BANCO DE ESPAÑA

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Abbreviations

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

Countries

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

Currencies

ESP	Peseta
EUR	Euro
JPY	Japanese yen
USD	United States dollar

Conventions used

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

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Quarterly report on the Spanish economy

1. Overview

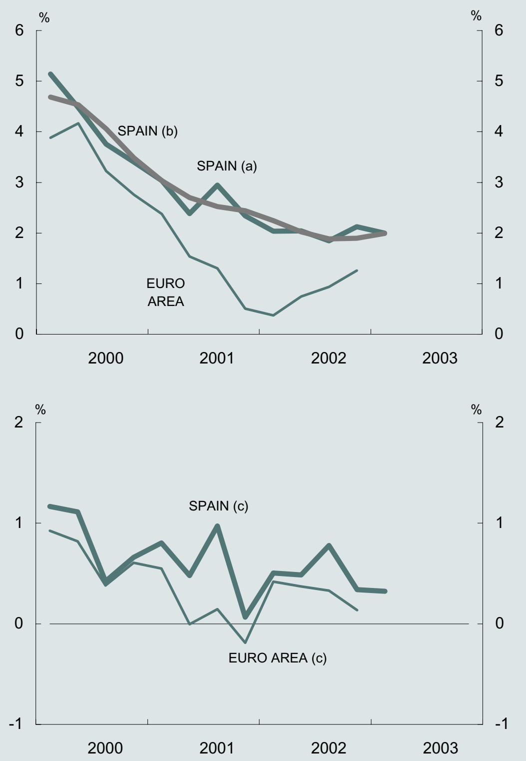
The international economic situation at the onset of 2003 is particularly complex. The war in Iraq has hampered assessment of the figures available, without it being possible to discern to what extent such data are in response to the climate of uncertainty associated with the conflict or whether they rather and moreover reflect other types of factors potentially hindering the recovery of the world economy. Against this background, first-quarter results are expected to be broadly similar to or indeed worse, in the odd country, than those for the final months of 2002. The most promising developments, along with the rapid winding up of the war, are the tendency of crude oil prices to stabilise and the more favourable performance of certain financial markets, particularly in specific Latin American economies.

Set against this still-uncertain backdrop, real GDP in the Spanish economy is estimated to have grown at a year-on-year rate of around 2% in the first three months of 2003, in terms of the seasonally adjusted series, a similar rate to the QNA figure (2.1%) released for 2002 Q4. Indeed, the quarter-on-quarter growth rate for both periods would have been identical (0.3%). These results are a continuation of the pattern marking developments in the Spanish economy last year and – as is widely known – are largely underpinned by sustained household spending. Household disposable income has continued to grow appreciably. Contributing factors in this connection have been the increase in employment (the growth rate of which, according to the EPA [Spanish Labour Force Survey] results released as this Bulletin was going to press, would have quickened to 2.3%) and in employee compensation, along with lower personal income tax rates. Moreover, household debt levels have continued to rise against a background of downward-trending interest rates. Investment in non-residential construction by companies and general government have, together with general government consumption, also helped sustain activity.

Along with the growth in employment, the keynote at the start of 2003 has been the improvement in inflationary expectations. In March, the rate of increase of the HICP stood at 3.7% and the differential with the euro area countries narrowed to 1.3 p.p. (1.7 points at end-2002). The slowdown in prices is partly due to the fact that the upward impact of the introduction of the euro, which particularly affected certain components of the services and non-energy industrial goods indices, is being overcome. The improvement in the inflation rate is expected to continue in the coming months as the growth rate of energy and certain food prices slackens.

CHART 1

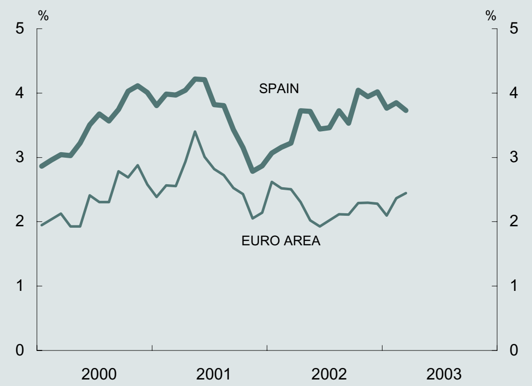
Gross domestic product



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

CHART 2

Harmonised indices of consumer prices (a)



Sources: Eurostat and European Central Bank.
(a) Annual percentage change. To December 2001, the rates relate to those published as at that date.

The signs of a pick-up in the US economy discernible in 2002 Q4 have not continued. The latest data are generally less favourable, particularly in respect of job creation. As earlier indicated, it is difficult to determine whether this has been in response to the imminence of war breaking out and how it would unfold or whether there are deeper-seated causes related to the persistence of imbalances which, originating in both the private and public sectors, extend to the whole economy. The most favourable data are to be found in productivity growth, which remains notable (though it resides on job destruction), and in the control of inflation. That allows the US authorities, whose scope for pursuing expansionary macroeconomic policies has practically been used up, to be optimistic about a rapid upturn in the economy once geopolitical uncertainties have been dispelled. From this standpoint, more dynamic growth based on the incorporation of technological improvements may help ease some of the imbalances that have built up.

The outlook for other regions is likewise uncertain. Recent indicators in Japan offer mixed signals and it is difficult, as in other areas, to gauge the specific impact of the Iraq war. In any event, however, Japan's structural problems persist. The pace of growth in some of the more buoyant regions has eased off slightly, as is the case of the EU candidate countries. Greater calm appears to preside over the Latin American financial markets, and some of the main economies, especially Brazil, have substantially improved their terms of access to international financing. The start of a recovery in the Argentine economy is also worth noting.

Into 2003, the euro area has retained the sluggishness marking the end of 2002, with no factors presaging a swift recovery. The employment figures have not been favourable and the growth of consumption, which had sustained demand in past quarters, is tending to stagnate. The rebound in investment in the odd country in the area in Q4 appears to be incidental, meaning that in the short run only external demand can provide the momentum needed to kick-start growth. And this against a background in which the contribution of general government to stabilising demand may be affected by the budgetary position in certain countries, which has worsened significantly in the past year.

The inflation rate climbed to 2.4% in March, 0.1 p.p. up on December. The rise was due to the increase in the prices of energy products. Inflation is, however, expected to ease in the coming months, as the trend of the more stable components of the consumer price index is already suggesting. For this to come about, the growth rate of wages must slacken, as the slowdown in unit labour costs has essentially been due to the productivity gains associated with the decline in employment.

Given a situation in which some of the main euro area economies face the need to redress their budgetary balances (in keeping with the commitments entered into under the Stability and Growth Pact, which have recently been reaffirmed and clarified by Ecofin), monetary policy leeway has been used prudently. A cut of 25 basis points in the European Central Bank's key interest rates was decided in March, meaning that the rate on the Eurosystem's main refinancing operations has since stood at 2.5%. Following the end of the war in Iraq, there appears to be greater optimism on financial markets: the yield curve on money markets has flattened, indicating that expectations of further interest rate cuts have moderated, while the cumulative decline in stock market prices to March appears to have been corrected in April. The changes in monetary aggregates have continued to be largely due to the increase in the public's preference for liquidity, while the growth rates of the credit aggregates have been stable at around 5%, with notable differences across countries and with financing extended to households – particularly for house purchases – accounting for a greater proportion.

Early in 2003, then, the Spanish economy continues to evidence generous financing conditions, which are contributing to sustaining private-sector expenditure, in a relatively unfavourable environment that has affected the growth rate of exports and corporate capital-goods investment decisions. General government conduct is also contributing to tempering the slowdown in demand, both through the operation of the automatic stabilisers (after having achieved sound budgetary stability conditions) and through the direct effect exerted on household income, via lower tax rates. The data on the State budget outturn for Q1 are broadly in line with this, with something of a slowdown perceptible in the revenue from certain taxes, while the growth of other spending captions has been on the rise.

In these circumstances, the estimated growth of Spanish real GDP in 2003 Q1 (2% year-on-year) is underpinned by the behaviour of domestic demand, the rate of increase of which may be standing at around 2.3%, not far off the figure for 2002 Q4 if the impact of stockbuilding in both periods is stripped out. The negative contribution of net external demand has thus continued to be notable (of the order of 0.4 p.p.), while of a lesser amount than the preceding quarter. From the standpoint of the productive branches, and together with the

CHART 3

Confidence indicators

Source: European Commission.

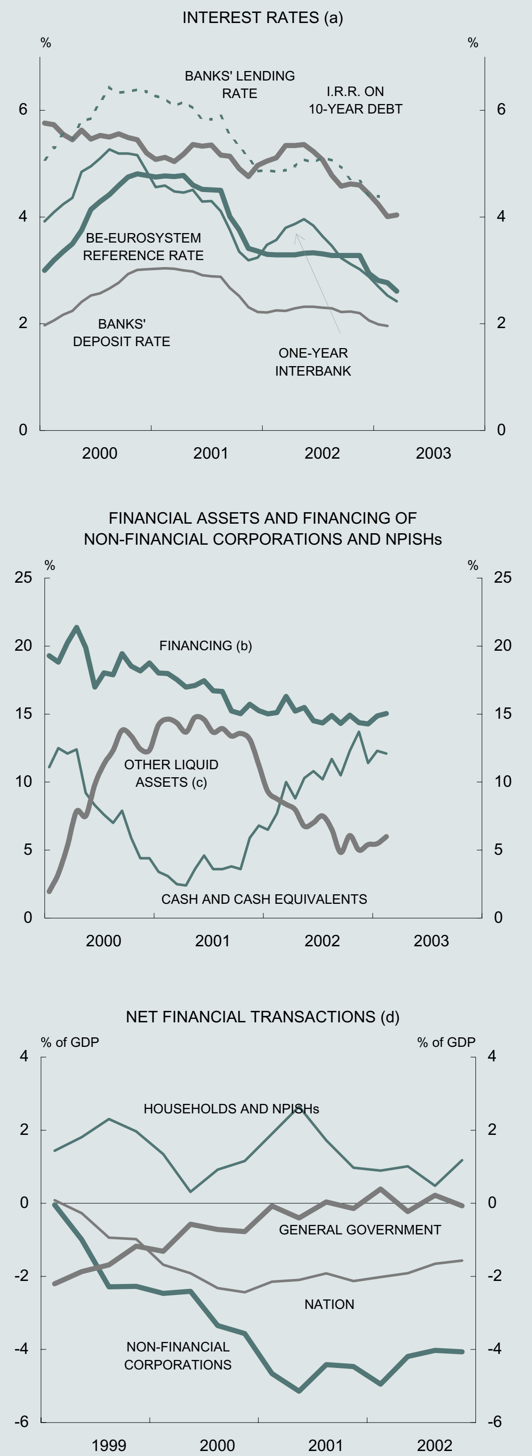
aforementioned buoyancy of construction, both manufacturing and market services have remained on a path not dissimilar to that marking their course at the end of 2002.

