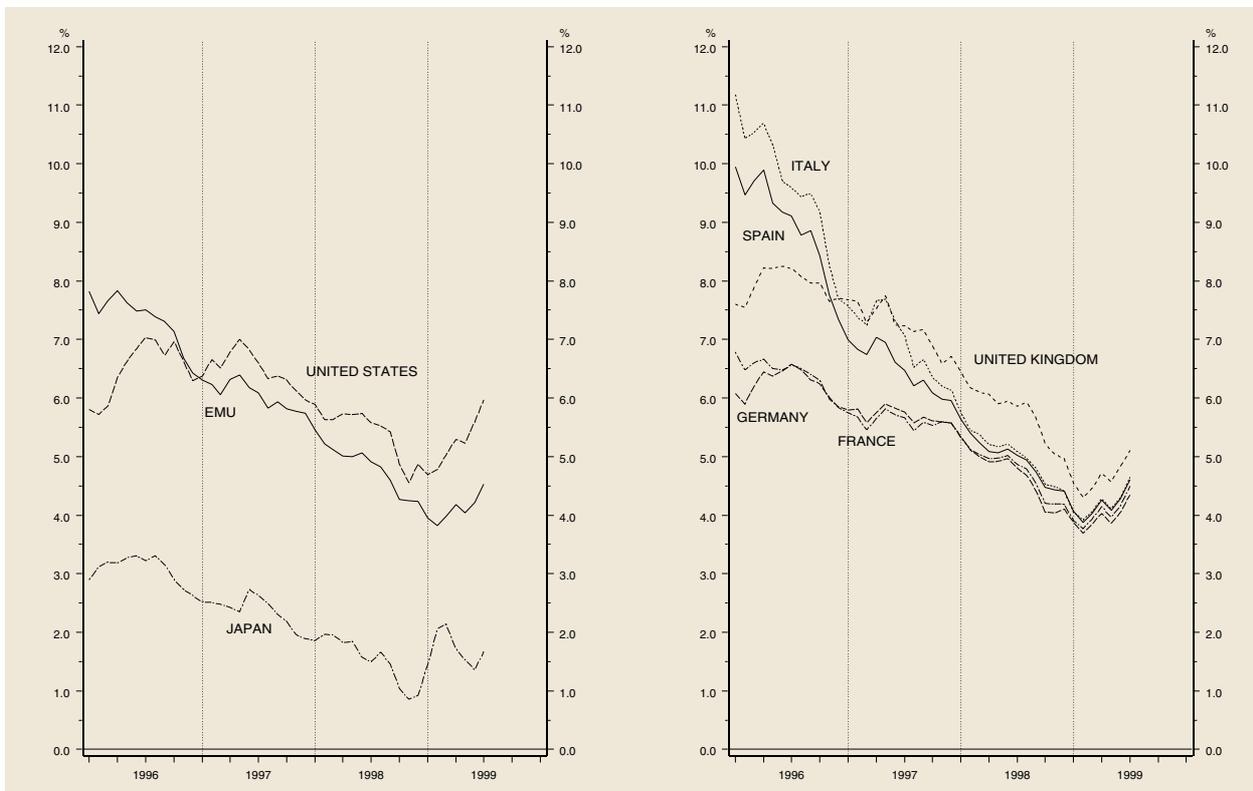
n Series depicted in chart.

Percentages

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	n	n	n	n	n	n	n	n	n	n
<b>96</b>	6.40	7.49	7.23	6.22	8.73	6.54	6.34	9.40	3.04	7.95
<b>97</b>	5.71	6.27	5.98	5.67	6.40	6.45	5.58	6.83	2.32	7.13
<b>98</b>	4.61	4.99	4.70	4.57	4.83	5.33	4.65	4.89	1.50	5.61
<b>97 Sep</b>	5.54	6.09	5.81	5.61	6.09	6.31	5.53	6.35	2.18	6.90
<b>Oct</b>	5.39	6.01	5.77	5.59	5.98	6.12	5.60	6.20	1.95	6.58
<b>Nov</b>	5.33	6.04	5.74	5.57	5.96	5.96	5.57	6.14	1.89	6.71
<b>Dec</b>	5.20	5.77	5.46	5.34	5.64	5.89	5.33	5.75	1.86	6.45
<b>98 Jan</b>	5.02	5.55	5.22	5.11	5.40	5.63	5.12	5.44	1.96	6.17
<b>Feb</b>	4.99	5.46	5.12	5.00	5.24	5.63	5.04	5.38	1.95	6.10
<b>Mar</b>	4.96	5.33	5.01	4.91	5.09	5.73	4.96	5.21	1.82	6.06
<b>Apr</b>	4.93	5.27	5.00	4.92	5.06	5.72	4.97	5.17	1.85	5.90
<b>May</b>	4.92	5.32	5.06	4.96	5.13	5.73	5.02	5.21	1.57	5.95
<b>Jun</b>	4.79	5.19	4.91	4.80	5.02	5.57	4.87	5.09	1.50	5.85
<b>Jul</b>	4.77	5.11	4.82	4.68	4.94	5.53	4.79	4.97	1.66	5.93
<b>Aug</b>	4.62	4.89	4.59	4.41	4.74	5.42	4.54	4.79	1.45	5.65
<b>Sep</b>	4.20	4.58	4.27	4.05	4.47	4.87	4.20	4.53	1.04	5.21
<b>Oct</b>	3.99	4.52	4.25	4.03	4.43	4.55	4.19	4.48	0.85	5.04
<b>Nov</b>	4.14	4.49	4.24	4.10	4.41	4.87	4.19	4.41	0.92	4.96
<b>Dec</b>	4.01	4.19	3.95	3.87	4.08	4.69	3.91	4.04	1.44	4.55
<b>99 Jan</b>	4.04	3.97	3.82	3.69	3.88	4.78	3.77	3.92	2.05	4.30
<b>Feb</b>	4.22	4.12	3.98	3.84	4.02	5.03	3.93	4.06	2.14	4.46
<b>Mar</b>	4.36	4.35	4.18	4.03	4.26	5.30	4.14	4.28	1.72	4.72
<b>Apr</b>	4.22	4.18	4.04	3.86	4.09	5.23	3.97	4.11	1.53	4.57
<b>May</b>	4.44	4.38	4.21	4.05	4.27	5.59	4.16	4.30	1.35	4.84
<b>Jun</b>	4.77	4.69	4.53	4.35	4.60	5.97	4.49	4.64	1.67	5.10

10-YEAR GOVERNMENT BOND YIELDS

10-YEAR GOVERNMENT BOND YIELDS



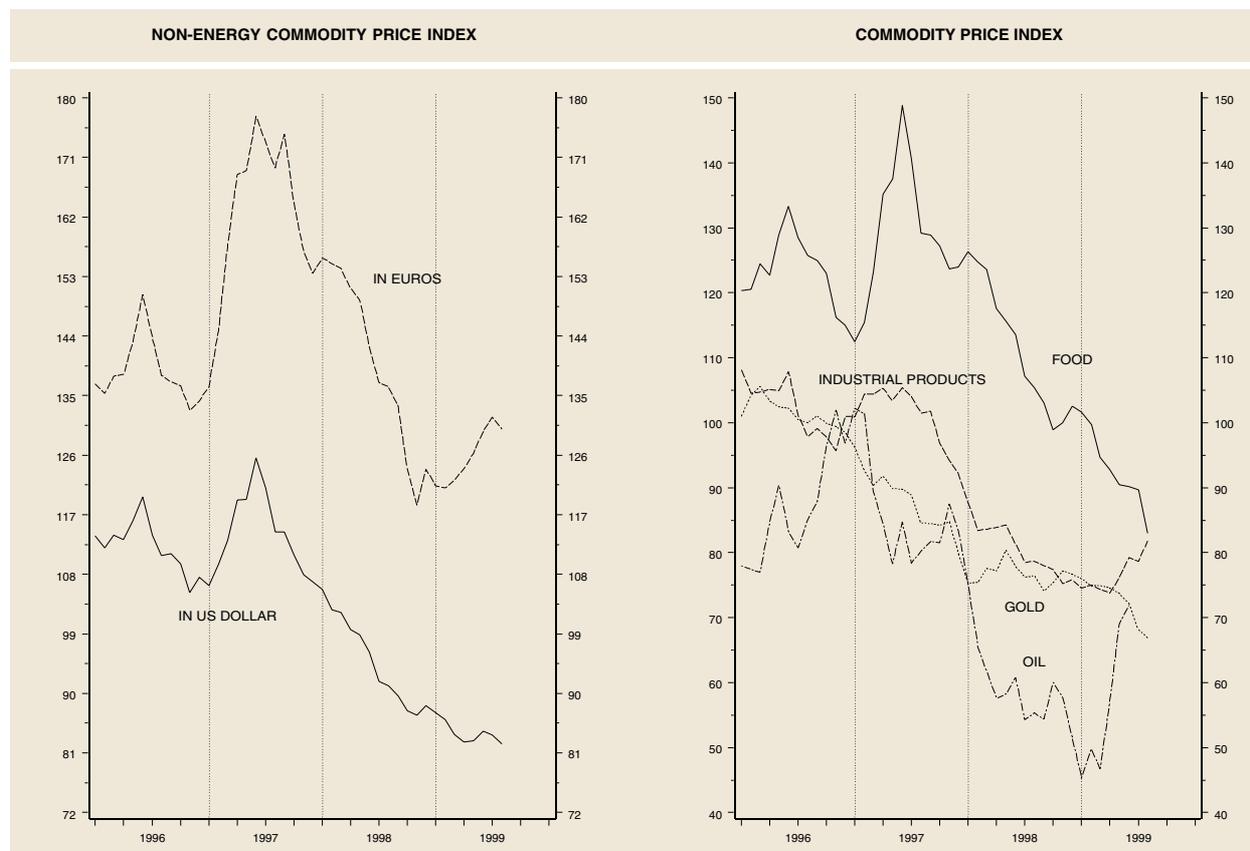
Sources: ECB, Reuters and BE.

## 2.7. International markets: non-energy commodity price index (a) Crude oil and gold price

n Series depicted in chart.

1990 = 100

	Non-energy commodity price index						Crude oil		Gold		
	General		Food	Industrial products			Index (c)	Brent (North sea)	Index	US dollars per troy ounce (d)	Euro per gram (e)
				All	Non-food agricultural products	Metals		US dollars per barrel			
	US dollar index	Euro index (b)	US dollar index								
1	2	3	4	5	6	7	8	9	10	11	
<b>96</b>	111.6	138.7	123.0	101.7	124.3	88.1	88.7	20.3	101.1	387.6	9.48
<b>97</b>	114.0	163.8	130.0	100.1	116.8	89.9	83.8	19.4	86.3	331.0	9.35
<b>98</b>	93.4	137.1	109.4	79.5	93.2	71.2	56.8	13.4	76.7	294.0	8.49
<b>98 J-J</b>	97.4	146.4	115.3	81.9	95.5	73.8	59.1	14.2	77.3	296.3	8.77
<b>99 J-J</b>	83.7	126.4	91.5	77.0	93.7	67.0	...	14.4	72.1	276.6	8.22
<b>98 Apr</b>	98.9	149.4	115.6	84.3	97.0	76.6	58.3	14.1	80.4	308.3	9.18
<b>May</b>	96.3	142.4	113.6	81.4	94.7	73.3	60.8	14.6	77.9	298.6	8.69
<b>Jun</b>	91.8	137.0	107.2	78.5	92.9	69.7	54.3	13.7	76.2	292.3	8.59
<b>Jul</b>	91.1	136.4	105.4	78.7	93.2	70.0	55.3	13.0	76.4	293.0	8.64
<b>Aug</b>	89.6	133.4	103.0	78.0	92.9	68.9	54.3	12.3	74.1	284.1	8.33
<b>Sep</b>	87.4	123.9	98.9	77.4	89.8	69.9	60.0	13.5	75.4	289.0	8.07
<b>Oct</b>	86.7	118.4	100.0	75.2	87.9	67.5	57.7	13.1	77.2	295.9	7.96
<b>Nov</b>	88.2	123.9	102.5	75.8	89.6	67.4	51.7	11.9	76.7	294.0	8.13
<b>Dec</b>	87.1	121.4	101.7	74.5	90.3	64.9	45.3	10.3	76.0	291.3	8.00
<b>99 Jan</b>	86.1	121.0	99.7	75.0	93.5	63.9	49.8	11.1	74.9	287.1	7.95
<b>Feb</b>	83.9	122.1	94.7	74.4	92.4	63.4	46.8	10.5	74.9	287.3	8.24
<b>Mar</b>	82.6	124.0	92.8	73.8	91.1	63.3	57.3	12.8	74.6	285.9	8.45
<b>Apr</b>	82.8	126.3	90.5	76.2	91.2	67.1	69.0	15.5	73.7	282.6	8.49
<b>May</b>	84.3	129.5	90.2	79.3	94.4	70.1	71.9	15.9	72.1	276.6	8.37
<b>Jun</b>	83.7	131.7	89.6	78.6	96.7	67.7	...	16.2	68.2	261.4	8.10
<b>Jul</b>	82.4	129.9	83.0	81.9	96.5	73.0	...	18.8	66.8	256.1	7.95



Sources: *The Economist*, IMF and BE.

- (a) The weights are based on the value of the commodity imports of the OECD countries during the period 1989-1991.
- (b) Calculated using the peseta/USdollar exchange rate index (equivalent rate index since January 1999) with base year 1990.
- (c) Average of various medium, light and heavy crudes.
- (d) London market's 15:30 fixing.
- (e) As of January 1999, data in US dollars have been converted into euro using the average monthly exchange rate. Before that date, data in pesetas have been converted into euro using the irrevocable exchange rate.

### 3.1. Indicators of private consumption. Spain and euro area

n Series depicted in chart

Annual percentage changes

	Opinion surveys (net percentages)						New car registrations and sales				Retail trade: sales index								
	Consumers			Retail trade confidence index	Memorandum item: euro area		of which			Memorandum item: euro area	General index			By type of product (deflated indices)					Memorandum item: euro area deflated index
	Confidence index	General economic situation: anticipated trend	Household economic situation: anticipated trend		Consumer confidence index	Retail trade confidence index	Registrations	Private Use	Estimated sales		Registrations	Nominal	Deflated (a)	of which Large retail outlets (a)	Food (b)	Personal items (c)	Household items (d)	Other (e)	
				1						2									3
96	-14	-3	»	-9	-20	...	11.2	14.3	9.2	...	2.1	-1.2	2.1	-3.9	-0.7	-0.5	4.9	...	
97	-3	6	4	-1	-15	...	12.7	17.4	11.5	...	3.2	2.2	4.0	0.2	2.9	2.6	5.8	...	
98	5	7	6	3	-5	...	17.2	19.3	17.6	...	7.1	5.4	7.2	3.3	3.1	9.9	8.7	...	
98 J-J	3	7	5	1	-4	...	15.7	19.2	15.3	...	7.5	5.7	7.0	2.9	2.2	10.5	11.2	...	
99 J-J p	...	...	...	...	...	...	...	...	21.4	...	...	...	...	...	...	...	...	...	
98 Sep	6	6	7	4	-5	...	14.2	15.5	14.9	...	7.2	5.8	6.9	3.1	13.1	10.7	1.1	...	
Oct	9	11	7	7	-3	...	15.5	13.8	20.0	...	8.2	6.6	14.0	3.4	12.8	9.8	4.3	...	
Nov	10	11	9	5	-2	...	31.0	31.9	32.3	...	6.1	5.0	5.3	4.3	-1.9	10.4	11.4	...	
Dec	8	8	8	4	-1	...	22.3	22.3	23.2	...	5.2	4.1	6.9	6.4	-1.5	7.6	3.7	...	
99 Jan p	7	8	6	2	-	...	13.1	14.4	14.4	...	1.4	0.2	9.7	0.2	1.4	4.7	-6.3	...	
Feb p	8	8	7	-	-	...	23.1	19.8	24.3	...	4.3	2.4	10.4	1.0	-1.3	4.6	8.0	...	
Mar p	8	8	7	-	-1	...	31.1	31.0	32.1	...	9.6	7.3	16.6	3.8	2.1	10.5	18.9	...	
Apr p	5	4	6	4	-3	...	11.9	16.5	11.8	...	3.0	0.8	4.3	-5.7	1.4	3.2	15.4	...	
May p	6	1	6	3	-4	...	13.8	18.6	24.2	...	2.2	0.3	7.5	-4.2	2.9	0.4	9.4	...	
Jun p	6	3	5	2	-5	...	-0.1	6.2	25.2	...	...	...	...	...	...	...	...	...	
Jul p	...	...	...	...	...	...	...	...	16.1	...	...	...	...	...	...	...	...	...	

CONSUMER CONFIDENCE INDEX

CARS  
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) Deflated by the price index obtained from the following CPI components: food, clothing, footwear, household items (excluding domestic services), recreational goods, publications and other goods and services (excluding tourism, hotel and catering services, financial and other services). Repairs are not included in any of the above components.

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

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

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

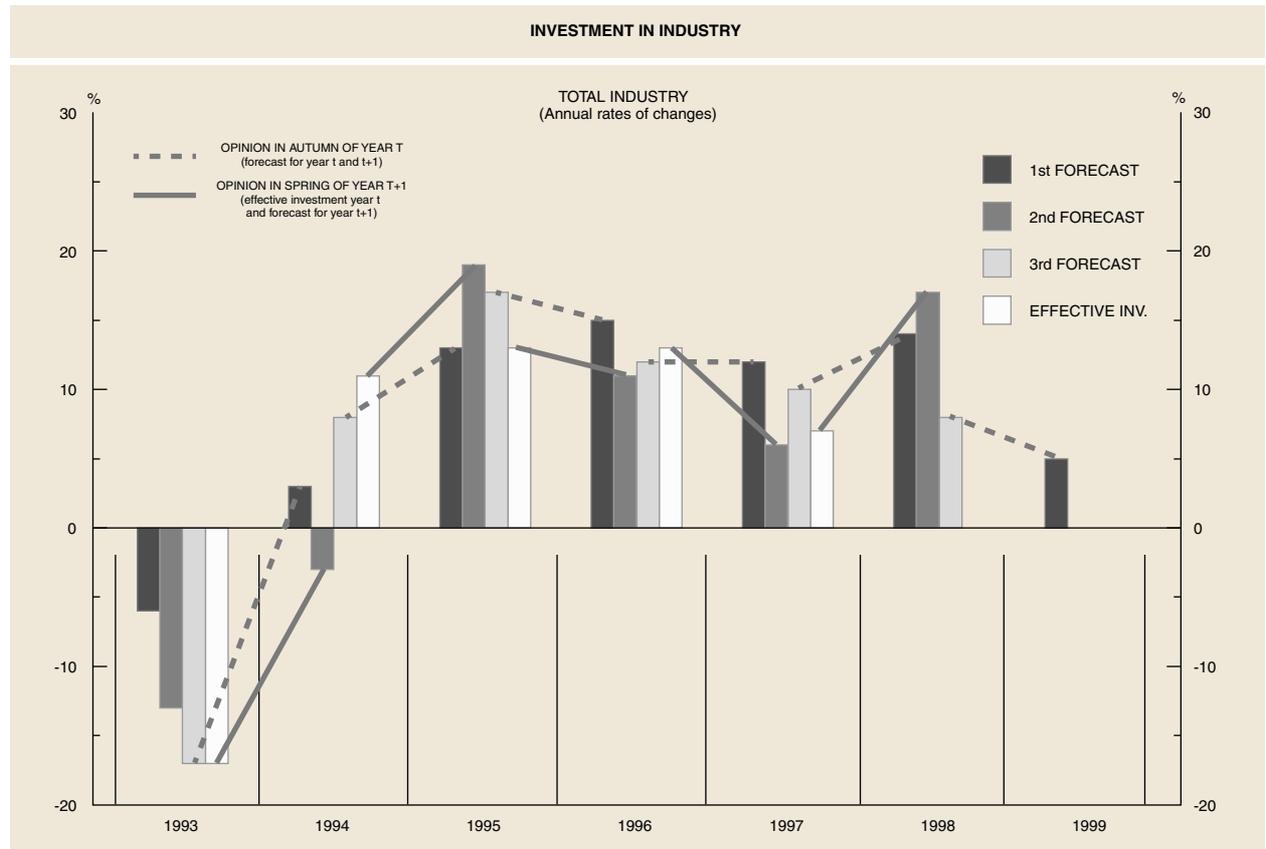
(e) Deflated by the recreational goods, publications and other goods and services (excluding tourism, hotel and catering services, financial and other services) components of the CPI.

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

n Series depicted in chart

Annual percentage changes at current prices

	1993	1994	1995	1996	1997	1998	1999
1st forecast	-6	3	13	15	12	14	5
2nd forecast	-13	-3	19	11	6	17	...
3rd forecast	-17	8	17	12	10	8	...
Actual inv.	-17	11	13	13	7	...	...



Source: Ministerio de Industria y Energía.

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.

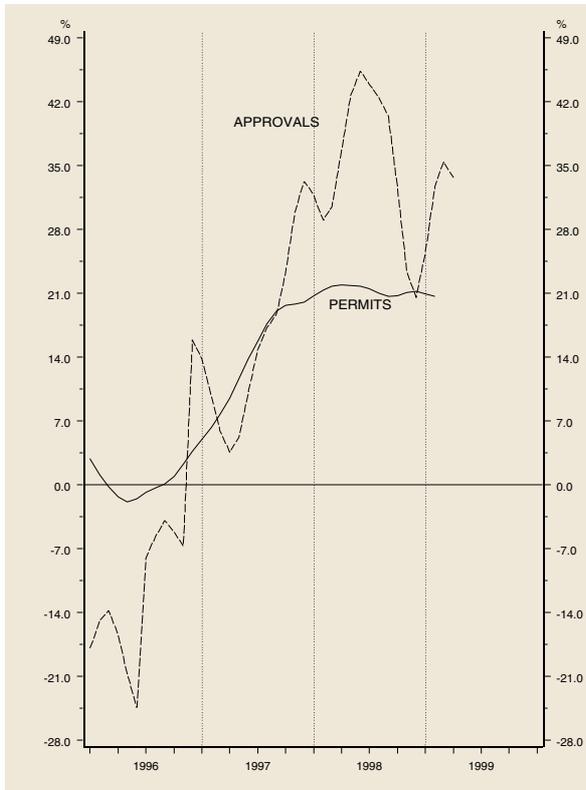
### 3.3. Construction. Indicators of building starts and consumption of cement. Spain

n Series depicted in chart

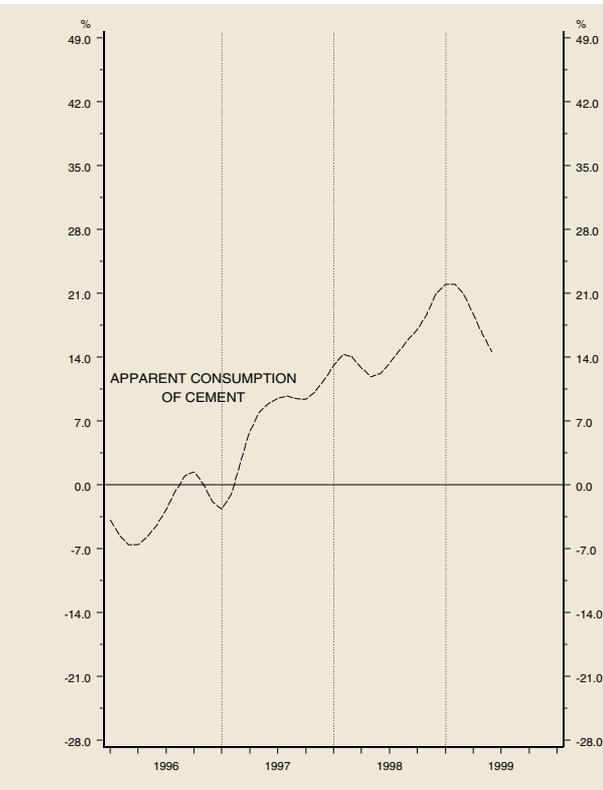
Annual percentage changes

	Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)						Apparent consumption of cement	
	Total	Residential	of which		Total	Housing	Total		Building					Civil engineering
			Housing	Non-residential			For the month	Year to date	Total	Residential	Housing	Non-residential		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>96</b>	-6.6	-6.0	-5.7	-10.2	-7.7	-8.9	23.4	23.4	-10.6	-10.3	31.5	-10.7	38.0	-2.9
<b>97</b>	16.6	13.6	13.8	34.4	17.0	19.0	2.1	2.1	47.4	51.0	37.5	46.2	-10.5	8.4
<b>98</b>	23.7	22.5	21.8	29.7	32.2	29.2	46.9	46.9	29.2	27.7	-13.0	29.7	55.0	15.7
<b>98 J-J</b>	25.2	25.8	25.6	22.3	37.3	34.3	81.5	81.5	62.9	84.8	4.7	20.9	117.4	13.2
<b>99 J-J</b>	...	...	...	...	...	...	...	...	...	...	...	...	...	17.7
<b>98 Jan</b>	21.4	26.7	26.6	-	19.0	17.3	103.0	103.0	132.1	118.8	-82.9	137.3	85.2	13.6
<b>Feb</b>	21.7	20.7	21.0	26.4	19.3	16.4	85.3	94.9	115.2	281.5	103.5	88.9	72.2	17.8
<b>Mar</b>	46.7	47.2	48.7	44.2	59.6	52.4	294.8	162.0	63.3	7.8	-10.3	81.6	471.9	26.9
<b>Apr</b>	4.5	5.1	5.8	1.7	31.7	34.3	23.1	113.8	50.9	224.9	247.0	28.7	9.8	-1.9
<b>May</b>	32.5	34.2	31.8	24.2	51.7	46.2	4.5	79.6	44.2	46.4	-66.7	43.4	-11.4	6.5
<b>Jun</b>	27.6	25.1	24.3	40.2	44.5	39.6	87.7	81.5	24.0	38.6	79.4	20.9	117.4	19.5
<b>Jul</b>	22.3	24.0	23.2	15.2	43.2	40.9	79.8	81.2	29.0	67.1	2.0	18.1	107.0	13.5
<b>Aug</b>	10.6	4.2	4.9	54.8	47.4	42.0	17.2	67.2	13.9	42.3	-42.1	3.5	18.6	19.7
<b>Sep</b>	9.0	10.3	12.1	3.7	37.3	29.2	25.0	62.6	-5.0	24.4	45.9	-11.5	40.7	13.7
<b>Oct</b>	27.0	21.0	19.0	57.0	7.2	7.7	-8.3	51.1	17.0	14.1	46.1	17.9	-17.9	10.1
<b>Nov</b>	37.6	35.0	30.7	52.1	27.5	25.8	0.4	44.1	-25.3	-62.5	-68.5	-1.7	13.0	32.7
<b>Dec</b>	22.8	16.4	15.4	58.3	18.0	13.8	71.0	46.9	33.5	-6.9	67.9	49.8	83.3	22.2
<b>99 Jan</b>	1.7	-2.3	-1.7	22.4	35.1	26.4	-3.2	-3.2	-29.8	29.6	147.3	-51.3	17.2	17.9
<b>Feb</b>	...	...	...	...	33.5	37.6	9.7	2.5	-20.8	-55.6	-52.0	-9.7	26.4	26.0
<b>Mar</b>	...	...	...	...	43.9	36.8	-41.5	-19.8	24.3	54.8	56.1	18.4	-55.8	15.3
<b>Apr</b>	...	...	...	...	...	...	56.5	-4.5	30.8	21.9	-48.5	33.6	73.4	20.4
<b>May</b>	...	...	...	...	...	...	46.7	4.8	-9.4	-26.9	220.2	-3.2	83.4	16.8
<b>Jun</b>	...	...	...	...	...	...	...	...	...	...	...	...	...	11.9

**CONSTRUCTION**  
Annual percentage changes (trend obtained with TRAMO-SEATS)



**CONSTRUCTION**  
Annual percentage changes (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.

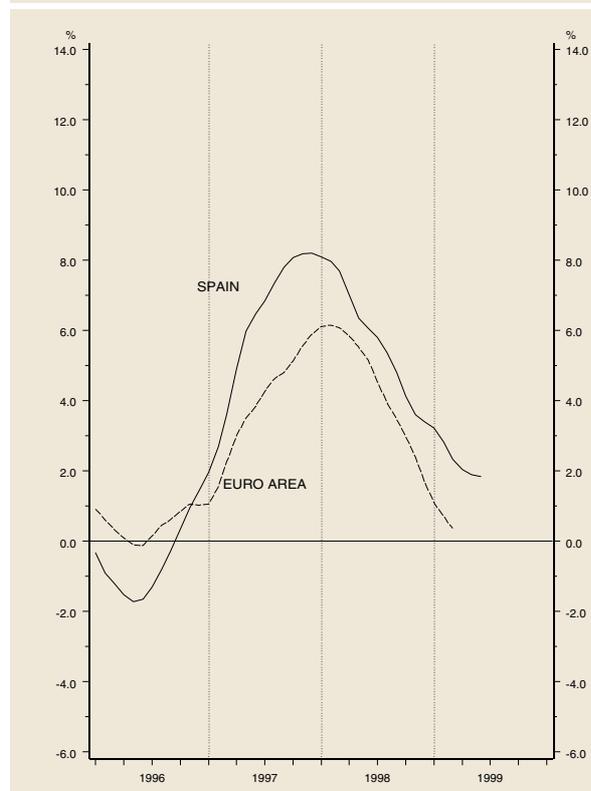
### 3.4. Industrial production index. Spain and euro area

n Series depicted in chart

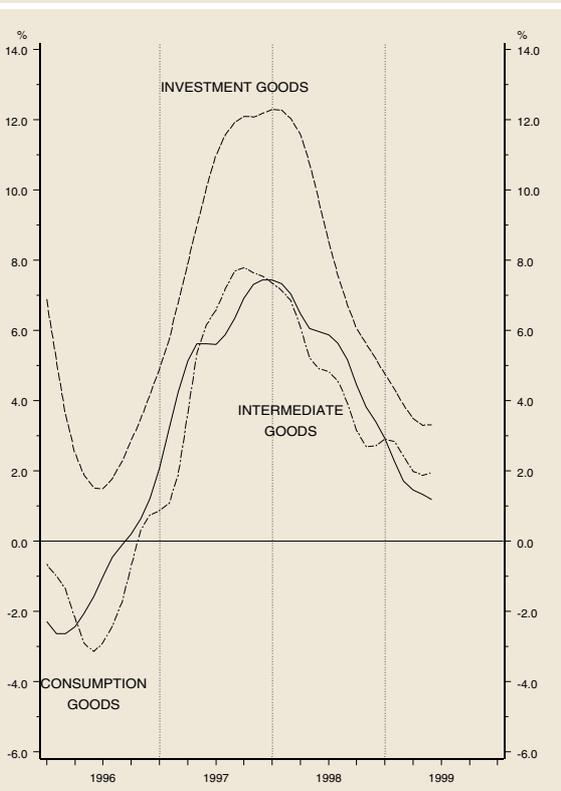
Annual percentage changes

	General index			By end-use of goods			By branch of activity				Memorandum item: euro area					
	Total		of which Manufacturing	Consumption	Investment	Inter- mediate goods	Energy	Minerals	Processing	Others	Total	of which		By end-use of goods		
	Original series	12-month % change										Manufac- turing	Consum- tion	Investment	Inter- mediate goods	Energy
			1	2	3	4	5	6	7	8	9					
96 Ø	102.2	-0.7	-0.7	-1.5	3.0	-1.2	-0.5	-2.0	2.3	-2.6	0.4	0.1	...	1.7	-0.1	
97 Ø	109.2	6.9	7.3	6.7	10.4	5.9	5.1	6.1	8.8	6.6	4.4	5.0	...	4.8	5.4	
98 Ø	115.1	5.4	6.2	5.5	8.4	4.2	1.1	5.5	8.2	4.7	4.0	4.5	...	6.6	3.9	
98 J-M Ø	115.2	6.4	7.8	6.1	12.1	4.8	-0.7	7.8	11.2	4.7	7.0	7.9	...	10.4	6.5	
99 J-M Ø	117.3	1.8	1.5	0.8	2.8	2.3	3.5	2.6	0.8	1.5	...	...	...	...	...	
97 Dec	106.9	10.4	10.7	10.8	10.0	10.3	8.0	12.6	13.6	7.9	6.9	8.3	...	7.0	8.7	
98 Jan	110.5	4.5	6.5	5.3	10.1	2.2	-5.6	9.3	7.7	4.6	6.0	7.9	...	8.2	8.0	
Feb	114.2	11.9	13.0	10.6	17.7	10.9	4.9	14.0	18.7	8.1	6.3	7.2	...	8.0	7.4	
Mar	121.3	14.1	15.8	13.4	23.7	11.7	6.0	13.4	23.3	10.6	7.2	7.5	...	10.6	7.5	
Apr	112.4	-2.9	-2.6	-3.9	-0.7	-2.8	-3.9	-2.7	-1.4	-4.2	3.6	4.2	...	6.1	4.0	
May	117.8	5.6	7.3	6.0	11.5	3.2	-4.1	6.8	10.1	5.0	7.0	7.9	...	10.4	6.5	
Jun	123.8	8.3	9.4	8.2	11.8	7.1	0.9	7.1	13.1	7.8	3.5	4.0	...	5.3	3.7	
Jul	126.5	5.9	6.1	7.1	2.0	6.2	4.3	5.2	5.7	7.0	4.2	4.6	...	7.4	3.5	
Aug	76.5	6.7	8.4	8.6	2.9	5.9	1.9	4.6	12.1	7.9	4.2	4.7	...	6.9	3.5	
Sep	120.0	3.6	4.5	3.3	9.8	1.8	-1.3	4.8	5.8	3.3	3.2	3.4	...	5.7	2.5	
Oct	123.7	-1.0	-0.9	-1.4	0.1	-1.0	-0.1	0.6	-1.5	-1.9	2.4	2.7	...	5.7	1.3	
Nov	122.0	5.6	6.0	7.2	6.4	4.0	3.1	5.2	6.7	5.9	1.9	1.7	...	4.3	1.3	
Dec	112.0	4.8	4.5	4.7	7.5	3.8	7.9	-0.3	5.8	5.0	-0.8	-1.4	...	1.5	-1.9	
99 Jan	112.9	2.2	0.6	0.5	2.5	3.5	11.1	1.0	-	0.5	1.1	0.9	...	3.9	-0.4	
Feb	113.9	-0.3	-1.0	-3.1	1.8	1.5	4.5	-0.7	1.0	-3.2	-0.6	-1.4	...	0.2	-1.5	
Mar	123.8	2.1	2.8	2.5	5.0	0.8	-2.0	2.4	3.2	2.7	-0.1	-0.4	...	-1.2	-0.4	
Apr	115.0	2.3	2.8	3.0	4.0	1.0	-1.7	5.7	-0.9	5.0	-0.7	-0.8	...	1.0	-1.6	
May	121.0	2.7	2.0	1.3	0.8	4.6	5.5	4.1	0.7	2.7	...	...	...	...	...	

INDUSTRIAL PRODUCTION INDEX  
Annual percentage changes (trend obtained with TRAMO-SEATS)



INDUSTRIAL PRODUCTION INDEX  
Annual percentage changes (trend obtained with TRAMO-SEATS)



Fuentes: INE and ECB.

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

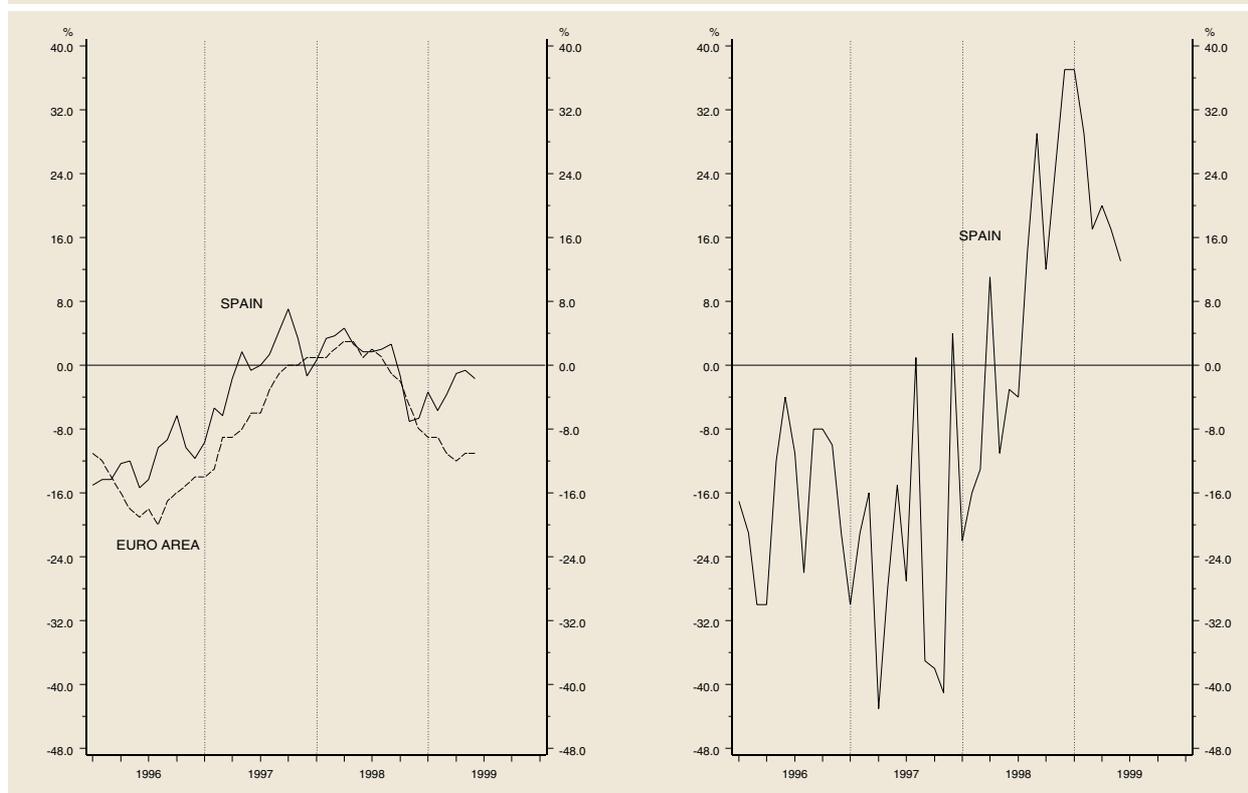
n Series depicted in chart

Balance

	Industry, excluding construction									Construction				Memorandum item: euro area (b)			
	Business climate indicator (a)	Production over the last three months	Foreseeable trend in production	Total orders	Foreign orders	Stocks of finished products	Business climate indicator			Business climate indicator	Production	Orders	Foreseeable trend		Industry, excluding construction		Construction business climate indicator
							Consumption	Investment	Intermediate goods				Production	Construction	Business climate indicator	Order book	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
96 0	-12	-2	5	-23	-19	18	-8	-10	-16	-18	-7	-9	1	1	-14	-29	...
97 0	»	12	11	-2	-7	8	2	»	-1	-24	-19	-23	7	3	1	-4	...
98 0	»	11	7	2	-7	8	1	3	-2	10	22	18	17	8	-9	-15	...
98 J-M 0	3	12	15	3	-2	9	2	8	2	-6	-1	6	10	9	1	-1	...
99 J-M 0	-3	4	11	-8	-21	10	1	-4	-5	19	15	17	35	27	-10	-20	...
97 Dec	1	14	8	1	-2	7	-1	1	2	-22	-25	-10	10	-3	1	-4	...
98 Jan	3	10	15	1	-2	6	2	4	4	-16	-36	2	-36	2	1	-4	...
Feb	4	9	18	3	-	10	4	6	3	-13	-30	5	11	2	2	-2	...
Mar	5	15	16	6	-	8	4	13	2	11	18	9	37	59	3	-1	...
Apr	3	15	15	4	-4	11	1	8	3	-11	22	6	12	-	3	-1	...
May	2	13	12	2	-5	9	»	7	1	-3	22	7	26	-20	1	-1	...
Jun	2	18	5	9	-3	9	-2	8	2	-4	26	11	-	-28	2	-2	...
Jul	2	23	-1	14	-	7	2	1	2	14	36	17	1	14	1	-2	...
Aug	3	14	8	4	-9	4	7	7	-4	29	49	34	49	15	-1	-4	...
Sep	-1	7	1	1	-10	6	4	-4	-7	12	35	12	35	-5	-2	-6	...
Oct	-7	5	-7	-4	-17	10	-1	-7	-12	25	35	33	4	-19	-5	-10	...
Nov	-7	1	-2	-7	-17	11	-5	-1	-9	37	32	49	43	42	-8	-14	...
Dec	-3	4	5	-6	-20	9	-2	-3	-4	37	50	25	23	34	-9	-15	...
99 Jan	-6	-5	9	-13	-22	13	-5	-6	-5	29	-25	24	13	31	-9	-16	...
Feb	-4	1	12	-14	-24	9	-	-7	-4	17	14	18	43	8	-11	-20	...
Mar	-1	5	11	-5	-17	9	4	-3	-5	20	15	23	15	41	-12	-23	...
Apr	-1	12	13	-5	-21	10	4	-2	-4	17	32	1	43	21	-11	-20	...
May	-2	5	8	-5	-21	8	2	-2	-5	13	40	17	63	33	-10	-20	...