The factors behind the growth of household disposable income have been identified above. The indicators available point to private consumption growth similar to or slightly lower than that in Q4, which could be compatible with a continuation of the modest pick-up in the saving ratio seen last year. The notable increase in household spending invested in house purchases continues to be based on the resort to debt. Indeed, the growth rate of credit extended to households, especially mortgage credit, quickened in 2002 Q4, and there are no signs that it has slowed in 2003 Q1.

Business investment spending, however, is being restricted by the uncertainty surrounding corporate decision-making. Possibly, the real year-on-year growth of capital investment in 2003 Q1 has been practically flat. While that is a poor result, it counters the negative rates posted on average in the two preceding years. Business investment in non-residential con-

CHART 4

Financial indicators of the Spanish economy



Source: Banco de España.
(a) The series are averages of daily data.
(b) Includes bank loans extended by resident credit institutions, foreign loans, fixed-income securities and financing through securitisation funds.
(c) Includes deposits with an agreed maturity, repos, bank securities, residents' cross-border deposits and shares in money-market funds.
(d) Cumulative four-quarter data.

struction is alone in showing signs, as earlier mentioned, of substantial vigour.

The favourable financing conditions currently available for households and firms mean that these sectors can continue sustaining expenditure flows higher than they could withstand on the basis of their current resources. This has prompted an increase in debt levels, more so – as seen – in the case of households. The figures for 2002 Q4 confirm this trend, which appears to have continued into the opening months of 2003. Although the financial burden is holding relatively stable, and has even diminished slightly of late as a result of interest rate movements, the rise in debt entails greater exposure to any potential emergence of sharp changes in certain debt determinants. Likewise, the build-up in liabilities restricts the headroom available for spending by the sector to continue residing, in the future, on the resort to financing to the same extent as in recent years.

The indicators on the behaviour of employment in 2003 Q1, to which the EPA has just been added, confirm that the Spanish economy's job-creation capacity remains notable. The estimated growth rate for employment in Q1 is 1.3%, in homogenous National Accounts terms, meaning that the pick-up in productivity observable in the 2002 Q4 figures has been halted. In this situation, unit labour costs continue to post growth in excess of 3%, since although the information on the course of collective bargaining is still relatively insignificant, the growth of wage costs appears to have been substantial (no less than 4%) owing to the payment of indexation clauses. The results of wage bargaining must conform to the change in the inflationary outlook for the economy perceptible at the start of this present year. In that way, once the largely temporary increases that took place last year are stripped out of the twelve-month growth rate of consumer prices, the slowdown in the inflation rate may continue and the differential with the euro area countries may narrow. And this without a squeeze on the margins of the companies most exposed to foreign competition.

The slowdown in the growth rate of consumer prices during 2003 Q1 has been especially significant in the case of the services component. In terms of the harmonised index (HICP), the spread between the growth rate of these prices and those for the euro area as a whole stood at 0.9 p.p., when in the last quarter of 2002 it was 1.5 points on average. This performance is in contrast to the forceful differential in the case of food prices, although the related spread for unprocessed food is tending to lessen, and is expected to continue to do so in the coming months. More difficult to assess are the differences in the growth of non-energy industrial goods prices since, in the case of the Spanish economy, the influence of the sales season means that not only quarter-on-quarter rates but also year-on-year rates fluctuate considerably.

The Spanish economy has commenced 2003 under the effects of a particularly uncertain international environment. That said, it has kept in place conditions favourable to a pick-up in activity in the second half of the year, though this will largely depend on how international events unfold. The growth rate remains appreciable – in what is a rather lacklustre context – and inflationary expectations have improved, though for these to firm it is crucial that the moderation marking the recent course of unit labour costs should not be abandoned. Furthering improvements in competitiveness and in the workings of markets is the best safeguard for obtaining the maximum benefit from the change it is expected will take hold in the world economy during this year.

2. The external environment of the euro area

In the last few months the economic situation in the external environment of the euro area has been marked by the considerable geopolitical uncertainty associated with the Iraq war and its impact on the prospects for world economic recovery and by a sharp general deterioration in confidence indicators, which has been particularly notable in the US owing to the high dependence of the world economy on this country's performance.

The international financial markets have also been affected by this climate of uncertainty. The stock markets posted notable losses until mid-March, which counteracted the positive performance in 2002 Q4. Subsequently, coinciding with the start of the military campaign, the stock markets rose sharply, amid high volatility. Government bond prices in the industrialised countries continued to move in the opposite direction to the stock markets, in keeping with the role they have been playing as an alternative investment to shares: they rose significantly in Q1 and fell from April, although their yields remain at historically very low levels. In these months the dollar showed a significant tendency to depreciate, which on occasions took it to more than USD 1.10 per euro. Oil prices have been highly volatile. After a sharp increase to USD 35/barrel before the Iraq war, the prompt end to the conflict triggered a fall to around USD 25, facilitated also by the rise in OPEC production and a certain normalisation of the situation in Venezuela.

The United States recorded growth of 2.4% in 2002, driven mainly by private consumption, which grew by 3.1%. As mentioned above, the beginning of this year unfolded under the strong influence of the Iraq conflict and its effect on confidence. In January the indicators showed signs of greater vigour in spending decisions by consumers and firms but, as the start of the war approached, there was an across-the-board downturn in the indicators. The decline in real consumer spending together with the fall in March consumer confidence to 1993 levels and the fall in house sales in January and February, in which climatic factors also played a role, are all evidence of a slowdown in private consumption. Noteworthy in business investment was the reduction in orders of durable goods, particularly capital goods, which fell by 1.8% after rising 3.6% in January. The manufacturing and services confidence indices stood well below the levels compatible with output growth, although the best indicator of business reluctance to invest is the fall in the number of employed by more than 460,000 in February and March, which has left the unemployment rate at 5.8%.

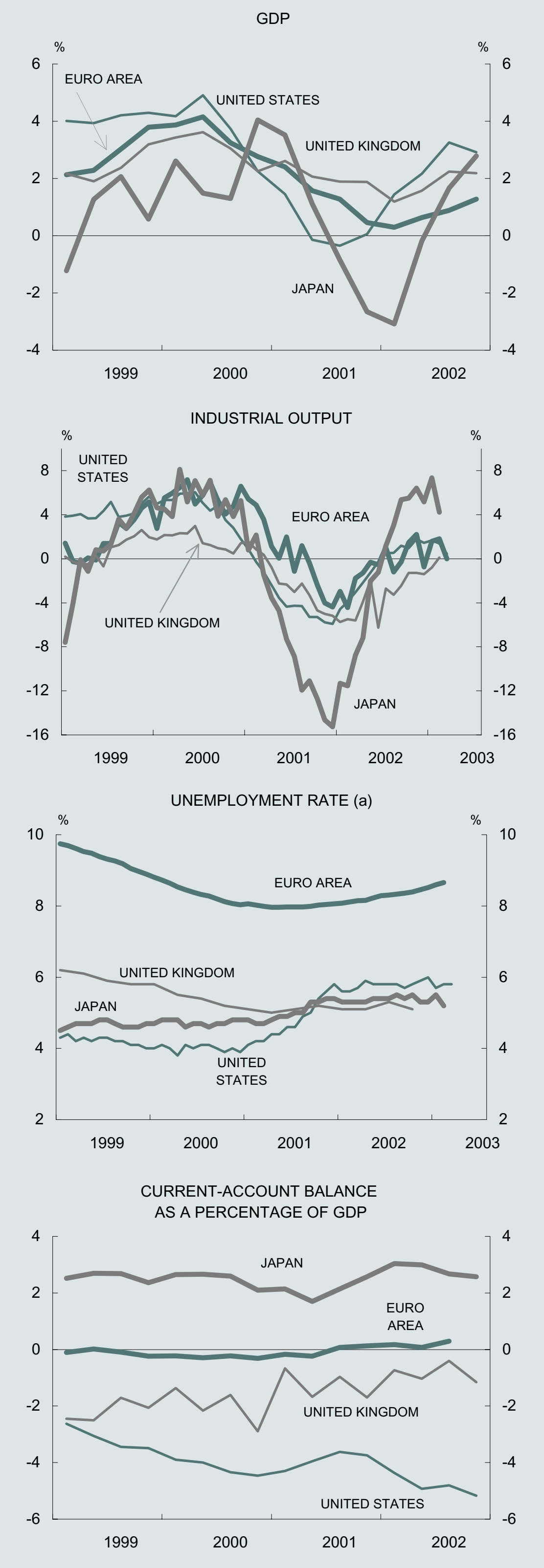
The March CPI accelerated to 3% year-on-year, largely due to the rise in oil prices, yet the core inflation rate continued to decelerate and its level of 1.7% year-on-year was the lowest in nearly forty years. Against this background, at the end of March the Federal Reserve decided to keep official interest rates at 1.25%, arguing that the accommodative stance in monetary policy coupled with productivity gains would suffice to improve the economic climate once the geopolitical uncertainties about Iraq cleared. As regards fiscal policy, it is uncertain whether the proposed wide-ranging package of tax cuts will be approved, since the Senate has proposed scaling it down it as a means of offsetting the war expenditure. The General Government deficit, which amounted to 3.6% of GDP in 2002, might exceed 4% this year.

Japan grew by 0.3% year-on-year in 2002 thanks to the fact that activity in the second half exceeded initial expectations. Growth was driven mainly by external demand, which made up for weak domestic demand, hampered by sluggish private consumption. The indicators available for 2003 Q1 are mixed, being dragged down somewhat by the uncertain international environment. The latest data show that industrial production slowed in February after January's good figure, although the rates remain positive in year-on-year terms (5.8% on average in the first two months of the year). Another encouraging development is January's rise in capacity utilisation in the manufacturing sector, buoyed by the favourable earnings trend. Nonetheless, the persistent deflation (–0.2% year-on-year in February and –0.7% for the underlying component) and the falls in employment mean that signs of a clear recovery in household spending are lacking, despite the recent fall in the unemployment rate (5.2% in February). Finally, in line with developments in the external environment, trade flows slowed moderately in January and February in both imports and exports.