INDUSTRIAL BUSINESS CLIMATE  
Net percentages

CONSTRUCTION BUSINESS CLIMATE  
Net percentages



Sources: Ministerio de Industria y Energía (MINER), *Encuesta de coyuntura industrial*, and ECB.

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

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

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

n Series depicted in chart

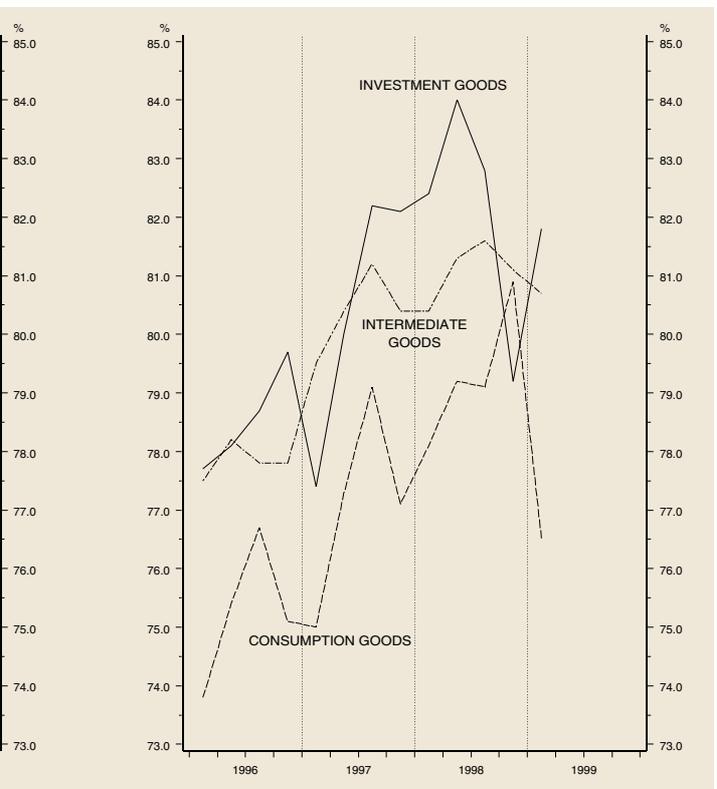
Percentages and balances

	Total industry			Consumer goods			Investment goods			Intermediate goods			Memorandum item: euro area capacity utilisation (%) 13 n
	Capacity utilisation		Installed capacity (balances)										
	Over last three months (%)	Forecast (%)		Over last three months (%)	Forecast (%)		Over last three months (%)	Forecast (%)		Over last three months (%)	Forecast (%)		
	1 n	2	3	4 n	5	6	7 n	8	9	10 n	11	12	
<b>96</b>	77.0	78.1	4	75.3	76.3	4	78.6	79.5	2	77.8	79.2	6	80.2
<b>97</b>	79.2	80.0	2	77.1	77.7	1	80.4	82.0	5	80.4	81.3	2	82.5
<b>98</b>	80.6	81.5	3	79.3	79.9	3	82.1	83.4	1	81.1	82.2	1	82.8
<b>98 I-I</b>	79.9	81.9	7	78.1	80.0	2	82.4	84.3	2	80.4	82.6	-	81.9
<b>99 I-I</b>	79.3	81.3	3	76.5	79.3	3	81.8	83.0	3	80.7	82.3	2	81.9
<b>95 I</b>	78.7	80.6	2	75.8	78.3	10	77.9	80.2	5	81.6	82.8	-5	82.2
<b>II</b>	78.1	78.3	3	76.8	77.0	5	76.2	77.4	-1	80.0	79.8	3	82.8
<b>III</b>	77.8	78.2	4	75.6	75.5	6	80.5	80.2	6	78.6	79.8	1	82.8
<b>IV</b>	77.6	77.1	5	75.3	72.6	8	78.3	78.8	5	79.4	80.4	4	82.6
<b>96 I</b>	76.1	79.0	6	73.8	77.6	7	77.7	78.4	2	77.5	80.6	8	82.0
<b>II</b>	77.1	78.0	2	75.4	77.1	1	78.1	78.8	1	78.2	78.5	4	80.2
<b>III</b>	77.6	78.1	4	76.7	77.1	4	78.7	78.9	4	77.8	78.6	4	80.0
<b>IV</b>	77.1	77.4	5	75.1	73.3	4	79.7	81.8	1	77.8	79.1	7	80.2
<b>97 I</b>	77.4	79.6	4	75.0	77.9	2	77.4	79.4	6	79.5	81.2	4	79.9
<b>II</b>	79.2	80.1	3	77.3	78.2	5	80.0	82.0	8	80.4	81.0	-1	81.1
<b>III</b>	80.6	81.0	1	79.1	79.7	-2	82.2	83.8	3	81.2	81.0	2	81.5
<b>IV</b>	79.5	79.4	1	77.1	74.9	-1	82.1	82.6	2	80.4	81.9	3	82.5
<b>98 I</b>	79.9	81.9	7	78.1	80.0	2	82.4	84.3	2	80.4	82.6	-	81.9
<b>II</b>	81.0	81.9	1	79.2	80.7	4	84.0	84.2	4	81.3	82.0	-3	83.4
<b>III</b>	80.9	81.8	2	79.1	80.8	4	82.8	83.2	-	81.6	82.0	-	83.7
<b>IV</b>	80.7	80.5	2	80.9	78.1	2	79.2	81.8	-4	81.1	82.0	6	82.8
<b>99 I</b>	79.3	81.3	3	76.5	79.3	3	81.8	83.0	3	80.7	82.3	2	81.9

CAPACITY UTILISATION



CAPACITY UTILISATION



Sources: Ministerio de Industria y Energía and ECB.

### 3.7. Tourism and transport statistics. Spain

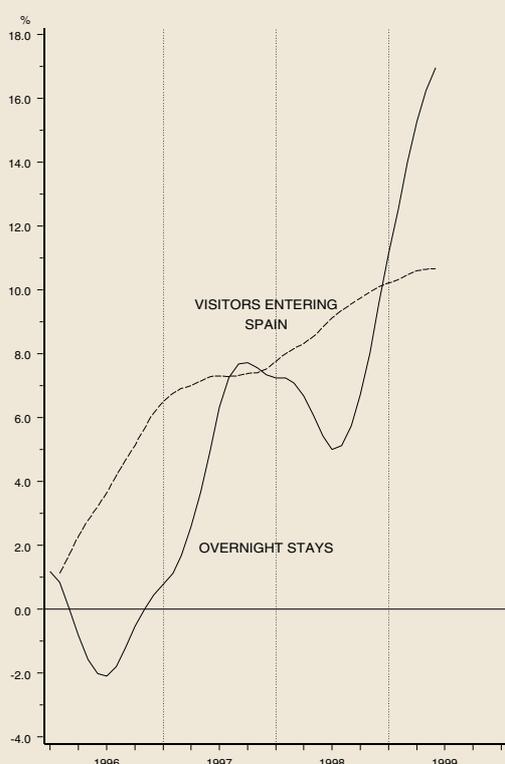
n Series depicted in chart

Annual percentage changes

	Travellers in hotel accommodation (a)		Overnight stays (a)		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
	Total	Foreigners	Total	Foreigners	Total	Tourists	Day-trippers	Passengers			Freight	Passengers	Freight	Passengers	Freight
								Total	Domestic flights	International flights					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
96	3.5	4.4	-0.8	-1.0	3.9	3.1	5.7	5.5	7.9	3.8	8.6	3.9	-2.9	1.8	1.2
97	7.4	7.3	5.4	5.2	7.1	6.7	7.9	7.9	7.6	8.1	10.2	5.1	2.5	6.2	12.6
98 p	10.3	10.8	6.9	6.1	9.6	10.8	7.1	7.1	2.5	10.4	0.7	8.3	4.6	5.4	2.6
98 J-J p	11.1	13.8	7.6	7.3	8.9	11.4	4.2	6.7	1.2	11.0	0.5	6.8	5.3	6.6	2.8
99 J-J a	13.7	20.4	16.2	23.1	9.5	10.8	7.0	...	...	...	...	9.1	10.6	...	...
97 Dec	11.2	10.9	8.0	6.7	8.0	8.6	7.1	4.7	3.5	5.9	3.2	10.9	11.0	13.9	14.3
98 Jan p	13.8	18.3	6.8	4.6	12.7	10.7	15.7	5.9	0.6	10.9	-4.3	3.0	-5.0	1.8	6.1
Feb p	12.3	17.1	8.9	8.0	9.6	11.3	7.2	7.0	»	14.1	-13.6	5.9	6.2	6.9	3.6
Mar p	2.9	9.4	1.8	7.7	-3.2	»	-8.7	-0.1	-3.4	2.8	4.1	-2.4	11.9	-0.5	11.6
Apr p	20.5	17.4	17.3	10.1	14.8	22.3	2.4	13.0	6.0	19.1	20.6	15.1	0.5	16.0	-2.9
May p	10.1	11.9	5.4	5.6	10.3	12.5	5.2	6.9	1.7	10.3	2.9	15.3	5.3	8.3	-0.1
Jun p	8.5	12.7	6.4	7.8	9.5	10.7	6.8	7.0	2.2	10.2	-2.7	2.3	12.8	7.1	-0.9
Jul p	8.7	6.9	3.9	1.8	7.2	7.7	6.0	5.4	2.0	7.6	-2.7	6.1	5.8	7.4	9.0
Aug p	8.7	7.2	4.0	2.1	12.4	11.7	13.7	4.8	1.1	6.9	4.6	9.9	7.5	8.7	5.2
Sep p	10.2	9.9	8.0	7.2	7.9	8.5	6.3	7.4	0.8	11.8	0.3	5.4	1.7	5.9	-6.2
Oct p	11.4	10.1	11.9	11.7	12.6	12.7	12.4	10.0	4.2	13.8	3.0	10.6	5.0	6.4	7.8
Nov p	11.2	9.4	7.2	5.7	9.1	10.3	7.0	10.6	10.8	10.4	-4.4	16.1	0.6	0.4	-1.6
Dec p	7.9	7.1	7.1	5.4	11.0	13.2	7.9	8.1	5.1	11.1	6.2	11.7	3.1	-3.8	2.0
99 Jan a	13.3	17.3	18.4	24.9	11.6	14.4	7.5	8.6	5.6	11.2	8.4	10.5	18.9	2.2	-6.7
Feb a	15.1	23.9	16.7	24.2	10.8	14.7	4.7	9.6	7.4	11.5	1.5	8.1	8.9	0.4	1.4
Mar a	16.1	24.6	16.9	23.9	14.4	17.1	9.3	10.3	10.3	10.5	4.4	22.4	13.6	9.4	5.7
Apr a	8.4	13.8	14.4	22.6	7.7	5.6	11.8	1.5	-3.7	5.5	-5.6	5.1	13.0	-1.4	3.7
May a	14.3	20.0	16.1	22.4	7.8	9.8	3.3	9.3	4.6	12.2	2.1	0.3	7.5	5.5	1.6
Jun a	15.4	23.5	16.1	22.5	7.4	8.4	5.1	...	...	...	...	11.1	3.0	...	...

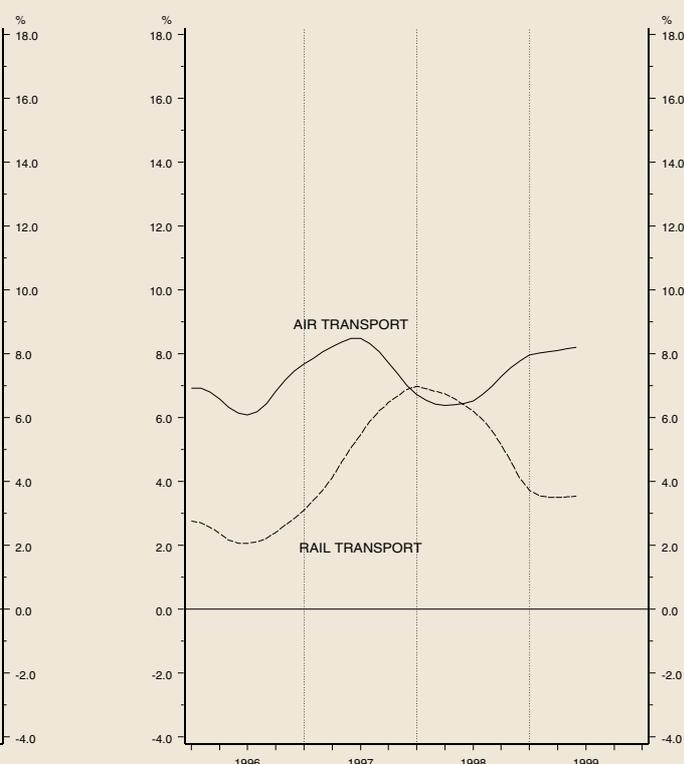
#### TOURISM

Annual percentage changes (trend obtained with TRAMO-SEATS)



#### TRANSPORT

Annual percentage changes (trend obtained with TRAMO-SEATS)



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

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

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

## 4.1. Labour force. Spain

n Series depicted in chart.

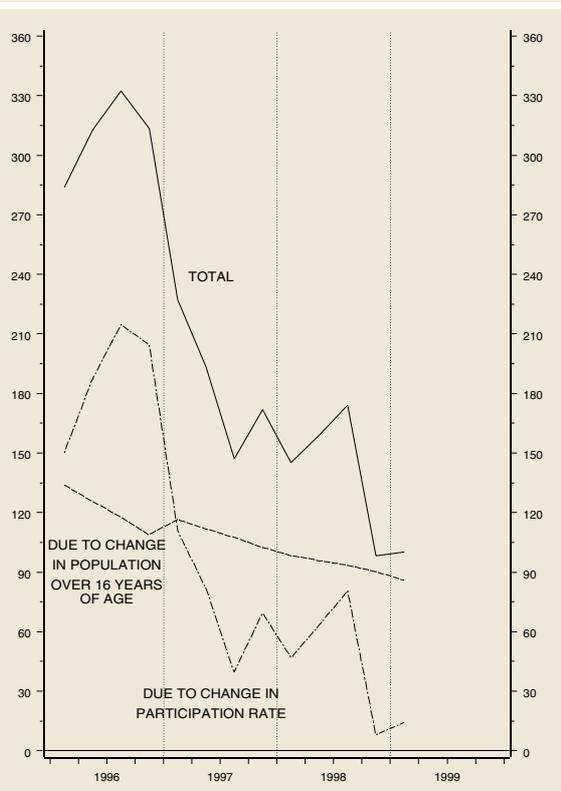
*Thousands and annual percentage changes*

	Population over 16 years of age				Participation rate	Labour force				
	Thousands	Annual change	4-quarter % change			Thousands	Annual change (a)			4-quarter % change
			n	n			Total	Due to change in population over 16 years of age	Due to change in participation rate	
	1	2	3	4	5	6	7	8	9	
96 $\emptyset$	32125	245	0.8		49.61	15936	311	122	189	2.0
97 $\emptyset$	32345	220	0.7		49.84	16121	185	110	75	1.2
98 $\emptyset$	32534	189	0.6		50.00	16265	144	94	50	0.9
98 I-I $\emptyset$	32468	198	0.6		49.79	16164	145	98	47	0.9
99 I-I $\emptyset$	32640	172	0.5		49.83	16264	100	86	14	0.6
95 I	31764	311	1.0		48.82	15508	80	152	-72	0.5
II	31841	311	1.0		48.88	15565	74	152	-78	0.5
III	31919	311	1.0		49.21	15707	221	153	68	1.4
IV	31997	311	1.0		49.14	15722	254	153	101	1.6
96 I	32035	272	0.9		49.29	15791	284	134	150	1.8
II	32095	254	0.8		49.47	15878	313	126	187	2.0
III	32155	236	0.7		49.88	16039	332	118	215	2.1
IV	32215	218	0.7		49.78	16035	313	109	205	2.0
97 I	32270	235	0.7		49.64	16019	227	117	111	1.4
II	32320	225	0.7		49.73	16071	194	112	82	1.2
III	32370	215	0.7		50.00	16187	147	108	40	0.9
IV	32420	205	0.6		49.99	16207	172	102	69	1.1
98 I	32468	198	0.6		49.79	16164	145	98	47	0.9
II	32512	192	0.6		49.92	16231	159	96	63	1.0
III	32556	186	0.6		50.25	16361	174	93	81	1.1
IV	32601	180	0.6		50.02	16305	98	90	8	0.6
99 I	32640	172	0.5		49.83	16264	100	86	14	0.6

**LABOUR FORCE SURVEY**  
Annual percentage changes



**LABOUR FORCE**  
Annual changes



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

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

## 4.2. Employment and wage-earners. Spain and euro area

n Series depicted in chart.

Thousands and annual percentage changes

	Employment									Unemployment			Unemployment rate	Memorandum item: euro area	
	Total			Wage-earners			Other			Thousands	Annual change	4-quarter % change		Employment 4-quarter % change	Unemployment rate
	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
96 ○	12396	354	2.9	9 284	341	3.8	3 112	13	0.4	3 540	-43	-1.2	22.22	0.2	11.62
97 ○	12765	369	3.0	9 709	425	4.6	3 056	-56	-1.8	3 356	-184	-5.2	20.83	0.3	11.63
98 ○	13205	440	3.4	10157	448	4.6	3 048	-7	-0.2	3 060	-296	-8.8	18.82	1.3	10.94
98 I-I ○	12992	415	3.3	9 950	453	4.8	3 042	-37	-1.2	3 172	-270	-7.8	19.63	0.9	11.23
99 I-I ○	13503	512	3.9	10500	550	5.5	3 003	-39	-1.3	2 761	-412	-13.0	16.98	...	10.50
95 I	11860	225	1.9	8 778	248	2.9	3 082	-23	-0.7	3 648	-145	-3.8	23.52	...	11.33
II	12027	300	2.6	8 938	329	3.8	3 090	-29	-0.9	3 537	-225	-6.0	22.73	...	11.30
III	12137	350	3.0	9 027	367	4.2	3 110	-17	-0.5	3 570	-129	-3.5	22.73	...	11.40
IV	12143	373	3.2	9 028	323	3.7	3 114	50	1.6	3 579	-119	-3.2	22.77	...	11.47
96 I	12174	314	2.6	9 048	270	3.1	3 126	43	1.4	3 618	-30	-0.8	22.91	...	11.63
II	12342	315	2.6	9 228	290	3.2	3 114	24	0.8	3 536	-2	»	22.27	...	11.60
III	12525	387	3.2	9 406	379	4.2	3 119	9	0.3	3 515	-55	-1.5	21.91	...	11.60
IV	12544	401	3.3	9 455	426	4.7	3 089	-25	-0.8	3 492	-88	-2.4	21.77	...	11.63
97 I	12576	403	3.3	9 497	449	5.0	3 079	-46	-1.5	3 442	-175	-4.8	21.49	...	11.70
II	12706	364	3.0	9 639	411	4.5	3 067	-47	-1.5	3 365	-171	-4.8	20.94	...	11.67
III	12861	336	2.7	9 813	407	4.3	3 048	-71	-2.3	3 326	-189	-5.4	20.55	0.3	11.63
IV	12915	371	3.0	9 887	432	4.6	3 028	-61	-2.0	3 293	-199	-5.7	20.32	0.5	11.50
98 I	12992	415	3.3	9 950	453	4.8	3 042	-37	-1.2	3 172	-270	-7.8	19.63	0.9	11.23
II	13161	454	3.6	10115	476	4.9	3 045	-22	-0.7	3 070	-295	-8.8	18.91	1.0	11.00
III	13325	464	3.6	10249	437	4.4	3 076	28	0.9	3 035	-290	-8.7	18.55	1.3	10.87
IV	13342	427	3.3	10312	425	4.3	3 030	2	0.1	2 963	-329	-10.0	18.17	1.4	10.67
99 I	13503	512	3.9	10500	550	5.5	3 003	-39	-1.3	2 761	-412	-13.0	16.98	...	10.50

**EMPLOYMENT**  
Annual percentage changes

**LABOUR FORCE: COMPONENTS**  
Annual percentage changes



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

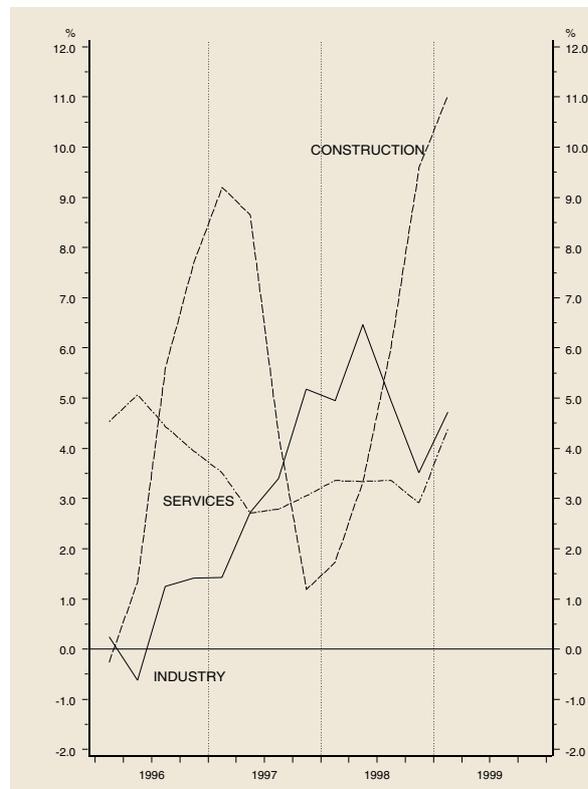
### 4.3. Employment by branch of activity. Spain (a)

n Series depicted in chart.

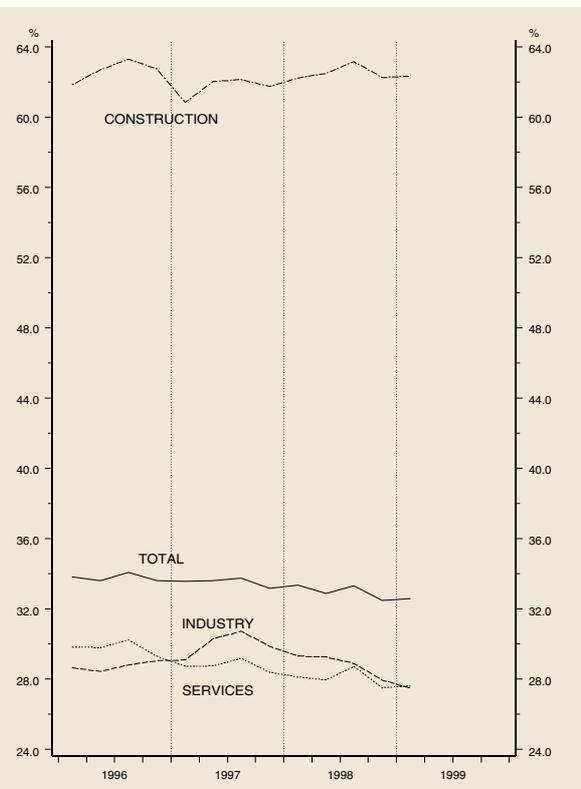
Annual percentage changes

	Total			Agriculture			Industry			Construction			Services			Memorandum item: employment in		
	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Branches other than agriculture	Branches other than agriculture excluding general government	Services excluding general government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
96 O	2.9	3.8	33.8	-2.7	-0.7	58.8	0.6	1.2	28.7	3.6	2.7	62.6	4.5	5.3	29.8	3.5	3.0	3.9
97 O	3.0	4.6	33.5	-0.8	11.9	60.0	3.2	4.3	30.0	5.7	6.3	61.7	3.0	4.0	28.8	3.3	3.1	2.5
98 O	3.4	4.6	33.0	-0.6	1.7	60.6	4.9	5.6	28.9	5.2	8.4	62.5	3.2	3.8	28.1	3.8	4.4	4.0
98 I-I	3.3	4.8	33.4	1.0	3.7	64.6	4.9	5.8	29.3	1.7	4.1	62.2	3.4	4.6	28.1	3.5	3.5	3.3
99 I-I	3.9	5.5	32.6	-8.6	-9.1	63.3	4.7	5.0	27.5	11.0	13.5	62.3	4.4	5.6	27.6	5.1	5.9	5.4
95 I	1.9	2.9	34.7	-5.7	-0.2	64.5	-0.3	-0.7	29.0	11.6	14.1	61.7	2.7	3.0	30.5	2.8	3.3	3.4
II	2.6	3.8	35.0	-3.8	1.5	60.1	0.9	1.4	29.6	7.2	9.8	64.4	3.5	4.0	30.9	3.3	3.2	3.5
III	3.0	4.2	35.2	-2.6	-1.7	56.3	1.2	2.0	30.3	5.7	7.7	63.4	4.1	5.0	31.6	3.6	3.5	4.2
IV	3.2	3.7	34.5	-3.3	-7.5	57.4	0.2	1.0	29.2	4.6	5.1	63.5	5.0	5.3	30.8	3.8	3.8	5.3
96 I	2.6	3.1	33.8	-1.1	-5.8	61.3	0.2	0.7	28.7	-0.3	-1.3	61.8	4.5	5.3	29.8	3.0	2.8	4.5
II	2.6	3.2	33.6	-4.8	-9.3	58.6	-0.6	-0.3	28.4	1.3	0.2	62.7	5.1	5.9	29.8	3.4	2.6	4.4
III	3.2	4.2	34.1	-3.3	5.0	57.6	1.2	1.8	28.8	5.6	4.9	63.3	4.4	4.9	30.2	3.8	3.2	3.5
IV	3.3	4.7	33.6	-1.5	9.3	57.8	1.4	2.4	29.1	7.7	6.8	62.7	3.9	5.0	29.3	3.8	3.3	3.2
97 I	3.3	5.0	33.6	0.2	18.3	64.5	1.4	2.8	29.1	9.2	10.0	60.8	3.5	4.2	28.7	3.6	3.3	2.9
II	3.0	4.5	33.6	-1.0	14.1	59.9	2.7	4.3	30.3	8.7	9.3	62.0	2.7	3.3	28.8	3.3	3.3	2.4
III	2.7	4.3	33.7	-1.7	6.6	56.2	3.4	4.5	30.7	4.3	4.6	62.1	2.8	4.1	29.2	3.1	2.8	2.2
IV	3.0	4.6	33.2	-1.0	8.3	59.2	5.2	5.6	29.9	1.2	2.0	61.7	3.1	4.4	28.4	3.3	2.9	2.3
98 I	3.3	4.8	33.4	1.0	3.7	64.6	4.9	5.8	29.3	1.7	4.1	62.2	3.4	4.6	28.1	3.5	3.5	3.3
II	3.6	4.9	32.9	-1.3	2.5	58.9	6.5	7.2	29.3	3.3	6.5	62.5	3.3	4.0	28.0	4.0	4.7	4.2
III	3.6	4.4	33.3	-0.7	1.4	58.1	4.9	5.4	28.9	6.0	9.7	63.1	3.4	3.5	28.7	4.0	4.8	4.5
IV	3.3	4.3	32.5	-1.6	-1.0	60.8	3.5	4.3	28.0	9.6	13.1	62.2	2.9	3.3	27.5	3.7	4.6	4.1
99 I	3.9	5.5	32.6	-8.6	-9.1	63.3	4.7	5.0	27.5	11.0	13.5	62.3	4.4	5.6	27.6	5.1	5.9	5.4

EMPLOYMENT  
Annual percentage changes



TEMPORARY EMPLOYMENT  
Percentages



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

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

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

#### 4.4. Wage-earners by type of contract and unemployment by duration. Spain

n Series depicted in chart.

	Wage-earners										Unemployment						
	By type of contract					By duration of working day					By duration				% of unemployed that would accept a job		
	Permanent		Temporary			Full-time		Part-time			Less than one year		More than one year		Entailing a change of residence	With a lower wage	Requiring fewer skills
	Annual change	4-quarter % change	Annual change	4-quarter % change	Proportion of temporary employment	Annual change	4-quarter % change	Annual change	4-quarter % change	As % of wage earners	Unemployment rate	4-quarter % change	Unemployment rate	4-quarter % change			
1	2 n	3	4 n	5	6	7	8	9 n	10	11 n	12	13 n	14	15	16	17	
96 O	321	5.5	20	0.6	33.78	291	3.5	50	7.8	7.45	9.76	1.5	12.46	-3.3	28.27	59.70	65.03
97 O	300	4.9	125	4.0	33.52	337	3.9	88	12.7	8.03	9.15	-5.2	11.68	-5.2	27.58	61.39	66.25
98 O	349	5.4	99	3.0	33.01	406	4.5	41	5.3	8.09	8.48	-6.4	10.34	-10.7	25.87	58.97	63.70
98 I-I	323	5.1	130	4.1	33.35	379	4.3	73	9.7	8.32	8.75	-6.2	10.87	-9.1	26.05	60.53	65.71
99 I-I	457	6.9	93	2.8	32.59	498	5.5	52	6.3	8.38	7.92	-9.0	9.06	-16.2	23.74	54.88	60.22
95 I	-15	-0.3	262	9.4	34.68	193	2.4	54	9.9	6.87	9.84	-10.7	13.68	1.8	28.47	59.45	64.93
II	95	1.7	234	8.1	34.99	256	3.2	72	12.7	7.20	9.53	-11.3	13.20	-1.8	28.03	59.35	64.57
III	156	2.7	211	7.1	35.24	255	3.1	112	20.9	7.18	9.81	-2.3	12.92	-4.4	28.08	59.37	64.77
IV	212	3.7	111	3.7	34.51	219	2.7	104	18.4	7.44	10.03	1.3	12.73	-6.5	28.05	60.69	66.36
96 I	252	4.4	19	0.6	33.82	197	2.4	74	12.2	7.48	9.97	3.2	12.94	-3.7	28.32	60.72	65.70
II	317	5.5	-26	-0.8	33.60	226	2.7	64	10.0	7.67	9.79	4.9	12.47	-3.6	28.38	59.07	64.36
III	354	6.1	25	0.8	34.10	349	4.2	30	4.6	7.21	9.55	-0.6	12.37	-2.3	27.87	58.88	64.29
IV	364	6.2	63	2.0	33.62	393	4.7	33	4.9	7.45	9.72	-1.2	12.05	-3.4	28.52	60.12	65.75
97 I	316	5.3	133	4.3	33.59	371	4.4	78	11.5	7.95	9.41	-4.2	12.08	-5.3	27.49	60.80	65.58
II	266	4.3	145	4.7	33.60	325	3.8	87	12.3	8.24	9.30	-3.9	11.64	-5.5	28.13	62.00	67.00
III	294	4.8	113	3.5	33.74	320	3.7	87	12.8	7.79	8.97	-5.2	11.58	-5.5	27.79	61.73	66.67
IV	325	5.2	108	3.4	33.16	332	3.8	100	14.2	8.14	8.91	-7.4	11.41	-4.3	26.92	61.05	65.77
98 I	323	5.1	130	4.1	33.35	379	4.3	73	9.7	8.32	8.75	-6.2	10.87	-9.1	26.05	60.53	65.71
II	387	6.1	89	2.7	32.89	437	4.9	38	4.8	8.23	8.52	-7.4	10.39	-9.8	26.01	59.18	63.84
III	330	5.1	107	3.2	33.33	404	4.5	33	4.3	7.78	8.23	-7.3	10.33	-9.9	26.04	58.23	62.75
IV	357	5.4	69	2.1	32.47	404	4.5	21	2.6	8.01	8.43	-4.8	9.75	-14.0	25.40	57.96	62.51
99 I	457	6.9	93	2.8	32.59	498	5.5	52	6.3	8.38	7.92	-9.0	9.06	-16.2	23.74	54.88	60.22

WAGE EARNERS  
Annual percentage changes

UNEMPLOYMENT  
Unemployment rate



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

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

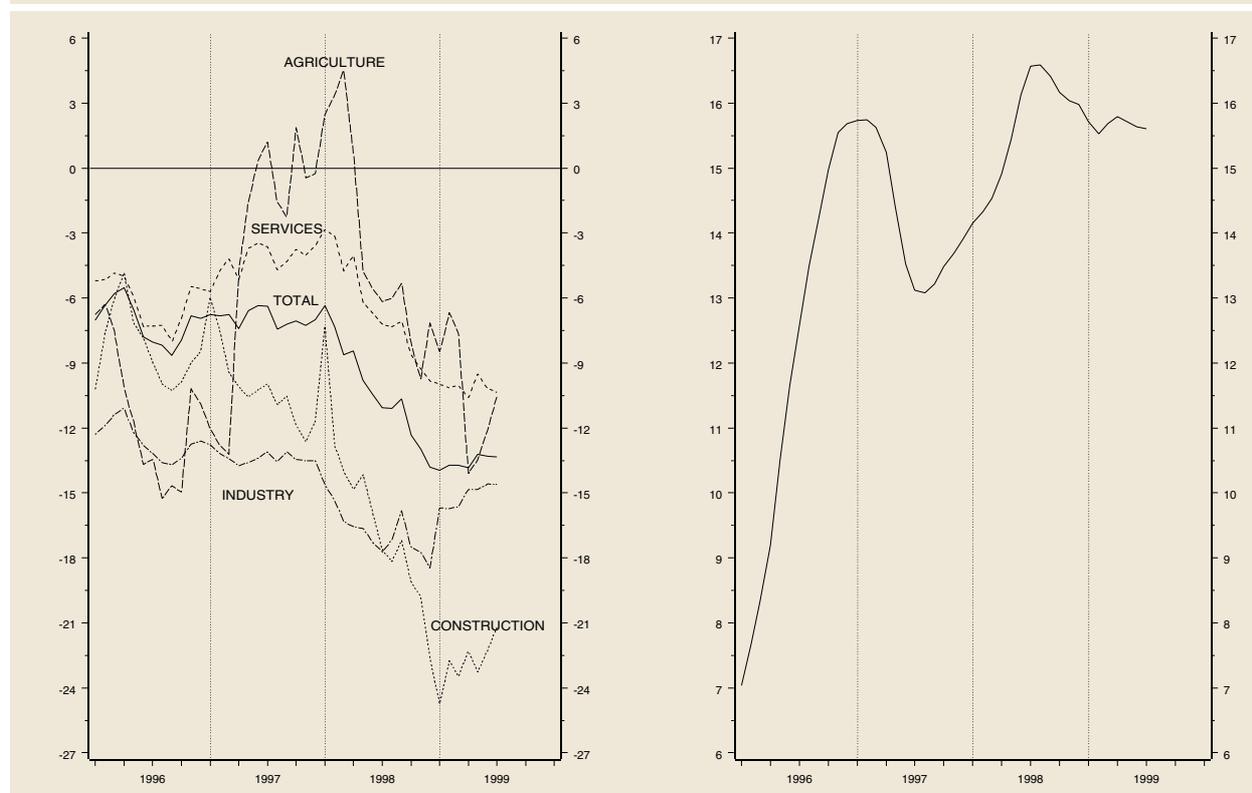
#### 4.5. Registered unemployment by branch of activity. Contracts and placements. Spain

n Series depicted in chart.

	Registered unemployment										Contracts			Placements					
	Total			First time job-seekers	Previously employed						Total		Percentage of total			Total			
	Thousands	Annual change	12-month % change		12-month % change							Thousands	12-month % change	Permanent	Part-time	Temporary	Thousands	12-month % change	
				Total	Agriculture	Branches other than agriculture													
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
96	2 275	-174	-7.1	-1.4	-8.3	-11.7	-8.2	-12.6	-8.0	-6.2	719	17.7	4.11	18.67	95.89	716	13.6		
97	2 119	-157	-6.9	-5.3	-7.2	-2.8	-7.4	-13.5	-10.2	-4.0	841	17.0	6.84	19.48	93.16	817	14.2		
98	1 890	-229	-10.8	-11.5	-10.7	-4.4	-10.9	-16.8	-17.4	-7.0	972	15.6	8.34	20.15	91.66	947	15.9		
98	J-J	Ø	1 959	-205	-9.5	-9.6	-9.5	-2.1	-9.7	-16.7	-15.2	-5.6	959	17.2	8.82	19.05	91.18	929	15.8
99	J-J	Ø p	1 695	-264	-13.5	-16.4	-12.8	-10.8	-12.9	-15.0	-22.2	-10.1	1 089	13.6	9.66	17.51	90.34	...	...
98	Mar		2 039	-188	-8.5	-8.8	-8.4	0.6	-8.7	-16.6	-14.8	-4.0	938	30.5	9.84	18.43	90.16	903	25.9
	Apr		1 968	-214	-9.8	-10.1	-9.7	-4.8	-9.9	-16.6	-14.2	-6.2	904	4.0	9.81	19.59	90.19	873	1.2
	May		1 902	-222	-10.4	-10.4	-10.4	-5.6	-10.6	-17.3	-15.9	-6.7	928	24.0	9.60	19.88	90.40	896	19.4
	Jun		1 861	-231	-11.1	-10.9	-11.1	-6.2	-11.3	-17.7	-17.6	-7.2	997	21.3	7.59	19.89	92.41	970	25.0
	Jul		1 786	-223	-11.1	-11.0	-11.1	-6.0	-11.3	-17.2	-18.2	-7.3	1 098	13.4	6.72	21.32	93.28	1 072	17.0
	Aug		1 777	-212	-10.7	-11.0	-10.6	-5.3	-10.7	-15.8	-17.2	-7.1	780	12.5	6.30	19.92	93.70	775	16.3
	Sep		1 788	-252	-12.3	-13.4	-12.1	-8.1	-12.2	-17.5	-19.1	-8.6	1 045	14.4	7.78	21.34	92.22	1 025	16.7
	Oct		1 804	-269	-13.0	-14.7	-12.6	-9.7	-12.7	-17.7	-19.8	-9.3	1 179	6.8	8.31	24.35	91.69	1 155	9.5
	Nov		1 805	-289	-13.8	-15.7	-13.4	-7.2	-13.6	-18.5	-22.6	-9.8	1 055	23.9	8.35	22.75	91.65	1 034	26.6
	Dec		1 786	-290	-14.0	-16.4	-13.4	-8.5	-13.6	-15.7	-24.7	-10.0	889	10.6	7.58	20.13	92.42	873	12.7
99	Jan		1 804	-287	-13.7	-16.9	-13.0	-6.7	-13.2	-15.7	-22.7	-10.1	1 059	6.6	7.79	16.54	92.21	1 041	8.3
	Feb		1 784	-284	-13.7	-16.9	-13.0	-7.6	-13.2	-15.6	-23.5	-10.0	997	16.3	9.02	16.77	90.98	970	17.2
	Mar		1 757	-282	-13.8	-16.6	-13.2	-14.1	-13.2	-14.8	-22.3	-10.6	1 105	17.8	10.64	17.36	89.36	1 061	17.4
	Apr		1 708	-260	-13.2	-15.7	-12.6	-13.5	-12.6	-14.8	-23.3	-9.5	1 043	15.4	10.97	17.13	89.03	1 007	15.3
	May		1 649	-253	-13.3	-15.5	-12.8	-12.1	-12.8	-14.6	-22.3	-10.2	1 129	21.7	13.07	17.30	86.93	1 067	19.1
	Jun		1 612	-248	-13.3	-16.0	-12.7	-10.5	-12.8	-14.6	-21.2	-10.4	1 129	13.2	8.59	18.41	91.41	1 085	11.9
	Jul	p	1 551	-235	-13.2	-16.9	-12.3	-10.7	-12.3	-14.7	-19.1	-10.0	1 163	5.9	7.54	19.06	92.46	...	...

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

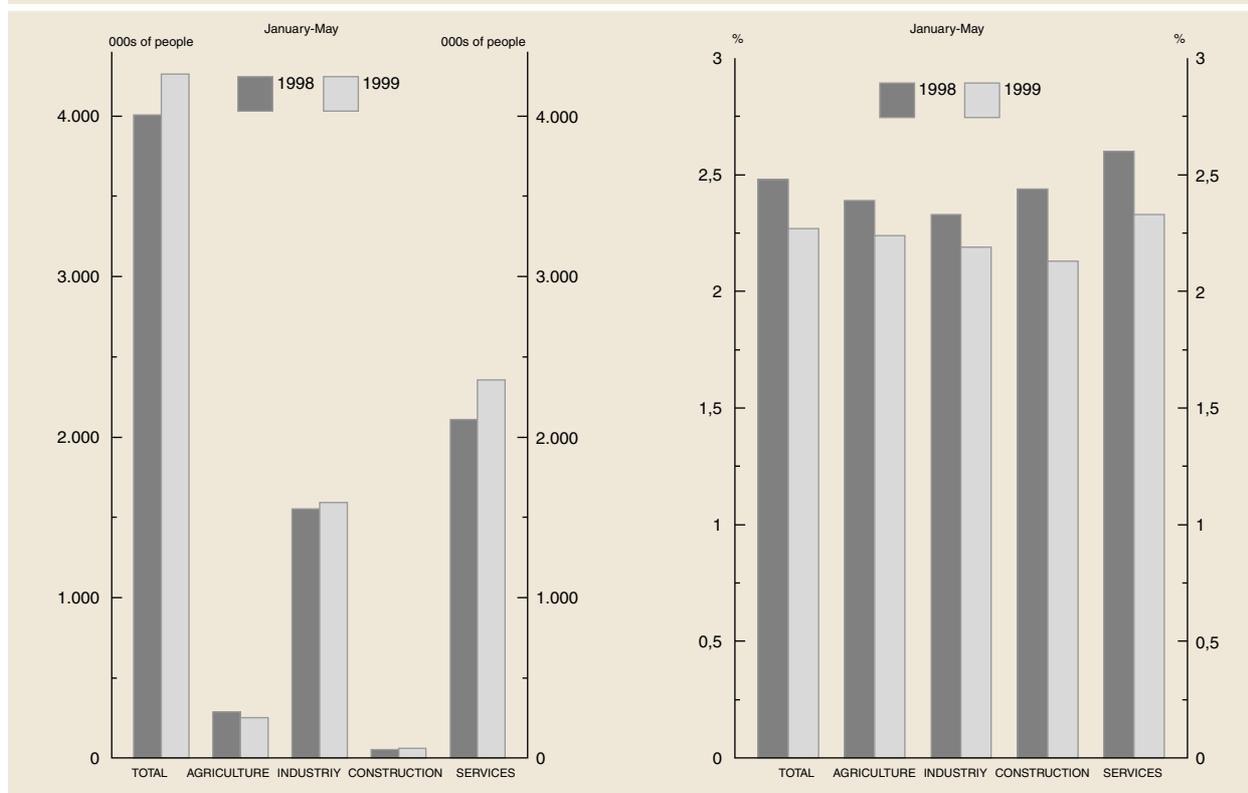
n Series depicted in chart.

Thousands and %

	As per month economic effects come into force (a)		As per month recorded														
	Employees affected	Average wage settlement	Employees affected (a)								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=3+4 n	6	7 n	8 n	9 n	10 n	11	12	13 n	14 n	15 n	16 n	17 n	
<b>96</b>	8 128	3.82	2 474	3 647	6 121	22	539	2 243	675	2 663	3.76	3.83	3.80	3.88	3.82	3.98	3.73
<b>97</b>	8 361	2.87	3 581	3 646	7 227	1 106	657	2 564	627	3 379	3.04	2.93	2.98	3.33	2.93	2.78	2.99
<b>98</b>	8 046	2.57	4 240	2 732	6 972	-255	500	2 406	827	3 240	2.43	2.77	2.56	2.90	2.40	2.35	2.69
<b>97 Sep</b>	8 199	2.87	3 447	2 676	6 124	1 068	641	2 408	472	2 603	3.03	3.01	3.02	3.34	2.92	2.80	3.08
<b>Oct</b>	8 315	2.88	3 498	3 009	6 508	869	654	2 455	555	2 844	3.03	2.98	3.01	3.33	2.92	2.78	3.05
<b>Nov</b>	8 355	2.87	3 567	3 513	7 079	1 211	655	2 515	601	3 308	3.04	2.94	2.99	3.33	2.94	2.78	3.00
<b>Dec</b>	8 361	2.87	3 581	3 646	7 227	1 106	657	2 564	627	3 379	3.04	2.93	2.98	3.33	2.93	2.78	2.99
<b>98 Jan</b>	7 248	2.54	2 557	6	2 563	288	57	1 231	3	1 273	2.49	2.75	2.49	2.60	2.30	2.28	2.66
<b>Feb</b>	7 336	2.54	3 272	36	3 308	398	178	1 357	26	1 747	2.46	5.00	2.48	2.39	2.29	2.39	2.64
<b>Mar</b>	7 399	2.53	3 347	48	3 395	402	178	1 385	28	1 803	2.46	4.47	2.49	2.39	2.31	2.41	2.63
<b>Apr</b>	7 655	2.53	3 713	112	3 825	463	280	1 448	30	2 067	2.44	3.20	2.46	2.38	2.29	2.47	2.59
<b>May</b>	7 857	2.56	3 731	274	4 006	374	288	1 553	53	2 112	2.44	3.04	2.48	2.39	2.33	2.44	2.60
<b>Jun</b>	7 913	2.56	3 834	551	4 385	48	413	1 603	109	2 259	2.44	3.01	2.51	2.88	2.33	2.37	2.57
<b>Jul</b>	7 952	2.56	3 965	1 085	5 051	231	423	1 968	194	2 466	2.44	2.81	2.52	2.93	2.39	2.33	2.56
<b>Aug</b>	7 958	2.56	3 974	1 276	5 250	-212	428	2 002	279	2 541	2.43	3.14	2.61	2.93	2.39	2.32	2.75
<b>Sep</b>	8 028	2.57	4 140	1 774	5 913	-210	489	2 151	509	2 765	2.44	2.95	2.59	2.90	2.39	2.38	2.74
<b>Oct</b>	8 036	2.57	4 196	2 154	6 350	-158	492	2 285	704	2 869	2.43	2.86	2.57	2.90	2.39	2.36	2.72
<b>Nov</b>	8 044	2.57	4 240	2 388	6 628	-452	495	2 339	704	3 090	2.43	2.82	2.57	2.90	2.39	2.36	2.70
<b>Dec</b>	8 046	2.57	4 240	2 732	6 972	-255	500	2 406	827	3 240	2.43	2.77	2.56	2.90	2.40	2.35	2.69
<b>99 Jan</b>	4 500	2.29	1 779	158	1 936	-627	117	668	4	1 148	2.25	1.81	2.21	2.30	2.12	2.47	2.26
<b>Feb</b>	4 525	2.29	2 759	164	2 923	-385	242	837	5	1 839	2.35	1.83	2.32	2.25	2.13	2.42	2.42
<b>Mar</b>	4 584	2.28	3 373	213	3 586	191	250	1 066	29	2 241	2.29	2.04	2.27	2.24	2.13	1.83	2.35
<b>Apr</b>	4 640	2.28	3 635	498	4 133	308	250	1 531	29	2 322	2.28	2.15	2.26	2.24	2.17	1.84	2.33
<b>May</b>	4 760	2.28	3 688	575	4 263	257	252	1 591	61	2 358	2.28	2.18	2.27	2.24	2.19	2.13	2.33
<b>Jun</b>	4 770	2.28	3 833	1 007	4 840	455	367	1 898	123	2 452	2.29	2.28	2.29	2.56	2.20	2.24	2.33

### EMPLOYEES AFFECTED

### AVERAGE WAGE SETTLEMENT



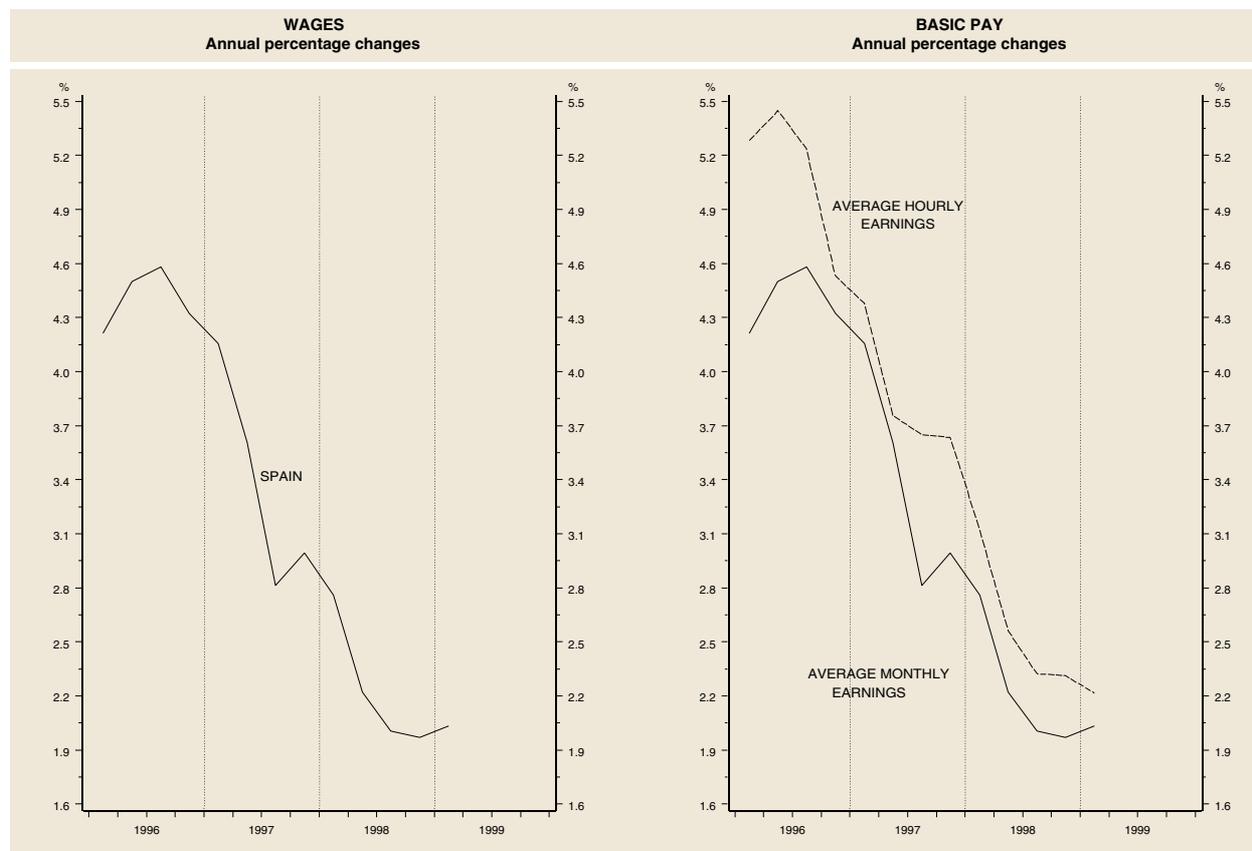
Source: Ministerio de Trabajo y Asuntos Sociales (MTAS), *Estadística de Convenios Colectivos, Avance mensual*.

(a) Cumulative data.

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

n Series depicted in chart.

	Average monthly earnings								Average hourly earnings						Average number of hours worked		Memorandum item: wages in the euro area
	Basic pay		Basic pay and overtime						Basic pay		Basic pay and overtime				Number of hours	4-quarter % change	
	Euro	4-quarter % change	Total		Industry	Construction	Services	Euro	4-quarter % change	Total		Industry	Construction	Services			
			Euro	4-quarter % change	4-quarter % change	4-quarter % change	4-quarter % change			Euro	4-quarter % change	4-quarter % change	4-quarter % change	4-quarter % change			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
96 Ø	1 111	4.3	1 250	4.5	5.5	4.5	3.3	7.71	5.2	8.67	5.3	5.9	5.5	4.5	144	-0.8	...
97 Ø	1 148	3.3	1 293	3.4	4.6	4.3	2.8	8.01	3.9	9.02	4.1	4.5	4.4	4.0	143	-0.6	...
98 Ø	1 173	2.1	1 323	2.3	3.1	3.3	2.0	8.22	2.6	9.28	2.8	3.3	3.3	2.8	143	-0.5	...
98 I-I	1 165	2.6	1 247	2.8	3.2	2.3	3.4	8.16	3.2	8.74	3.5	3.4	2.4	4.6	143	-0.7	...
99 I-I	1 186	1.8	1 274	2.1	2.8	3.7	1.7	8.35	2.3	8.97	2.6	2.7	3.8	2.6	142	-0.5	...
95 II	1 061	4.4	1 142	4.7	5.5	5.9	3.6	7.30	4.4	7.86	4.6	4.8	5.2	4.4	145	»	...
III	1 073	4.6	1 212	4.4	4.7	5.2	3.9	7.37	5.0	8.32	4.8	4.3	5.2	5.2	146	-0.4	...
IV	1 079	4.6	1 318	4.5	4.8	4.8	4.1	7.45	5.6	9.11	5.5	5.0	5.1	6.1	145	-0.9	...
96 I	1 091	4.2	1 164	4.3	5.8	3.6	3.4	7.57	5.4	8.07	5.4	6.1	4.7	5.2	144	-1.1	...
II	1 109	4.5	1 194	4.6	5.8	4.8	3.2	7.70	5.5	8.30	5.7	6.3	6.1	4.5	144	-1.0	...
III	1 121	4.5	1 268	4.6	5.3	4.8	3.5	7.76	5.3	8.77	5.4	5.7	5.9	4.6	145	-0.8	...
IV	1 124	4.2	1 376	4.4	5.3	4.5	3.3	7.80	4.6	9.54	4.8	5.5	5.1	3.7	144	-0.4	...
97 I	1 136	4.1	1 213	4.2	4.6	5.0	3.3	7.91	4.4	8.44	4.6	4.6	5.1	4.0	144	-0.3	...
II	1 145	3.2	1 238	3.7	5.5	4.8	2.8	8.00	3.8	8.65	4.2	5.3	4.8	3.9	143	-0.6	...
III	1 155	3.1	1 304	2.9	4.0	3.6	2.6	8.05	3.7	9.09	3.6	4.0	3.6	4.0	144	-0.7	...
IV	1 157	2.9	1 418	3.1	4.4	3.9	2.5	8.08	3.7	9.91	3.8	4.2	4.3	4.1	143	-0.8	...
98 I	1 165	2.6	1 247	2.8	3.2	2.3	3.4	8.16	3.2	8.74	3.5	3.4	2.4	4.6	143	-0.7	...
II	1 167	2.0	1 266	2.3	2.9	4.1	1.8	8.21	2.6	8.91	3.0	3.1	4.2	3.0	142	-0.7	...
III	1 180	2.1	1 331	2.1	3.6	3.2	1.3	8.24	2.4	9.30	2.4	3.7	3.3	1.7	143	-0.3	...
IV	1 180	1.9	1 447	2.0	2.8	3.6	1.6	8.28	2.4	10.15	2.4	3.1	3.4	2.3	143	-0.4	...
99 I	1 186	1.8	1 274	2.1	2.8	3.7	1.7	8.35	2.3	8.97	2.6	2.7	3.8	2.6	142	-0.5	...



Sources: INE, *Encuesta de Salarios en la Industria y los Servicios*, and ECB.

Note: The data in pesetas have been converted into euro by applying the irrevocable conversion rate of EUR 1 = ESP 166.386. The underlying series for this indicator, for Spain, are in Tables 24.26, 24.27 and 24.28 of the BE *Boletín estadístico*.

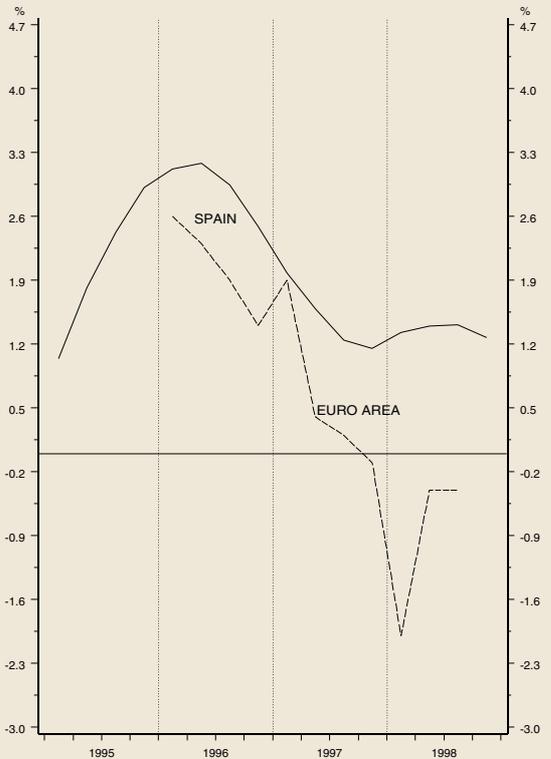
#### 4.8. Unit labour costs. Spain and euro area

n Series depicted in chart.

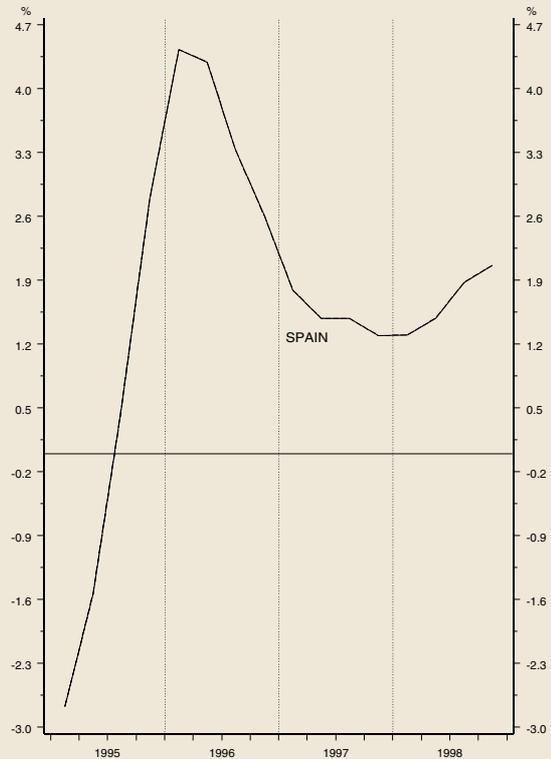
Annual percentage changes

	Whole-economic unit labour costs		Compensation per employee		Productivity						Memorandum item: unit labour costs in manufacturing	
							Output		Employment			
	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area
	1 n	2 n	3	4	5	6	7	8	9	10	11 n	12 n
95	2.1	1.7	3.0	3.5	0.9	1.8	2.7	2.1	1.8	0.4	-0.3	...
96	2.9	1.8	3.8	3.4	0.9	1.6	2.4	1.7	1.5	0.2	3.6	...
97	1.5	0.4	2.3	2.6	0.8	2.3	3.5	2.5	2.7	0.3	1.5	...
97 I-IV Ø	1.5	0.4	2.3	2.6	0.8	2.3	3.5	2.5	2.7	0.3	1.5	...
98 I-IV Ø	1.4	...	1.8	...	0.5	...	3.8	2.9	3.3	1.2	1.7	...
95 I	1.0	...	2.3	...	1.3	...	3.0	3.1	1.7	...	-2.8	...
II	1.8	...	2.8	...	0.9	...	2.9	2.4	2.0	...	-1.5	...
III	2.4	...	3.3	...	0.8	...	2.7	1.9	1.8	...	0.5	...
IV	2.9	...	3.4	...	0.5	...	2.3	1.1	1.8	...	2.8	...
96 I	3.1	2.6	4.1	3.6	1.0	...	2.1	1.4	1.1	...	4.4	...
II	3.2	2.0	4.7	3.3	1.5	...	2.2	1.4	0.7	...	4.3	...
III	2.9	1.7	3.6	3.5	0.7	...	2.5	1.8	1.8	...	3.3	...
IV	2.5	1.5	3.0	3.3	0.5	...	2.9	2.0	2.4	...	2.6	...
97 I	2.0	1.8	2.3	2.9	0.3	...	3.2	1.6	2.9	...	1.8	...
II	1.6	0.3	2.0	2.9	0.4	...	3.4	2.6	3.0	...	1.5	...
III	1.2	-0.1	2.4	2.3	1.2	2.5	3.7	2.8	2.5	0.3	1.5	...
IV	1.2	-0.4	2.4	2.2	1.3	2.6	3.8	3.1	2.5	0.5	1.3	...
98 I	1.3	-2.2	2.4	1.0	1.0	3.4	3.9	3.7	2.8	0.9	1.3	...
II	1.4	-0.6	1.9	1.2	0.5	1.8	3.9	2.9	3.4	1.0	1.5	...
III	1.4	-0.6	1.6	1.3	0.2	1.8	3.8	2.8	3.6	1.3	1.9	...
IV	1.3	...	1.5	...	0.2	...	3.6	2.3	3.3	1.4	2.1	...

UNIT LABOUR COSTS. TOTAL  
Annual percentage changes



UNIT LABOUR COSTS. MANUFACTURING  
Annual percentage changes



Sources: INE, BE and ECB.

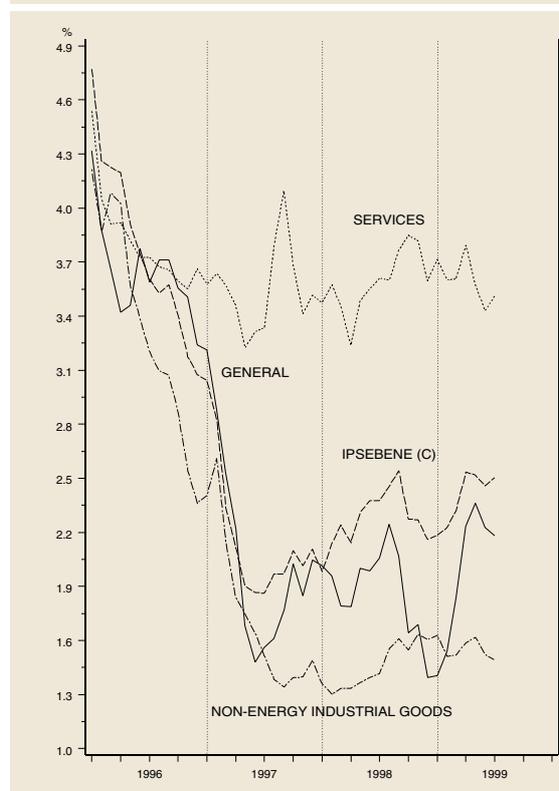
## 5.1. Consumer price index. Spain (1992 = 100)

n Series depicted in chart.

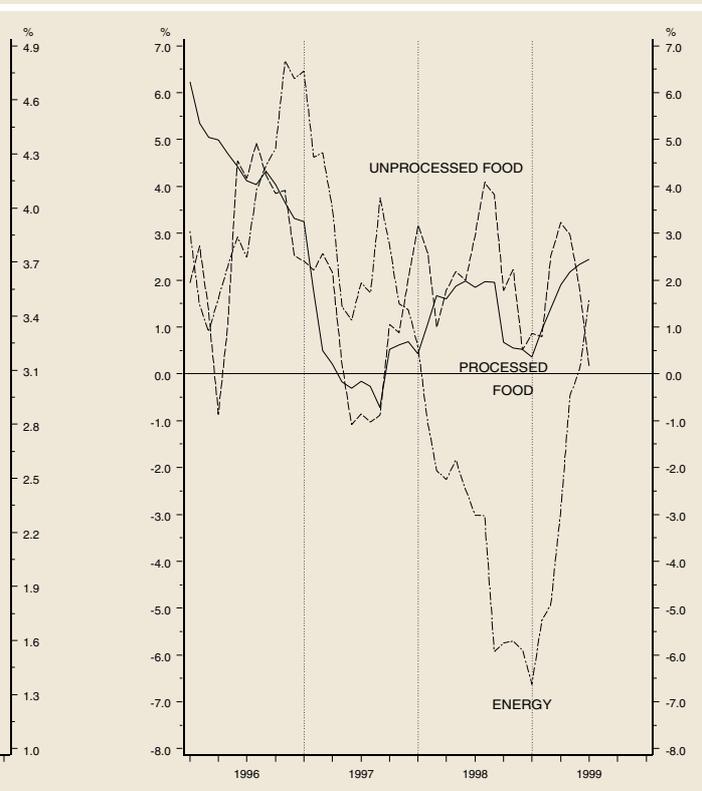
Annual percentage changes

	General index (100%)				Annual percentage change (12-month % change)							Memorandum item: prices for agricultural products (1990 = 100)			
	Original series	Month-on-month % change	12-month % change (a)	Cumulative % change during year (b)	Unprocessed food		Processed food		Non-energy industrial goods	Energy		Services	IPSEBENE	Original series	12-month % change (a)
					n	n	n	n	n	n	n	n			
<b>96</b> Ø	119.2	-	3.6	3.2	2.9	4.3	3.2	3.7	3.7	3.6	120.1	0.9			
<b>97</b> Ø	121.6	-	2.0	2.0	0.9	0.3	1.7	2.4	3.5	2.1	115.0	-4.2			
<b>98</b> Ø	123.8	-	1.8	1.4	2.1	1.3	1.5	-3.8	3.6	2.3	113.1	-1.6			
<b>98</b> J-J Ø	123.2	0.1	1.9	0.3	2.1	1.7	1.4	-2.1	3.5	2.3	119.9	-1.1			
<b>99</b> J-J Ø p	125.8	0.2	2.1	0.9	1.9	1.9	1.5	-2.0	3.6	2.4	...	...			
<b>98</b> Jan	123.2	0.2	2.0	0.2	2.6	1.1	1.3	-1.0	3.6	2.1	121.8	-1.9			
Feb	122.9	-0.2	1.8	»	1.0	1.7	1.3	-2.1	3.5	2.2	123.4	-0.7			
Mar	123.0	»	1.8	»	1.8	1.6	1.3	-2.3	3.2	2.1	122.3	-4.4			
Apr	123.3	0.2	2.0	0.3	2.2	1.9	1.4	-1.8	3.5	2.3	120.4	-2.5			
May	123.5	0.1	2.0	0.4	2.0	2.0	1.4	-2.5	3.6	2.4	119.9	0.8			
Jun	123.5	0.1	2.1	0.5	2.9	1.8	1.4	-3.0	3.6	2.4	111.8	2.4			
Jul	124.0	0.4	2.2	0.9	4.1	2.0	1.6	-3.0	3.6	2.5	105.6	3.1			
Aug	124.3	0.3	2.1	1.1	3.8	2.0	1.6	-5.9	3.8	2.5	96.6	-3.5			
Sep	124.4	0.1	1.6	1.2	1.8	0.7	1.5	-5.7	3.8	2.3	98.4	-5.8			
Oct	124.4	»	1.7	1.2	2.2	0.6	1.6	-5.7	3.8	2.3	110.8	0.2			
Nov	124.3	-0.1	1.4	1.1	0.5	0.5	1.6	-5.9	3.6	2.2	114.8	-4.0			
Dec	124.7	0.3	1.4	1.4	0.9	0.4	1.6	-6.6	3.7	2.2	126.2	-2.5			
<b>99</b> Jan	125.1	0.4	1.5	0.4	0.8	1.0	1.5	-5.2	3.6	2.2	123.0	1.0			
Feb	125.2	0.1	1.8	0.4	2.5	1.4	1.5	-4.9	3.6	2.3	129.4	4.8			
Mar p	125.7	0.4	2.2	0.9	3.2	1.9	1.6	-2.9	3.8	2.5	...	...			
Apr p	126.2	0.4	2.4	1.2	3.0	2.2	1.6	-0.5	3.6	2.5	...	...			
May p	126.2	»	2.2	1.2	1.8	2.3	1.5	0.1	3.4	2.5	...	...			
Jun p	126.2	»	2.2	1.3	0.2	2.4	1.5	1.6	3.5	2.5	...	...			

**CONSUMER PRICE INDEX**  
Annual percentage changes



**CONSUMER PRICE INDEX**  
Annual percentage changes



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

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

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

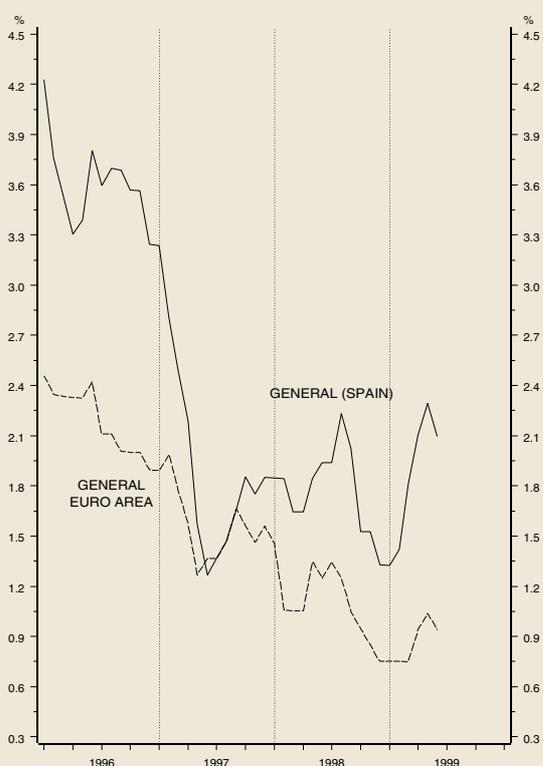
## 5.2. Harmonised index of consumer prices. Spain and euro area (1996 = 100)

n Series depicted in chart

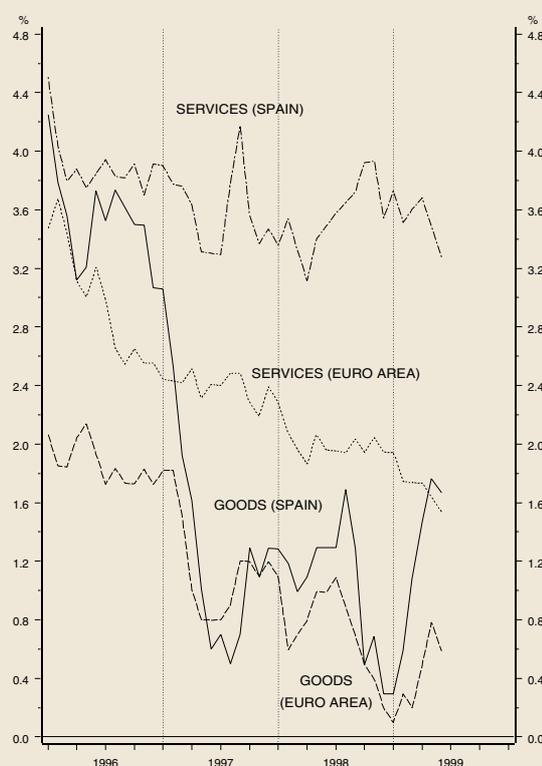
Annual percentage changes

	General index		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	
<b>96</b> Ø	3.6	2.2	3.4	1.9	3.7	1.9	4.8	1.9	2.8	1.9	3.3	1.8	3.1	1.6	3.7	2.6	3.9	2.9
<b>97</b> Ø	1.9	1.6	1.2	1.1	0.4	1.4	-0.7	1.4	1.5	1.4	1.7	1.0	1.6	0.5	2.4	2.7	3.6	2.4
<b>98</b> Ø	1.8	1.1	1.0	0.7	1.7	1.6	1.1	1.4	2.2	2.0	0.5	0.1	1.4	0.9	-3.7	-2.6	3.6	2.0
<b>98</b> J-J Ø	1.8	1.2	1.2	0.9	1.9	1.9	1.3	1.5	2.4	2.4	0.7	0.3	1.3	0.8	-2.0	-1.4	3.4	2.0
<b>99</b> J-J Ø	2.0	0.9	1.4	0.5	1.9	1.0	2.2	1.1	1.7	0.9	0.9	0.2	1.6	0.7	-1.9	-1.5	3.5	1.6
<b>98</b> Jan	1.9	1.1	1.2	0.6	1.8	1.4	0.6	1.3	2.8	1.6	0.7	0.2	1.1	0.6	-1.0	-1.3	3.5	2.1
Feb	1.7	1.1	1.0	0.7	1.5	1.6	1.2	1.3	1.7	2.0	0.6	0.3	1.3	0.7	-2.0	-1.5	3.3	2.0
Mar	1.7	1.1	1.1	0.8	1.8	1.9	1.1	1.5	2.3	2.5	0.7	0.2	1.3	0.6	-2.3	-1.7	3.1	1.9
Apr	1.9	1.4	1.3	1.0	2.1	2.1	1.4	1.4	2.6	3.0	0.8	0.5	1.3	0.9	-1.8	-1.1	3.4	2.1
May	2.0	1.3	1.3	1.0	2.1	2.1	1.7	1.8	2.4	2.6	0.7	0.4	1.4	1.0	-2.5	-1.5	3.5	2.0
Jun	2.0	1.4	1.3	1.1	2.3	2.2	1.8	1.6	2.7	2.9	0.6	0.5	1.5	1.1	-2.9	-1.7	3.6	2.0
Jul	2.3	1.3	1.7	0.9	2.8	1.9	2.1	1.6	3.5	2.5	0.7	0.4	1.6	1.0	-3.0	-2.0	3.6	1.9
Aug	2.1	1.1	1.3	0.7	2.6	1.9	2.1	1.5	3.2	2.4	0.2	-	1.7	1.1	-5.9	-3.8	3.7	2.0
Sep	1.6	1.0	0.5	0.5	1.2	1.4	0.5	1.3	1.7	1.6	0.1	-0.1	1.5	1.1	-5.6	-3.9	3.9	1.9
Oct	1.6	0.9	0.7	0.4	1.2	1.2	0.3	1.3	2.1	1.0	0.3	-0.2	1.7	1.0	-5.7	-4.1	3.9	2.0
Nov	1.4	0.8	0.3	0.2	0.6	0.9	0.3	1.3	0.7	0.6	0.2	-0.2	1.6	1.0	-5.7	-4.5	3.5	1.9
Dec	1.4	0.8	0.3	0.1	0.6	1.1	0.1	1.1	1.0	0.9	0.1	-0.4	1.6	0.8	-6.5	-4.8	3.7	1.9
<b>99</b> Jan	1.5	0.8	0.6	0.3	1.0	1.3	0.9	1.3	1.0	1.2	0.3	-0.3	1.6	0.8	-5.1	-4.3	3.5	1.7
Feb	1.8	0.8	1.1	0.2	1.9	1.4	1.6	1.3	2.1	1.5	0.5	-0.4	1.6	0.7	-4.9	-4.2	3.6	1.7
Mar	2.1	1.0	1.5	0.5	2.5	1.5	2.2	1.1	2.7	1.9	0.8	-0.1	1.7	0.8	-2.8	-2.8	3.7	1.7
Apr	2.3	1.1	1.8	0.8	2.6	1.1	2.7	1.2	2.5	1.2	1.3	0.5	1.7	0.6	-0.4	0.3	3.5	1.6
May	2.1	1.0	1.7	0.6	2.2	0.7	2.9	0.8	1.6	0.4	1.3	0.6	1.6	0.5	0.2	0.6	3.3	1.5
Jun	2.1	0.9	1.6	0.5	1.6	0.1	3.1	0.8	0.3	-0.8	1.6	0.7	1.6	0.6	1.5	1.4	3.4	1.4

**HARMONISED INDEX OF CONSUMER PRICES**  
Annual percentage changes



**HARMONISED INDEX OF CONSUMER PRICES**  
Annual percentage changes



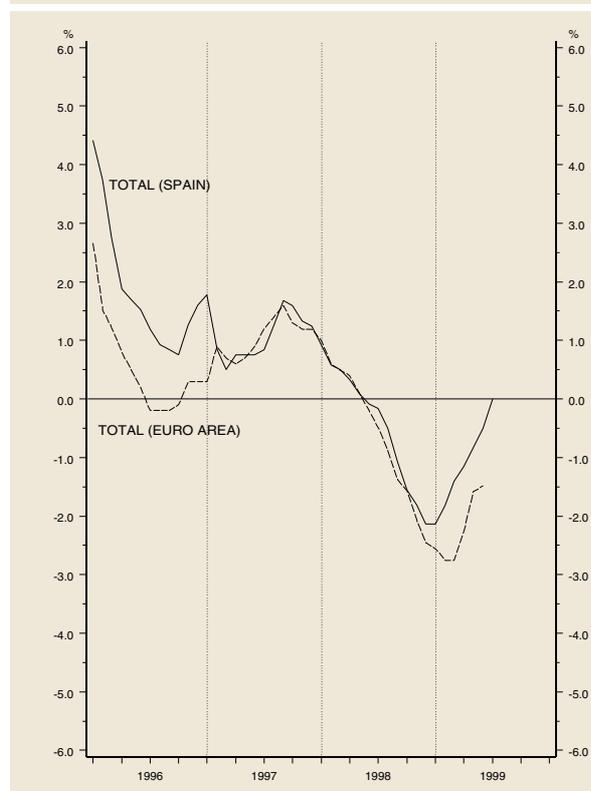
Source: EUROSTAT.