The United Kingdom's real growth of 1.8% in 2002 was underpinned by the buoyancy of private consumption, which offset the contraction in investment and the deterioration in the trade balance. The economy has been weaker in 2003 Q1 according to supply indicators, which suggest that the economic slowdown has spread to all sectors. Demand indicators also show a clear deterioration, particularly in consumption, so far the main force behind activity. Nonetheless, the labour market data continue to show some strength: the unemployment rate is 5.1% and wages are growing at 3%. The inflation rate has risen to 3%, half a point higher than the government's target, and house prices continue to increase at around 25% year-on-year.

CHART 5

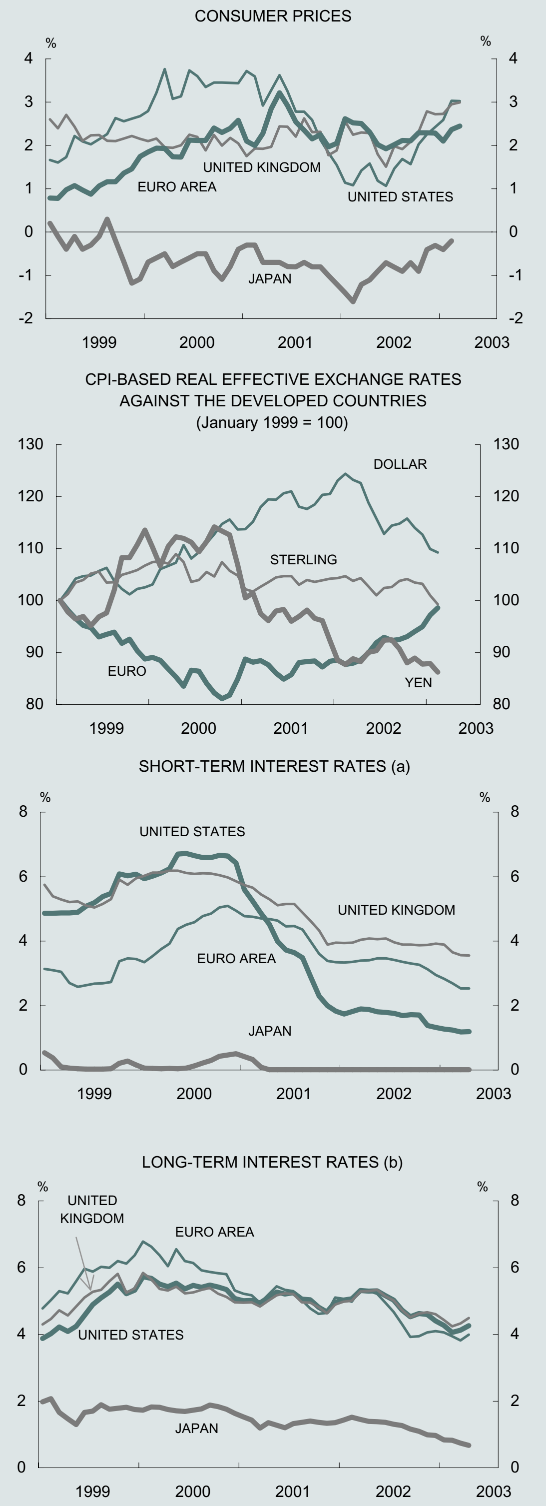
Main macroeconomic indicators
Annual rates of change



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

CHART 6

Prices, real exchange rates and interest rates



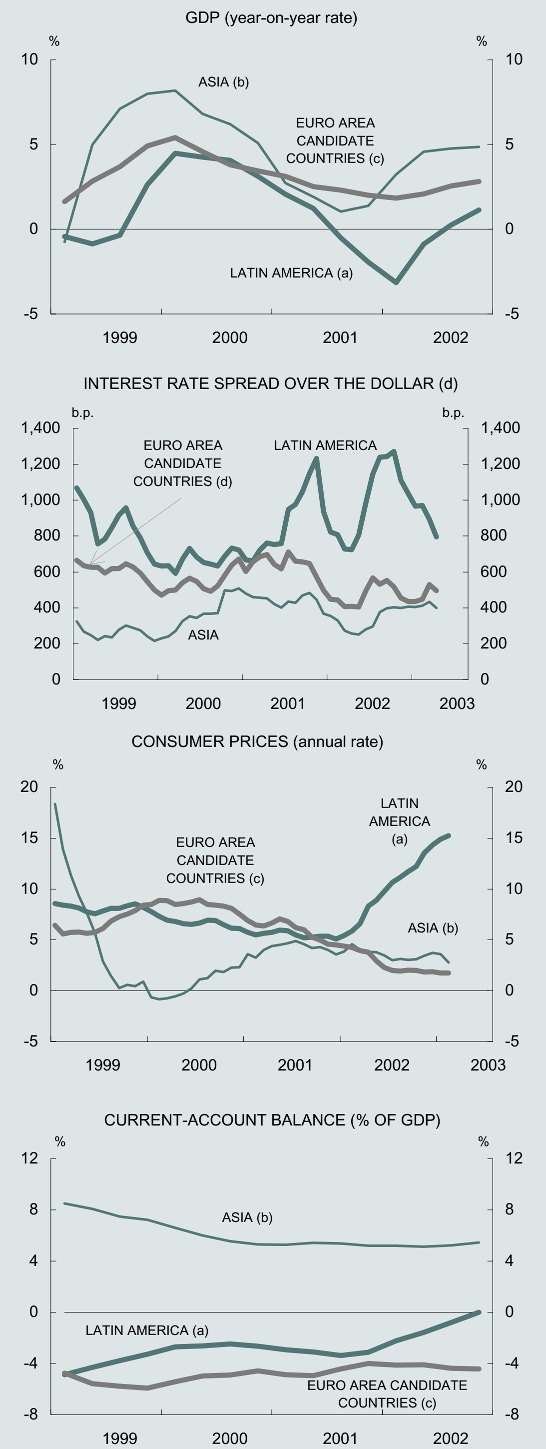
Source: Banco de España.

(a) Three-month interest rates on the interbank market. Euro area: weighted average of the eleven countries to December 1998; three-month EURIBOR as from 1999.

(b) Ten-year government bond yields. Euro area: weighted average of the eleven countries to December 1998.

CHART 7

Emerging economies: main macroeconomic indicators



Source: National statistics and JP Morgan.

(a) Argentina, Brazil, Chile, Mexico, Colombia, Venezuela and Peru.

(b) Malasia, Korea, Indonesia, Thailand, Hong Kong, Singapore and Taiwan.

(c) Latvia, Lithuania, Estonia, Czech Republic, Hungary, Poland, Slovenia and Slovakia.

(d) Spreads according to JP Morgan's EMBI index. The candidate economies are an in-house estimate using data on Bulgaria, Hungary, Croatia, Turkey and Poland.

The GDP growth of the European Union candidate countries in 2002 Q4 was generally higher than in the preceding quarter, owing to the contribution of private consumption, which offset the fall in investment and the lack of buoyant external demand. In 2002 as a whole, however, the growth of these economies was, with certain exceptions, lower than in 2001. The economic indicators for 2003 Q1 continue to show a certain weakness reflected, among other things, in record unemployment rates in certain countries such as Poland and the Czech Republic. Meanwhile, inflation has continued its general downward course, helped along in many cases by currency appreciation. Some countries are enjoying historically low inflation, which has enabled them to reduce their official interest rates. Finally, Slovenia, Hungary and Malta held their respective referendums on whether to join the European Union, with a favourable outcome in all cases.

The Latin American economies began the year in a climate of relative calm which allowed, on the one hand, a significant improvement in their financial indicators and, on the other, consolidation of the incipient recovery in certain economies. This process was hastened by the approval of numerous financial agreements with the IMF. The yield differentials with respect to US bonds have narrowed notably by around 200 basis points for the region as a whole to the levels prevailing before last summer's turmoil in the lead-up to elections in Brazil. Another factor contributing to this has been the search for optimum returns in the international environment. Also, public and private bond issues have increased substantially compared with the levels of 2002. Exchange rates have diverged, with strong recoveries in Argentina and Brazil and further depreciation in Uruguay and Venezuela. A less welcome development has been the increase in inflation, which has obliged many countries to implement more restrictive monetary policies.

Country by country, a recovery is increasingly evident in Argentina, driven by the external sector and, to a lesser extent, by domestic demand. Fiscal and monetary commitments made to the IMF in January's temporary agreement have been met. The stabilisation of inflation and the recovery in the exchange rate have enabled a good part of the banking and exchange restrictions to be lifted. In Brazil, external demand underpinned by the depreciation of the real contributed to increasing activity, withstanding the erosion of real income caused by accelerating inflation and tighter credit conditions. Activity in Mexico continues to be weak, in line with developments in the US. The moderate overrun of inflation targets was accompanied by rises in interest rates, while the peso fell to a historical low in late February, from which it has recovered remarkably. Finally, the Venezuelan economy remains in a deep recession despite the end of the oil strike, and its public debt is growing.

3. The euro area and the monetary policy of the ECB

On the latest information, the opening months of the year saw a prolongation of the sluggishness shown by economic activity in the euro area at the end of 2002. Based on the forecasts of the main international bodies, annual GDP growth will be around 1% in 2003. This will require an acceleration in activity in the second half of the year, prompted by a normalisation of the international political situation which should spur the expansion of spending in the major economies. The factors in the euro area contributing to the crystallisation of this scenario are the maintenance of relatively favourable monetary conditions and the absence of widespread macrofinancial imbalances. The main risks standing in the way of this forecast are the still uncertain course of the geopolitical tension and its impact on oil prices and the financial markets, and the worsening of the US external and budget deficits, which makes it difficult to rule out the possibility of market adjustments that may adversely affect activity in the rest of the world. Although the outlook for prices is generally favourable, it depends on the behaviour of oil prices and on the outcome of wage negotiations for the current year.

Against this background of shaky recovery and an improving inflationary outlook, the ECB trimmed interest rates by 25 basis points at the beginning of March, as a result of which the rate on the Eurosystem's main refinancing operations stood at 2.5%, the lowest level for official rates since the creation of the single currency. As regards fiscal policies, the budgetary position in some countries has continued to worsen considerably. As a result, the European Commission initiated an excessive deficit procedure for France, which comes on top of those already in progress for Portugal and Germany. In this context, the authorities re-examined the criteria employed in the application of the Stability and Growth Pact. As a result, they have reaffirmed the usefulness of this instrument in helping to maintain disciplined fiscal policies and, at the same time, they have adopted a pragmatic approach allowing the specific circumstances of each Member State to be taken into account.