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

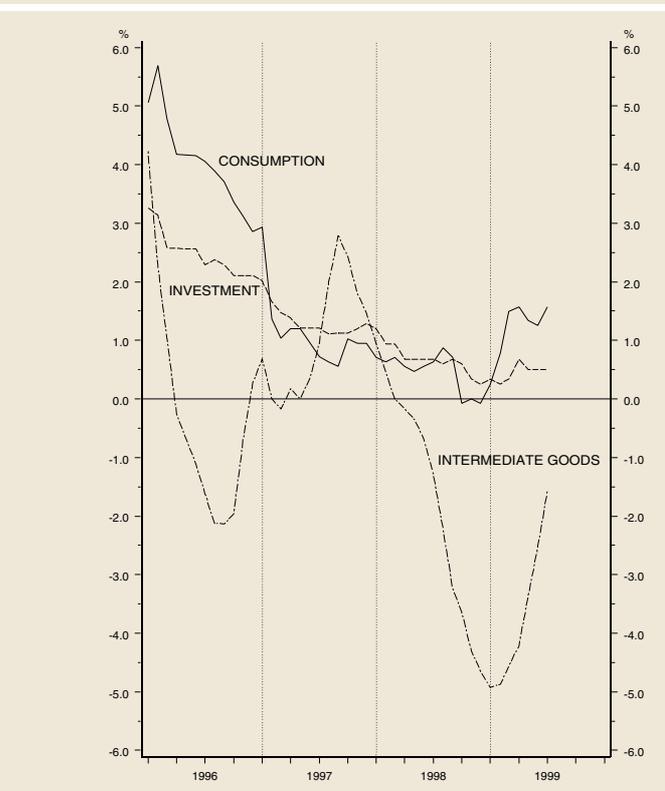
n Series depicted in chart

	General (100%)			Consumption (39,6%)		Investment (13,8%)		Intermediate goods (46,5 %)		Memorandum item: euro area				
	Original series	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Total	Consumption	Investment	Intermediate goods	
										12-month % change	12-month % change	12-month % change	12-month % change	
1	2	3	n	4	5	6	7	n	8	9	10	11	12	13
96 Ø p	119.8	-	1.7	-	3.9	-	2.4	-	-0.5	0.4	1.7	1.2	-1.1	
97 Ø p	121.0	-	1.0	-	0.9	-	1.3	-	1.1	1.1	0.8	0.2	1.2	
98 Ø p	120.2	-	-0.7	-	0.4	-	0.6	-	-2.1	-0.8	0.5	0.5	-2.2	
98 J-J Ø p	120.8	-	0.2	-	0.6	-	0.8	-	-0.3	-0.5	0.6	0.5	-1.5	
99 J-J Ø p	119.6	-	-1.0	-	1.3	-	0.5	-	-3.5	...	...	...	...	
98 Jan p	121.1	-0.3	0.6	-0.1	0.6	0.2	0.9	-0.7	0.4	0.6	1.1	0.5	-	
Feb p	120.9	-0.2	0.5	-	0.7	0.2	0.9	-0.5	-	0.5	1.0	0.4	-0.2	
Mar p	120.8	-0.1	0.3	-	0.6	0.1	0.7	-0.2	-0.2	0.4	0.9	0.5	-0.3	
Apr p	120.7	-0.1	0.1	0.2	0.5	-	0.7	-0.3	-0.3	0.1	0.7	0.5	-0.7	
May p	120.6	-0.1	-0.1	0.1	0.6	0.1	0.7	-0.2	-0.7	-0.2	0.6	0.6	-1.0	
Jun p	120.4	-0.2	-0.2	-	0.6	-	0.7	-0.5	-1.3	-0.5	0.6	0.5	-1.5	
Jul p	120.3	-0.1	-0.5	0.2	0.9	-	0.6	-0.3	-2.2	-0.9	0.6	0.8	-2.1	
Aug p	120.1	-0.2	-1.1	-	0.7	-	0.7	-0.4	-3.2	-1.4	0.4	0.7	-3.3	
Sep p	119.7	-0.3	-1.6	-0.2	-0.1	-0.1	0.6	-0.4	-3.6	-1.6	0.1	0.5	-3.3	
Oct p	119.5	-0.2	-1.8	-0.1	-	-0.1	0.3	-0.4	-4.3	-2.1	-0.1	0.4	-4.2	
Nov p	119.2	-0.3	-2.1	-0.1	-0.1	-	0.3	-0.4	-4.6	-2.5	-0.2	0.3	-4.7	
Dec p	118.9	-0.3	-2.1	0.2	0.2	-	0.3	-0.7	-4.9	-2.6	-0.1	0.4	-4.8	
99 Jan p	118.9	-	-1.8	0.5	0.8	0.1	0.3	-0.6	-4.9	-2.8	-0.1	0.2	-5.1	
Feb p	119.2	0.3	-1.4	0.7	1.5	0.3	0.3	-0.2	-4.6	-2.8	-0.1	0.2	-5.0	
Mar p	119.4	0.2	-1.2	0.1	1.6	0.4	0.7	0.2	-4.2	-2.3	-	0.2	-4.4	
Apr p	119.7	0.3	-0.8	-0.1	1.3	-0.2	0.5	0.6	-3.4	-1.6	...	0.3	-3.2	
May p	120.0	0.3	-0.5	-	1.3	0.1	0.5	0.7	-2.5	-1.5	...	0.1	-2.8	
Jun p	120.4	0.3	-	0.3	1.6	-	0.5	0.4	-1.6	...	...	...	...	

**PRODUCER PRICE INDEX**  
Annual percentage changes



**PRODUCER PRICE INDEX**  
Annual percentage changes



Sources: INE and ECB.

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

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

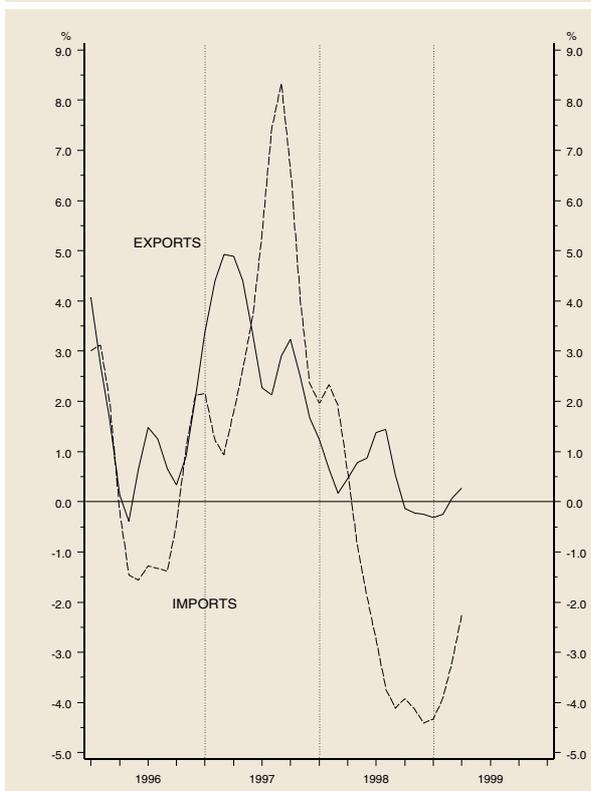
## 5.4. Unit value indices of Spanish foreign trade

n Series depicted in chart

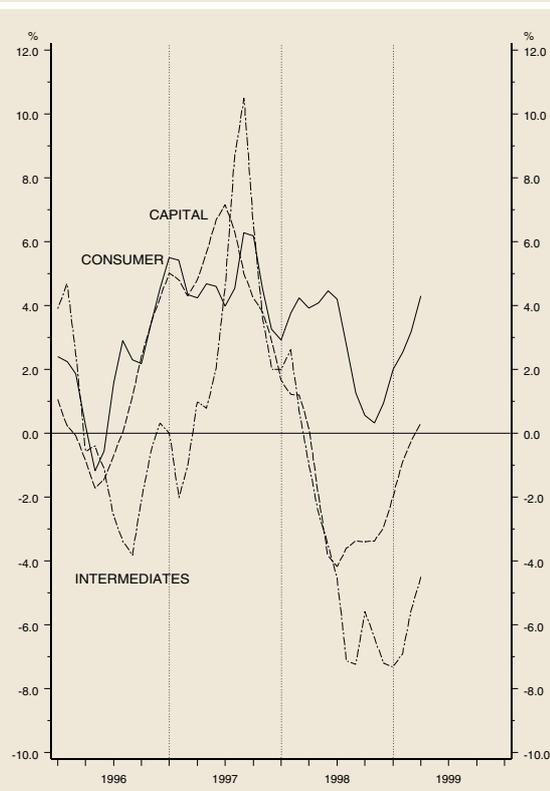
Annual percentage changes

	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	
<b>96</b>	1.0	2.8	-0.2	0.2	16.4	-1.3	0.3	2.0	0.8	-0.5	17.9	-2.8
<b>97</b>	3.2	2.0	3.4	4.6	8.2	5.7	3.7	4.6	4.8	3.1	10.8	1.3
<b>98</b>	0.1	3.8	-3.9	-1.5	-20.1	»	-2.3	2.9	-2.8	-4.4	-29.5	0.6
<b>98 J-M</b>	0.6	4.2	-4.5	-1.0	-17.2	0.9	2.2	4.1	1.9	1.6	-20.7	5.6
<b>99 J-M</b>	-2.9	2.7	-12.7	-3.7	-20.7	-3.3	-5.5	-1.0	-4.4	-8.4	-30.6	-3.8
<b>97 Oct</b>	1.6	1.9	-5.7	4.6	-9.7	6.2	4.0	3.0	3.1	4.9	-3.8	5.9
<b>Nov</b>	1.6	3.1	-14.8	6.2	-13.6	8.2	2.8	3.5	6.4	1.4	-0.5	0.9
<b>Dec</b>	0.8	0.2	-6.1	3.6	-10.9	4.7	»	»	-2.1	0.8	-4.2	0.8
<b>98 Jan</b>	2.2	4.1	-0.2	1.1	-11.0	2.3	4.4	4.7	»	5.3	-17.8	9.4
<b>Feb</b>	-2.5	5.3	-12.3	-6.1	-22.9	-4.2	1.4	6.8	4.7	-1.4	-23.4	2.4
<b>Mar</b>	1.8	3.3	-1.6	1.4	-18.1	4.1	0.8	1.0	1.4	0.5	-21.3	4.7
<b>Apr</b>	0.7	6.5	-5.0	-2.0	-8.4	-0.7	-0.9	5.5	-0.8	-3.5	-19.4	-0.8
<b>May</b>	0.5	3.6	-8.5	1.1	-15.0	2.2	-2.4	3.9	-8.2	-3.2	-23.0	-0.1
<b>Jun</b>	0.9	2.3	2.6	-0.4	-17.5	-0.1	-1.9	6.5	-6.3	-4.0	-33.2	2.0
<b>Jul</b>	4.3	8.9	2.9	1.5	-15.9	1.9	-3.6	3.3	-0.8	-7.3	-28.3	-3.1
<b>Aug</b>	-1.2	4.0	-4.3	-3.6	-26.6	-1.2	-6.1	-1.2	-4.4	-9.2	-38.9	-1.3
<b>Sep</b>	-0.2	1.8	-1.6	-1.8	-20.3	»	-1.2	2.2	-2.5	-2.7	-30.9	2.3
<b>Oct</b>	-0.3	4.1	»	-4.5	-27.3	-2.8	-5.8	-2.1	-4.5	-8.2	-32.5	-3.5
<b>Nov</b>	-3.6	-1.9	-9.5	-2.2	-18.7	-1.2	-5.8	0.5	-8.4	-8.3	-39.8	-1.6
<b>Dec</b>	-1.3	3.4	-10.3	-2.5	-39.7	-0.4	-5.7	4.2	-3.4	-10.8	-45.3	-2.7
<b>99 Jan</b>	-2.9	2.7	-10.7	-5.0	-25.1	-3.9	-6.9	-1.0	-3.0	-11.1	-37.7	-6.0
<b>Feb</b>	-5.1	1.4	-23.9	-2.7	-20.6	-1.9	-5.4	-3.0	-5.4	-7.1	-29.4	-2.1
<b>Mar</b>	-0.8	3.8	-4.6	-3.4	-16.4	-3.9	-4.2	1.0	-5.0	-6.7	-24.6	-3.0

**UNIT VALUE INDICES OF EXPORTS AND IMPORTS**  
(series smoothed with TRAMO-SEATS)



**UNIT VALUE INDICES OF IMPORTS BY PRODUCT GROUP**  
(series smoothed with TRAMO-SEATS)



Sources: MEH and BE.

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

### 6.1p. State (National Accounts): resources and uses

n Series depicted in chart.

ESP billions

	Net lending (+) or net borrowing (-)	Current and capital resources							Current and capital uses						
		Total	VAT on products	Taxes linked to production and imports except VAT	Interest, dividends and other incomes	Income and wealth taxes	Current and capital transfers, and current international cooperation	Other	Total	Compensation of employees and net purchases	Interest	Subsidies to production	Current and capital transfers within general government	Gross fixed capital formation including net purchase of land	Other
	1=2-9	2=3 to 8	3	4	5	6	7	8	9=10 to 15	10	11	12	13	14	15
96 p	-2636	15512	3 370	2 197	737	7 193	1 064	951	18148	3 467	3 044	567	8 074	572	2 424
97 p	-1679	16042	3 676	2 250	714	7 233	1 190	976	17721	3 497	2 825	494	7 941	686	2 277
98 p	-1234	17317	4 052	2 634	853	7 377	1 394	1 007	18550	3 576	2 727	595	8 536	711	2 404
98 J-J p	-1198	8 013	2 051	1 244	300	3 473	443	502	9 211	1 639	1 576	303	4 480	178	1 036
99 J-J p	-1274	8 898	2 456	1 338	281	3 847	455	521	10172	1 654	2 152	239	4 958	133	1 035
98 Jan p	-283	1 166	-62	207	6	832	111	72	1 449	206	267	12	800	»	164
Feb p	212	1 954	1 078	191	257	324	28	76	1 742	227	486	54	745	19	212
Mar p	-634	736	134	201	4	249	73	74	1 369	255	240	73	611	46	143
Apr p	441	2 114	628	222	19	1 121	49	75	1 673	295	366	43	790	27	152
May p	-383	915	137	217	2	350	135	74	1 298	243	104	54	713	36	148
Jun p	-550	1 130	136	207	12	598	47	130	1 680	412	112	67	822	50	216
Jul p	567	1 963	631	226	8	908	116	73	1 396	263	116	29	809	-25	204
Aug p	-133	1 126	-56	230	90	749	39	74	1 259	239	243	47	565	18	147
Sep p	-9	1 209	413	251	23	329	119	74	1 219	281	35	45	675	37	146
Oct p	551	2 082	702	232	9	1 016	47	75	1 531	269	305	38	679	36	204
Nov p	-27	1 495	212	229	383	532	65	75	1 522	272	222	39	755	45	190
Dec p	-984	1 428	99	221	40	369	565	135	2 412	614	231	94	573	424	477
99 Jan p	-689	1 381	-49	251	5	1 009	90	75	2 070	211	811	15	870	»	163
Feb p	488	2 313	1 272	185	255	471	51	78	1 824	217	477	48	889	1	193
Mar p	-711	830	189	211	8	273	72	77	1 541	252	297	59	766	30	137
Apr p	741	2 339	765	239	8	1 200	50	78	1 598	261	358	34	739	37	170
May p	-705	845	125	218	1	337	86	77	1 550	308	104	47	894	31	166
Jun p	-398	1 190	154	234	5	556	106	136	1 588	404	106	37	800	34	206

### 6.1e. State (National Accounts). Resources and uses

n Series depicted in chart.

EUR millions

	Net lending (+) or net borrowing (-)	Current and capital resources							Current and capital uses						
		Total	VAT on products	Taxes linked to production and imports except VAT	Interest, dividends and other incomes	Income and wealth taxes	Current and capital transfers, and current international cooperation	Other	Total	Compensation of employees and net purchases	Interest	Subsidies to production	Current and capital transfers within general government	Gross fixed capital formation including net purchase of land	Other
	1=2-9	2=3 to 8	3	4	5	6	7	8	9=10 to 15	10	11	12	13	14	15
96 p	-15840	93231	20253	13207	4 427	43230	6 395	5 718	109071	20837	18297	3 408	48527	3 435	14566
97 p	-10091	96412	22095	13526	4 293	43471	7 155	5 868	106503	21019	16978	2 967	47726	4 125	13683
98 p	-7414	104074	24351	15833	5 130	44334	8 376	6 051	111488	21493	16389	3 578	51305	4 275	14447
98 J-J p	-7198	48162	12329	7 479	1 804	20874	2 661	3 015	55359	9 851	9 470	1 818	26928	1 067	6 225
99 J-J p	-7656	53476	14763	8 040	1 686	23122	2 734	3 131	61132	9 943	12936	1 438	29797	801	6 218
98 Jan p	-1703	7 005	-370	1 244	36	5 000	665	431	8 708	1 241	1 605	72	4 808	-1	983
Feb p	1 271	11741	6 479	1 148	1 542	1 947	166	459	10470	1 363	2 918	323	4 477	113	1 275
Mar p	-3808	4 422	807	1 205	26	1 495	442	447	8 230	1 534	1 445	438	3 674	279	860
Apr p	2 649	12704	3 774	1 334	115	6 736	296	449	10055	1 775	2 200	255	4 745	165	915
May p	-2300	5 500	824	1 305	12	2 102	811	446	7 800	1 460	626	326	4 284	214	892
Jun p	-3307	6 790	816	1 242	74	3 594	282	782	10097	2 479	676	405	4 939	298	1 301
Jul p	3 409	11797	3 792	1 361	48	5 460	700	437	8 388	1 579	697	174	4 865	-152	1 225
Aug p	-801	6 768	-338	1 385	542	4 501	234	445	7 569	1 435	1 460	285	3 395	110	884
Sep p	-55	7 269	2 484	1 506	139	1 979	715	445	7 324	1 686	212	273	4 056	220	876
Oct p	3 309	12510	4 217	1 397	57	6 108	282	450	9 201	1 620	1 833	228	4 083	214	1 225
Nov p	-162	8 987	1 272	1 377	2 301	3 196	391	449	9 148	1 634	1 331	237	4 535	269	1 143
Dec p	-5916	8 582	596	1 329	240	2 215	3 393	809	14498	3 688	1 387	563	3 444	2 548	2 870
99 Jan p	-4143	8 301	-292	1 508	29	6 064	539	453	12443	1 270	4 876	91	5 229	»	979
Feb p	2 935	13900	7 647	1 113	1 533	2 832	307	469	10965	1 306	2 865	286	5 344	8	1 157
Mar p	-4276	4 987	1 134	1 267	46	1 643	435	463	9 263	1 517	1 783	355	4 603	183	822
Apr p	4 453	14057	4 598	1 436	45	7 211	299	467	9 604	1 567	2 149	205	4 439	222	1 022
May p	-4237	5 077	750	1 312	6	2 028	517	464	9 314	1 853	625	280	5 373	185	998
Jun p	-2389	7 154	927	1 404	28	3 345	636	814	9 543	2 430	638	222	4 810	203	1 240

Sources: INE, National Accounts (annual data up to 1996, inclusive), and MEH (IGAE) (monthly series and annual figures as from 1997).

## 6.2p. State: financial transactions

n Series depicted in chart

ESP billions

	Net lending(+) or net borrowing (-)	Net change in financial assets		Net change in liabilities										Net change in liabilities (excluding other liabilities)
		Total	Deposits at the Banco de España	Total	of which					By counterpart sector (excluding other liabilities)				
					In currencies other than the peseta/euro	By instrument (excluding other liabilities)				Held by resident sectors			Rest of the world	
						Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Total	General government	Other resident sectors		
1=2-4	2	3	4	5	6	7	8	9	10=11+12	11	12	13	14=6 a 9=10+13	
96 p	-2636	2 082	968	4 718	215	1 671	3 365	-39	199	4 946	34	4 912	250	5 196
97 p	-1679	-164	-893	1 515	356	-1560	4 592	-39	-1436	161	-20	181	1 396	1 556
98 p	-1234	284	74	1 518	1 075	-1972	4 007	-39	-412	747	-19	766	837	1 584
98 J-J p	-1198	1 215	1 738	2 412	320	-1634	4 445	-	-336	2 265	-	2 265	210	2 475
99 J-J p	-1274	...	333	...	158	-1441	2 367	-	-37	...	-	...	...	889
98 Jan p	-283	1 017	851	1 300	-5	143	698	-	-42	680	-	680	119	799
Feb p	212	536	1 075	324	-13	157	563	-	-67	779	-	779	-125	654
Mar p	-634	-561	-730	72	149	-384	724	-	-106	811	-	811	-577	234
Apr p	441	395	425	-46	-1	-805	809	-	-102	73	-	73	-171	-98
May p	-383	-420	-318	-38	25	-422	618	-	-3	-120	-	-120	313	193
Jun p	-550	249	436	799	163	-323	1 032	-	-16	42	-	42	651	693
Jul p	567	791	641	224	356	-540	895	-	-33	-844	-	-844	1 167	323
Aug p	-133	-467	-427	-333	63	290	-480	-	-39	130	-	130	-359	-229
Sep p	-9	645	507	654	21	266	518	-	-94	77	-	77	613	690
Oct p	551	1 351	1 396	800	45	191	511	-	-5	817	-	817	-121	696
Nov p	-27	-1794	-1913	-1767	244	-458	-1358	-	95	-1229	-	-1229	-492	-1721
Dec p	-984	-1457	-1868	-473	27	-86	-525	-39	»	-469	-19	-449	-182	-651
99 Jan p	-689	70	279	760	-	-552	576	-	-17	-1186	-	-1186	1 193	7
Feb p	488	257	871	-231	-39	-161	598	-	-10	750	-	750	-322	428
Mar p	-711	-1294	-1161	-583	-4	-498	623	-	-2	-1132	-	-1132	1 255	123
Apr p	741	733	390	-8	49	-14	-442	-	-5	124	-	124	-585	-461
May p	-705	...	73	...	156	-7	683	-	2	-27	-	-27	705	678
Jun p	-398	...	-119	...	-4	-209	328	-	-4	...	-	...	...	115

## 6.2e. State: financial transactions

n Series depicted in chart

EUR millions

	Net lending(+) or net borrowing (-)	Net change in financial assets		Net change in liabilities										Net change in liabilities (excluding other liabilities)
		Total	Deposits at the Banco de España	Total	of which					By counterpart sector (excluding other liabilities)				
					In currencies other than the peseta/euro	By instrument (excluding other liabilities)				Held by resident sectors			Rest of the world	
						Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Total	General government	Other resident sectors		
1=2-4	2	3	4	5	6	7	8	9	10=11+12	11	12	13	14=6 a 9=10+13	
96 p	-15840	12513	5 815	28353	1 293	10044	20223	-236	1 198	29726	204	29522	1 502	31229
97 p	-10091	-983	-5365	9 107	2 137	-9378	27597	-236	-8630	965	-120	1 085	8 388	9 353
98 p	-7414	1 708	444	9 121	6 461	-11852	24082	-236	-2474	4 488	-116	4 604	5 031	9 519
98 J-J p	-7198	7 301	10446	14499	1 921	-9820	26718	-	-2021	13614	-	13614	1 263	14877
99 J-J p	-7656	...	2 004	...	947	-8659	14223	-	-221	...	-	...	...	5 343
98 Jan p	-1703	6 110	5 112	7 813	-28	862	4 193	-	-253	4 087	-	4 087	715	4 802
Feb p	1 271	3 219	6 462	1 947	-77	946	3 387	-	-404	4 682	-	4 682	-752	3 930
Mar p	-3808	-3374	-4387	434	898	-2309	4 352	-	-638	4 876	-	4 876	-3470	1 406
Apr p	2 649	2 374	2 553	-275	-4	-4841	4 864	-	-612	437	-	437	-1026	-589
May p	-2300	-2526	-1912	-226	151	-2538	3 717	-	-16	-722	-	-722	1 884	1 162
Jun p	-3307	1 498	2 618	4 805	982	-1941	6 205	-	-98	255	-	255	3 911	4 166
Jul p	3 409	4 755	3 851	1 346	2 137	-3246	5 382	-	-196	-5074	-	-5074	7 014	1 940
Aug p	-801	-2804	-2567	-2003	380	1 741	-2883	-	-234	781	-	781	-2158	-1376
Sep p	-55	3 878	3 050	3 933	124	1 596	3 115	-	-564	461	-	461	3 686	4 147
Oct p	3 309	8 118	8 392	4 809	272	1 147	3 068	-	-30	4 910	-	4 910	-725	4 186
Nov p	-162	-10783	-11499	-10621	1 465	-2750	-8161	-	568	-7388	-	-7388	-2954	-10343
Dec p	-5916	-8758	-11229	-2842	163	-519	-3156	-236	1	-2816	-116	-2700	-1095	-3911
99 Jan p	-4143	423	1 680	4 565	-	-3318	3 462	-	-102	-7125	-	-7125	7 167	42
Feb p	2 935	1 546	5 236	-1389	-234	-966	3 594	-	-58	4 509	-	4 509	-1938	2 571
Mar p	-4276	-7780	-6978	-3504	-22	-2994	3 746	-	-14	-6804	-	-6804	7 541	737
Apr p	4 453	4 405	2 345	-48	293	-83	-2656	-	-32	745	-	745	-3517	-2771
May p	-4237	...	439	...	935	-40	4 104	-	11	-161	-	-161	4 236	4 075
Jun p	-2389	...	-718	...	-26	-1258	1 973	-	-26	...	-	...	...	689

Source: BE.

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

### 6.3p. State liabilities outstanding

n Series depicted in chart

ESP billions

	Liabilities outstanding (excluding other liabilities)										Memorandum item:	
	State debt according to the excessive deficit procedure 1=3 a 6-8= =7+10-8	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			
2	3	4	5	6	7=8+9	8	9	10	11	12		
96 p	43668	3 402	13501	25420	1 799	3 028	34761	80	34681	8 988	2 528	660
97 p	45357	3 871	11945	30105	1 760	1 607	34922	60	34862	10495	1 635	541
98 p	46978	4 964	9 974	34153	1 721	1 171	35532	41	35491	11487	1 709	445
98 Jan p	46199	3 908	12088	30841	1 760	1 570	35603	60	35543	10656	2 486	536
Feb p	46845	3 888	12246	31399	1 760	1 500	36381	60	36321	10524	3 561	537
Mar p	47076	4 035	11862	32118	1 760	1 397	37193	60	37133	9 943	2 831	531
Apr p	46945	4 000	11056	32899	1 760	1 289	37265	60	37205	9 739	3 256	522
May p	47095	3 982	10635	33477	1 760	1 283	37145	60	37085	10010	2 938	518
Jun p	47809	4 167	10312	34529	1 760	1 268	37051	60	36991	10818	3 373	528
Jul p	48092	4 482	9 772	35388	1 760	1 232	36206	60	36146	11946	4 014	492
Aug p	47879	4 562	10061	34916	1 760	1 202	36336	60	36276	11604	3 587	495
Sep p	48507	4 520	10327	35399	1 760	1 081	36412	60	36352	12155	4 095	487
Oct p	49300	4 662	10518	35999	1 760	1 083	37229	60	37169	12131	5 491	479
Nov p	47573	4 900	10060	34636	1 760	1 177	36001	60	35941	11633	3 578	473
Dec p	46978	4 964	9 974	34153	1 721	1 171	35532	41	35491	11487	1 709	445
99 Jan p	47006	4 258	9 422	34749	1 721	1 155	34828	41	34787	12218	1 989	430
Feb p	47461	3 997	9 261	35370	1 721	1 150	35830	41	35789	11672	2 860	435
Mar p	47617	3 860	8 763	36032	1 721	1 142	34865	41	34824	12792	1 699	447
Apr p	47173	3 926	8 749	35606	1 721	1 138	34940	41	34900	12273	2 089	446
May p	47861	4 092	8 742	36298	1 721	1 141	34914	41	34873	12988	2 162	442
Jun p	48003	4 115	8 533	36652	1 721	1 138	...	41	...	...	2 043	419

### 6.3e. State liabilities outstanding

n Series depicted in chart

EUR millions

	Liabilities outstanding (excluding other liabilities)										Memorandum item:	
	State debt according to the excessive deficit procedure 1=3 a 6-8= =7+10-8	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			
2	3	4	5	6	7=8+9	8	9	10	11	12		
96 p	262451	20447	81 144	152775	10814	18198	208915	481	208434	54016	15195	3 965
97 p	272603	23263	71790	180935	10578	9 661	209888	361	209527	63076	9 829	3 250
98 p	282346	29832	59944	205266	10341	7 040	213551	245	213306	69040	10273	2 674
98 Jan p	277659	23489	72651	185356	10578	9 435	213976	361	213615	64044	14941	3 220
Feb p	281546	23369	73598	188714	10578	9 017	218657	361	218296	63250	21403	3 225
Mar p	282933	24248	71289	193033	10578	8 394	223534	361	223174	59760	17016	3 190
Apr p	282144	24043	66449	197729	10578	7 749	223969	361	223609	58535	19569	3 137
May p	283045	23933	63916	201201	10578	7 711	223246	361	222885	60160	17657	3 110
Jun p	287337	25041	61975	207525	10578	7 620	222679	361	222318	65018	20275	3 172
Jul p	289036	26937	58729	212688	10578	7 402	217601	361	217240	71795	24126	2 956
Aug p	287760	27418	60469	209848	10578	7 226	218382	361	218021	69739	21559	2 974
Sep p	291532	27167	62065	212751	10578	6 499	218838	361	218478	73054	24609	2 925
Oct p	296301	28021	63212	216359	10578	6 512	223751	361	223391	72910	33001	2 878
Nov p	285922	29450	60462	208168	10578	7 074	216367	361	216007	69915	21502	2 843
Dec p	282346	29832	59944	205266	10341	7 040	213551	245	213306	69040	10273	2 674
99 Jan p	282511	25592	56626	208844	10341	6 944	209322	245	209077	73434	11953	2 586
Feb p	285244	24021	55660	212577	10341	6 911	215340	245	215096	70148	17188	2 615
Mar p	286183	23201	52666	216555	10341	6 866	209544	245	209299	76884	10211	2 684
Apr p	283515	23597	52583	213996	10341	6 839	209995	245	209751	73764	12556	2 680
May p	287652	24595	52543	218156	10341	6 856	209835	245	209590	78062	12995	2 658
Jun p	288505	24733	51284	220284	10341	6 840	...	245	...	...	12277	2 516

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. Summary and breakdown of the current account

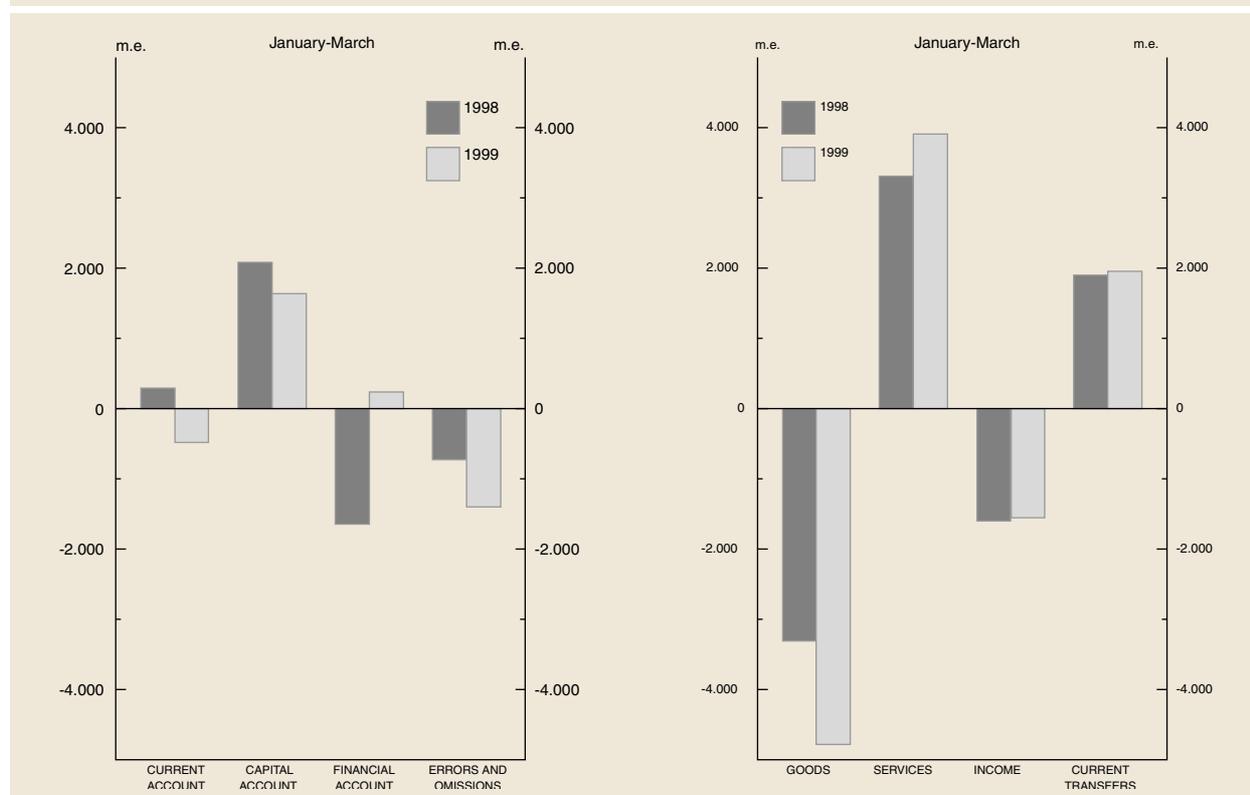
n Series depicted in chart.

EUR millions

	Current account (a)												Capital account (balance) (a)	Financial account (balance) (b)	Net errors and omissions	
	Total	Goods			Services					Income						Current transfers (balance)
		Balance	Receipts	Payments	Balance	Receipts		Payments		Balance	Receipts	Payments				
						Total	Of which Tourism	Total	Of which Tourism							
1=2+5+10-13 n	2=3-4 n	3	4	5=6-8 n	6	7	8	9	10=11-12 n	11	12	13 n	14 n	15 n	16 n	
96	184	-12196	78242	90438	15104	33770	20974	18666	3 748	-4636	10710	15347	1 912	5 048	-3171	-2061
97	2 047	-11587	93700	105287	16974	38876	23668	21902	3 973	-5910	11554	17464	2 570	5 606	-2757	-4897
98	-1269	-16676	98485	115160	18991	43973	26793	24982	4 491	-6746	13027	19774	3 163	5 624	-990	-3365
98 J-M	714	-5058	41820	46878	6 269	15940	9 297	9 671	1 554	-2737	4 939	7 676	2 239	2 758	-1824	-1647
99 J-M a	-1843	-9350	41437	50787	7 382	18215	10692	10833	1 785	-2255	5 664	7 918	2 380	1 918	2 250	-2325
98 Feb	1 399	-956	8 038	8 994	982	2 767	1 569	1 785	266	112	1 183	1 071	1 261	270	-1222	-447
Mar	-882	-1467	8 933	10400	1 348	3 333	1 910	1 985	326	-861	1 043	1 904	98	356	195	332
Apr	277	-566	8 654	9 220	1 445	3 430	2 073	1 985	353	-647	924	1 571	45	327	48	-652
May	143	-1186	8 876	10062	1 514	3 490	2 141	1 976	323	-484	961	1 445	298	350	-225	-267
Jun	-89	-1332	9 067	10399	1 944	4 095	2 503	2 151	391	-996	1 166	2 161	295	175	126	-212
Jul	909	-940	8 659	9 598	2 398	4 909	3 198	2 511	516	-883	1 050	1 933	333	359	-1037	-231
Aug	1 086	-1810	5 832	7 642	2 368	4 389	3 000	2 020	440	51	1 109	1 059	478	670	-1834	77
Sep	-1038	-2355	7 914	10269	1 833	4 031	2 655	2 198	464	-621	1 304	1 925	105	209	749	80
Oct	-12	-1198	8 973	10171	1 651	3 874	2 353	2 223	425	-467	1 086	1 553	2	233	1 019	-1240
Nov	-464	-2015	8 266	10281	1 401	3 459	2 098	2 058	340	101	1 311	1 209	48	229	873	-639
Dec	-2374	-1968	7 954	9 921	1 126	3 276	1 691	2 150	361	-1195	1 062	2 257	-337	990	938	446
99 Jan p	-1575	-1456	6 893	8 349	1 093	3 107	1 773	2 013	317	-904	943	1 848	-308	1 513	445	-384
Feb p	1 406	-1357	7 833	9 190	1 178	3 150	1 796	1 972	313	-144	1 164	1 307	1 729	46	-735	-717
Mar p	-231	-1939	9 566	11505	1 613	3 998	2 281	2 384	434	-440	1 558	1 998	535	23	589	-381
Apr p	-901	-2090	8 184	10274	1 496	3 778	2 213	2 283	359	-433	1 103	1 536	127	56	1 439	-594
May a	-542	-2508	8 962	11470	2 001	4 183	2 629	2 181	361	-333	895	1 228	298	280	511	-250

### SUMMARY

### CURRENT ACCOUNT



Source: BE. Data computed according to the edition of the IMF *Balance of Payments Manual* (Fifth edition, 1993). As a consequence of the start of Stage Three of EMU, the balance of payments series have been revised. The changes introduced are explained in the March 1999 issue of the *Boletín estadístico*.

(a) A positive sign in the current and capital accounts 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).

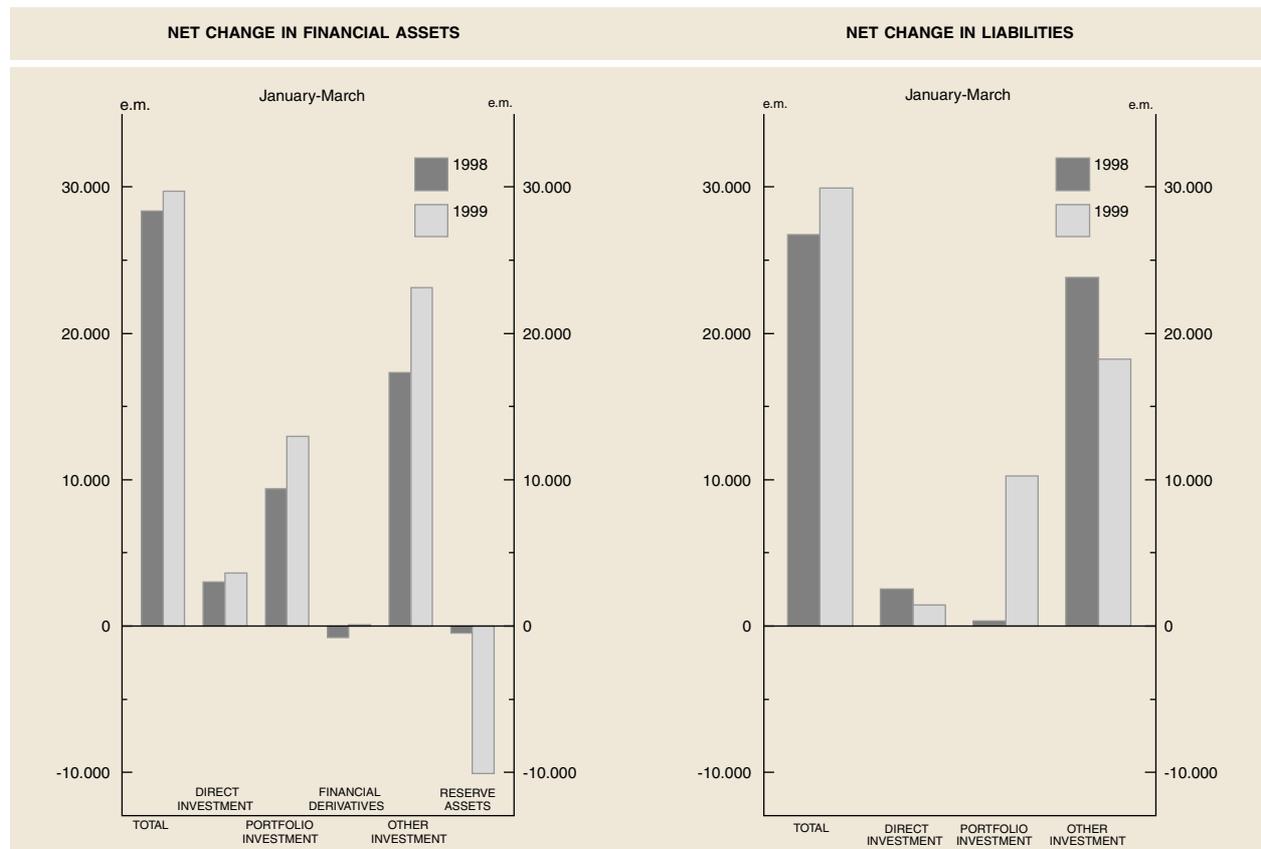
(b) A positive sign in the financial account balance (the net change in liabilities exceeds the net change in financial assets) means a net credit inflow, i.e. a net foreign loan to Spain (increase in the debtor position or decrease in the creditor position).