3.1. Economic developments

In the light of the second euro area National Accounts estimate, GDP grew at a quarter-on-quarter rate of 0.1% in 2002 Q4, which was 0.2 percentage point (p.p.) less than the increase in the previous quarter (see Chart 8). The contribution of domestic demand to GDP held steady and that of stockbuilding increased, so the slowdown in GDP growth was due to the negative contribution of external demand (because exports slowed more than imports). The developments in external trade last year, both by geographical area and by product, are analysed in detail in Box 1. It should be clarified that the relative strength of domestic demand in the second half of 2002 with respect to the first half was due to certain special factors which temporarily boosted gross fixed capital formation in that period. In particular, the termination of tax rebates for capital investment in Italy in 2002 may have encouraged companies to bring forward their spending decisions, while in Germany the repair of buildings following the deterioration in the summer floods also spurred investment more strongly than its usual determining factors would have done.

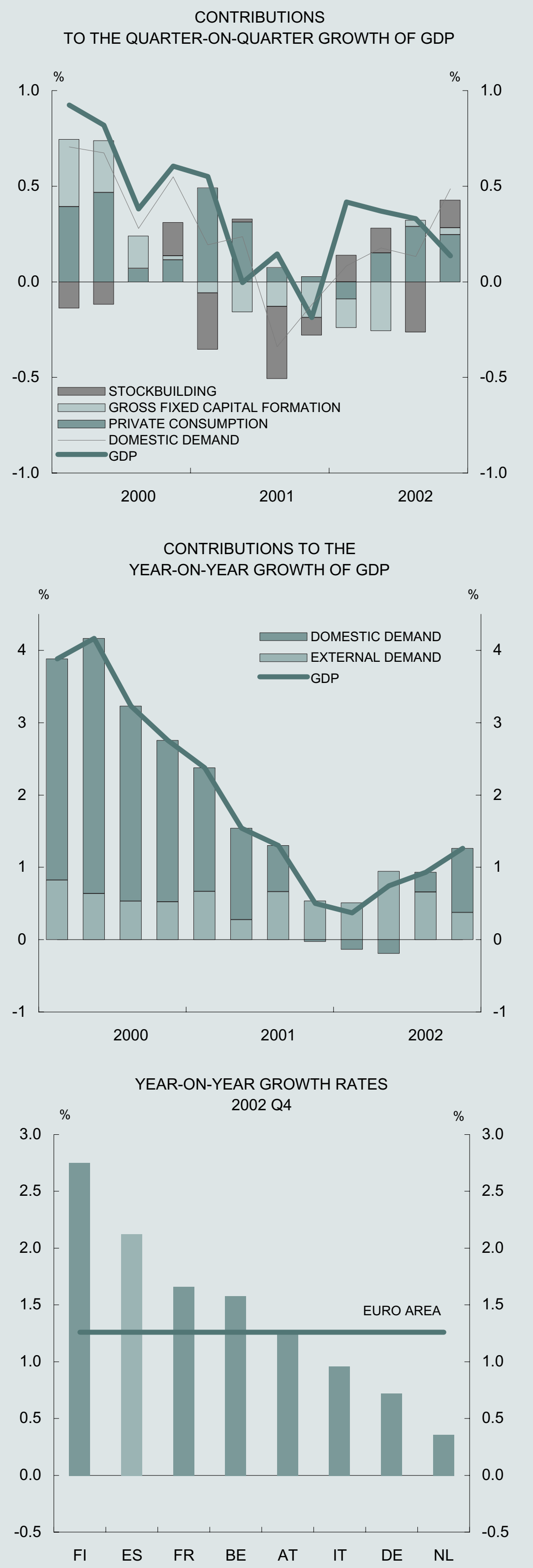
The breakdown of the National Accounts by country in Q4 shows that quarter-on-quarter growth slowed in most of them. Notable among the larger economies was the GDP stagnation in Germany due to the sharp slowdown in all the components of final demand except for investment, due partly at least to the reasons mentioned in the preceding paragraph. In France the lower GDP growth was attributable to the moderation of the export growth rate, since the contribution of domestic demand remained constant. Meanwhile, in Italy the upturn in private consumption and in investment countered the more negative contribution of external demand, resulting in a slightly higher rise in GDP than in the previous quarter.

From the standpoint of supply, the slower GDP growth in 2002 Q4 was due to the sharp slowdown in the value added of industry, which, along with that of construction, showed negative rates of change. The other sectors, however, were more buoyant than in the previous quarter. According to provisional data on the labour market, quarter-on-quarter employment growth was zero or slightly positive in Q4. The lesser vigour of employment in comparison with GDP allowed some recovery in apparent labour productivity.

The economic indicators published on activity in 2003 Q1 do not generally point to an improvement in the rate of GDP growth. Indeed, the quarter-on-quarter growth range estimated by the European Commission for that period, which is from –0.2% to 0.2%, is equivalent to a year-on-year rate of around 1%, which is less than that in 2002 Q4. This perception is backed by the absence of signs of recovery in the industrial sector confidence indicators and by the notable worsening in those relating to the services sector. However, it should also be mentioned that the industrial production index performed relatively well in January and February compared with the previous quarter, and the

CHART 8

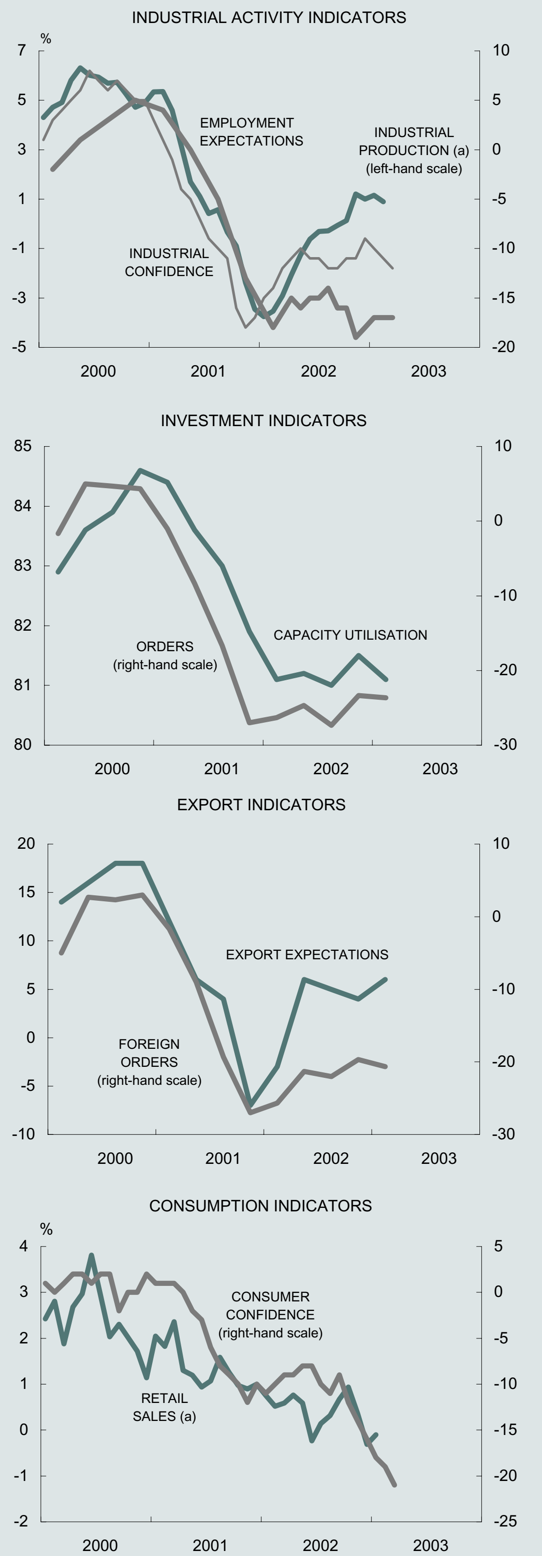
GDP in the euro area



Sources: Eurostat and national statistics.

CHART 9

Euro area. Real indicators



Sources: Eurostat and European Commission.

(a) Non-centred annual percentage changes, calculated on the basis of the quarterly moving average of the seasonally adjusted series.

construction sector confidence indicator improved slightly (see Chart 9).

From the standpoint of demand, clear signs of recovery are also lacking. In particular, the private consumption indicators compiled from opinion surveys worsened in the first three months of 2003. Thus the EC consumer confidence indicator slumped to its lowest values in recent years (see Chart 9). The retail confidence indicator also worsened, although to a lesser extent. It is likely, however, that the fall in consumer confidence has an element of overreaction, as a consequence of the tense international political situation in the opening months of the year. Meanwhile, the investment indicators based on the EC industry survey also worsened. The assessment of order books weakened and the degree of capacity utilisation decreased. Also, the business survey indicated that stocks are still well above the desired level, although there has already been a certain adjustment with respect to 2002 Q4. In addition, analysis of the determinants of consumption and of gross fixed capital formation does not suggest that demand will overcome the weakness shown by it in the closing months of 2002. In this connection, the high uncertainty regarding the economic situation and employment have foreseeably led companies to postpone their investment plans and raised households' propensity to save. Also, the continuing deterioration in stock market prices and the efforts by certain companies to ameliorate their financial position have not been conducive to spending decisions.

The export indicators point to a slight improvement in 2003 Q1. Thus the Q1 export expectations indicator according to the quarterly business survey and the January balance of payments data on exports outside the area improved. However, the opposite trend was shown by the external order book assessment indicator based on the monthly business confidence survey, which declined slightly on average in the first three months of the year, although remaining above the 2002 average. Therefore, foreseeably the greater sluggishness of domestic demand perceived for Q1 will be partially offset by a greater contribution from external demand, derived both from growth in exports and from a lower relative weight of imports, despite exchange rate appreciation. Finally, the indicators resulting from employment surveys suggest that the deterioration apparent throughout 2002 will come to a halt, although the euro area unemployment rate rose slightly to stand at 8.7% in February, 0.2 p.p. above that in the previous quarter.

The euro area price indicators generally showed a slight moderation in inflationary pres-

BOX 1

Change in the volume of euro area foreign trade by geographic destination and product type

According to National Accounts data, the euro area's exchanges of goods and services with other countries in 2002 exhibited, for the second year running, considerable sluggishness: exports grew by 1.2% and imports declined by 0.3%. Taking into account the estimated slight rise of 2.9% in world trade in that period, the euro area's export share in the foreign markets foreseeably decreased in 2002.

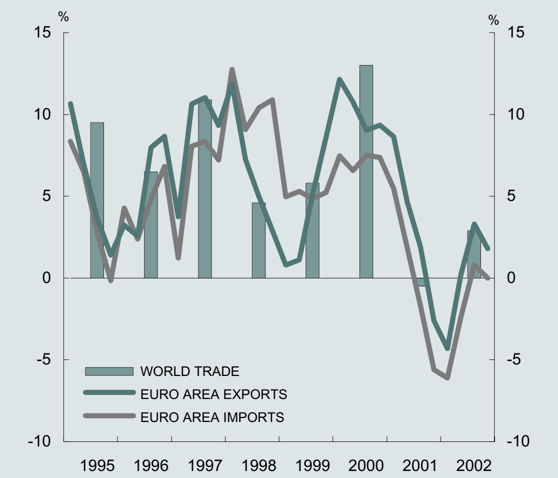
To analyse in detail, by geographic destination and by product, the changes in the euro area's trade flows in 2002, use is made of the information furnished by Eurostat on merchandise trade in volume terms. According to this information, which is shown in the accompanying table, merchandise exports only grew by 0.1% in 2002, while imports decreased by 2.2%. The chart shows that the growth of the area's total exports reached a low in the first quarter and then initiated a moderate rise, which was interrupted in the closing months of the year.

The relative strength of trade with non-euro area markets in 2002 prevented a more marked deterioration in exports since, although the slowdown affected all regions, the rate of change of extra-euro area sales remained positive. In particular, the buoyancy of non-community sales was due to the strong demand from the countries that have recently signed the Treaty of Accession to the EU, the weight of which in total trade (which includes intra-Community trade) has now reached 6.7%, and from China, while exports to other markets grew at a rate that was negative or very near zero. In line with the notable crisis in certain Latin American countries, exports to this area decreased significantly in 2002. Sales to South-East Asia also worsened considerably in 2002, although they picked up as the year progressed. Finally, exports to the United States and to the United Kingdom stagnated, which may be related to the strength of the euro against the currencies of these two countries.

The sluggishness of purchases from abroad was general. Hence it seems that, in the year as a whole, the decline in the relative price of imports from outside the euro area with respect to intra-Community purchases due to the appreciation of the euro did not significantly influence behaviour. Also, imports from the candidate countries and China were those that increased the most, so these countries prolonged their period of market-share gains in the European markets in 2002.

Turning to the breakdown by product, a noteworthy element of the sluggishness of manufactures was the decrease in imports of *machinery and transport equipment*, in line with the notable slowdown in capital goods investment in 2002. However, mention should be made of the relative importance of chemicals purchases from abroad, with annual growth of 9.1%. In exports, it was also *machinery and transport equipment* and *chemicals* that showed the greatest decline and the greatest growth, respectively, evidencing the importance of intra-industrial trade flows between the various economic areas. The strength of chemicals sales is particularly notable, since it is the only product group in which the euro area managed not to lose share in world exports during the 1990s.

Changes in real merchandise trade
(Year-on-year rates of change)

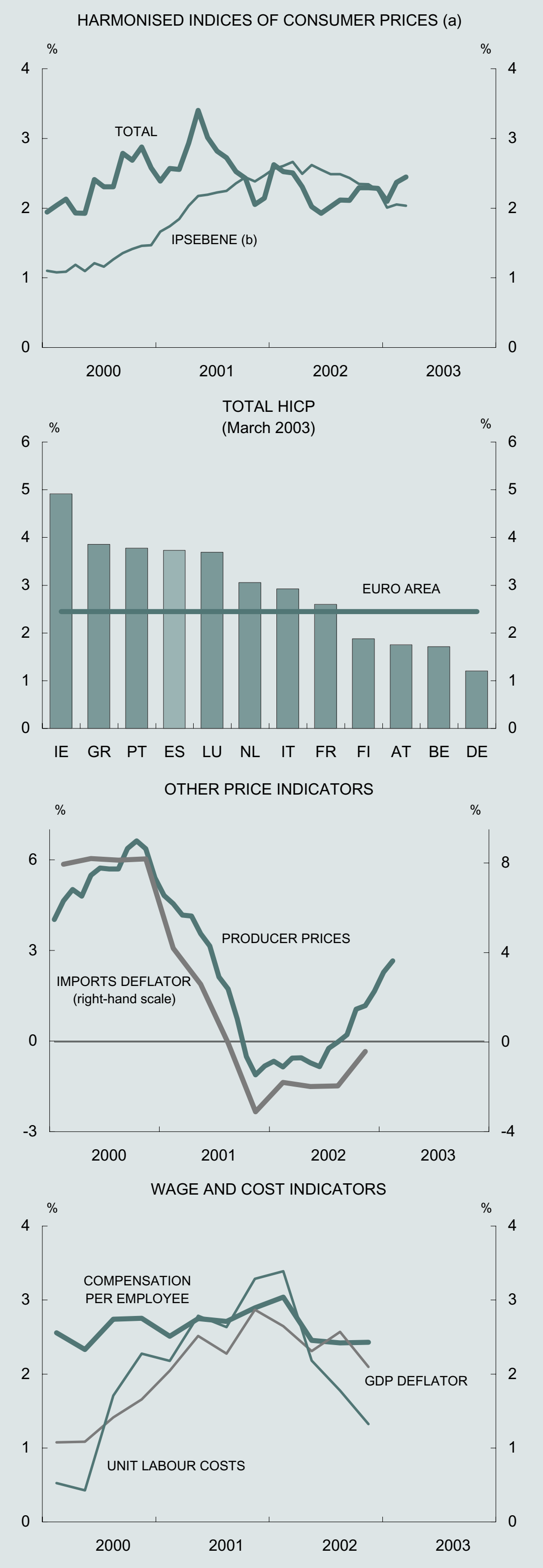


%		Year-on-year rate of change					
			2002 (a)				
	2001	2001	YEAR	Q1	Q2	Q3	Q4
EXPORTS - BREAKDOWN BY AREA:							
Total		**3.0**	**0.1**	**-4.3**	**0.2**	**3.3**	**1.8**
Intra-euro area	50.2	1.0	-1.5	-6.2	-2.2	1.9	2.3
Extra-euro area	49.8	5.1	1.6	-2.3	2.7	4.7	1.2
United Kingdom	9.5	6.7	0.0	1.9	1.2	0.1	-4.5
Candidate countries	6.4	0.9	8.1	-0.6	12.3	12.8	7.9
United States	8.5	3.8	0.9	-4.2	0.1	5.1	3.7
Latin America	2.3	5.5	-11.6	-16.5	-10.9	-9.2	-9.0
Japan	1.6	2.0	-2.7	-12.9	-2.2	4.3	2.4
China	1.2	21.4	19.2	14.7	18.4	21.6	22.0
South-East Asia	1.6	7.6	-8.4	-16.2	-7.2	-7.4	0.4
IMPORTS - BREAKDOWN BY PRODUCT:							
Total		**-0.1**	**-2.2**	**-6.1**	**-2.4**	**0.8**	**0.0**
(Of which, extra-euro area	50.0	-1.0	-2.2	-6.1	-1.4	0.8	-1.4)
Food	6.6	2.6	-0.7	-1.7	-1.6	0.2	0.8
Raw materials	3.7	-3.5	-3.7	-7.2	-3.3	-1.1	-2.6
Oil and oil products	9.6	2.9	0.0	1.9	0.5	-0.3	-3.1
Manufactured goods	76.5	-0.2	-4.1	-9.1	-4.5	-0.3	-1.2
Chemicals	11.7	5.2	9.1	6.7	10.1	11.3	7.9
Products derived from raw materials	14.1	-2.7	-4.2	-9.8	-4.3	-0.1	-1.5
Machinery and transport equipment	38.8	-1.2	-8.1	-14.1	-8.7	-3.8	-3.5
Other	11.9	0.7	-4.1	-6.4	-5.2	-1.6	-2.7

Sources: Eurostat and IMF.
(a) Information up to November.

CHART 10

Euro area. Price, wage and cost indicators. Year-on-year percentage changes



Sources: Eurostat and Banco Central Europeo.
(a) There is no break in January 2002 when the series was rebased to 2001.
(b) Index excluding more volatile fresh food and energy prices.

sure in 2003 Q1. Despite the inertia shown by wages, unit labour costs were contained in Q4, due to the recovery in productivity. It is foreseeable that in the opening months of 2003 the productivity gains of around 1% will have helped to alleviate the pressure on domestic prices.

The HICP increased in March by 2.4% year-on-year, 0.1 p.p. more than in December. This rise was due mainly to the behaviour of energy prices, given the moderation in the growth rate of those for services and for non-energy industrial goods (see Chart 10). Therefore, in March the rate of change of the index of non-energy processed goods and service prices (IPSEBENE by its Spanish name) decreased by 0.3 p.p. with respect to that in December 2002. The course of prices in the euro area countries continued to be notably uneven, as evidenced by the high inflation differentials (nearly 4 p.p.) between Ireland and Germany. Finally, producer prices incorporated the effect of the rise in energy prices and, as a result, in February the producer price index grew by 2.7% year-on-year, as against 1.7% in December.

Inflation is expected to decelerate in the coming months, mainly because of the normalisation of supply conditions in the oil market following the end of the war in Iraq, although the political instability in the Middle East has far from disappeared. This factor, together with the euro's appreciation against the dollar and the scant pressure of demand, should help to bring the year-on-year rate of change of the HICP back to levels below 2% in the coming months. The likelihood of this being consolidated in the medium term depends crucially on sustained wage moderation, which would also be conducive to the recovery of employment in the near future.