## 7.2. The Spanish balance of payments vis-à-vis other euro area residents and the rest of the world. Breakdown of the financial account

n Series depicted in chart.

EUR millions

	Balance (Net change in liabilities-Net change in financial assets) (a)	Net change in financial assets						Net change in liabilities			
		Total	Spanish Investment abroad			Other investment (b)	Reserve assets	Total	Foreign Investment in Spain		Other investment (b)
			Direct	Portfolio	Financial derivatives (NCA-NCL)				Direct (c)	Portfolio (d)	
1=8-2	2=3 a 7 n	3 n	4 n	5 n	6 n	7 n	8=9 a 11 n	9 n	10 n	11 n	
96	-3171	24295	4 202	2 806	667	-1842	18462	21123	5 125	2 356	13642
97	-2757	37236	10970	14374	-15	1 555	10352	34479	5 621	11068	17790
98	-990	66671	16509	38600	2 185	21625	-12248	65681	10152	15353	40176
98 J-M	-1824	29086	4 730	12284	-8	13170	-1090	27262	4 003	4 352	18908
99 J-M a	2 250	39194	8 591	26546	1 228	20473	-17645	41444	2 958	14591	23896
98 Feb	-1222	11193	810	2 670	-43	7 612	143	9 971	684	3 038	6 249
Mar	195	-4824	1 169	4 133	-515	-9381	-229	-4629	518	-3768	-1379
Apr	48	-1382	828	1 893	407	-3684	-826	-1334	1 281	-2026	-588
May	-225	2 085	892	1 028	390	-460	235	1 859	194	6 014	-4348
Jun	126	14550	1 471	1 805	360	11 155	-241	14676	424	6 249	8 003
Jul	-1037	12700	3 072	2 571	240	6 183	633	11663	779	8 229	2 654
Aug	-1834	1 386	1 265	2 827	245	-2854	-98	-448	502	-2626	1 676
Sep	749	11525	1 121	1 573	855	7 438	538	12273	968	1 955	9 350
Oct	1 019	1 572	2 782	3 248	463	-6047	1 127	2 591	1 238	1 470	-117
Nov	873	4 823	471	6 379	-55	-832	-1140	5 696	532	-3101	8 265
Dec	938	-8970	1 596	7 913	85	-6587	-11977	-8032	1 706	-1176	-8563
99 Jan p	445	28106	1 989	2 216	445	28614	-5157	28552	113	-70	28509
Feb p	-735	2 216	938	6 633	604	-4398	-1562	1 481	806	522	153
Mar p	589	-44	736	4 468	-389	-1498	-3362	545	480	9 822	-9756
Apr p	1 439	-6816	2 127	6 588	6	-12127	-3410	-5377	1 109	-1583	-4903
May a	511	15732	2 801	6 641	563	9 882	-4154	16244	450	5 900	9 894



Source: BE. Data computed according to the of the IMF *Balance of Payments Manual* (Fifth edition, 1993). As a consequence of the start of Stage Three of EMU, the balance of payments series have been revised. The changes introduced are explained in the March 1999 issue of the *Boletín estadístico*.

(a) Changes in financial assets and liabilities are both net of repayments. Financial derivatives have been included in the change in financial assets although they are obtained as the balance of assets less liabilities. A positive sign in the financial account balance means a net credit inflow, i.e. a net foreign loan to Spain (increase in the debtor position or decrease in the creditor position).

(b) Mainly, loans, deposits and repo operations.

(c) Does not include direct investment in listed shares but includes portfolio investment in non-listed shares.

(d) Includes direct investment in listed shares but does not include portfolio investment in non-listed shares.

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

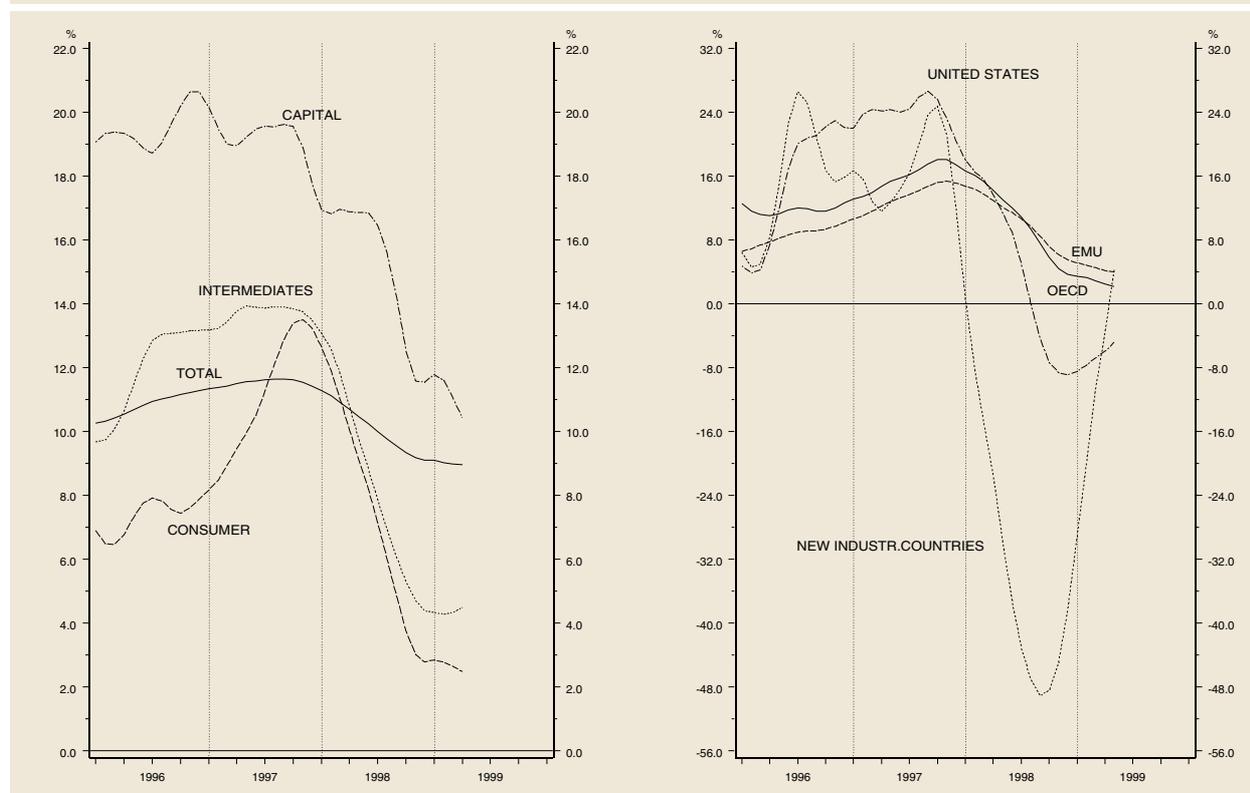
n Series depicted in chart.

Annual percentage changes

	Total			By product (deflated data)						By geographical area (nominal data)									
	EUR millions	Nominal	Deflated	Consumer	Capital	Intermediate			OECD							Other American countries	Newly industrial- ised countries	Other	
						Total	Energy	Non- energy	Total	European Union	of which		United States of America	Other OECD members	OECD				
											Euro area								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
94	58578	25.7	20.6	22.4	21.8	18.5	-7.6	20.1	28.2	34.6	30.2	27.4	26.1	-0.9	32.0	36.8	10.9		
95	69962	19.4	12.3	12.0	16.4	11.4	22.3	11.0	18.2	20.8	21.4	0.7	18.7	11.9	37.6	4.7	29.4		
96	78212	11.8	10.6	6.1	24.5	10.8	11.2	10.8	11.1	9.9	9.8	13.5	11.4	5.1	24.3	17.6	12.3		
97	93419	19.4	15.8	13.8	21.8	15.6	12.2	15.8	18.9	8.5	16.2	25.2	22.2	16.4	17.7	14.6	27.1		
98	p 97902	7.5	7.3	5.0	16.0	6.8	3.0	7.0	9.7	14.9	10.1	2.4	8.8	4.4	6.3	-34.6	0.9		
98	Apr	8 582	5.2	4.5	-1.2	10.3	7.4	-16.9	8.5	4.9	5.9	1.7	8.4	4.3	15.1	4.6	-35.2	14.1	
	May	8 818	13.0	12.5	10.7	30.7	8.2	9.6	8.1	15.2	22.5	13.4	12.5	13.1	-0.1	20.3	-42.6	6.1	
	Jun	8 999	16.7	15.6	13.3	32.4	12.1	29.7	11.5	18.3	32.3	21.2	18.9	13.6	-0.4	22.4	-43.8	18.1	
	Jul	8 586	12.5	7.9	4.7	26.1	5.0	-1.6	5.3	14.7	23.1	18.4	-3.6	13.8	-5.6	26.5	-42.2	8.1	
	Aug	5 786	8.2	9.5	6.8	36.5	4.3	5.3	4.2	11.2	14.6	14.2	-5.9	11.9	7.3	18.0	-58.5	2.4	
	Sep	7 889	-3.1	-2.9	-3.9	-9.3	0.4	-14.0	1.0	-0.5	11.0	0.3	-17.5	-2.8	-10.0	5.3	-48.7	-17.5	
	Oct	8 878	-9.6	-9.3	-10.5	-19.7	-3.9	-22.6	-3.0	-8.1	-8.3	-9.8	-14.9	-7.5	3.4	-13.4	-49.8	-14.2	
	Nov	8 204	-3.2	0.4	-3.3	17.4	-2.1	-16.4	-1.4	0.1	7.2	»	-6.1	-1.6	-1.5	-25.8	-44.9	-9.2	
	Dec	8 009	0.9	2.2	1.2	13.7	-0.5	23.7	-1.8	4.9	3.0	6.9	-13.3	7.0	-11.0	-8.7	-17.7	-16.3	
99	Jan	6 824	-6.4	-3.6	-7.2	19.2	-6.5	-0.9	-6.8	-3.5	-3.6	-5.1	-7.6	-3.2	-14.1	-24.0	-23.3	-17.8	
	Feb	7 785	-2.5	2.8	0.3	36.6	-5.7	-23.9	-4.9	-0.3	-1.1	1.3	-4.2	0.2	-19.4	-4.6	-12.0	-13.6	
	Mar	9 522	7.2	8.1	5.8	15.3	7.7	-10.7	8.3	7.9	3.7	8.1	8.8	9.2	14.8	2.6	9.9	1.6	
	Apr	8 125	-5.3	...	...	...	...	...	...	-2.0	-0.9	1.2	-7.2	-1.9	-28.7	-32.6	-3.7	-11.4	
	May	8 897	0.9	...	...	...	...	...	...	2.5	4.6	4.1	-5.5	2.4	-3.0	-16.6	29.9	-6.7	

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

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



Sources: MEH and BE.

Note: The underlying series for this indicator are in Tables 17.4 and 17.5 of the BE *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

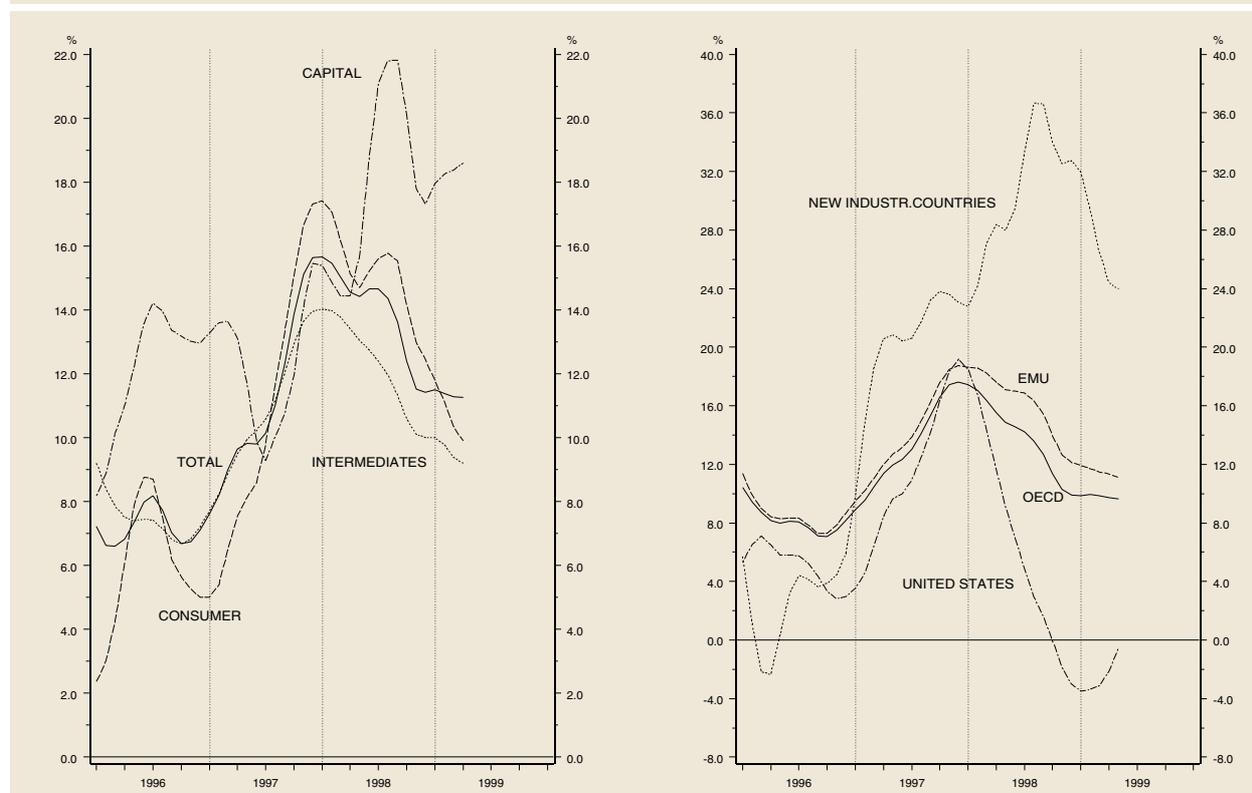
n Series depicted in chart.

Annual percentage changes

	Total			By product (deflated data)					By geographical area (nominal data)									
	EUR millions	Nominal	Deflated	Consumer	Capital	Intermediate			Total	European Union	of which		United States of America	Other OECD members	OPEC	Other American countries	Newly industrial- ised countries	Other
						Total	Energy	Non- energy			Euro area	Other OECD members						
						6 n	7	8										
1	2	3 n	4 n	5 n	6 n	7	8	9 n	10	11 n	12 n	13	14	15	16 n	17		
<b>94</b>	73962	21.5	14.8	10.2	19.4	15.7	4.6	18.3	21.7	26.7	24.0	21.1	20.3	25.4	26.6	5.0	19.5	
<b>95</b>	87142	17.8	12.8	6.6	14.9	15.0	0.4	18.0	18.5	15.7	21.8	2.9	21.4	8.3	16.6	13.6	19.8	
<b>96</b>	94179	8.1	7.8	7.0	14.4	6.3	2.9	6.8	7.9	11.9	8.1	7.1	6.8	23.9	4.0	0.5	3.3	
<b>97</b>	109469	16.2	12.2	12.0	12.0	12.4	1.7	14.1	14.9	14.6	15.6	15.5	15.0	21.5	19.9	24.2	21.1	
<b>98</b> p	119229	11.4	14.0	15.1	18.9	12.4	14.1	12.2	13.6	17.1	16.6	4.2	13.7	-14.9	3.8	40.3	11.2	
<b>98</b> Apr	9 540	-3.0	-2.0	0.4	-6.0	-1.9	-4.2	-1.6	-1.2	7.2	1.6	-15.4	-1.8	-27.4	-8.1	-2.6	-1.1	
May	10434	15.4	18.3	20.0	24.8	15.7	36.5	13.2	15.8	21.4	19.9	21.2	13.5	18.8	-4.6	22.0	18.1	
Jun	10752	17.2	19.5	17.9	44.0	13.7	16.6	13.3	20.3	28.0	24.5	1.3	20.0	-16.6	13.6	34.6	14.2	
Jul	9 927	11.6	15.8	14.0	10.3	18.1	2.9	20.4	15.4	24.2	18.5	-7.5	15.3	-18.4	-7.7	55.5	4.8	
Aug	7 907	16.9	24.5	28.8	43.3	18.9	16.3	19.4	22.1	26.7	27.4	5.9	22.6	-19.0	13.4	50.8	8.5	
Sep	10634	6.2	7.5	9.2	25.7	2.3	-9.2	3.8	11.4	12.0	14.4	17.3	10.7	-36.0	-6.1	25.0	-3.5	
Oct	10544	-8.5	-2.9	3.7	-1.3	-5.9	0.7	-6.8	-8.0	-12.3	-6.2	-27.2	-4.3	-30.7	4.3	18.2	-6.3	
Nov	10655	10.9	17.7	24.0	17.0	15.5	16.9	15.3	13.7	15.3	16.3	2.8	14.5	-22.2	5.0	45.2	5.2	
Dec	10235	7.1	13.6	7.2	24.6	12.8	16.8	12.3	9.5	16.0	14.6	-17.3	10.5	-28.7	2.3	40.0	7.8	
<b>99</b> Jan	8 609	1.3	8.8	13.7	20.5	4.3	11.1	3.5	3.5	-0.2	3.2	-9.7	6.6	-27.9	7.5	24.7	-3.4	
Feb	9 500	2.0	7.8	22.6	20.5	-0.7	-3.1	-0.4	5.3	0.8	6.8	-15.0	9.4	-29.5	20.2	-25.4	2.2	
Mar	11879	10.1	14.9	22.7	27.6	8.3	13.9	7.6	10.4	17.8	13.2	-16.1	11.8	-18.2	39.4	3.8	17.6	
Apr	10594	11.0	...	...	...	...	...	...	9.8	10.7	12.1	-15.0	12.4	27.9	14.8	24.8	9.6	
May	11852	13.6	...	...	...	...	...	...	17.2	18.3	14.1	33.2	15.2	-18.0	2.8	26.8	3.0	

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

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



Sources: MEH and BE.

Note: The underlying series for this indicator are in Tables 17.2 and 17.3 of the BE *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

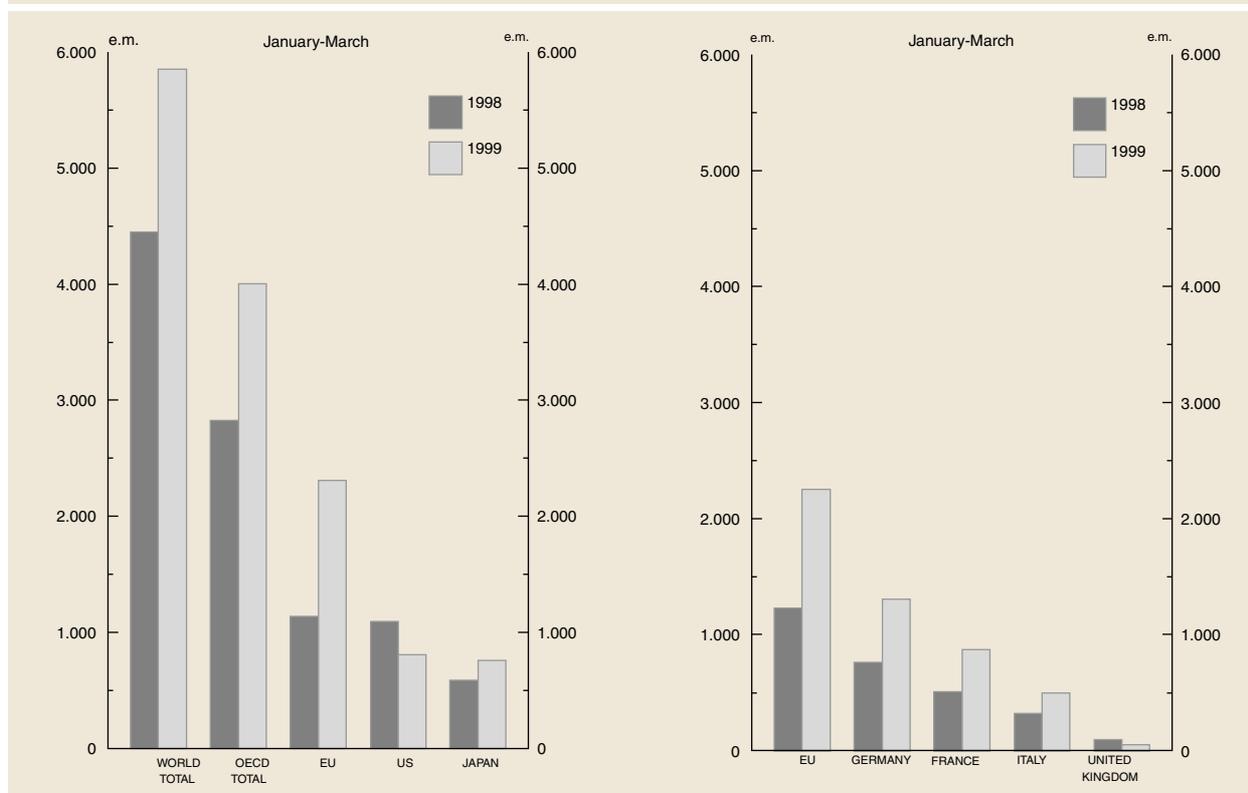
n Series depicted in chart

EUR millions

	OECD													OPEC	Other American countries	Newly industrialised countries	Other		
	World total 1=2+13 a 16 n	European Union											United States of America					Japan	Other OECD members
		Total 2=3+10 a 12 n	Euro area						United Kingdom	Other EU members									
			Total 3=4+8+9 n	of which															
				4 n	Germany 5 n	France 6 n	Italy 7 n												
<b>94</b>	-15384	-10512	-5877	-4373	-2515	-1094	-1034	-1105	-399	-2526	-1842	-268	-2624	12	-176	-2083			
<b>95</b>	-17180	-12591	-7135	-5451	-2690	-663	-1761	-1373	-312	-2662	-1893	-901	-2776	521	-316	-2018			
<b>96</b>	-15967	-11775	-6674	-5167	-2588	-1039	-2199	-1303	-204	-2665	-1686	-750	-3823	1 218	-85	-1502			
<b>97</b>	-16049	-11020	-5973	-5680	-3680	-2151	-1377	-718	426	-2763	-1997	-287	-4753	1 367	-258	-1384			
<b>98 p</b>	-21326	-15178	-9790	-9511	-5036	-2564	-2489	-646	367	-2862	-2746	220	-3531	1 520	-1698	-2440			
<b>98 J-M</b>	-7023	-4499	-2071	-2313	-1505	-783	-540	-89	330	-1522	-1094	188	-1613	668	-675	-904			
<b>99 J-M</b>	-11281	-7803	-5038	-4568	-2536	-1615	-943	-427	-44	-1386	-1311	-68	-1306	147	-763	-1556			
<b>98 Feb</b>	-1328	-749	-313	-389	-270	-184	-111	-12	88	-296	-164	25	-406	145	-210	-107			
<b>Mar</b>	-1911	-1429	-740	-708	-340	-179	-200	-79	47	-494	-222	27	-338	165	-142	-168			
<b>Apr</b>	-959	-743	-415	-470	-355	-136	-85	-17	72	-237	-242	151	-165	158	-98	-111			
<b>May</b>	-1615	-931	-518	-613	-386	-137	-131	27	68	-189	-262	38	-330	64	-125	-294			
<b>Jun</b>	-1753	-1262	-798	-804	-518	-113	-214	-1	7	-184	-247	-33	-307	131	-130	-185			
<b>Jul</b>	-1341	-1025	-730	-796	-434	-150	-266	32	34	-114	-236	55	-247	170	-152	-86			
<b>Aug</b>	-2120	-1435	-1086	-1002	-545	-169	-212	-73	-12	-118	-195	-36	-312	75	-153	-296			
<b>Sep</b>	-2745	-1995	-1438	-1303	-576	-322	-347	-153	18	-285	-220	-52	-284	44	-149	-361			
<b>Oct</b>	-1666	-1279	-978	-859	-409	-263	-239	-136	17	-161	-231	92	-266	184	-125	-180			
<b>Nov</b>	-2451	-1897	-1383	-1262	-489	-371	-318	-95	-25	-283	-278	47	-260	105	-160	-239			
<b>Dec</b>	-2227	-1785	-1306	-1173	-561	-393	-353	-131	-2	-193	-245	-42	-242	141	-152	-188			
<b>99 Jan</b>	-1785	-1089	-451	-504	-399	-197	-116	47	6	-269	-256	-113	-242	32	-172	-313			
<b>Feb</b>	-1715	-1154	-697	-676	-421	-215	-185	-2	-19	-216	-233	-7	-266	86	-145	-236			
<b>Mar</b>	-2357	-1761	-1165	-1077	-485	-461	-195	-95	8	-324	-269	-3	-205	81	-140	-333			
<b>Apr</b>	-2469	-1634	-1214	-1072	-571	-341	-260	-167	26	-172	-288	40	-355	-35	-150	-295			
<b>May</b>	-2955	-2164	-1511	-1238	-661	-402	-187	-209	-64	-404	-265	16	-238	-18	-156	-379			

CUMULATIVE TRADE BALANCE

CUMULATIVE TRADE BALANCE



Source: MEH.

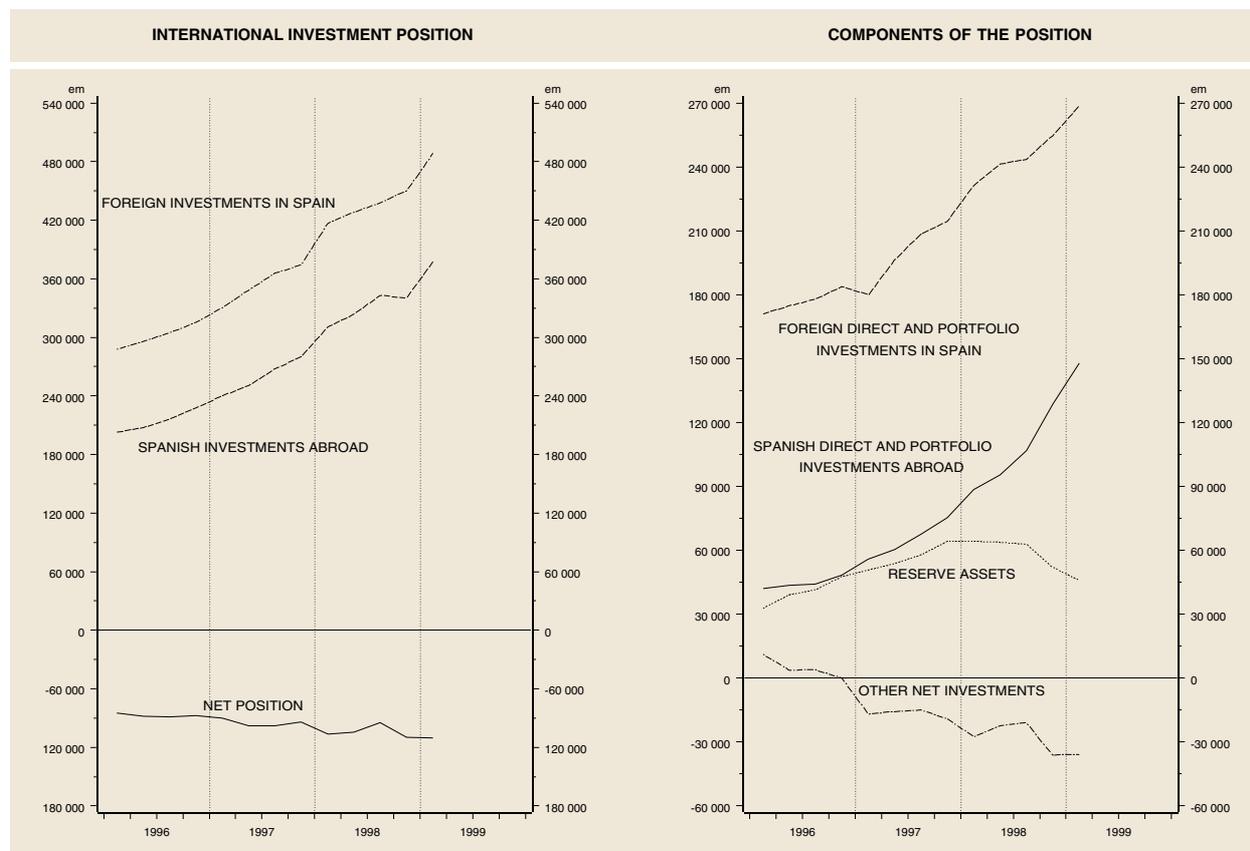
Note: The underlying series for this indicator are in Tables 17.3 and 17.5 of the BE *Boletín estadístico*.

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

n Series depicted in chart.

EUR millions

	Net International investment position	Spanish investment abroad (financial assets)							Foreign investments in Spain (liabilities)					
		Total	Direct investment	Portfolio investment			Other investments	Reserve assets	Total	Direct investment	Portfolio investment			Other investments
				Total	Shares and other equity	Bonds and money market instruments					Total	Shares and other equity	Bonds and money market instruments	
1=2-9 n	2=3+4+7+8 n	3 n	4=5+6 n	5	6	7 n	8 n	9=10+11+14 n	10 n	11=12+13 n	12	13	14 n	
<b>91</b> p	-49 138	93 964	11 929	4 769	1 310	3 459	36 911	40 355	143 103	46 239	34 330	13 092	21 238	62 534
<b>92</b> p	-63760	114127	15178	6 689	1 358	5 331	58693	33566	177887	59321	37313	12798	24515	81253
<b>93</b> p	-80848	182677	20439	12663	1 934	10730	112733	36843	263525	68546	88690	19502	69188	106290
<b>94</b> p	-79970	176172	23759	13923	2 758	11165	103781	34708	256142	76211	66521	19114	47407	113410
<b>95</b> I p	-81789	180000	24877	13699	2 852	10847	112378	29045	261789	77852	65591	18995	46596	118346
II p	-82783	180204	25068	14258	3 268	10990	113004	27873	262986	79435	72706	20196	52510	110846
III p	-81154	188552	25751	13917	3 277	10640	120841	28043	269706	80259	75776	20856	54921	112670
IV p	-83315	196850	26618	13771	2 806	10965	129198	27263	280165	81712	84173	21746	62427	114280
<b>96</b> I p	-84948	202752	27620	14456	2 755	11701	127869	32808	287700	82426	88552	25102	63450	116722
II p	-88239	207688	28421	15184	2 895	12289	124973	39110	295927	84112	90622	25998	64624	121193
III p	-88518	215981	29348	14786	3 018	11768	130378	41469	304499	85159	92855	27135	65719	126485
IV p	-87645	227582	31440	16960	3 525	13435	131524	47658	315226	86557	97232	28524	68708	131437
<b>97</b> I p	-90162	240185	33691	22306	4 513	17793	133425	50762	330347	87307	92677	31187	61490	150363
II p	-97918	250559	35521	24825	5 669	19157	136436	53777	348478	88806	107561	36272	71290	152110
III p	-97887	267709	39163	28466	7 176	21290	142259	57822	365596	90715	117661	37769	79893	157219
IV p	-94188	280109	43407	31794	8 308	23486	140734	64174	374297	91797	122656	40493	82163	159844
<b>98</b> I p	-106144	310754	47019	41430	10544	30886	158080	64225	416898	94092	137263	58791	78472	185543
II p	-104412	323779	49459	45989	13680	32309	164541	63791	428192	96183	145182	59981	85201	186826
III p	-94899	342940	54338	52379	14590	37789	173369	62854	437839	98531	145060	49005	96055	194249
IV p	-109839	340357	58696	70153	17119	53034	159414	52095	450197	101850	152823	60362	92461	195523
<b>99</b> I p	-110605	377898	63351	84504	20000	64504	184169	45874	488504	104205	164377	61666	102711	219922



Source: BE.

## 7.7. Spanish reserve assets

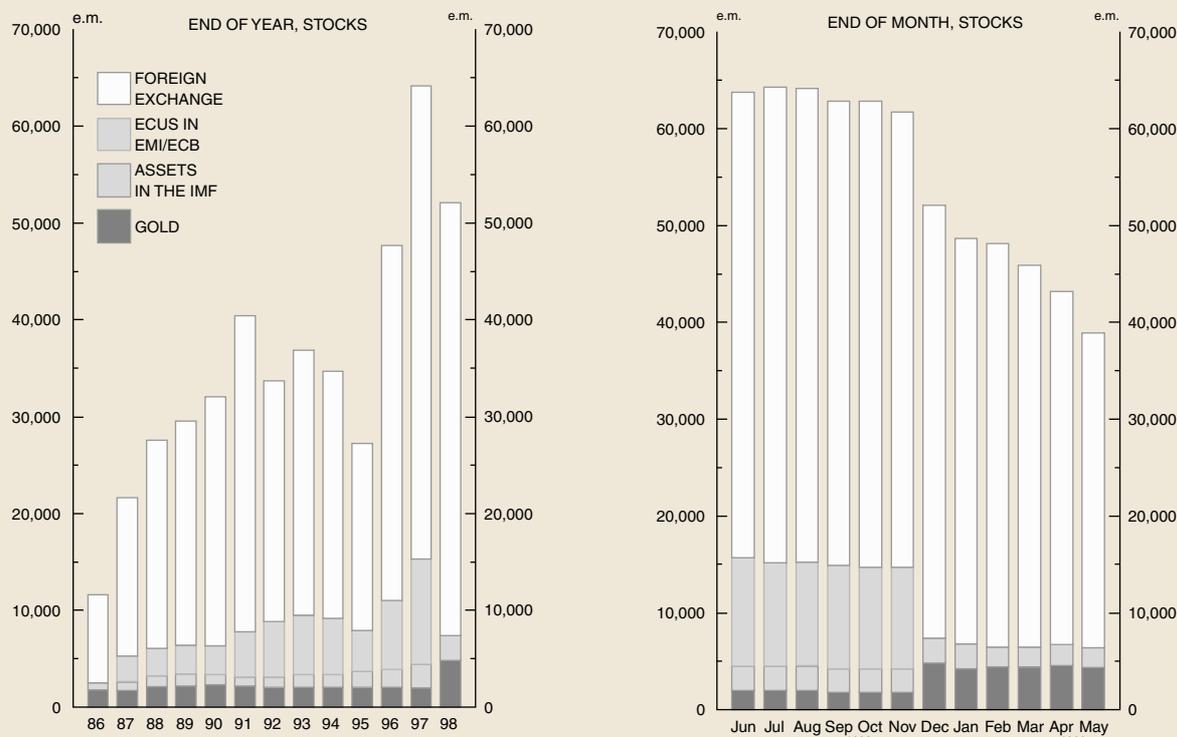
n Series depicted in chart.

EUR millions

	Reserve assets								Memorandum item:
	Total	Monetary gold	Assets in the IMF				ECU in the EMI / ECB	Foreign exchange	Millions of troy ounces
			Total	Reserve Position	Holdings of SDRs	Other claims			
1=2+3+7+8	2	3=4 a 6	4	5	6	7	8	9	
<b>92</b>	33566	2 027	1 033	789	127	117	5 764	24741	15.6
<b>93</b>	36843	2 027	1 322	883	185	255	6 106	27387	15.6
<b>94</b>	34708	2 027	1 326	878	202	247	5 815	25539	15.6
<b>95</b>	27263	2 029	1 681	1 155	300	225	4 223	19330	15.6
<b>96</b>	47658	2 029	1 841	1 257	355	229	7 141	36647	15.6
<b>97</b>	64174	1 990	2 402	1 735	432	234	10884	48899	15.6
<b>98 Feb</b>	64355	1 990	2 446	1 784	433	230	11996	47923	15.6
<b>Mar</b>	64225	1 990	2 460	1 784	449	227	11996	47780	15.6
<b>Apr</b>	63444	1 990	2 457	1 784	449	224	11232	47766	15.6
<b>May</b>	63672	1 990	2 501	1 812	466	222	11232	47950	15.6
<b>Jun</b>	63791	1 990	2 485	1 802	464	219	11232	48085	15.6
<b>Jul</b>	64275	1 990	2 520	1 839	464	218	10666	49098	15.6
<b>Aug</b>	64158	1 990	2 534	1 839	482	214	10666	48967	15.6
<b>Sep</b>	62854	1 768	2 447	1 779	462	207	10666	47972	15.6
<b>Oct</b>	62836	1 768	2 444	1 779	462	204	10464	48159	15.6
<b>Nov</b>	61696	1 768	2 448	1 771	479	198	10464	47017	15.6
<b>Dec</b>	52 095	4 814	2 555	1 876	492	188	-	44 726	19.5
<b>99 Jan</b>	48689	4 223	2 589	1 902	498	189	-	41877	16.8
<b>Feb</b>	48133	4 397	2 061	1 693	178	189	-	41675	16.8
<b>Mar</b>	45874	4 384	2 095	1 701	208	186	-	39395	16.8
<b>Apr</b>	43181	4 555	2 186	1 792	209	184	-	36440	16.8
<b>May</b>	38882	4 320	2 090	1 688	222	179	-	32472	16.8
<b>Jun</b>	38153	4 242	2 077	1 677	224	175	-	31835	16.8
<b>Jul</b>	36777	4 025	1 905	1 512	221	172	-	30846	16.8

RESERVE ASSETS

RESERVE ASSETS



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. From January 1999, all reserve assets are valued at market prices.

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

Average of daily data, EUR millions

	Net lending							Counterparts							
	Open market operations				Standing facilities			Autonomous factors					Other liabilities (net) in euros	Actual reserves of credit institutions	Debt certificates
	Total	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	8	9	10	11	12	13	14	15	
99 Jan	168255	127606	35895	320	50	6 562	2 177	54121	330775	-24031	329773	77149	2 465	99893	11776
Feb	176147	129963	44994	-6	97	1 676	577	58469	325574	-13882	326303	73080	1 987	104042	11650
Mar	182449	138234	45002	-	73	428	1 287	65280	327306	-8876	323146	69995	3 387	102198	11585
Apr	169629	124055	44994	-	92	678	191	54286	331285	-21685	343576	88262	3 841	101344	10158
May	169697	124585	44988	-	41	351	268	54268	335063	-23996	341861	85062	3 380	101891	10158
Jun	175159	130563	44997	-	19	382	802	61425	337652	-20104	339460	83337	3 231	100345	10158
Jul	195266	150355	44997	-	68	529	682	77618	343144	-10270	343068	87813	3 078	104412	10158

Source: ECB.