Since the only information available on the balance of payments is that relating to January, it is difficult to draw conclusions on the patterns observed and possible future developments in this regard. According to the data published by the ECB, in January 2003 the current account recorded a deficit of € 6.4 billion, against a situation nearly in balance in the same month a year earlier. This was due both to an increase of € 3.7 billion in the income account deficit and to reductions of € 2 billion and € 2.5 billion in the surpluses on the goods and current transfers balances, respectively. In contrast, the services account deficit decreased by € 1.9 billion. Direct and portfolio investments showed net capital outflows of € 16.5 billion, mainly as a result of the net purchases of negotiable assets abroad (€ 14.7 billion). The basic balance, which includes the current account balance and the balance of di-

TABLE 1

General government budget balances of euro area countries (a)

% of GDP

	2000	2001	2002	2003 (b)	2003 (c)
Belgium	0.1	0.2	0.1	-0.2	0.0
Germany	-1.4	-2.8	-3.6	-3.4	-2.8
Greece	-1.9	-1.9	-1.2	-1.1	-0.9
Spain	-0.9	-0.1	-0.1	-0.4	0.0
France	-1.4	-1.6	-3.1	-3.7	-2.6
Ireland	4.3	1.1	-0.3	-0.6	-0.7
Italy	-1.8	-2.6	-2.3	-2.3	-1.5
Luxembourg	6.1	6.4	2.6	-0.2	-0.3
Holland	1.5	0.1	-1.1	-1.6	-1.0
Austria	-1.9	0.3	-0.6	-1.1	-1.3
Portugal	-3.1	-4.2	-2.7	-3.5	-2.4
Finland	6.9	5.1	4.7	3.3	2.7
MEMORANDUM ITEM:					
Euro area					
Primary balance	3.0	2.3	1.5	1.1	
Total balance	-1.0	-1.6	-2.2	-2.5	-1.8
Public debt	70.2	69.2	69.2	69.9	

Sources: European Commission, national stability programmes and IMF.
(a) As a percentage of GDP. Proceeds from the sale of UMTS licences not included. Deficit (-) / surplus (+).
(b) European Commission forecasts (April 2003).
(c) Targets of the stability programmes presented between November 2002 and January 2003.

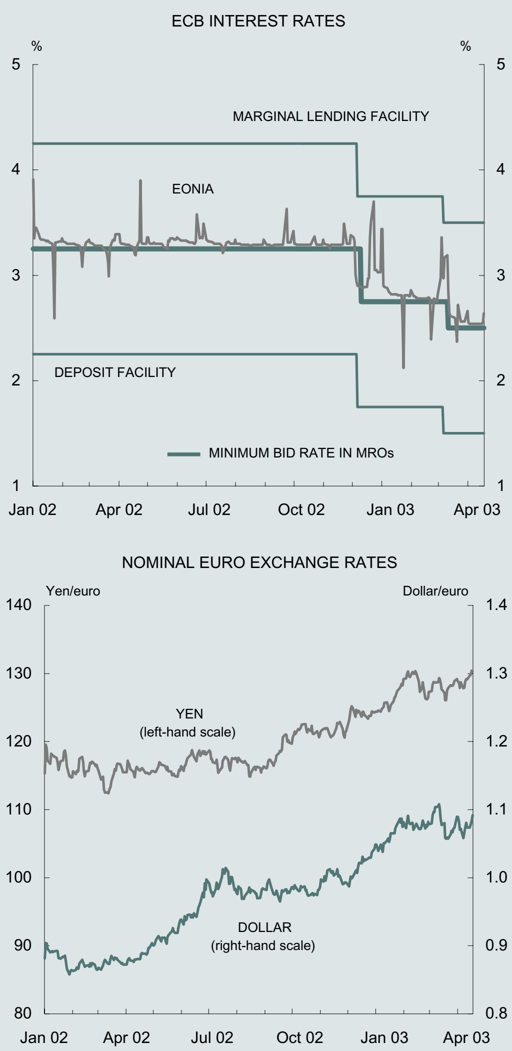
rect and portfolio investments and thus approximates the economy's financing needs, had a deficit of € 22.9 billion in January.

With regard to fiscal policy, the national figures that have been issued show that in 2002 the budget deficit of the area as a whole rose by 0.6 p.p. to 2.2% of GDP. This worsening was the result of an increase of 0.5 p.p. in primary expenditure's share of GDP and a decrease of 0.3 p.p. in the share of overall income, with interest payments falling by 0.2 p.p. The results were particularly unfavourable in Germany and France, where the deficit exceeded the limit of 3% of GDP set in the Treaty establishing the European Union (see Table 1). In the case of France, the publication of these budget data led to the initiation of an excessive deficit procedure, which came on top of those already initiated earlier for Germany and Portugal.

In March the Ecofin Council adopted a report on the strengthening of fiscal policy co-ordination (subsequently backed by the Brussels European Council). The report – prepared on the basis of a proposal submitted by the Commission in November 2002 in response to a request from the Barcelona European Council of March that same year – seeks to clarify certain aspects of the application of the Stability and Growth Pact in the light of the experience gained over the six years it has been in force. To this end, the text adopts an approach that enables disciplinary considerations to be combined with the need to provide an appropriate response to certain specific situations. In particular, the Council renewed the Eurogroup agreement of October 2002 whereby the countries that have high deficits, and are thus still far from being close to a balanced budgetary position, will correct their cyclically adjusted balances by an annual minimum of 0.5% of GDP. In assessing this improvement, regard will be had to what extent use has been made of actions that only have temporary effects on the position of public finances. In addition, the report asserts that in assessing the budgetary position of the various countries, greater importance should be given to aspects such as long-term sustainability (and thus they should step up their efforts to obtain adequate and homogeneous forecasts on the budgetary effects of population aging) and the rate of decline of the debt to GDP ratio in the countries in which it remains at particularly high levels. Further, the text includes a reminder that it is important to avoid pursuing procyclical policies at times of high economic growth, especially in countries still showing imbalances.

CHART 11

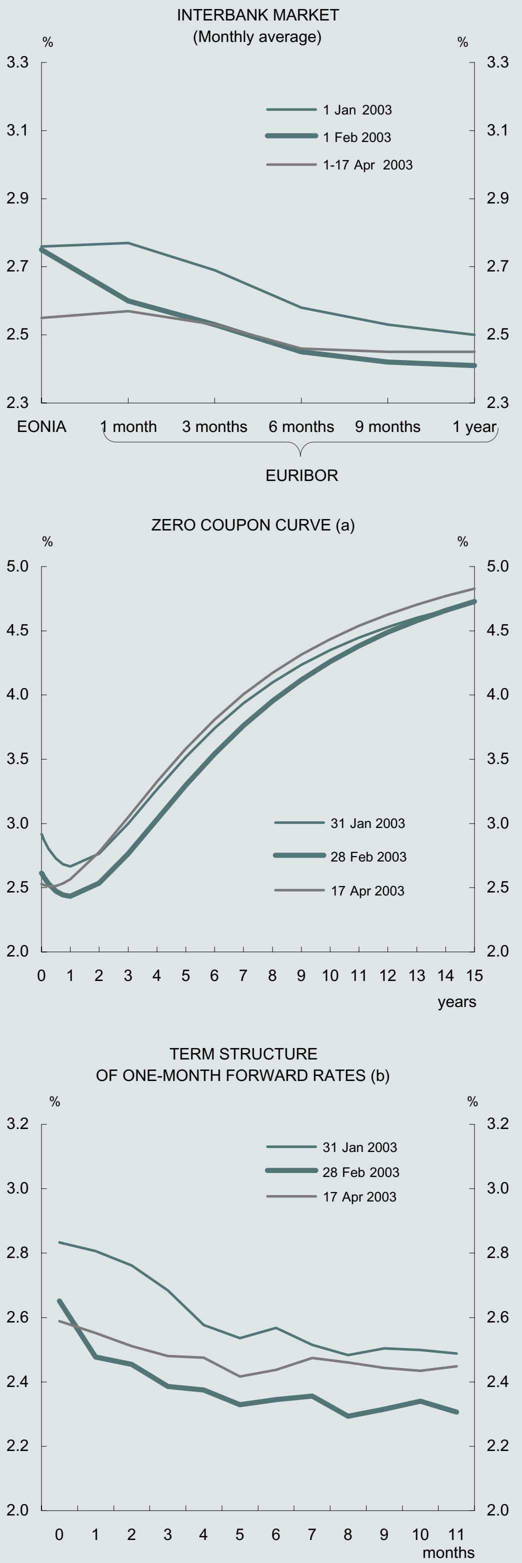
ECB interest rates and euro exchange rates



Sources: Banco de España and European Central Bank

CHART 12

Euro area Yield curve



Sources: Banco de España and European Central Bank.
(a) Estimated using swap market data.
(b) Estimated using Euribor data.

Except for their examination of the Netherlands and Austria, the European Commission and the Ecofin Council have finished examining the updates of the stability programmes prepared around the end of 2002. According to these documents, the area as a whole should reach a deficit of 1.8% and 1.1% of GDP in 2003 and 2004, respectively. In subsequent years, the Member States plan to progressively reduce the negative balance of their General Government, which would be brought into balance in aggregate terms in 2006. However, according to the Commission's spring forecast, the reduction in the 2003 and 2004 deficits will be 0.7 and 1.3 p.p., respectively, less than that entailed by the targets set in the programmes. A part of these notable differences can be explained by the substantial worsening in the ar-

TABLE 2

Monetary and financial situation in the euro area and Spain

%

	2000	2001	2002		2003			
	DEC	DEC	NOV	DEC	JAN	FEB	MAR	APR (a)
MONETARY VARIABLES (b):								
EURO AREA								
M3	4.1	7.9	7.0	6.9	7.2	7.9	7.9	
M1	5.2	5.4	9.1	9.9	9.5	10.3	11.6	
Credit to private sector	10.1	6.7	4.6	4.7	4.8	4.9	4.6	
SPAIN								
Cash and cash equivalents	4.4	6.8	13.7	11.4	12.3	12.1	11.0	
Other bank liabilities	19.8	8.4	3.3	4.1	3.9	4.3	3.6	
Mutual funds (c)	-27.1	26.2	12.9	11.1	13.2	20.3	18.7	
Financing to the private sector	18.8	15.7	14.9	14.5	14.8	15.0	13.5	
FINANCIAL MARKETS (d):								
EONIA	4.83	3.36	3.30	3.10	2.79	2.76	2.75	2.55
Three-month EURIBOR	4.94	3.35	3.12	2.94	2.83	2.69	2.53	2.53
Public debt								
Euro-area ten-year bond yields	5.07	4.96	4.59	4.41	4.27	4.06	4.13	4.26
US/euro-area ten-year bond spread	0.25	0.16	-0.53	-0.32	-0.21	-0.12	-0.31	-0.28
Spain/Germany ten-year bond spread	0.31	0.23	0.12	0.10	0.06	0.06	0.04	0.02
Bank rates in Spain								
Synthetic deposit rate	3.02	2.22	2.20	2.06	1.99	1.96	1.83	
Synthetic lending rate	6.35	4.86	4.67	4.40	4.39	4.36	4.25	
USD/EUR exchange rate	0.897	0.892	1.001	1.018	1.062	1.077	1.081	1.076
Equities (e)								
Dow Jones EURO STOXX broad index	-5.9	-19.7	-27.2	-34.5	-4.8	-9.2	-12.9	-2.2
Madrid Stock Exchange General Index	-12.7	-6.4	-15.9	-23.1	-1.6	-1.2	-3.1	7.2

Sources: European Central Bank and Banco de España.
(a) Monthly average to 17 April 2003.
(b) Year-on-year rate of change.
(c) Including euro-denominated FIAMMs and FIMs.
(d) Monthly averages.
(e) Cumulative percentage change in the year. End-of-month data. Latest month: 17 April 2003.