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

Average of daily data, EUR millions

	Net lending							Counterparts									
	Open market operations				Standing facilities			Autonomous factors					Other liabilities (net) in euro			Actual reserves of credit institutions	Banco de España. Certificates
	Total	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	8	9	10	11	12	13	14	15	16	17	
99 Jan	13408	9 807	2 900	-	9	1 033	341	12084	50624	1 363	51324	11420	-13616	-11063	-2553	8 594	6 346
Feb	11317	6 553	4 768	-	-1	3	5	14789	49622	7 308	50289	8 147	-17828	-20744	2 916	8 011	6 346
Mar	13344	9 533	3 878	-	-19	2	50	15504	50094	5 514	48340	8 236	-16391	-15031	-1360	7 949	6 281
Apr	9 978	7 254	2 723	-	2	2	3	17625	50490	3 746	47948	11337	-20718	-19838	-880	8 217	4 854
May	12173	8 824	3 358	-	-9	»	1	24418	50791	6 366	44441	11701	-24954	-24387	-567	7 855	4 854
Jun	12026	8 683	3 393	-	-9	-	42	27834	51633	5 959	41562	11804	-28464	-23293	-5171	7 802	4 854
Jul	14332	11106	3 320	-	-13	-	81	25504	53060	1 577	41797	12663	-24590	-22786	-1803	8 564	4 854

Source: BE.

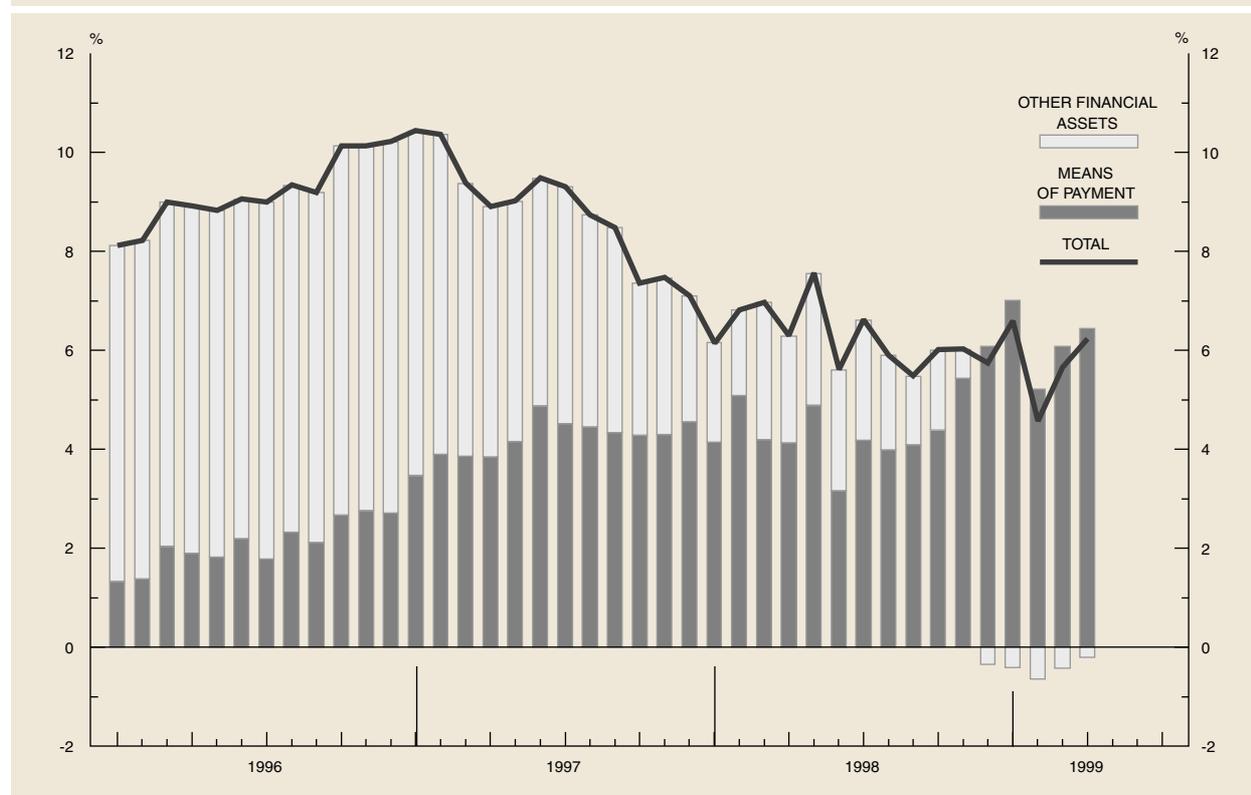
### 8.3. Liquid financial assets (a) of non-financial enterprises, households and NPISH resident in Spain

n Series depicted in chart.

EUR millions and %

	Total			Means of payment						Other financial assets						Memorandum items	
	Stocks (original series)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change in original series	Total			12-month % change			Total			12-month % change			Liquid financial assets enlarged (e)	
				% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contribution to col. 3	Cash	Sight deposits	Savings deposits (b)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contribution to col. 3	Other deposits (c)	Credit institutions' securities	Money-market and fixed-income mutual fund shares (d)	Stocks	12-month % change
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
<b>96</b>	477389	12.2	10.2	10.2	6.7	2.7	5.4	7.0	7.2	12.4	12.6	7.5	-1.0	-6.9	52.0	483382	10.7
<b>97</b>	511215	5.9	7.1	11.0	11.6	4.6	5.5	19.8	8.4	2.9	4.2	2.5	-12.8	-11.5	35.2	529741	9.6
<b>98</b>	538841	5.2	5.4	22.5	14.8	6.1	0.7	26.5	12.4	-5.3	-1.1	-0.7	-11.2	-16.5	11.1	581489	9.8
<b>97 Sep</b>	496937	8.8	8.5	9.7	11.1	4.3	5.9	16.3	10.0	7.3	6.8	4.1	-10.6	-8.0	42.5	515302	11.4
<i>Oct</i>	493518	7.6	7.3	11.0	11.1	4.3	5.5	17.7	9.2	5.1	5.0	3.0	-12.5	-9.1	39.3	510557	10.0
<i>Nov</i>	500274	6.5	7.5	9.8	11.1	4.3	5.2	17.6	9.3	4.7	5.2	3.2	-11.9	-9.5	37.4	518124	10.0
<i>Dec</i>	511215	5.9	7.1	11.0	11.6	4.6	5.5	19.8	8.4	2.9	4.2	2.5	-12.8	-11.5	35.2	529741	9.6
<b>98 Jan</b>	502712	5.5	6.1	10.1	10.7	4.2	4.9	16.6	9.4	4.0	3.2	2.0	-12.3	-11.8	29.5	525396	9.2
<i>Feb</i>	509246	5.5	6.8	13.1	13.1	5.1	4.3	22.5	10.3	2.1	2.8	1.7	-12.2	-11.8	26.5	535403	10.2
<i>Mar</i>	513431	6.2	6.9	13.7	10.7	4.2	3.0	17.1	9.7	3.0	4.5	2.7	-11.3	-11.0	28.6	542540	10.8
<i>Apr</i>	507711	6.1	6.2	13.6	10.6	4.1	4.1	16.5	9.4	1.7	3.4	2.1	-12.2	-11.7	26.6	539509	10.4
<i>May</i>	517185	5.9	7.5	10.2	12.4	4.9	3.0	21.8	10.0	3.4	4.2	2.6	-10.9	-9.3	25.8	548788	11.3
<i>Jun</i>	520283	4.7	5.5	6.4	7.8	3.2	2.1	11.0	8.1	2.0	3.9	2.3	-10.2	-9.5	23.5	553278	9.2
<i>Jul</i>	525017	6.6	6.5	5.6	10.5	4.2	2.5	17.3	9.2	4.4	3.8	2.3	-10.6	-13.8	23.5	557575	9.5
<i>Aug</i>	520475	5.8	5.7	4.5	10.0	4.0	1.4	17.3	8.9	3.1	2.9	1.8	-10.5	-14.7	20.6	549453	8.3
<i>Sep</i>	523335	6.7	5.3	10.6	10.3	4.1	0.8	17.7	9.3	3.3	2.0	1.2	-11.6	-16.3	19.9	550852	6.9
<i>Oct</i>	522177	4.4	5.8	13.5	11.0	4.4	0.5	18.0	11.2	-0.2	2.4	1.4	-10.5	-16.8	18.7	553114	8.3
<i>Nov</i>	529203	5.5	5.8	19.7	13.6	5.4	0.8	26.5	9.6	-1.7	0.6	0.3	-10.8	-17.1	14.9	569565	9.9
<i>Dec</i>	538841	5.2	5.4	22.5	14.8	6.1	0.7	26.5	12.4	-5.3	-1.1	-0.7	-11.2	-16.5	11.1	581489	9.8
<b>99 Jan</b> p	535795	6.6	6.6	29.2	17.3	7.0	0.5	33.6	12.5	-6.6	-0.7	-0.4	-8.8	-17.3	9.0	581654	10.7
<i>Feb</i> p	533779	5.2	4.8	25.9	12.5	5.1	0.4	18.8	13.5	-7.2	-0.6	-0.3	-7.4	-14.4	7.3	580444	8.4
<i>Mar</i> p	534186	3.9	4.0	20.3	14.7	6.0	2.3	23.9	13.1	-5.3	-3.3	-1.9	-6.2	-7.5	»	585811	8.0
<i>Apr</i> p	531997	0.6	4.8	9.7	15.5	6.3	1.2	25.1	15.2	-5.6	-2.6	-1.6	-5.8	-3.8	0.6	584715	8.4
<i>May</i> p	533933	-0.4	3.2	9.5	13.7	5.6	2.4	20.0	14.0	-7.1	-4.1	-2.4	-6.1	-7.2	-2.0	586824	6.9
<i>Jun</i> p	544468	1.2	4.6	8.3	16.8	7.0	3.9	23.6	17.5	-6.8	-4.0	-2.3	-5.7	4.2	-2.7	597144	7.9

LIQUID FINANCIAL ASSETS OF NON-FINANCIAL ENTERPRISES, HOUSEHOLDS AND NPISH  
Contributions to the 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. As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

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

(c) Deposits redeemable at over 3 months' notice, time deposits and repos.

(d) Includes funds invested and accumulated net capital gains.

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

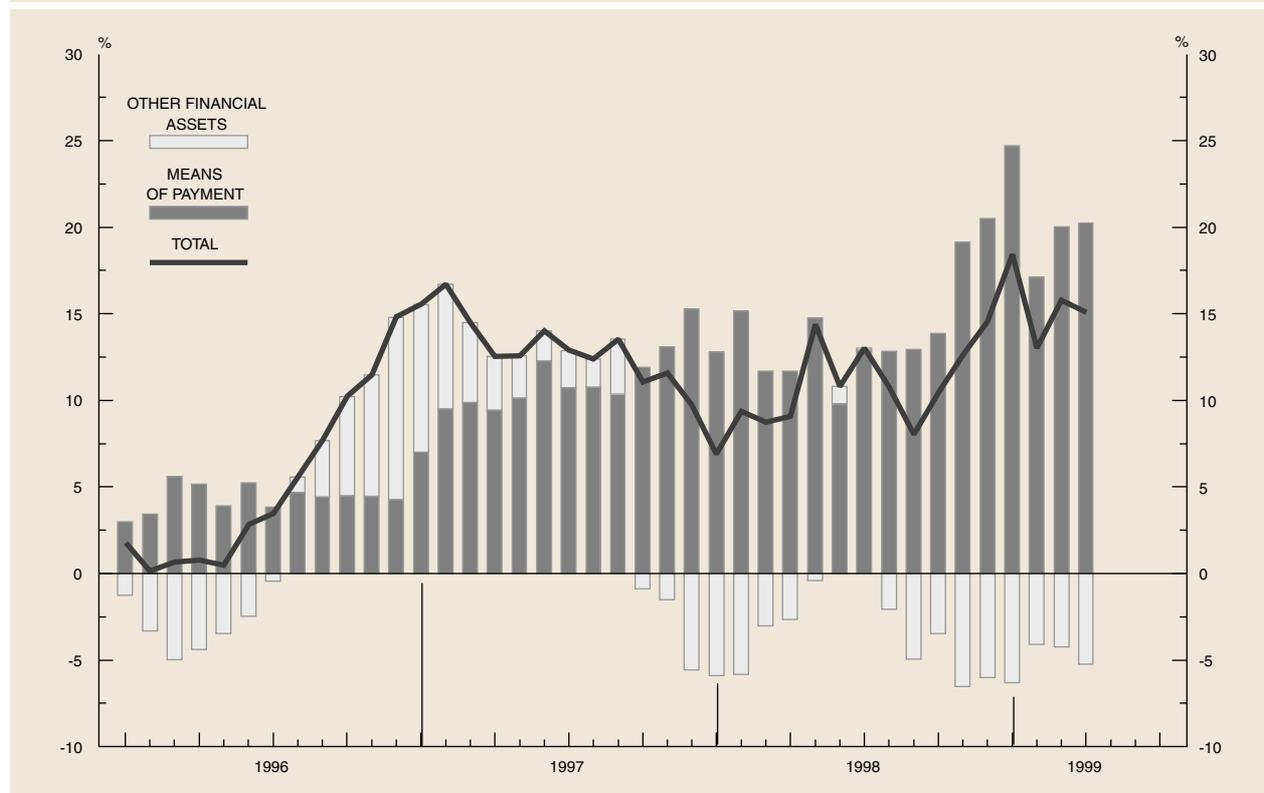
## 8.4. Liquid financial assets (a) of non-financial enterprises resident in Spain

n Series depicted in chart.

EUR millions and %

	Total			Means of payment (b)				Other financial assets					Memorandum items		
	Stocks (original series)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change in original series	Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Total				12-month % change		Liquid financial assets enlarged (e)	
								Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Other deposits (c) and Credit institutions' securities	Money- market and fixed- income mutual fund shares (d)	Stocks	12-month % change
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>96</b>	70120	19.2	15.6	33505	6.0	9.1	4.6	36615	33.5	22.2	11.0	17.5	42.1	70599	15.8
<b>97</b>	77608	10.5	10.7	44529	29.9	32.9	15.7	33078	-7.0	-9.7	-5.0	-22.5	35.2	79090	12.0
<b>98</b>	89466	18.7	15.3	60870	65.0	36.7	21.1	28596	-29.2	-13.6	-5.8	-25.8	11.1	92878	17.4
<b>97 Sep</b>	74446	19.4	14.4	39145	18.0	21.8	10.8	35301	23.2	7.2	3.7	-2.3	40.0	75915	16.1
<b>Oct</b>	72629	15.5	12.0	39185	17.1	25.7	12.4	33444	19.0	-0.8	-0.4	-12.1	37.7	73992	13.4
<b>Nov</b>	74789	13.0	12.5	41019	16.0	28.1	13.5	33769	14.3	-2.0	-1.0	-13.4	36.6	76217	13.9
<b>Dec</b>	77608	10.5	10.7	44529	29.9	32.9	15.7	33078	-7.0	-9.7	-5.0	-22.5	35.2	79090	12.0
<b>98 Jan</b>	73710	4.3	7.8	42158	34.1	27.4	13.3	31551	-18.6	-10.6	-5.5	-23.6	29.5	75524	9.5
<b>Feb</b>	76617	0.1	10.2	45594	45.0	31.3	15.6	31022	-30.3	-10.9	-5.5	-23.9	26.5	78709	12.0
<b>Mar</b>	77218	-0.9	9.4	44872	37.8	23.7	12.2	32346	-25.9	-5.7	-2.8	-18.2	28.6	79546	11.5
<b>Apr</b>	75858	7.1	9.8	44333	29.5	23.6	12.2	31526	-16.6	-5.2	-2.5	-17.6	26.6	78402	12.1
<b>May</b>	80465	13.4	15.1	47518	14.6	29.1	15.3	32947	1.5	-0.5	-0.3	-11.3	25.8	82993	17.1
<b>Jun</b>	82730	20.7	11.5	48853	10.9	18.8	10.4	33877	10.8	2.4	1.1	-6.4	23.5	85369	13.4
<b>Jul</b>	81954	28.3	13.8	48356	17.3	25.2	13.5	33597	25.2	0.6	0.3	-9.3	23.5	84558	15.4
<b>Aug</b>	79895	24.0	11.6	47860	19.4	25.2	13.5	32035	19.3	-3.9	-1.8	-14.8	20.6	82213	12.9
<b>Sep</b>	81101	16.6	8.9	49221	25.1	25.7	13.5	31880	8.1	-9.7	-4.6	-22.0	19.9	83302	9.7
<b>Oct</b>	80914	4.6	11.4	49699	24.1	26.8	14.5	31215	-11.2	-6.7	-3.1	-18.4	18.7	83389	12.7
<b>Nov</b>	84968	9.1	13.6	55730	42.5	35.9	19.7	29238	-21.5	-13.4	-6.1	-26.7	14.9	88197	15.7
<b>Dec</b>	89466	18.7	15.3	60870	65.0	36.7	21.1	28596	-29.2	-13.6	-5.8	-25.8	11.1	92878	17.4
<b>99 Jan p</b>	88587	27.3	20.2	59892	93.5	42.1	24.1	28695	-35.1	-9.1	-3.9	-19.0	9.0	92256	22.2
<b>Feb p</b>	87883	20.7	14.7	57519	69.1	26.2	15.6	30364	-25.2	-2.1	-0.9	-7.6	7.3	91616	16.4
<b>Mar p</b>	89086	11.0	15.4	58180	34.3	29.7	17.2	30907	-4.2	-4.4	-1.9	-7.0	»	93216	17.2
<b>Apr p</b>	87076	2.3	14.8	57447	-3.6	29.6	17.3	29630	17.0	-6.0	-2.5	-10.0	0.6	91294	16.4
<b>May p</b>	88560	1.1	10.1	58784	-8.0	23.7	14.0	29776	8.2	-9.6	-3.9	-14.1	-2.0	92791	11.8
<b>Jun p</b>	90897	0.7	9.9	61650	-7.8	26.2	15.5	29247	-10.2	-13.7	-5.6	-19.7	-2.7	95111	11.4

**LIQUID FINANCIAL ASSETS OF NON-FINANCIAL ENTERPRISES**  
Contributions to the 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. As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

(b) Cash, sight deposits redeemable at notice at less than three months.

(c) Deposits redeemable at over 3 months' notice, time deposits and repos.

(d) Includes funds invested and accumulated net capital gains.

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

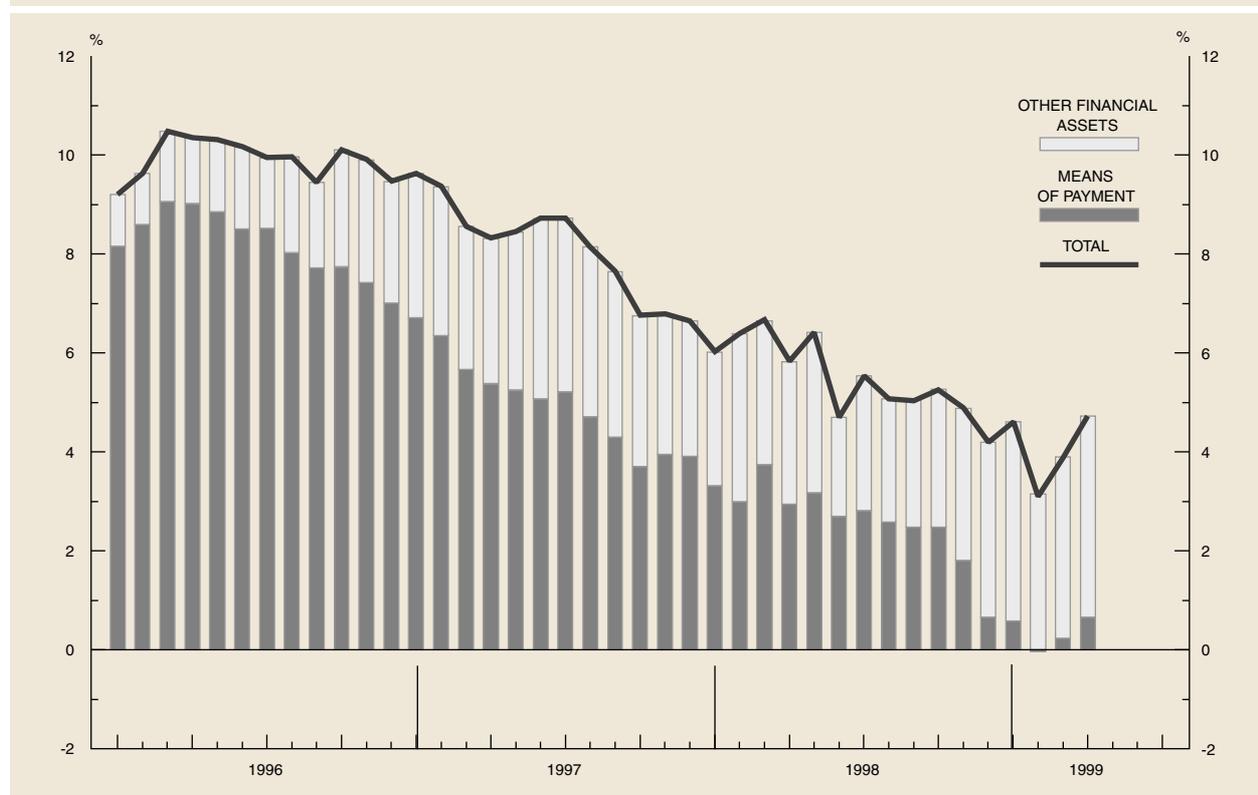
## 8.5. Liquid financial assets (a) of households and NPISH resident in Spain

n Series depicted in chart.

EUR millions and %

	Total			Means of payment (b)				Other financial assets					Memorandum items		
	Stocks (original series)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change in original series	Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Total			12-month % change		Liquid financial assets enlarged (e)		
								Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Other deposits (c) and Credit institutions' securities	Money- market and fixed- income mutual funds shares (d)	Stocks	12-month % change
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>96</b>	407269	11.6	9.3	154692	11.1	6.2	2.4	252577	33.5	11.4	6.9	-4.0	52.9	412783	9.9
<b>97</b>	433607	5.7	6.5	165459	6.7	7.0	2.6	268148	-7.0	6.2	3.8	-11.0	35.2	450652	9.2
<b>98</b>	449375	3.3	3.6	180199	12.0	8.9	3.4	269176	-29.2	0.4	0.2	-9.2	11.1	488611	8.4
<b>97 Sep</b>	422491	6.6	7.5	159479	7.8	8.8	3.3	263012	23.2	6.7	4.2	-11.8	42.7	439387	10.7
<i>Oct</i>	420890	6.0	6.6	157919	9.6	8.0	3.0	262970	19.0	5.7	3.6	-12.4	39.5	436565	9.4
<i>Nov</i>	425485	5.4	6.6	159925	8.3	7.4	2.8	265560	14.3	6.1	3.8	-11.5	37.5	441907	9.4
<i>Dec</i>	433607	5.7	6.5	165459	6.7	7.0	2.6	268148	-7.0	6.2	3.8	-11.0	35.2	450652	9.2
<b>98 Jan</b>	429002	5.4	5.8	161101	4.6	7.0	2.6	267901	-18.6	5.1	3.2	-10.4	29.5	449872	9.1
<i>Feb</i>	432629	5.3	6.2	164213	6.0	8.9	3.3	268417	-30.3	4.6	2.9	-10.2	26.5	456694	9.9
<i>Mar</i>	436214	5.7	6.5	164330	8.0	7.6	2.8	271883	-25.9	5.8	3.7	-10.1	28.6	462993	10.7
<i>Apr</i>	431853	5.6	5.6	162706	9.7	7.5	2.8	269147	-16.6	4.5	2.8	-11.3	26.6	461107	10.2
<i>May</i>	436720	5.2	6.2	165371	9.1	8.4	3.1	271348	1.5	4.9	3.1	-10.7	25.8	465795	10.4
<i>Jun</i>	437553	3.6	4.4	167662	5.2	4.9	1.9	269892	10.8	4.1	2.6	-10.7	23.5	467909	8.4
<i>Jul</i>	443063	4.1	5.2	169863	2.5	6.9	2.6	273200	25.2	4.2	2.6	-11.0	23.5	473017	8.5
<i>Aug</i>	440580	3.3	4.7	168349	0.7	6.3	2.4	272231	19.3	3.8	2.4	-10.0	20.6	467240	7.5
<i>Sep</i>	442234	4.7	4.7	169803	6.8	6.5	2.4	272431	8.1	3.6	2.2	-10.0	19.9	467550	6.4
<i>Oct</i>	441263	4.2	4.8	169079	10.6	7.1	2.7	272184	-11.2	3.5	2.2	-9.5	18.7	469725	7.6
<i>Nov</i>	444235	4.9	4.4	172461	13.7	7.8	2.9	271773	-21.5	2.3	1.5	-8.6	14.9	481368	8.9
<i>Dec</i>	449375	3.3	3.6	180199	12.0	8.9	3.4	269176	-29.2	0.4	0.2	-9.2	11.1	488611	8.4
<b>99 Jan p</b>	447207	2.6	4.2	178434	13.9	10.8	4.0	268773	-35.1	0.3	0.2	-7.7	9.0	489398	8.8
<i>Feb p</i>	445896	1.3	3.1	178512	14.6	8.7	3.3	267384	-25.2	-0.4	-0.2	-7.7	7.3	488828	7.0
<i>Mar p</i>	445100	0.9	2.0	181693	16.1	10.6	4.0	263407	-4.2	-3.1	-1.9	-6.2	»	492595	6.4
<i>Apr p</i>	444920	»	3.0	181784	14.5	11.7	4.4	263137	17.0	-2.2	-1.4	-5.1	0.6	493421	7.0
<i>May p</i>	445373	-0.1	2.0	183243	15.8	10.8	4.1	262130	8.2	-3.4	-2.1	-4.9	-2.0	494033	6.1
<i>Jun p</i>	453571	2.7	3.7	191177	14.1	14.0	5.4	262394	-10.2	-2.8	-1.7	-2.8	-2.7	502033	7.3

**LIQUID FINANCIAL ASSETS OF HOUSEHOLDS AND NPISH**  
Contributions to the 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. As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

(b) Cash, sight deposits redeemable at notice of less than three months.

(c) Deposits redeemable at over 3 months' notice, time deposits and repos.

(d) Includes funds invested and accumulated net capital gains.

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

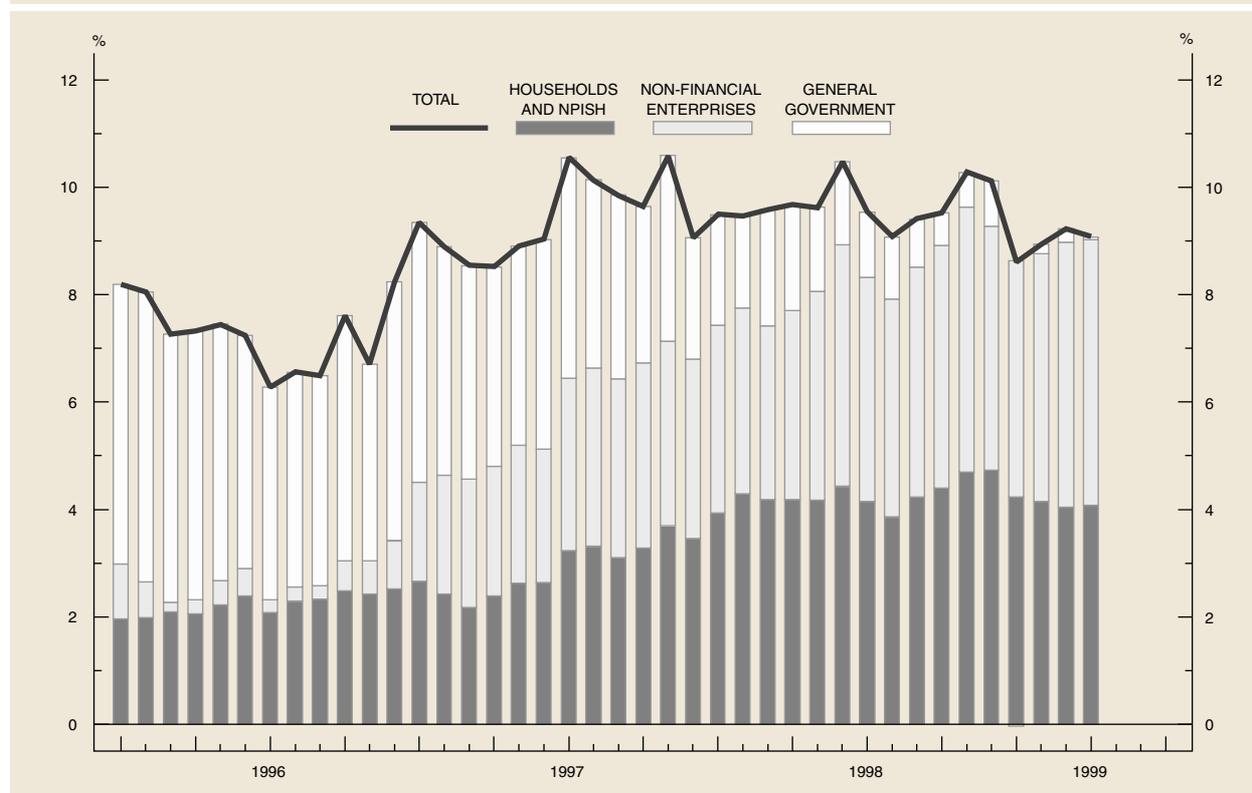
## 8.6. Financing of non-financial sectors resident in Spain (a)

n Series depicted in chart.

EUR millions and %

	Total		12-month % change				Contributions to col. 2		
	Balance	12-month % change	General government (b)	Non-financial enterprises, households and NPISH	Non-financial enterprises	Households and NPISH	General government	Non-financial enterprises	Households and NPISH
	1	2	3	4	5	6	7	8	9
<b>96</b>	670480	8.2	11.8	5.8	2.6	10.4	4.8	0.9	2.5
<b>97</b>	731546	9.1	5.3	11.9	10.3	13.9	2.3	3.4	3.5
<b>98</b>	808146	10.5	2.1	16.2	14.6	18.3	0.9	4.9	4.7
<b>97 Sep</b>	711215	9.8	8.1	11.1	10.1	12.4	3.4	3.3	3.1
<b>Oct</b>	714052	9.7	7.0	11.6	10.5	13.0	2.9	3.5	3.3
<b>Nov</b>	718559	10.6	8.4	12.2	10.4	14.6	3.5	3.5	3.7
<b>Dec</b>	731546	9.1	5.3	11.9	10.3	13.9	2.3	3.4	3.5
<b>98 Jan</b>	743324	9.6	4.9	13.0	10.9	15.9	2.1	3.6	3.9
<b>Feb</b>	741164	9.6	4.1	13.6	10.8	17.3	1.7	3.6	4.3
<b>Mar</b>	748305	9.7	5.1	13.1	10.3	16.8	2.2	3.4	4.2
<b>Apr</b>	748969	9.8	4.7	13.4	11.0	16.6	2.0	3.6	4.2
<b>May</b>	756846	9.7	3.7	14.0	12.1	16.5	1.6	4.0	4.2
<b>Jun</b>	770824	10.5	3.7	15.4	13.9	17.4	1.5	4.6	4.4
<b>Jul</b>	775927	9.6	2.9	14.3	12.9	16.1	1.2	4.3	4.2
<b>Aug</b>	773039	9.2	2.7	13.8	12.8	15.0	1.1	4.2	3.9
<b>Sep</b>	778987	9.5	2.1	14.8	13.5	16.5	0.9	4.4	4.2
<b>Oct</b>	783665	9.7	1.5	15.5	14.3	17.0	0.6	4.7	4.4
<b>Nov</b>	794434	10.6	1.6	16.6	15.6	17.9	0.7	5.2	4.7
<b>Dec</b>	808146	10.5	2.1	16.2	14.6	18.3	0.9	4.9	4.7
<b>99 Jan p</b>	813305	9.4	1.4	14.9	13.0	17.2	0.6	4.3	4.5
<b>Feb p</b>	813449	9.8	2.0	14.9	12.7	17.7	0.8	4.2	4.7
<b>Mar p</b>	823733	10.1	2.4	15.3	12.7	18.6	1.0	4.2	4.9
<b>Apr p</b>	824671	10.1	2.0	15.5	12.9	18.7	0.8	4.3	5.0
<b>May p</b>	833277	10.1	2.2	15.3	12.4	18.8	0.9	4.2	5.1
<b>Jun p</b>	851813	10.5	2.0	16.0	12.8	20.0	0.8	4.3	5.4

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



Source: BE.

- (a) As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.  
 (b) Total liabilities less deposits.

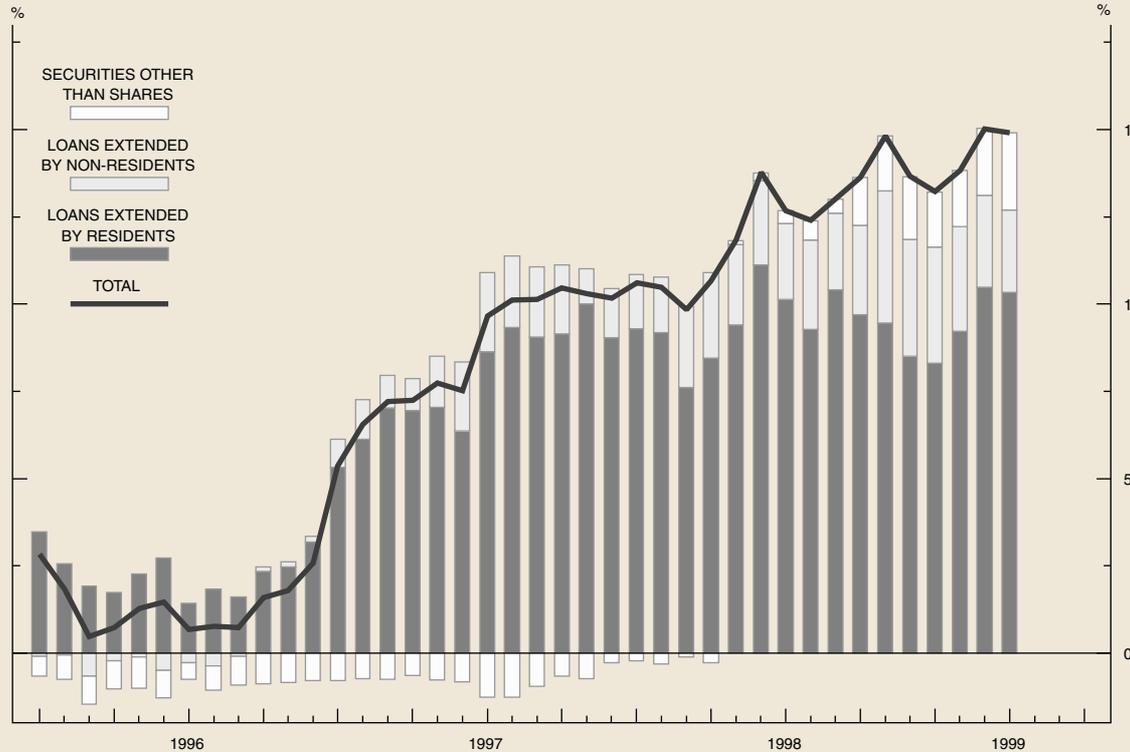
## 8.7. Financing of non-financial enterprises resident in Spain (a)

n Series depicted in chart.

EUR millions and %

	Total		Loans extended by credit institutions resident in Spain		Loans extended by non-residents		Securities other than shares			Memorandum items			
	Balance	12-month % change	12-month % change	Contribution to col. 2	12-month % change	Contribution to col. 2	12-month % change	Contribution to col. 2	Of which: securitisation bonds (b)	Shares (balances)		Total financing	
										Funds invested (cumulative flows) (c)	Market capitalization	Balance	12-month % change
1	2	3	4	5	6	7	8	9	10	11	12 = 1 + 10	13	
<b>96</b>	220494	2.6	4.4	3.2	1.0	0.2	-6.9	-0.8	83.1	40282	103567	260776	2.9
<b>97</b>	243219	10.3	12.5	9.2	8.7	1.4	-2.7	-0.3	6.5	41011	135704	284229	9.0
<b>98</b>	278786	14.6	12.7	9.5	20.9	3.3	19.7	1.8	140.0	45096	190512	323882	14.0
<b>97 Sep</b>	233541	10.1	12.5	9.1	12.1	2.0	-8.4	-0.9	-7.8	40801	138407	274341	8.9
<i>Oct</i>	237025	10.5	12.7	9.2	12.0	2.0	-6.0	-0.7	3.9	40932	124309	277957	9.2
<i>Nov</i>	239051	10.4	13.8	10.1	6.1	1.0	-6.8	-0.7	3.7	40937	131920	279988	9.0
<i>Dec</i>	243219	10.3	12.5	9.2	8.7	1.4	-2.7	-0.3	6.5	41011	135704	284229	9.0
<b>98 Jan</b>	247440	10.9	13.0	9.5	9.3	1.5	-2.2	-0.2	4.9	41187	148668	288628	9.5
<i>Feb</i>	247496	10.8	13.1	9.5	9.4	1.6	-3.0	-0.3	0.7	41471	155705	288967	9.5
<i>Mar</i>	246620	10.3	11.0	8.1	14.0	2.3	-1.0	-0.1	0.7	41629	184398	288249	9.1
<i>Apr</i>	249484	11.0	12.0	8.8	14.9	2.5	-2.6	-0.3	-4.1	41665	180171	291149	9.7
<i>May</i>	253667	12.1	13.2	9.7	13.7	2.3	1.2	0.1	9.8	44249	188342	297915	11.6
<i>Jun</i>	259874	13.9	15.4	11.3	14.3	2.4	2.4	0.2	24.8	44562	187486	304436	13.3
<i>Jul</i>	263420	12.9	14.1	10.4	12.9	2.2	3.9	0.4	19.2	44612	187154	308033	12.4
<i>Aug</i>	261595	12.8	13.0	9.6	15.4	2.6	5.9	0.5	19.0	44654	159008	306249	12.3
<i>Sep</i>	264974	13.5	14.7	10.9	13.0	2.2	4.4	0.4	18.4	44682	154973	309656	12.9
<i>Oct</i>	270814	14.3	13.9	10.3	15.3	2.5	14.8	1.4	64.9	44741	173213	315554	13.5
<i>Nov</i>	276412	15.6	13.6	10.3	24.2	3.8	17.2	1.6	76.7	44792	186196	321204	14.7
<i>Dec</i>	278786	14.6	12.7	9.5	20.9	3.3	19.7	1.8	140.0	45096	190512	323882	14.0
<b>99 Jan p</b>	279555	13.0	10.4	7.8	20.4	3.3	20.7	1.8	162.9	45397	192907	324951	12.6
<i>Feb p</i>	278898	12.7	9.9	7.4	20.6	3.4	21.5	1.9	176.0	45633	195526	324531	12.3
<i>Mar p</i>	277867	12.7	9.6	7.1	19.7	3.4	24.3	2.2	224.7	45678	185678	323546	12.2
<i>Apr p</i>	281707	12.9	9.6	7.1	20.3	3.5	26.8	2.3	244.1	45982	185045	327689	12.6
<i>May p</i>	285095	12.4	9.4	7.0	18.9	3.2	24.5	2.2	225.4	...	191022	...	...
<i>Jun p</i>	293090	12.8	10.3	7.7	17.7	3.0	24.3	2.1	183.5	...	196197	...	...

### FINANCING OF NON-FINANCIAL ENTERPRISES Contributions to the annual percentage change



Source: BE.

- (a) As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.  
 (b) Provisional data.  
 (c) Cumulative funds invested since 1970 are in col. 3 of Table 21.19 of the BE *Boletín estadístico*.

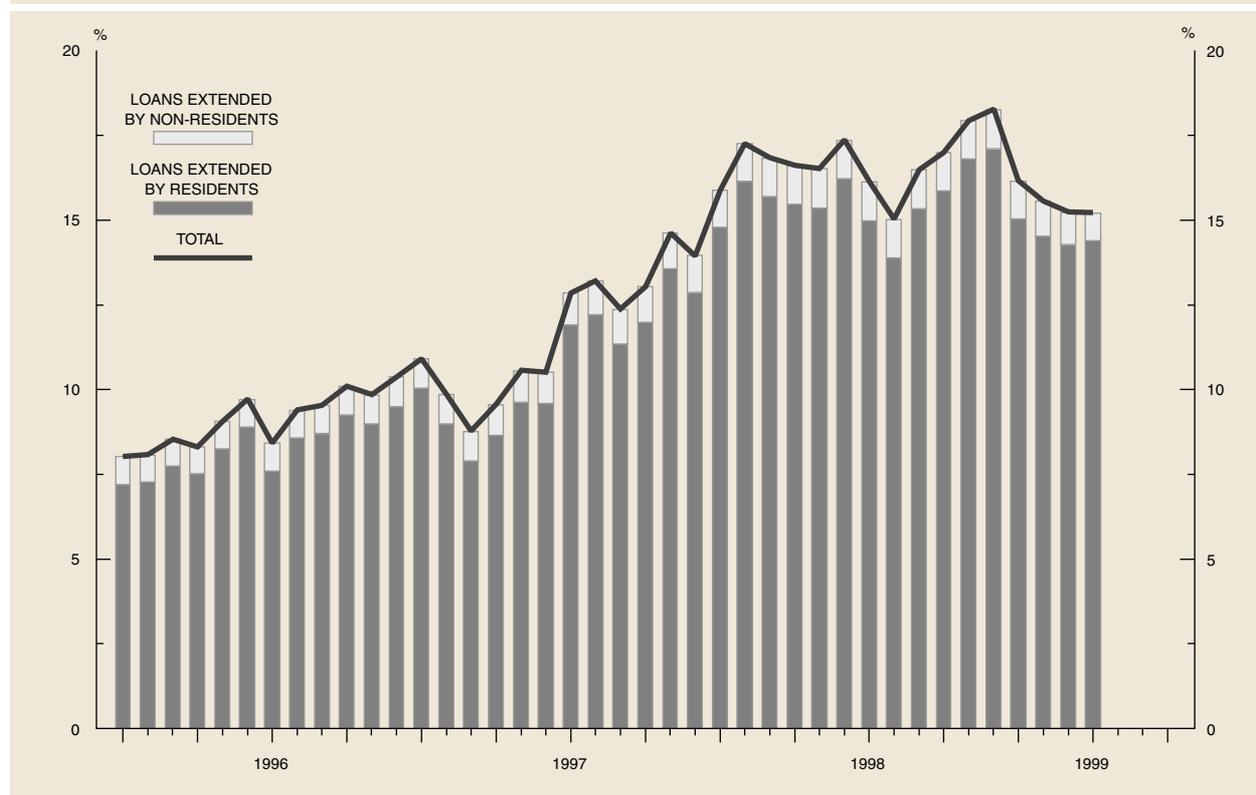
## 8.8. Financing of households and NPISH resident in Spain (a)

n Series depicted in chart.

EUR millions and %

	Total		Loans extended by credit institutions			Loans extended by non-residents	
	Balance	12-month % change	12-month % change	Contribution to the 12-month % change of the total	12-month % change	Contribution to the 12-month % change of the total	
	1	2	3	4	5	6	
		n		n		n	
<b>96</b>	166329	10.4	10.7	9.5	7.8	0.9	
<b>97</b>	189521	13.9	14.5	12.9	9.7	1.1	
<b>98</b>	224152	18.3	19.1	17.1	11.0	1.2	
<b>97 Sep</b>	182929	12.4	12.8	11.4	9.3	1.0	
<b>Oct</b>	184951	13.0	13.5	12.0	9.5	1.0	
<b>Nov</b>	188218	14.6	15.2	13.6	9.6	1.1	
<b>Dec</b>	189521	13.9	14.5	12.9	9.7	1.1	
<b>98 Jan</b>	195074	15.9	16.6	14.8	9.9	1.1	
<b>Feb</b>	197401	17.3	18.1	16.1	10.1	1.1	
<b>Mar</b>	198454	16.8	17.6	15.7	10.4	1.1	
<b>Apr</b>	200767	16.6	17.3	15.5	10.6	1.2	
<b>May</b>	203444	16.5	17.2	15.4	10.7	1.2	
<b>Jun</b>	208711	17.4	18.2	16.2	10.7	1.1	
<b>Jul</b>	211559	16.1	16.7	15.0	10.9	1.1	
<b>Aug</b>	209514	15.0	15.5	13.9	10.7	1.1	
<b>Sep</b>	213065	16.5	17.2	15.3	10.6	1.1	
<b>Oct</b>	216374	17.0	17.8	15.9	10.5	1.1	
<b>Nov</b>	221963	17.9	18.8	16.8	10.7	1.1	
<b>Dec</b>	224152	18.3	19.1	17.1	11.0	1.2	
<b>99 Jan p</b>	228684	17.2	18.0	16.1	10.9	1.1	
<b>Feb p</b>	232320	17.7	18.4	16.5	11.1	1.1	
<b>Mar p</b>	235285	18.6	19.4	17.4	11.5	1.2	
<b>Apr p</b>	238341	18.7	19.6	17.5	11.4	1.2	
<b>May p</b>	241738	18.8	19.7	17.6	11.5	1.2	
<b>Jun p</b>	250377	20.0	20.9	18.8	11.7	1.2	

FINANCING OF HOUSEHOLDS AND NPISH  
Contributions to the annual percentage change



Source: BE.

(a) As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

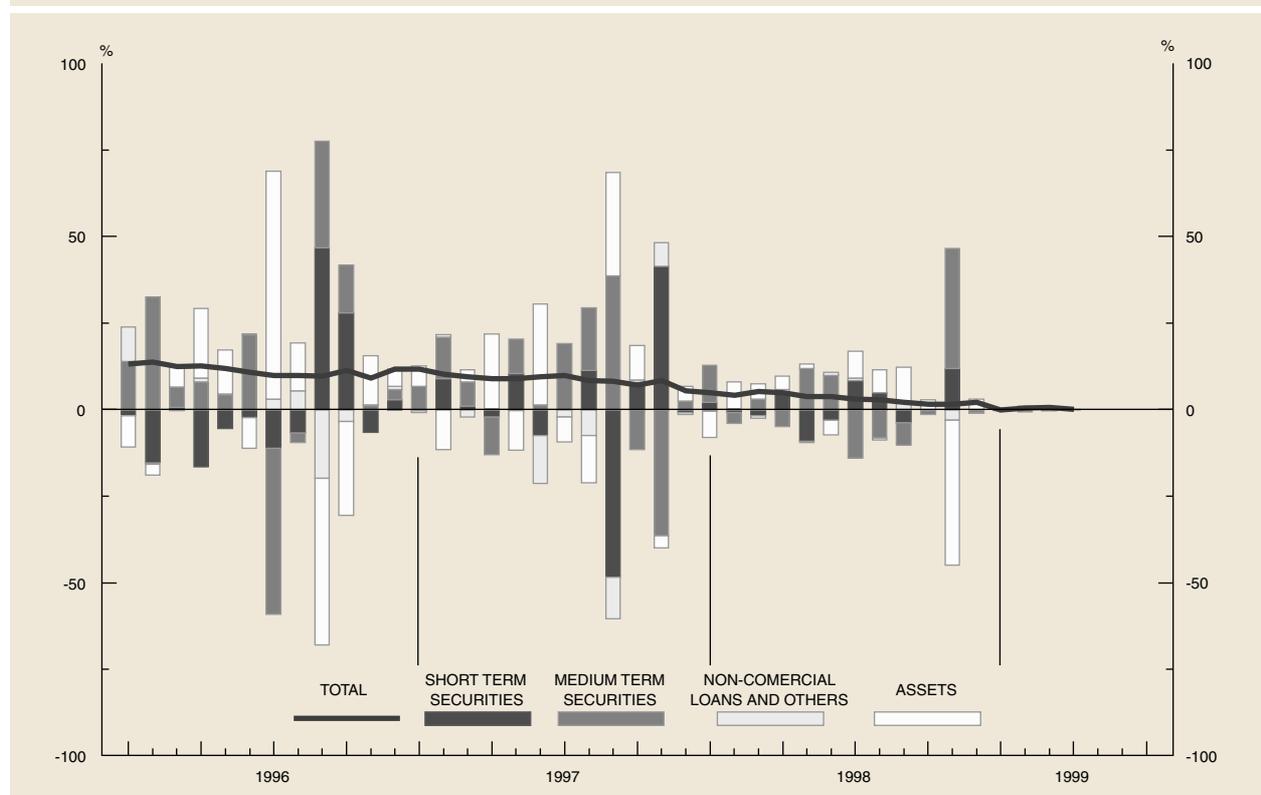
### 8.9. Net financing of Spain's general government

n Series depicted in chart.

EUR millions and %

	Net financing			Monthly change in stocks						12-month % change in stocks				Contribution to 12-month % change of total							
	Net stock of liabilities	Monthly change (columns 4-8-9)	12-month % change of col. 1	Liabilities			Assets			Liabilities			Assets	Liabilities			Assets				
				Total	Securities		Non-commercial loans and others (a)	Deposits at the Banco de España	Other deposits (b)	Total	Securities			Non-commercial loans and others (a)	Short-term	Medium and long-term		Non-commercial loans and others (a)	Short-term	Medium and long-term	Non-commercial loans and others (a)
					Short-term	Medium and long-term					Short-term	Medium and long-term									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18				
<b>96</b>	283657	29841	11.8	35904	10039	22442	3 423	5 951	112	13.0	13.9	15.6	5.6	26.0	2.9	2.9	1.1	4.9			
<b>97 p</b>	298806	15149	5.3	11834	-9273	30694	-9586	-5126	1 811	3.8	-11.3	18.4	-14.9	-11.3	-0.8	2.4	-0.6	4.3			
<b>98 p</b>	305207	6 401	2.1	10485	-11784	25393	-3124	1 431	2 653	3.2	-16.2	12.9	-5.7	15.6	-0.1	-0.6	-0.2	3.1			
<b>97 Nov p</b>	291290	-786	8.4	-1110	-3908	3 428	-630	-1871	1 547	6.2	-5.8	19.0	-11.9	-9.9	41.5	-36.4	6.7	-3.4			
<b>97 Dec p</b>	298806	7 516	5.3	1 508	-1103	3 385	-775	-5264	-744	3.8	-11.3	18.4	-14.9	-11.3	-0.8	2.4	-0.6	4.3			
<b>98 Jan p</b>	300810	2 004	4.9	5 166	852	4 475	-161	4 711	-1549	4.9	-10.2	19.8	-14.9	5.3	2.1	10.9	-0.4	-7.7			
<b>98 Feb p</b>	296268	-4542	4.1	3 978	928	3 473	-423	8 252	269	7.7	-6.9	23.7	-15.3	48.8	-0.8	-3.1	0.4	7.6			
<b>98 Mar p</b>	303231	6 964	5.1	1 053	-2309	4 287	-926	-5551	-360	7.3	-10.2	24.2	-15.6	32.9	-1.7	3.2	-0.7	4.3			
<b>98 Apr p</b>	298718	-4513	4.7	-803	-4855	4 707	-655	2 507	1 203	5.5	-17.1	24.1	-16.5	12.3	5.1	-4.9	0.7	3.9			
<b>98 May p</b>	299736	1 018	3.7	686	-2487	3 264	-90	-68	-264	3.0	-24.2	23.1	-16.6	-3.2	-9.1	12.0	-0.3	1.2			
<b>98 Jun p</b>	302240	2 504	3.7	5 425	-1971	6 704	691	3 410	-489	6.4	-24.7	26.6	-10.1	34.0	-2.9	9.9	1.0	-4.3			
<b>98 Jul p</b>	300948	-1291	2.9	1 615	-3355	5 224	-254	2 056	850	6.3	-28.7	28.1	-10.2	40.5	7.5	-11.7	0.6	6.5			
<b>98 Aug p</b>	301930	982	2.7	-1366	1 737	-2933	-171	-1941	-407	4.6	-28.3	24.3	-8.5	22.6	4.8	-8.1	-0.5	6.5			
<b>98 Sep p</b>	300948	-982	2.1	3 476	1 624	2 838	-986	3 920	538	6.4	-22.1	23.3	-8.3	50.7	-3.5	-6.1	2.1	9.6			
<b>98 Oct p</b>	296478	-4470	1.5	5 234	1 169	3 924	142	8 098	1 606	7.7	-17.6	22.5	-7.5	63.1	-0.4	-1.3	»	3.3			
<b>98 Nov p</b>	296060	-418	1.6	-9882	-2751	-7796	665	-9848	383	5.0	-16.9	16.3	-5.3	35.2	10.8	30.6	-2.6	-37.1			
<b>98 Dec p</b>	305207	9 147	2.1	-4097	-367	-2774	-955	-14115	871	3.2	-16.2	12.9	-5.7	15.6	-0.1	-0.6	-0.2	3.1			
<b>99 Jan p</b>	305066	-141	1.4	461	-3240	3 653	48	3 030	-2427	1.8	-21.5	12.2	-5.3	5.2	32.6	-36.7	-0.5	6.0			
<b>99 Feb p</b>	302232	-2835	2.0	3 064	-839	3 852	51	5 745	154	1.5	-23.7	12.2	-4.5	-2.9	0.6	-2.7	»	4.2			
<b>99 Mar p</b>	310581	8 349	2.4	1 485	-3050	4 821	-286	-7898	1 034	1.6	-25.4	12.2	-3.4	-6.4	-0.9	1.4	-0.1	2.0			
<b>99 Apr p</b>	304623	-5957	2.0	-2252	-9	-2342	99	4 035	-330	1.2	-20.1	8.6	-2.0	-5.8	»	0.8	»	1.2			
<b>99 May p</b>	306444	1 821	2.2	2 890	-48	2 936	3	1 313	-243	1.8	-17.1	8.3	-1.8	-1.9	-0.1	3.6	»	-1.3			
<b>99 Jun a</b>	308346	1 902	2.0	762	-1274	2 051	-16	-234	-906	0.4	-16.5	6.0	-3.1	-12.4	-1.4	2.2	»	1.2			

NET FINANCING OF GENERAL GOVERNMENT  
Contributions to the annual percentage change



Source: BE.

- (a) Including coined money and Caja General de Depósitos.
- (b) Tax collection accounts are not included.

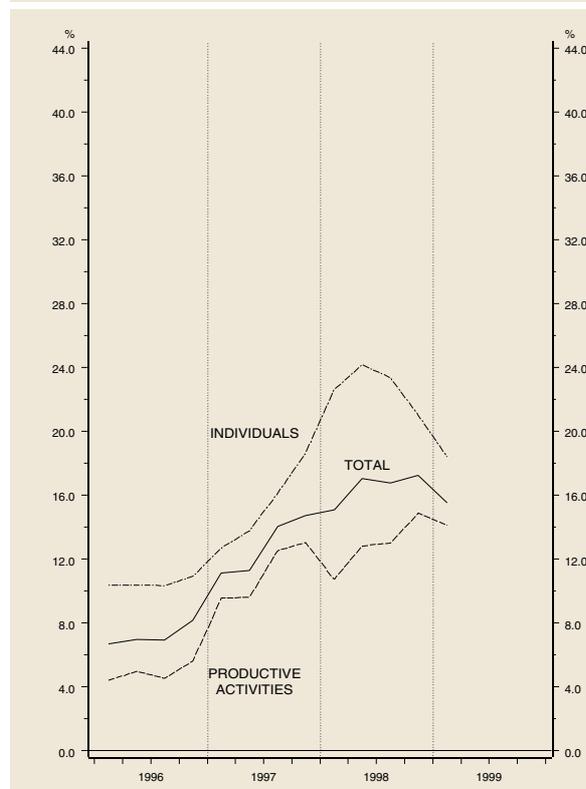
### 8.10. Credit by end-use and doubtful loans of banks, savings banks and credit co-operatives resident in Spain

n Series depicted in chart.

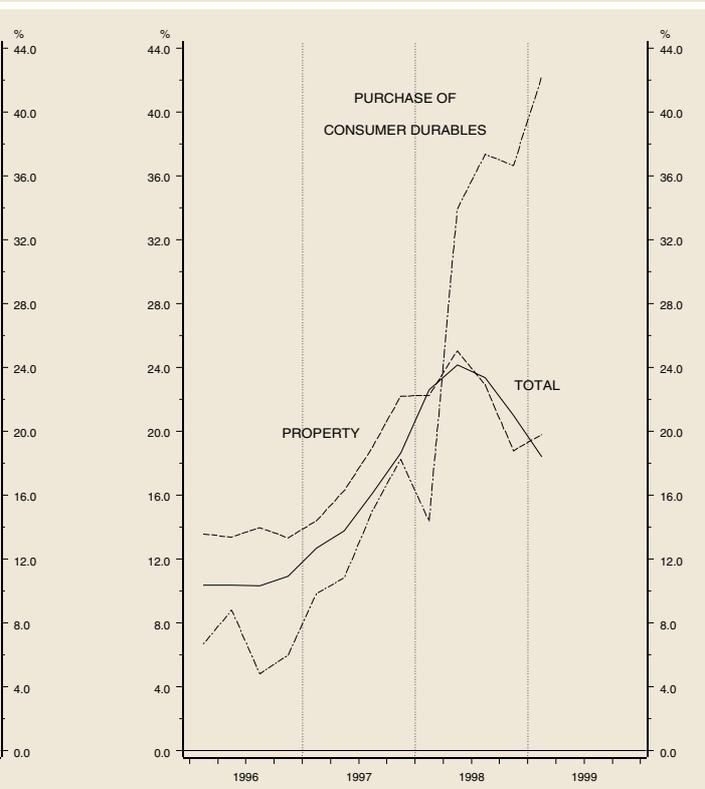
EUR millions and percentages

	Total (b)	Financing of productive activities					Financing of individuals						Financing of non-profit private institutions	Unclassified (banks, savings banks and Official Credit Entities) (a)	Unclassified credit co-operatives	Memorandum item: Doubtful loans	
		Total	Agriculture and fisheries	Industry, excluding construction	Construction	Services	Total	Home purchases	Home improvements	Real-estate purchases	Purchases of consumer durables	Other				Amount	As % of total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17=16/1
<b>96</b>	290031	157821	6 193	47937	22498	81192	109267	74631	3 581	1 136	9 941	19978	1 037	9 222	12685	11259	3.88
<b>97</b>	332717	178404	6 746	52460	22824	96374	129626	91204	4 378	1 381	11756	20908	1 218	8 007	15462	8 395	2.52
<b>98</b>	390146	204942	7 587	58094	26673	112589	156868	108333	5 116	1 717	16064	25638	1 553	8 200	18583	6 505	1.67
<b>94 III</b>	244015	139904	5 323	47497	22507	64576	84908	54854	2 788	658	8 674	17933	999	9 357	8 847	18835	7.72
<b>IV</b>	250532	142455	5 505	48208	21461	67282	88342	58064	2 995	740	8 845	17698	1 035	9 348	9 352	16070	6.41
<b>95 I</b>	252017	142476	5 584	48246	20966	67681	90104	59366	3 070	755	8 665	18247	1 088	8 767	9 582	15462	6.14
<b>II</b>	258788	144662	5 626	47777	21089	70170	93975	61847	3 164	756	8 887	19322	1 089	9 106	9 956	14900	5.76
<b>III</b>	261431	146025	5 686	48876	21607	69856	95893	63370	3 075	768	9 308	19371	937	8 304	10273	14525	5.56
<b>IV</b>	268101	149424	5 738	50276	21774	71635	98502	65850	2 997	822	9 380	19453	1 006	8 278	10892	13836	5.16
<b>96 I</b>	268853	148755	5 993	49090	21702	71969	99454	67428	3 050	855	9 244	18877	1 042	8 267	11335	13379	4.98
<b>II</b>	276847	151860	6 112	49325	22342	74081	103730	70120	3 243	908	9 670	19790	932	8 586	11739	12590	4.55
<b>III</b>	279540	152642	6 138	45665	22554	78286	105808	72222	3 418	1 092	9 757	19319	925	8 025	12140	12270	4.39
<b>IV</b>	290031	157821	6 193	47937	22498	81192	109267	74631	3 581	1 136	9 941	19978	1 037	9 222	12685	11259	3.88
<b>97 I</b>	298748	162977	6 120	48228	22687	85942	112082	77133	3 773	1 159	10153	19864	998	9 586	13105	10741	3.60
<b>II</b>	308063	166446	6 607	48043	22945	88851	118018	81548	4 005	1 226	10719	20520	861	8 871	13866	10025	3.25
<b>III</b>	318783	171773	6 788	50443	23215	91327	122861	85941	4 184	1 238	11224	20273	775	8 734	14638	9 431	2.96
<b>IV</b>	332717	178404	6 746	52460	22824	96374	129626	91204	4 378	1 381	11756	20908	1 218	8 007	15462	8 395	2.52
<b>98 I</b>	343846	180444	6 843	50906	24270	98425	137436	94297	4 474	1 307	11613	25745	1 242	8 704	16020	7 828	2.28
<b>II</b>	360612	187794	7 197	55422	25871	99303	146540	101965	4 851	1 412	14353	23959	1 493	7 843	16943	7 262	2.01
<b>III</b>	372192	194116	7 407	55549	26431	104729	151563	105632	4 927	1 576	15417	24011	1 506	7 251	17756	6 967	1.87
<b>IV</b>	390146	204942	7 587	58094	26673	112589	156868	108333	5 116	1 717	16064	25638	1 553	8 200	18583	6 505	1.67
<b>99 I</b>	397300	205918	7 819	56495	27122	114481	162736	112978	5 108	1 962	16518	26170	1 625	8 032	19085	6 191	1.56

**CREDIT BY END-USE**  
Annual percentage changes



**CREDIT TO INDIVIDUALS BY END-USE**  
Annual percentage changes



Source: BE.

Note: The underlying series for this indicator are in Table 86.2 of the BE *Boletín estadístico*.

(a) Official Credit Entities are included from 1992.

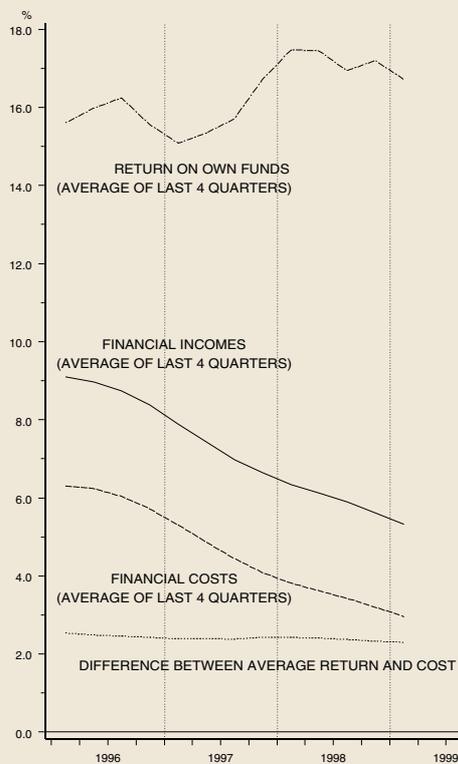
(b) Credit data obtained from the accounting statements established for supervision of resident institutions.

## 8.11. Profit and loss account of banks, savings banks and credit co-operatives resident in Spain

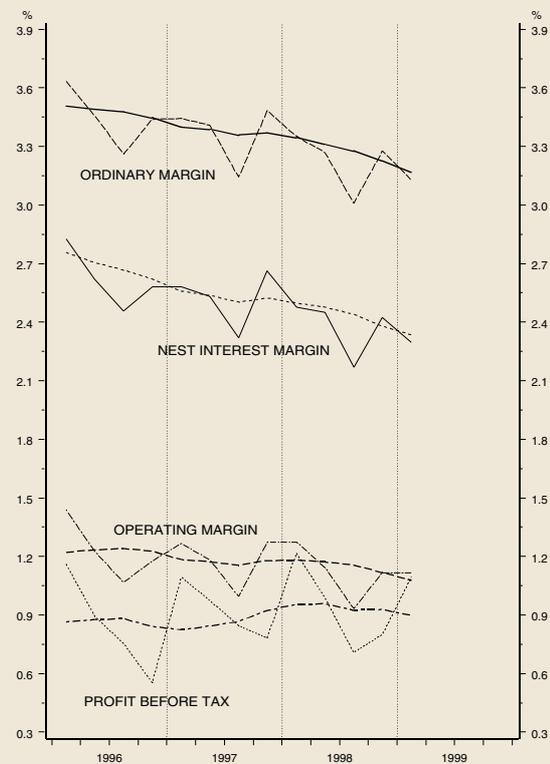
n Series depicted in chart.

	As a percentage of the adjusted average balance sheet										Percentages				
	1	2	3	4	5	6	of which:		8	9	10	11	12	13	14
							7	Staff costs							
n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	
96	7.8	5.2	2.6	0.9	3.5	2.3	1.3	1.2	-1.5	0.6	10.5	9.0	6.5	2.4	
97	6.5	3.8	2.7	0.8	3.5	2.2	1.3	1.3	-1.0	0.8	14.6	7.1	4.7	2.4	
98	5.4	2.9	2.5	0.9	3.3	2.2	1.3	1.2	-0.8	0.8	15.6	6.0	3.7	2.3	
94 III	8.6	5.4	3.1	0.4	3.5	2.4	1.5	1.1	-0.4	0.7	12.1	10.0	7.1	2.9	
IV	8.6	5.4	3.2	0.6	3.8	2.4	1.5	1.3	-0.7	0.6	10.0	9.6	6.7	2.9	
95 I	8.8	5.7	3.1	0.6	3.6	2.3	1.4	1.3	-0.3	1.0	17.1	9.5	6.5	3.0	
II	9.0	6.1	2.9	0.7	3.5	2.3	1.4	1.2	-0.3	0.9	14.7	9.4	6.5	2.9	
III	9.0	6.3	2.6	0.7	3.3	2.3	1.4	1.1	-0.3	0.8	12.9	9.5	6.8	2.7	
IV	9.3	6.5	2.8	0.8	3.6	2.3	1.4	1.3	-0.5	0.7	13.3	9.7	7.1	2.6	
96 I	9.1	6.3	2.9	0.8	3.7	2.2	1.4	1.5	-0.3	1.2	21.6	9.8	7.2	2.5	
II	8.5	5.9	2.7	0.8	3.5	2.2	1.4	1.3	-0.3	0.9	16.2	9.6	7.1	2.5	
III	8.0	5.5	2.5	0.8	3.3	2.2	1.3	1.1	-0.3	0.8	14.0	9.4	6.9	2.5	
IV	7.8	5.2	2.6	0.9	3.5	2.3	1.3	1.2	-0.6	0.6	10.5	9.0	6.5	2.4	
97 I	7.2	4.6	2.6	0.9	3.5	2.2	1.3	1.3	-0.2	1.1	19.7	8.4	6.0	2.4	
II	6.7	4.1	2.6	0.9	3.4	2.2	1.4	1.2	-0.2	1.0	17.2	8.0	5.6	2.4	
III	6.2	3.8	2.4	0.8	3.2	2.1	1.3	1.0	-0.1	0.9	15.4	7.5	5.1	2.4	
IV	6.5	3.8	2.7	0.8	3.5	2.2	1.3	1.3	-0.5	0.8	14.6	7.1	4.7	2.4	
98 I	6.0	3.5	2.5	0.9	3.4	2.1	1.3	1.3	-0.1	1.3	22.7	6.8	4.4	2.4	
II	5.8	3.4	2.5	0.8	3.3	2.1	1.3	1.2	-0.2	1.0	17.1	6.5	4.1	2.4	
III	5.3	3.1	2.2	0.8	3.0	2.1	1.3	1.0	-0.2	0.7	13.4	6.3	3.9	2.4	
IV	5.4	2.9	2.5	0.9	3.3	2.2	1.3	1.2	-0.3	0.8	15.6	6.0	3.7	2.3	
99 I	4.8	2.5	2.3	0.8	3.2	2.0	1.2	1.1	»	1.1	20.7	5.7	3.4	2.3	

**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 88.1 of the BE *Boletín estadístico*.

- (a) Profit before tax divided by own funds (capital, reserves, 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 average return and cost.

## 8.12. Mutual funds resident in Spain

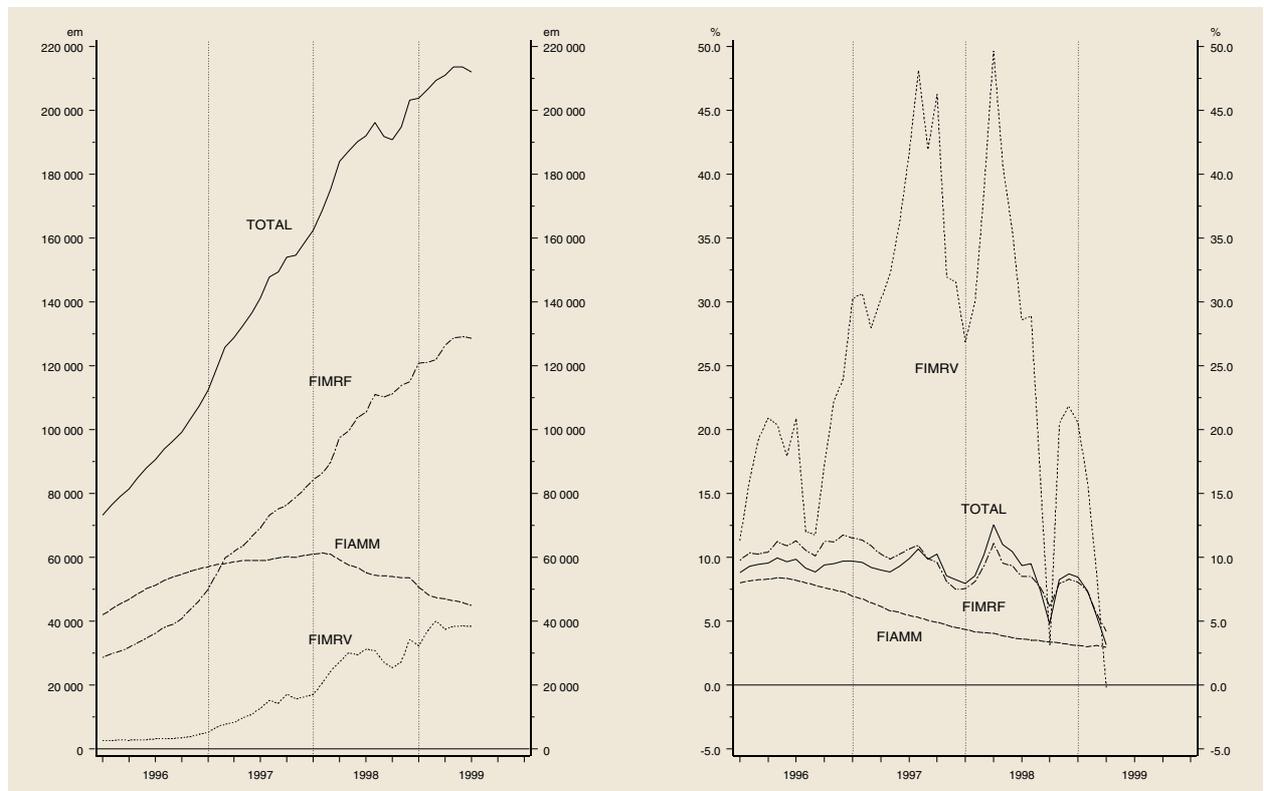
n Series depicted in chart.

EUR millions

	Total				Money-market funds				Fixed-income funds				Equity funds			
	Net asset value	Monthly change	Of which		Net asset value	Monthly change	Of which		Net asset value	Monthly change	Of which		Net asset value	Monthly change	Of which	
			Net funds invested	Return over last 12 months			Net funds invested	Return over last 12 months			Net funds invested	Return over last 12 months			Net funds invested	Return over last 12 months
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
<b>95</b>	73282	5 671	...	8.8	42030	6 196	...	8.0	28649	28649	...	9.8	2 603	2 603	...	11.3
<b>96</b>	112440	39158	...	9.7	57075	15045	...	7.0	50093	21444	...	11.5	5 272	2 669	...	30.3
<b>97</b>	162450	50010	...	8.0	61097	4 023	...	4.4	84268	34176	...	7.6	17084	11812	...	26.9
<b>98</b>	203774	41324	28165	8.5	50643	-10454	-12268	3.1	120791	36522	26086	8.1	32340	15256	14347	20.5
<b>97 Oct</b>	154623	722	2 432	8.5	60060	-146	-325	4.7	78891	2 423	1 964	8.1	15671	-1555	793	31.9
<b>Nov</b>	158434	3 811	1 984	8.3	60609	549	346	4.5	81444	2 552	1 447	7.5	16381	710	191	31.5
<b>Dec</b>	162450	4 016	2 493	8.0	61097	488	285	4.4	84268	2 824	1 984	7.6	17084	703	224	26.9
<b>98 Jan</b>	168540	6 090	3 695	8.6	61370	272	-13	4.2	86437	2 169	2 166	8.1	20733	3 649	1 543	30.0
<b>Feb</b>	175093	6 554	3 891	10.2	60994	-376	-530	4.1	89782	3 344	2 577	9.3	24318	3 585	1 844	38.5
<b>Mar</b>	184053	8 960	5 331	12.5	59312	-1682	-1854	4.1	97502	7 720	5 036	11.1	27239	2 921	2 149	49.7
<b>Apr</b>	187229	3 176	3 615	11.0	57653	-1659	-1788	3.9	99466	1 964	2 876	9.6	30109	2 870	2 526	40.7
<b>May</b>	190099	2 870	2 005	10.5	56842	-811	-952	3.7	103732	4 266	1 943	9.3	29525	-584	1 014	35.5
<b>Jun</b>	191932	1 833	826	9.4	55167	-1675	-1808	3.6	105445	1 713	2 038	8.5	31320	1 795	597	28.6
<b>Jul</b>	196157	4 225	2 983	9.5	54378	-790	-915	3.5	110953	5 508	3 020	8.5	30827	-493	878	28.9
<b>Aug</b>	191679	-4478	1 020	7.3	54252	-126	-263	3.5	110225	-728	894	7.6	27202	-3624	389	15.7
<b>Sep</b>	190702	-977	154	4.8	54056	-196	-339	3.4	111176	951	661	6.1	25470	-1733	-168	3.2
<b>Oct</b>	194765	4 062	1 469	8.3	53597	-460	-105	3.3	113811	2 635	1 655	8.0	27357	1 888	-81	20.5
<b>Nov</b>	203122	8 358	4 318	8.7	53742	146	-461	3.2	115048	1 237	1 578	8.3	34332	6 975	3 201	21.9
<b>Dec</b>	203774	652	-1143	8.5	50643	-3099	-3239	3.1	120791	5 743	1 641	8.1	32340	-1992	455	20.5
<b>99 Jan</b>	206601	2 827	1 766	7.4	48356	-2287	-2184	3.0	121089	298	2 518	7.3	37156	4 816	1 432	15.7
<b>Feb</b>	209388	2 786	2 734	5.4	47399	-957	-1212	3.1	121902	813	2 662	5.6	40087	2 930	1 284	8.8
<b>Mar</b>	210871	1 483	1 243	3.2	46969	-430	-479	3.0	126380	4 478	925	4.2	37522	-2565	796	-0.2
<b>Apr p</b>	213597	2 726	823	...	46439	-530	-382	...	128712	2 332	478	...	38446	924	727	...
<b>May p</b>	213522	-75	602	...	45817	-622	-593	...	129134	421	512	...	38572	126	683	...
<b>Jun p</b>	212020	-1503	...	...	44997	-820	...	...	128608	-526	...	...	38415	-157	...	...

NET ASSET VALUE

RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

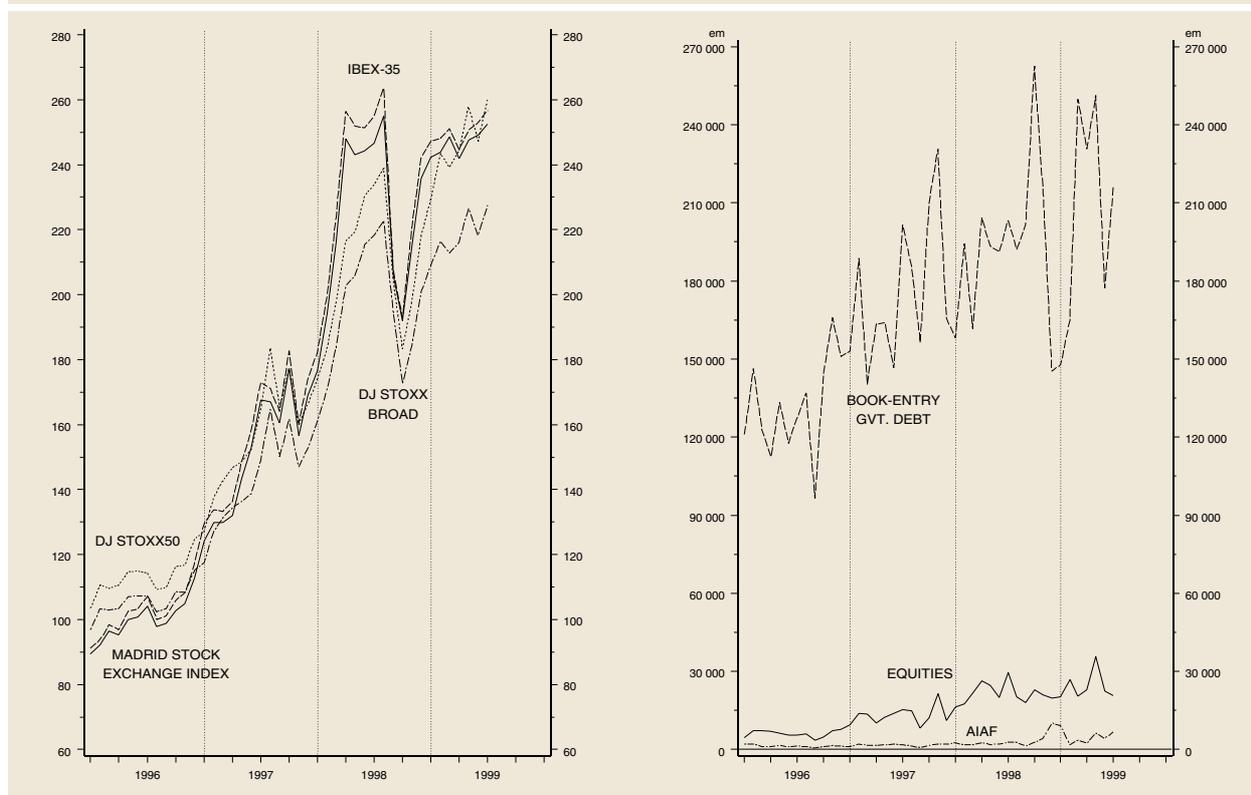
### 8.13. Share price indices and turnover on securities markets. Spain and euro area

n Series depicted in chart.