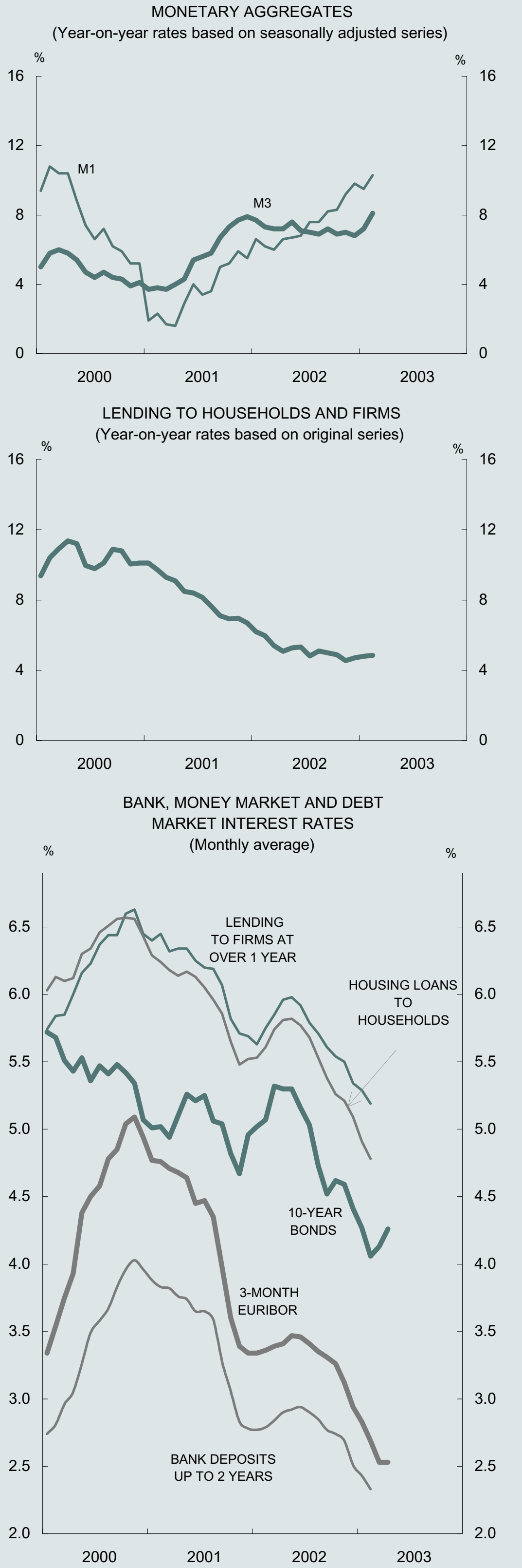
ea's growth outlook between the formulation of the programmes' macroeconomic scenarios (early autumn 2002) and the April 2003 forecasts prepared by the European Commission. However, according to the latter forecasts, the cyclically adjusted balance will only be subject to a slight adjustment between 2003 and 2004, whereas the programmes indicate an approximate improvement of 1 p.p. in those years. As regards the outlook of the various countries considered individually, the Member States still showing imbalances generally plan to meet the requirement to improve their cyclically adjusted balances by an annual minimum of 0.5% of GDP, although in certain countries the adjustment does not start until 2004. Although, according to the programmes, no country would infringe the deficit ceiling of 3% of GDP in 2003 and 2004, the Commission's forecasts prepared on the assumption of unchanged policies point to failure to comply with this requirement by Germany in 2003, by Italy in 2004 and by France and Portugal in both years.

3.2. Monetary and financial developments

Against a background of favourable inflationary prospects and weak economic activity, on March 6 the Governing Council of the ECB reduced official interest rates by 25 basis points, which left the minimum rate on the main financing operations at 2.5%, that on the deposit facility at 1.5% and that on the marginal lending facility at 3.5% (see Chart 11). The previous decision to cut interest rates (by 50 basis points) was in December 2002. Subsequently, at its 3 April meeting the ECB decided

CHART 13

Monetary and credit aggregates and interest rates in the euro area



Sources: Banco de España and European Central Bank.

not to change interest rates in view of the exceptional circumstances of the international political situation, which enormously complicated the task of properly assessing the economic outlook.

In Q1 the monetary and financial situation continued to be conditioned by the expectations of weak growth in the real economy and of sustained sluggishness and volatility in the stock markets, to which was added the uncertainty caused by the geopolitical tension derived from the preparations for military intervention in the Middle East. Following the outbreak of the Iraq war in mid-March, the financial markets started to reflect the news being received about the possible duration of the war and its impact on activity. It was then possible to discern a tendency towards a modest recovery in stock market prices and an upturn in long-term interest rates, which to some extent reflected an improvement in the expectations of growth after the end of the war.

Money market interest rates followed a downward path as a result of the expectations of interest rate cuts, which were fulfilled in March. In the first three weeks of April the EURIBOR yield curve showed average rates of around 2.5% all along the maturity spectrum. Indeed, in the last few days the yield curve for 1-month forward interest rates has flattened, although the market still feels that there is a significant likelihood of an additional interest rate cut in the next few months (see Chart 12).

In the foreign exchange markets, the opening months of the year saw the euro continue to appreciate against the main currencies and, in particular, against the dollar. As a result, in the third week of April it was 5.7% higher than its level in December 2002. This strengthening of the euro since mid-2002 might be related to the worsening of the US external imbalance, which has been aggravated by the reappearance of a substantial US fiscal deficit, partly linked to the budgetary impact of the Iraq war.

The falls in stock market prices continued from the onset of the year to mid-March as a consequence of the geopolitical uncertainty and the still scant signs of recovery in the main economies. However, the stock market performance of the different sectors was uneven. Thus in the first quarter the financial sector was most strongly affected by the falling stock market, followed by energy and consumer goods. The moderate falls suffered by the telecommunications, technology and manufacturing sectors may be a sign that investors feel that their prices are already in line with their fundamental determinants following the adjustments in the recent past. The general recovery of

BOX 2

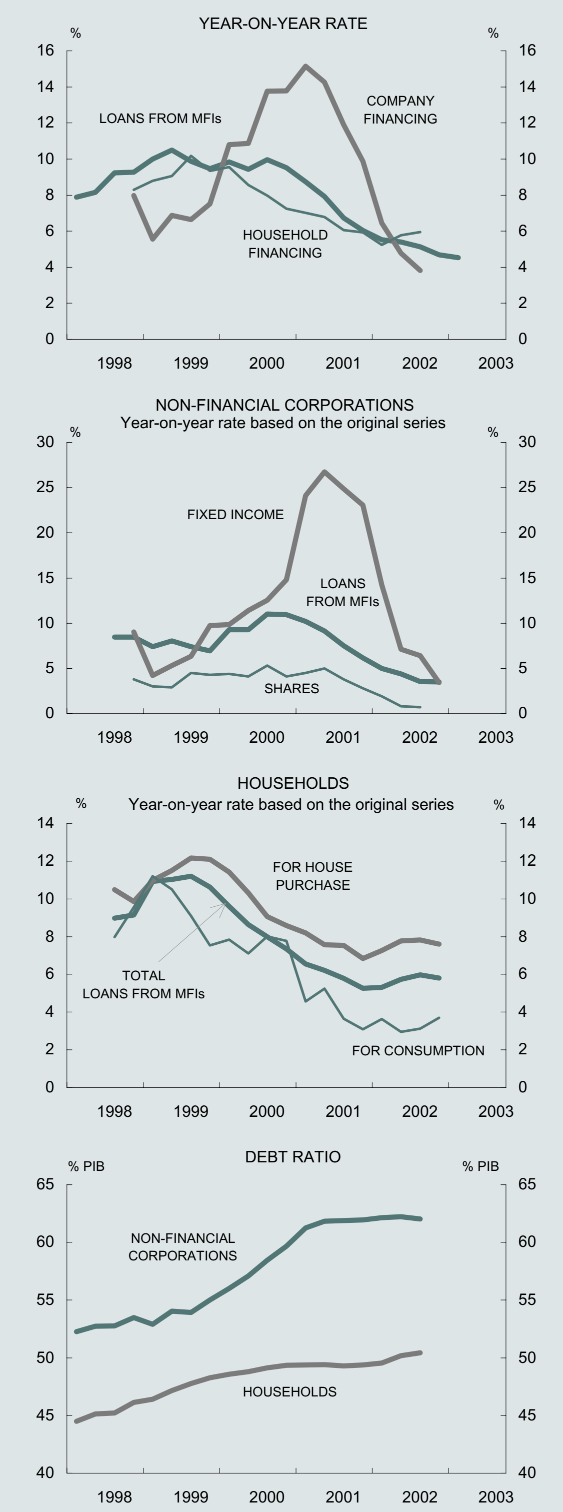
Recent changes in private-sector financing in the euro area

The behaviour of private-sector financing is strongly procyclical. It is thus natural that the economic slowdown in 2001 and 2002 should be reflected in lower growth rates of borrowing by non-financial corporations and households. The available information on total financing, which runs to 2002 Q3, shows a slowdown in this variable for both non-financial corporations and households. The growth rate of financing to non-financial corporations slowed much more sharply, dropping from around 15% in 2001 to below 4% in 2002 Q3, whereas in the case of households the year-on-year expansion of financing fluctuated between 10% and 6% in those periods (see upper panel of adjacent figure). The greater volatility of investment, in comparison with the relative stability of household spending decisions, may partly explain these differences in the patterns seen in the two sectors. In the light of the information on loans by MFIs to the non-financial private sector, which are its main source of financing, these patterns do not seem to have changed in recent months, since growth has remained at rates slightly below 5% in year-on-year terms up to March.