	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
<b>96</b>	367.31	4 193.22	153.04	1 673.79	77145	78071	1 608197	14929	3 059	8 029	19902	28794
<b>97</b>	556.43	6 365.48	208.77	2 330.94	163261	54216	2 110187	21174	2 340	1 321	23351	5 792
<b>98</b>	817.97	9 333.30	283.45	3 102.16	261276	53148	2 311155	43120	843	1 676	17390	8 417
<b>97 Sep</b>	635.04	7 269.72	230.84	2 581.36	12238	4 996	209799	1 557	150	136	2 304	560
<b>Oct</b>	560.94	6 380.39	209.89	2 331.25	21432	4 284	230620	2 052	179	185	2 358	841
<b>Nov</b>	605.15	6 932.10	217.96	2 423.74	11242	3 160	165743	2 039	117	111	1 188	574
<b>Dec</b>	632.55	7 255.40	229.86	2 531.99	16207	6 669	157968	2 518	72	106	1 275	555
<b>98 Jan</b>	695.68	7 958.99	243.93	2 676.03	17616	4 508	194391	1 754	109	127	1 899	549
<b>Feb</b>	774.75	8 900.09	262.29	2 878.04	21654	5 757	161559	1 717	147	218	1 674	648
<b>Mar</b>	888.67	10209.10	289.46	3 153.32	26271	5 619	204308	2 662	99	232	2 245	752
<b>Apr</b>	871.08	10025.60	293.96	3 195.43	24607	3 981	193397	1 874	146	146	1 517	746
<b>May</b>	875.26	10005.70	307.44	3 357.77	19865	3 954	191102	2 084	137	115	1 177	678
<b>Jun</b>	883.42	10146.40	311.58	3 406.82	29439	4 300	203224	2 693	68	159	1 785	639
<b>Jul</b>	913.97	10493.70	318.06	3 480.63	20332	4 391	192138	2 701	44	127	1 037	628
<b>Aug</b>	737.05	8 264.70	277.73	2 978.12	17902	3 406	201801	1 282	34	89	1 400	719
<b>Sep</b>	687.71	7 676.50	246.31	2 670.97	22855	4 127	262621	2 804	20	133	2 007	919
<b>Oct</b>	771.65	8 800.00	263.49	2 887.11	20889	3 970	213457	4 236	23	120	1 382	875
<b>Nov</b>	844.96	9 645.50	286.87	3 179.09	19717	4 300	145418	10129	13	120	649	635
<b>Dec</b>	867.80	9 836.60	298.37	3 342.32	20129	4 835	147739	9 183	1	90	618	630
<b>99 Jan</b>	873.93	9 878.80	308.97	3 547.15	26809	3 011	164851	1 765	»	124	401	592
<b>Feb</b>	890.41	9 997.30	303.87	3 484.24	20487	3 331	249736	3 559	»	200	398	458
<b>Mar</b>	866.73	9 740.70	308.50	3 559.86	22799	4 232	230762	2 443	»	758	487	477
<b>Apr</b>	887.26	9 975.40	323.37	3 757.87	35578	3 899	251369	6 277	»	342	308	406
<b>May</b>	892.58	10072.30	311.49	3 602.45	22417	3 507	177295	4 293	»	400	334	421
<b>Jun</b>	904.43	10218.60	324.78	3 788.66	20481	3 707	216715	6 629	1	1 132	419	401

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 and 4); AIAF (column 8) and Spanish Financial Futures Market, (MEFFSA) (columns 9 to 12)

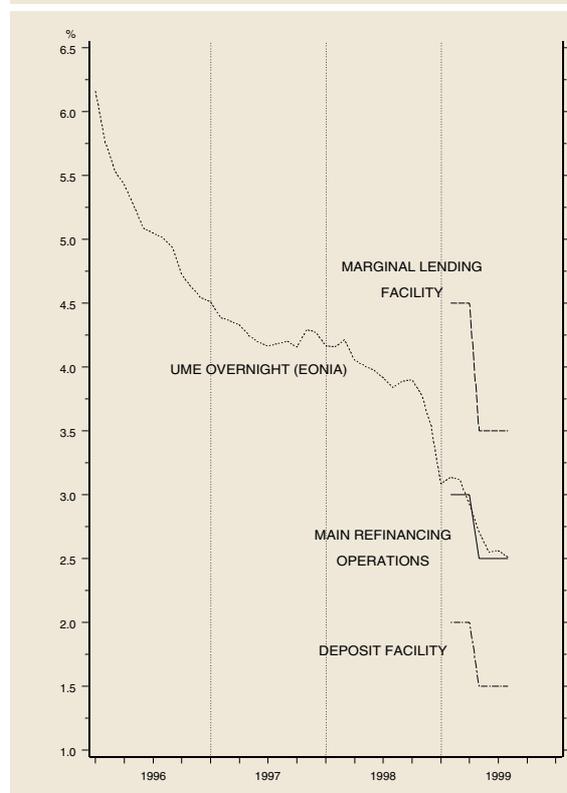
## 9.1. Interest rates. Eurosystem and money market. Euro area and Spain

n Series depicted in chart.

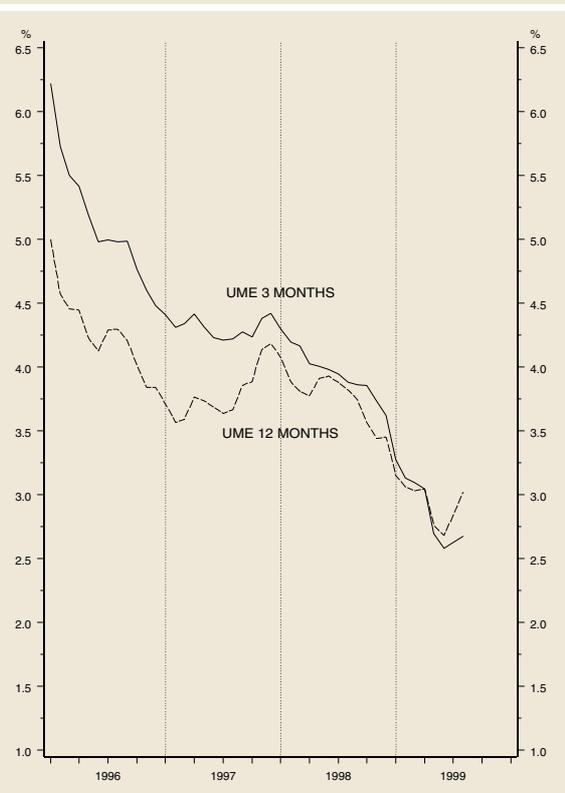
Averages of daily data

	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	1-year	Non-transferable deposits				Government-securities repos									
									Overnight	1-month	3-month	1-year	Overnight	1-month	3-month	1-year						
1	n	2	3	n	4	n	5	n	6	7	n	8	n	9	10	11	12	13	14	15	16	
96	—	—	—	—	4.51	4.50	5.00	3.71	7.64	7.59	7.49	7.35	7.53	7.42	7.27	7.36						
97	—	—	—	—	4.16	4.28	4.30	4.08	5.48	5.46	5.37	5.20	5.33	5.27	5.20	5.15						
98	—	—	—	—	3.09	3.34	3.88	3.15	4.33	4.33	4.24	4.00	4.08	4.04	3.97	3.86						
97 Oct	—	—	—	—	4.29	4.31	4.38	4.14	5.12	5.13	5.12	4.98	4.97	4.94	4.92	—						
97 Nov	—	—	—	—	4.27	4.34	4.42	4.18	5.18	5.13	5.04	4.81	4.99	4.93	4.86	—						
97 Dec	—	—	—	—	4.16	4.28	4.30	4.08	4.89	4.89	4.83	4.62	4.63	4.74	4.66	4.57						
98 Jan	—	—	—	—	4.16	4.19	4.19	3.88	4.83	4.82	4.70	4.42	4.57	4.42	4.41	4.20						
98 Feb	—	—	—	—	4.21	4.18	4.17	3.81	5.29	4.78	4.64	4.33	4.63	4.54	4.39	—						
98 Mar	—	—	—	—	4.05	4.06	4.03	3.77	4.59	4.63	4.44	4.16	4.50	4.45	4.25	—						
98 Apr	—	—	—	—	4.01	4.05	4.01	3.91	4.59	4.56	4.41	4.22	4.49	4.38	4.20	—						
98 May	—	—	—	—	3.97	4.01	3.98	3.93	4.32	4.33	4.34	4.22	4.27	4.21	4.17	—						
98 Jun	—	—	—	—	3.92	3.94	3.95	3.88	4.33	4.34	4.33	4.19	4.25	4.22	4.18	4.05						
98 Jul	—	—	—	—	3.84	3.87	3.88	3.82	4.40	4.35	4.33	4.14	4.24	4.22	4.17	—						
98 Aug	—	—	—	—	3.89	3.87	3.86	3.74	4.60	4.43	4.35	4.07	4.25	4.21	4.16	—						
98 Sep	—	—	—	—	3.90	3.89	3.85	3.57	4.47	4.42	4.25	3.83	4.26	4.12	4.03	—						
98 Oct	—	—	—	—	3.78	3.78	3.74	3.44	4.04	4.11	3.99	3.64	3.78	3.71	3.56	—						
98 Nov	—	—	—	—	3.54	3.60	3.62	3.45	3.62	3.79	3.80	3.62	3.25	3.40	3.35	3.32						
98 Dec	—	—	—	—	3.09	3.34	3.28	3.15	3.00	3.42	3.36	3.24	2.57	2.63	2.79	—						
99 Jan	3.00	3.08	4.50	2.00	3.14	3.16	3.13	3.06	3.11	3.14	3.11	3.06	2.85	2.91	2.89	—						
99 Feb	3.00	3.04	4.50	2.00	3.12	3.13	3.09	3.03	3.09	3.10	3.06	3.04	2.99	2.93	2.89	2.91						
99 Mar	3.00	2.96	4.50	2.00	2.93	3.05	3.05	3.05	2.91	3.03	3.03	3.03	2.83	2.90	2.88	2.97						
99 Apr	2.50	2.53	3.50	1.50	2.71	2.69	2.70	2.76	2.69	2.68	2.68	2.71	2.58	2.53	2.49	2.58						
99 May	2.50	2.53	3.50	1.50	2.55	2.57	2.58	2.68	2.54	2.54	2.56	2.66	2.50	2.47	2.47	2.55						
99 Jun	2.50	2.63	3.50	1.50	2.56	2.61	2.63	2.84	2.56	2.59	2.60	2.78	2.52	2.51	2.51	2.67						
99 Jul	2.50	2.65	3.50	1.50	2.51	2.63	2.68	3.02	2.51	2.61	2.66	3.02	2.46	2.51	2.55	2.89						

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 and long-term securities markets

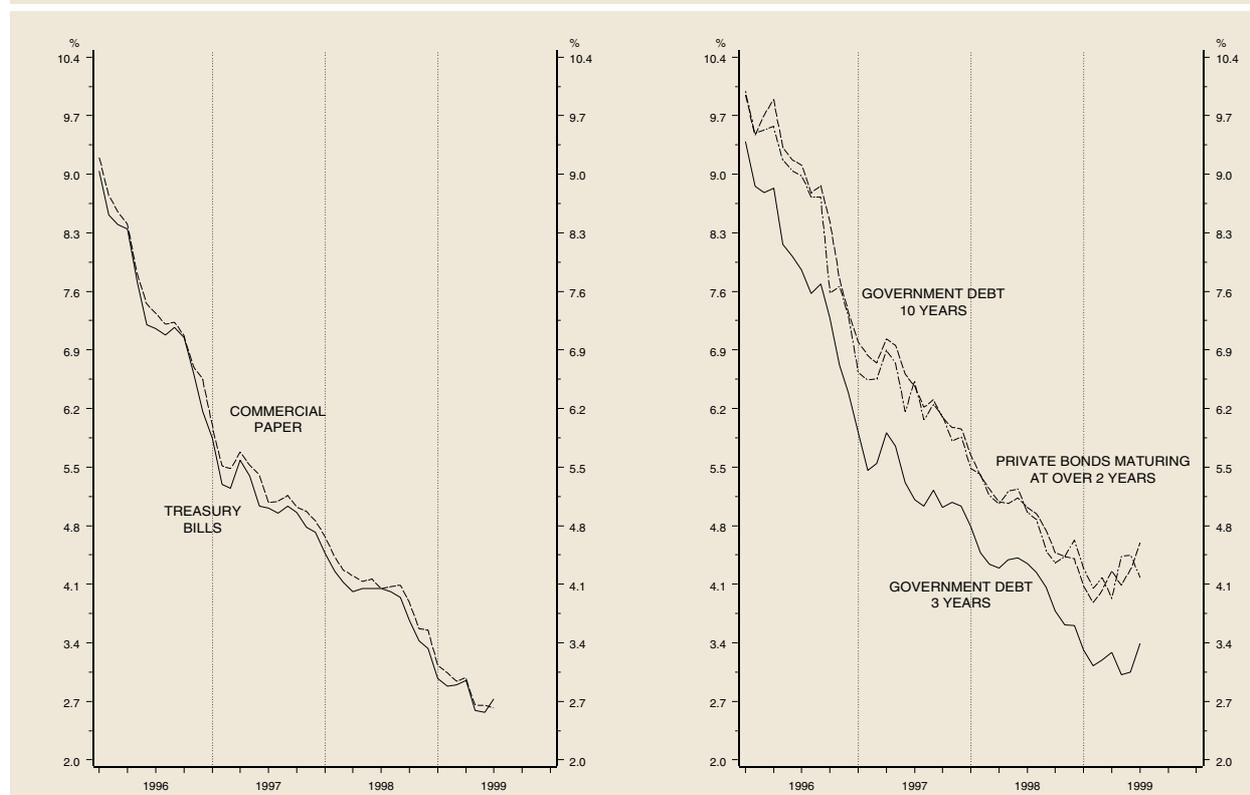
n Series depicted in chart.

Porcentajes

	Short-term securities				Long-term securities							
	One-year Treasury bills		One-year commercial paper		State debt							
	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 government debt. Outright spot purchases between market members		Private bonds traded through the AIAF of over two years' maturity
					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	
	n	n	n	n	n	n	n	n	n	n	n	n
<b>96</b>	7.27	7.23	7.42	7.41	7.88	8.22	8.89	8.91	—	7.67	8.73	8.53
<b>97</b>	5.04	5.02	5.20	5.23	5.41	5.82	6.52	6.76	—	5.27	6.40	6.24
<b>98</b>	3.82	3.79	3.96	3.99	4.15	4.48	4.93	5.22	5.55	4.07	4.83	4.84
<b>97 Sep</b>	4.96	4.92	5.02	5.11	5.19	5.61	6.34	6.56	—	5.02	6.09	6.11
<i>Oct</i>	4.78	4.78	4.97	4.95	4.97	5.36	5.88	6.12	—	5.08	5.98	5.81
<i>Nov</i>	4.72	4.72	4.86	4.94	5.10	5.52	6.07	6.33	—	5.04	5.96	5.86
<i>Dec</i>	4.47	4.48	4.67	4.65	4.90	5.31	5.78	6.02	—	4.79	5.64	5.48
<b>98 Jan</b>	4.26	4.20	4.43	4.39	4.58	4.97	5.45	5.74	5.99	4.48	5.40	5.41
<i>Feb</i>	4.13	4.13	4.27	4.26	4.40	4.78	5.36	5.65	—	4.34	5.24	5.16
<i>Mar</i>	4.01	4.01	4.20	4.12	4.32	4.69	5.15	5.46	—	4.29	5.09	5.06
<i>Apr</i>	4.05	4.01	4.13	4.14	4.36	4.62	5.02	5.28	5.57	4.39	5.06	5.21
<i>May</i>	4.05	4.06	4.16	4.32	4.45	4.74	5.12	5.41	—	4.41	5.13	5.24
<i>Jun</i>	4.05	4.04	4.05	4.30	4.35	4.65	5.06	5.30	5.59	4.34	5.02	4.96
<i>Jul</i>	4.01	3.99	4.07	4.09	4.24	4.53	5.03	5.21	—	4.24	4.94	4.87
<i>Aug</i>	3.94	3.88	4.09	4.11	4.38	4.57	4.97	5.11	—	4.07	4.74	4.50
<i>Sep</i>	3.67	3.63	3.88	3.82	3.96	4.35	4.75	5.11	5.36	3.78	4.47	4.35
<i>Oct</i>	3.42	3.35	3.57	3.57	3.61	3.95	4.39	4.76	5.36	3.61	4.43	4.43
<i>Nov</i>	3.33	3.29	3.55	3.52	3.69	4.04	4.63	4.91	5.45	3.61	4.41	4.63
<i>Dec</i>	2.98	2.94	3.13	3.21	3.54	3.85	4.32	4.68	—	3.32	4.08	4.29
<b>99 Jan</b>	2.88	2.84	3.04	2.95	3.23	3.40	3.96	4.26	4.76	3.13	3.88	4.05
<i>Feb</i>	2.90	2.86	2.94	2.86	3.16	3.40	3.96	4.33	—	3.20	4.02	4.18
<i>Mar</i>	2.95	2.90	2.98	3.09	3.51	3.70	4.40	5.27	5.27	3.29	4.26	3.93
<i>Apr</i>	2.59	2.61	2.66	2.90	3.10	3.38	4.12	4.55	—	3.02	4.09	4.43
<i>May</i>	2.57	2.56	2.65	2.63	3.02	3.33	4.21	4.61	5.08	3.05	4.27	4.45
<i>Jun</i>	2.73	2.72	2.62	2.89	3.29	3.70	4.59	4.99	—	3.39	4.60	4.18

PRIMARY MARKET

SECONDARY MARKET



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

### 9.3. Interest rates: banks and savings banks resident in Spain

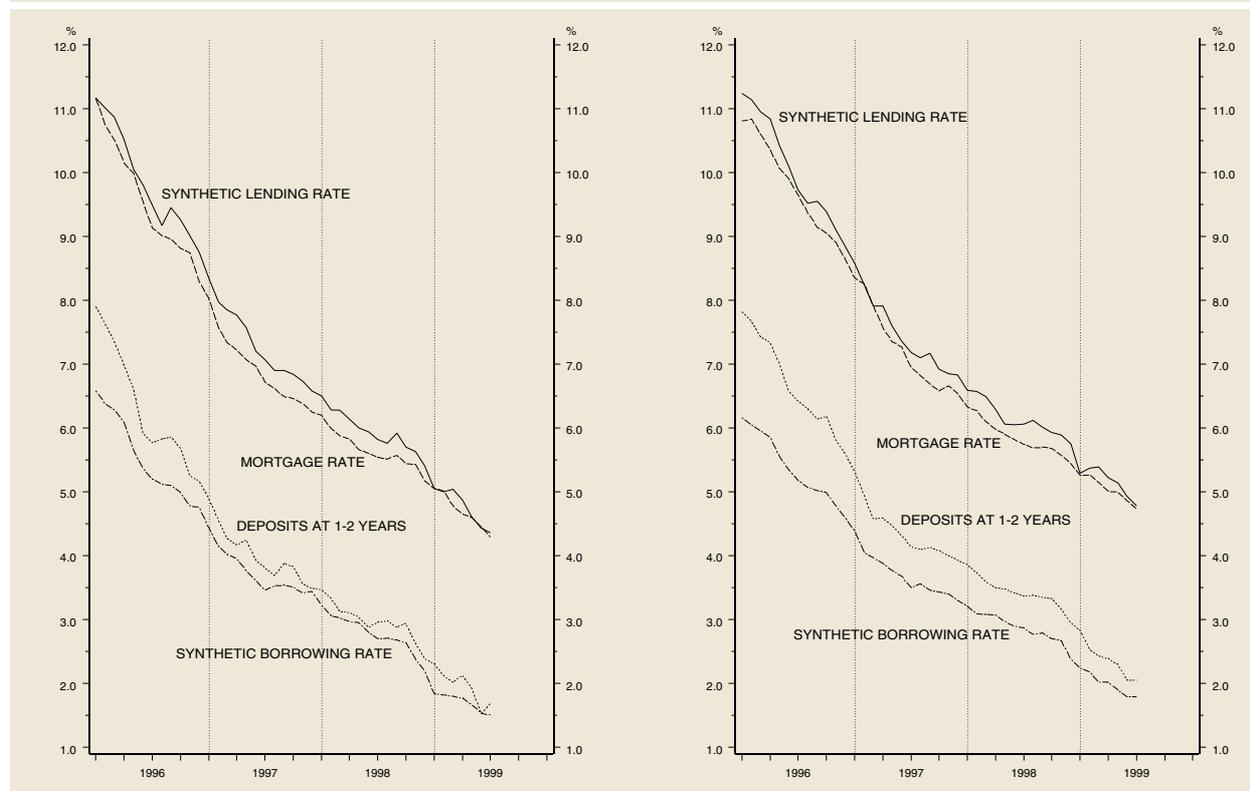
n Series depicted in chart.

Percentages

	Banks									Savings banks							
	Lending rates					Borrowing rates				Lending rates				Borrowing rates			
	Synthetic rate	Commercial discount up to three months	Credit accounts at 1-3 years	Loans at 3 years and over	Mortgage loans over 3 years	Synthetic rate	Current accounts	Repos on bills up to three months	Deposits at 1-2 years	Synthetic rate	Credit accounts at 1-3 years	Loans at 3 years and over	Mortgage loans over 3 years	Synthetic rate	Current accounts	Repos on bills up to three months	Deposits at 1-2 years
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
<b>96</b> Ø	9.64	10.21	9.63	11.05	9.32	5.34	4.26	7.48	6.08	9.84	10.59	12.54	9.57	5.23	4.08	7.34	6.48
<b>97</b> Ø	7.15	7.56	7.28	8.53	6.77	3.63	3.23	5.28	3.91	7.30	8.20	9.50	7.07	3.60	2.86	5.21	4.26
<b>98</b> Ø	5.82	6.31	5.99	7.37	5.56	2.66	2.49	4.02	2.88	6.04	7.02	8.29	5.76	2.79	2.21	3.99	3.34
<b>97</b> Sep	6.84	7.25	6.82	8.12	6.46	3.51	3.01	5.16	3.83	6.92	8.02	9.23	6.58	3.43	2.60	4.99	4.08
Oct	6.73	7.11	6.85	7.95	6.38	3.42	3.19	4.94	3.56	6.85	8.00	9.14	6.66	3.40	2.55	4.87	4.00
Nov	6.58	6.98	6.81	7.91	6.25	3.44	3.09	4.91	3.49	6.83	7.72	8.69	6.54	3.30	2.57	4.88	3.93
Dec	6.50	6.67	6.74	7.57	6.20	3.23	2.96	4.59	3.47	6.59	7.51	8.24	6.33	3.21	2.49	4.53	3.86
<b>98</b> Jan	6.28	6.82	6.49	7.90	5.99	3.06	2.90	4.40	3.33	6.57	7.62	8.85	6.27	3.09	2.44	4.51	3.73
Feb	6.28	6.69	6.39	7.66	5.88	3.03	2.91	4.57	3.13	6.49	7.31	8.81	6.10	3.08	2.38	4.59	3.59
Mar	6.14	6.59	6.28	7.69	5.83	2.97	2.88	4.43	3.11	6.29	7.25	8.67	5.98	3.07	2.29	4.41	3.50
Apr	6.00	6.53	6.20	7.69	5.66	2.95	2.95	4.42	3.04	6.06	6.77	8.48	5.91	2.97	2.30	4.37	3.48
May	5.94	6.34	6.09	7.49	5.60	2.80	2.72	4.21	2.88	6.05	6.68	8.30	5.82	2.90	2.25	4.24	3.42
Jun	5.82	6.27	6.10	7.42	5.55	2.70	2.45	4.20	2.96	6.06	7.04	8.17	5.74	2.87	2.18	4.18	3.37
Jul	5.76	6.24	6.10	7.05	5.51	2.71	2.26	4.16	2.98	6.12	7.19	7.97	5.69	2.77	2.17	4.15	3.38
Aug	5.92	6.30	6.11	7.49	5.57	2.68	2.27	4.23	2.88	6.01	7.12	8.75	5.70	2.79	2.17	4.20	3.35
Sep	5.70	6.24	5.73	7.49	5.44	2.64	2.19	4.21	2.94	5.93	7.20	8.04	5.68	2.70	2.16	4.03	3.33
Oct	5.63	6.01	5.79	7.29	5.43	2.38	2.24	3.76	2.63	5.89	6.98	8.26	5.58	2.67	2.07	3.62	3.16
Nov	5.41	5.93	5.57	7.00	5.18	2.20	2.20	3.16	2.39	5.75	7.64	5.44	5.44	2.39	2.07	3.05	2.95
Dec	5.05	5.74	5.02	6.27	5.05	1.84	1.97	2.49	2.31	5.29	6.29	7.55	5.27	2.24	2.05	2.59	2.83
<b>99</b> Jan	5.00	5.68	4.79	6.39	5.02	1.82	1.84	2.77	2.12	5.37	6.26	7.46	5.26	2.18	1.93	2.87	2.53
Feb	5.04	5.47	5.13	6.32	4.79	1.80	1.77	2.94	2.02	5.39	6.37	7.80	5.15	2.02	1.90	2.84	2.43
Mar	4.87	5.33	4.64	6.04	4.65	1.77	1.71	2.79	2.13	5.22	6.39	7.65	5.01	2.02	1.79	2.64	2.39
Apr	4.61	5.16	4.76	5.82	4.60	1.67	1.62	2.52	1.93	5.14	6.36	7.48	5.00	1.90	1.74	2.52	2.30
May	4.43	5.04	4.35	6.01	4.45	1.53	1.44	2.48	1.53	4.93	6.10	7.31	4.86	1.79	1.63	2.37	2.05
Jun	4.36	4.91	4.30	5.48	4.30	1.51	1.39	2.49	1.69	4.78	5.91	7.30	4.73	1.79	1.54	2.44	2.05

#### BANKS

#### SAVINGS BANKS



Source: BE.

Note: The underlying series for this indicator are in Tables 18.3 and 18.4 of the BE *Boletín estadístico*.

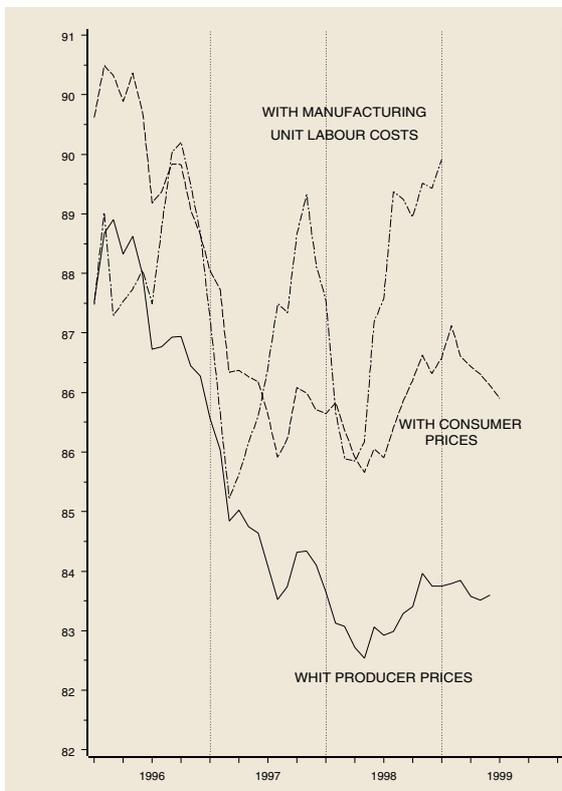
## 9.4. Indices of Spanish competitiveness against the EU and the euro area

n Series depicted in chart.

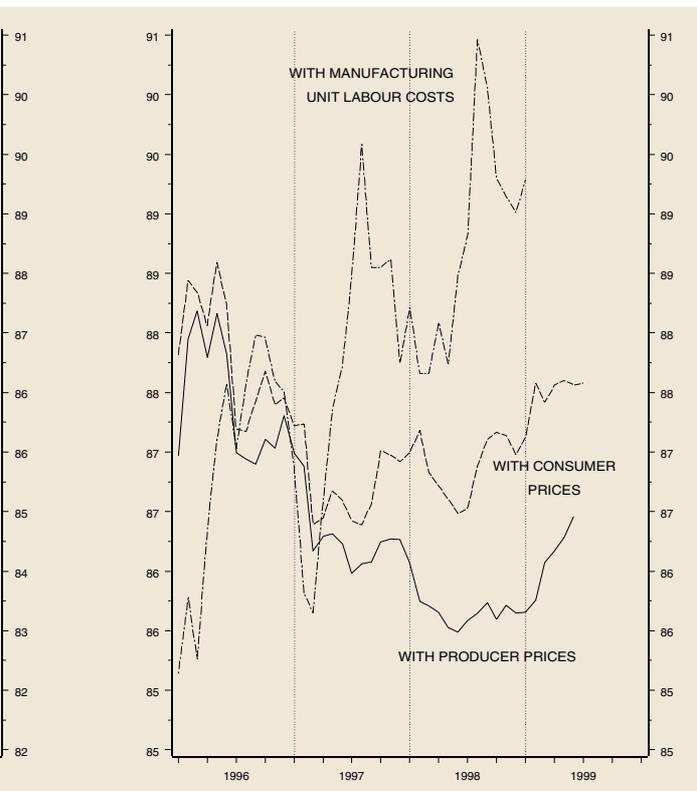
1990 = 100

	Against the EU							Against the euro area (a)			Memorandum item: based on export prices (d)			
	Total (a)			Nominal component (b)	Cost/Price component (c)			Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Against the EU		Against the euro area	
	Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs		Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs				Total (a)	Prices component (c)	Total (a)	Prices component (c)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>96</b>	87.9	90.0	88.8	82.2	106.9	109.4	108.1	87.9	88.3	87.6	87.7	106.4	87.8	109.0
<b>97</b>	84.7	86.8	87.4	79.2	107.0	109.6	109.9	86.7	87.2	88.3	87.1	109.5	88.4	111.5
<b>98</b>	83.8	86.5	88.1	78.7	106.5	110.0	110.9	86.1	87.4	89.3	86.8	109.9	87.8	111.1
<b>98 J-J</b>	83.5	86.1	87.1	78.4	106.5	109.8	110.4	86.1	87.2	88.9	86.9	110.4	88.2	111.6
<b>99 J-J</b>	...	...	...	78.5	...	...	...	...	...	...	...	...	...	...
<b>98 Feb</b>	83.7	86.3	85.9	78.5	106.5	109.9	109.3	86.2	87.3	88.2	86.6	109.9	88.0	111.2
<b>Mar</b>	83.4	85.9	85.9	78.3	106.5	109.8	109.7	86.2	87.2	88.6	86.3	109.8	87.8	111.0
<b>Apr</b>	83.2	85.7	86.1	78.2	106.4	109.6	109.6	86.0	87.1	88.2	86.3	110.0	87.8	111.1
<b>May</b>	83.6	86.0	87.7	78.6	106.4	109.5	110.6	86.0	87.0	89.0	87.7	111.2	88.9	112.6
<b>Jun</b>	83.5	85.9	88.1	78.5	106.5	109.5	111.1	86.1	87.0	89.3	87.2	110.7	88.4	111.9
<b>Jul</b>	83.6	86.3	89.5	78.5	106.5	110.0	112.8	86.1	87.4	91.0	87.3	110.8	88.5	111.9
<b>Aug</b>	83.8	86.7	89.4	78.7	106.6	110.2	112.4	86.2	87.6	90.6	86.6	109.7	87.6	110.8
<b>Sep</b>	83.9	87.0	89.2	78.9	106.4	110.2	111.5	86.1	87.7	89.8	86.9	109.8	87.6	110.8
<b>Oct</b>	84.4	87.3	89.6	79.2	106.5	110.2	111.3	86.2	87.6	89.6	87.0	109.4	87.3	110.5
<b>Nov</b>	84.2	87.1	89.5	79.1	106.5	110.1	111.1	86.1	87.5	89.5	86.7	109.3	87.1	110.3
<b>Dec</b>	84.2	87.3	89.9	79.1	106.5	110.3	111.5	86.2	87.6	89.8	86.2	108.5	86.5	109.6
<b>99 Jan</b>	84.2	87.7	...	79.0	106.6	110.9	...	86.3	88.1	...	85.2	107.4	85.7	108.6
<b>Feb</b>	84.3	87.3	...	78.8	106.9	110.8	...	86.6	87.9	...	83.9	106.1	84.7	107.2
<b>Mar</b>	84.1	87.2	...	78.6	107.0	110.9	...	86.7	88.1	...	83.8	106.2	84.8	107.4
<b>Apr</b>	84.0	87.0	...	78.5	107.1	110.9	...	86.8	88.1	...	...	...	...	...
<b>May</b>	84.1	86.9	...	78.4	107.3	110.9	...	87.0	88.1	...	...	...	...	...
<b>Jun</b>	...	86.7	...	78.2	...	110.9	...	...	88.1	...	...	...	...	...
<b>Jul</b>	...	...	...	78.3	...	...	...	...	...	...	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS AGAINST THE EU



INDICES OF SPANISH COMPETITIVENESS AGAINST THE EURO AREA



Source: BE.

(a) Outcome of multiplying nominal and cost/price components. A decline in the index denotes a depreciation of the peseta and, therefore, may be interpreted as an improvement in the competitiveness of Spanish products, and vice-versa.

(b) Geometric mean – calculated with a double weighting system based on 1991 trade figures – of changes in the price of the peseta against the currencies of the countries making up the group. A decline in the index denotes a depreciation of the peseta against the currencies in question, and vice-versa.

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

(d) The nominal and price components are weighted by Spanish exports to the developed countries.

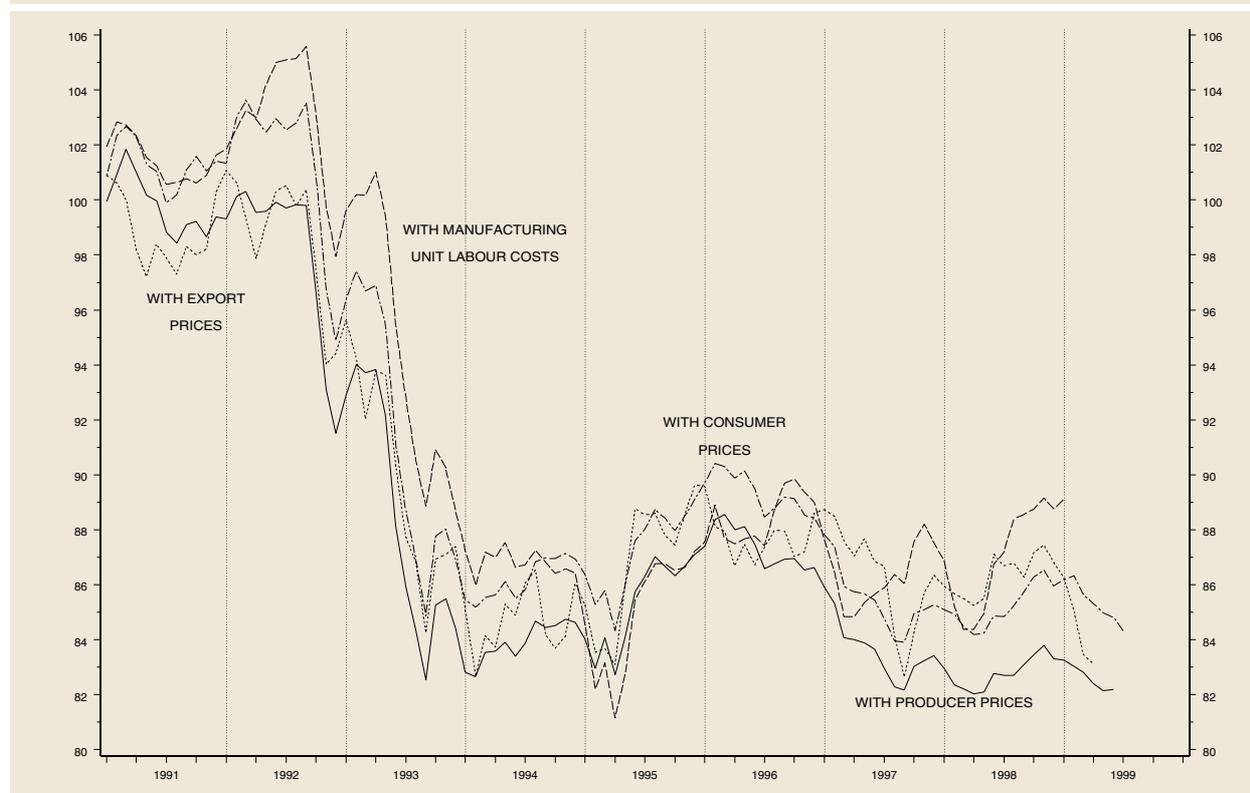
## 9.5. Indices of Spanish competitiveness against the developed countries

n Series depicted in chart.

1990 = 100

	Total (a)			Nominal component (b)	Cost/Price component (c)			Based on export prices (d)					
	Based on producer prices		Based on consumer prices		Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Total (a)	Price component (c)				
	1	n	2							n	3	n	4
<b>96</b>	87.2		89.2		88.4		80.8		107.9	110.3	109.4	87.7	108.2
<b>97</b>	83.4		85.3		86.3		77.2		108.1	110.5	110.0	86.1	111.5
<b>98</b>	82.8		85.3		87.2		76.9		107.7	111.0	110.5	86.4	112.1
<b>98 J-J</b>	82.4		84.7		85.9		76.4		107.8	110.8	110.2	86.1	112.4
<b>99 J-J</b>	...		...		...		76.1		...	...	...	...	...
<b>98 Feb</b>	82.2		84.5		84.4		76.2		107.9	110.8	109.3	85.5	112.1
<b>Mar</b>	82.0		84.2		84.4		76.0		107.9	110.7	109.4	85.2	112.0
<b>Apr</b>	82.1		84.2		85.0		76.2		107.8	110.6	109.8	85.5	112.1
<b>May</b>	82.8		84.9		86.7		76.8		107.8	110.5	110.3	87.1	113.2
<b>Jun</b>	82.7		84.8		87.2		76.8		107.7	110.5	111.1	86.7	112.7
<b>Jul</b>	82.7		85.2		88.4		76.8		107.7	111.0	111.8	86.8	112.8
<b>Aug</b>	83.1		85.8		88.6		77.1		107.8	111.2	111.9	86.3	111.6
<b>Sep</b>	83.5		86.3		88.8		77.6		107.6	111.2	111.4	87.2	112.0
<b>Oct</b>	83.8		86.5		89.2		77.9		107.6	111.1	110.6	87.4	111.9
<b>Nov</b>	83.3		86.0		88.8		77.4		107.6	111.0	110.1	86.8	111.9
<b>Dec</b>	83.3		86.2		89.1		77.4		107.5	111.3	110.2	86.3	111.1
<b>99 Jan</b>	83.0		86.3		...		77.2		107.6	111.9	...	85.1	110.0
<b>Feb</b>	82.8		85.7		...		76.7		108.0	111.7	...	83.5	108.7
<b>Mar</b>	82.4		85.3		...		76.2		108.1	111.9	...	83.1	108.9
<b>Apr</b>	82.1		85.0		...		76.0		108.2	111.9	...	...	...
<b>May</b>	82.2		84.8		...		75.8		108.4	111.8	...	...	...
<b>Jun</b>	...		84.3		...		75.4		...	111.8	...	...	...
<b>Jul</b>	...		...		...		75.5		...	...	...	...	...

### INDICES OF SPANISH COMPETITIVENESS AGAINST THE DEVELOPED COUNTRIES



Source: BE.

(a) Outcome of multiplying nominal and cost/price components. A decline in the index denotes a depreciation of the peseta and, therefore, may be interpreted as an improvement in the competitiveness of Spanish products, and vice-versa.

(b) Geometric mean – calculated with a double weighting system based on 1991 trade figures – of changes in the price of the peseta against the currencies of the countries making up the group. A decline in the index denotes a depreciation of the peseta against the currencies in question, and vice-versa.

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

(d) The nominal and price components are weighted by Spanish exports to the developed countries.

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