In the case of non-financial corporations, the last few years have seen a persistent slowdown in loans by MFIs, which were expanding at a year-on-year rate of 3.7% at the end of 2002. More significant is the sharp decrease in financing through the issuance of fixed-income securities, which, after increasing at rates in excess of 20% in 2001, have in recent months been behaving similarly to loans. This reflects both the cyclical slowdown and the higher returns demanded by investors in these securities, particularly if the issuer does not have a high credit standing. The second panel from the top in the adjacent figure also shows that the funding obtained through the issuance of listed shares decreased appreciably in 2002. Although this instrument is not included among the components of financing, it can be an important source of funding. That said, even in stock market booms it did not reach the rates of expansion of fixed-income securities. Examination of the total financing obtained by non-financial corporations, which along with loans from MFIs and the balance of fixed-income securities, also includes loans from non-euro area credit institutions and pension fund liabilities, shows that the sustained rise in 1999 and 2000 in the debt-to-GDP ratio halted in 2001 and remained steady throughout 2002 at a level somewhat above 60% (see lower panel). This may be a result both of sluggish investment and of efforts by some companies to put their finances back on a healthy footing after the upsurge in indebtedness of prior years.

In the case of households, the main source of financing is obviously loans from MFIs. As with companies, there has been a slowdown in such borrowing by households in the last few years, although the deceleration has been milder and has petered out, even reversing itself slightly in 2002. Perusal of the purposes for which this financing was granted shows that the greatest expansion was in house purchase loans (which account for two-thirds of the total), with a year-on-year rate of nearly 8%, which can be considered fairly high considering the cyclical position of the euro area economy. This is largely explained by a combination of low interest rates and house price movements (with significant recent rises in certain euro area economies). Meanwhile, the financing granted for the purchase of consumer durables and for other purposes grew at rates below 4% in 2002, and was thus more in line with aggregate demand. As a result of these developments, the debt-to-GDP ratio of households has increased steadily over the last few years. In 2002 Q3 this ratio stood at 51%, which is lower than in the United States and the United Kingdom. In any event, in many of the newer euro area countries, once the effects of the change of regime entailed by joining the euro area have dissipated, household debt may be expected once more to move more in step with the economic cycle.

Private-sector financing in the euro area



Sources: European Central Bank and Banco de España.

the stock market from mid-March was a reflection, within the prevailing uncertainty, of greater optimism about a rapid outcome of the Iraqi conflict and its positive consequences for world growth. In this regard, the cumulative loss of the broad Dow Jones EURO STOXX index in 2003 Q1 was largely corrected in the first half of April (see Table 2).

During the first quarter the M3 monetary aggregate posted increasing rates of growth which were even higher than those of the previous quarter (see Chart 13). This buoyancy was due to the strong preference, amid considerable uncertainty, shown by agents for the liquid assets included in the aggregate. Thus in March the aggregate grew by 7.9% year-on-year. Finally, in the opening months of 2003 credit to the private sector held at rates slightly below 5%, similar to those in 2002 Q4. Box 2 analyses in detail the recent developments in the indebtedness of non-financial corporations and households in the euro area. In the case of Spain, lending to the private sector continued to grow at a sustained pace, with a year-on-year rate of 13.5% up to March.

4. The Spanish economy

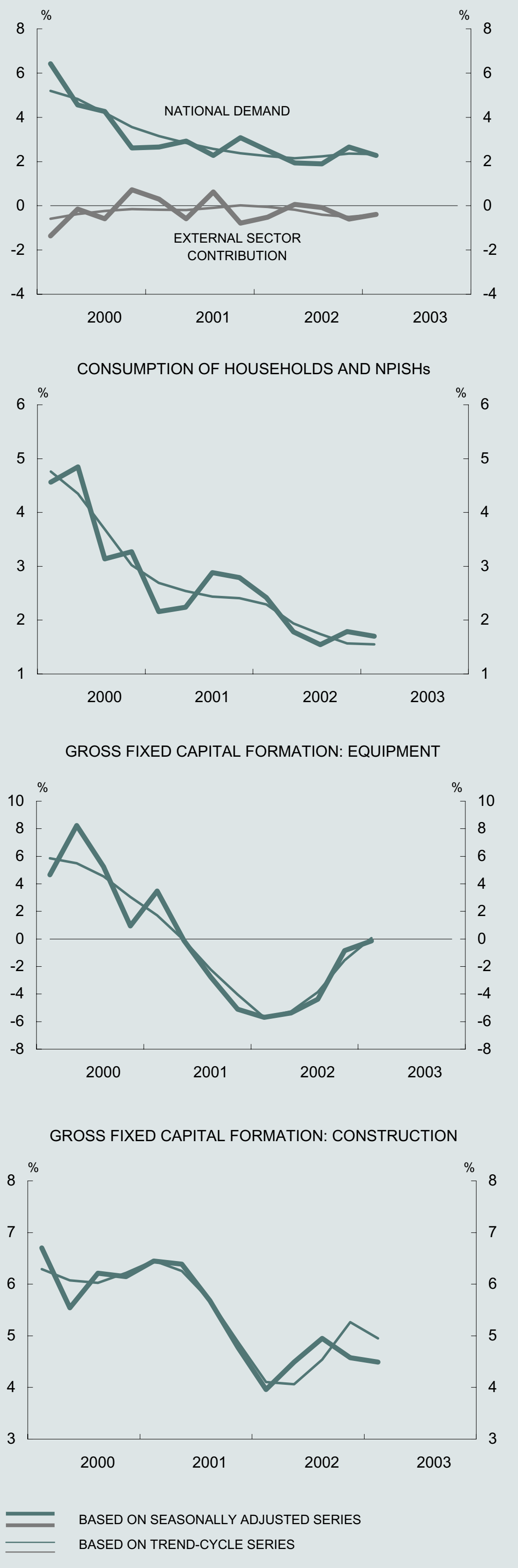
On the basis of the QNA information available for the first few months of 2003, real GDP is estimated to have grown by 2% year-on-year in the first quarter, following growth of 2.1% in 2002 Q4. Underlying this performance was a slowdown in national demand, which increased by 2.3% year-on-year, 0.4 percentage points less than in 2002 Q4. Stockbuilding contributed to this slowdown on account of its reduced buoyancy. The rate of growth of private consumption stabilised, its recovery in late 2002 thus coming to an end, while investment in capital goods was reaching the end of its long downturn, a substantial reduction being estimated in its year-on-year rate of decline. As for construction, the trend of mild deceleration is estimated to have continued (see Chart 14). The contribution of net external demand to GDP growth was again negative in Q1, although less so than in the preceding quarter. Both imports and exports grew at more moderate rates than in the previous quarter, although the former grew faster than the latter.

From the viewpoint of the value added by the various productive sectors, 2002 ended with activity recovering in industry and stabilising in market services, at relatively moderate rates, while construction decelerated and agriculture contracted sharply. The information on Q1 points to a containment of the expansion in industry, while market services continued to grow at similar rates to those recorded in the second half of 2002 and the rate of decline in agriculture was reduced. Meanwhile, employment is estimated to have started the year with greater vigour than in 2002 Q4, so that apparent labour productivity gains remained low in Q1.

During 2002, labour costs per unit of output stabilised at rates of around 3.2%, as a result of an expansionary trend in compensation per employee which rose by 4%, and a modest recovery in apparent labour productivity. The estimates for 2003 project a slight additional increase in compensation, that may be passed through to labour costs. Meanwhile, the prices of imported products have been having a moderating effect on final prices, intensified by the appreciation of the euro. Against this background, the rate of increase in final prices turned downwards in the first quarter of 2003, from the high rates recorded at the end of the previous year. Thus, the consumer prices index stood in March at a year-on-year rate of 3.7%, 0.3 percentage points down from December 2002, certain temporary effects having been stripped out, such as those arising from the changeover to the euro and the increases in indirect taxes at the beginning of 2002. Profit margins have widened significantly, although this

CHART 14

Main demand aggregates
Percentage change on year ago



Sources: INE and Banco de España.

widening has been confined to certain specific activities.

4.1. Demand

During 2002, the year-on-year growth of household final expenditure moderated gradually, although it accelerated somewhat – seemingly temporarily – in the final quarter (see Chart 14). The average increase in consumption during the year was 1.9%, 0.6 percentage points down on the previous year. However, the slower annual consumption growth was accompanied by a strengthening of real gross disposable income, so that the decline in the savings ratio, recorded during the preceding years, came to an end and the ratio increased slightly. The still incomplete information on the behaviour of consumption in 2003 Q1 indicates that, following the rise in Q4, the year-on-year rate of growth of this aggregate edged down below the end-2002 rate of 1.8%, against a background of steady growth in disposable income.

The indicators most directly related to household spending (shown in Chart 15) point to moderation in the rate of expansion of non-durable and durable consumer spending in the first three months of 2003. Apparent consumption of consumer goods (food and non-food) is estimated, in the absence of complete information for the period, to have grown at a slower rate than in the preceding quarters. The retail trade confidence indicator deteriorated somewhat to March, while the index of retail sales showed greater stability, albeit with a trend of mild deceleration. Among the indicators of durable consumption, apparent durable consumption was less buoyant than in the previous quarter and new car registrations fell significantly, while consumer sentiment regarding the purchase of such goods reached very low levels. Finally, the consumer confidence indicator fell again between December and March, dragged down by a further decline in sentiment regarding economic prospects for households and for the economy in general.

As already indicated, household disposable income is estimated to be increasing in 2003, in real terms, at similar or slightly higher rates than in 2002. The resilience of household disposable income stems from employment and the growth of nominal wages (including the effect of the indexation clauses included in the 2002 collective agreements), as well as from the more expansionary contribution of net transfers from general government, due to the lowering of personal income tax. Meanwhile, the latest information on house prices indicates that the value of real-estate assets has continued to rise at significant rates, and that they are therefore still helping to prop up consumption. However, share prices again recorded significant falls at the start of the year (although they rose during April). Along with the decline in consumer confidence, this helps to explain the relatively muted behaviour of spending in the first few months of 2003. Overall, the available estimates indicate that consumption grew by less than disposable income in Q1 and that the saving ratio continued to recover.

General government final consumption grew by 3.8% on average in 2002. The still-highly-incomplete conjunctural information available points to an acceleration in this aggregate in 2003 Q1, partly as a result of the measures introduced for this year in relation to personnel costs and the extraordinary expenses arising from the sinking of the Prestige.

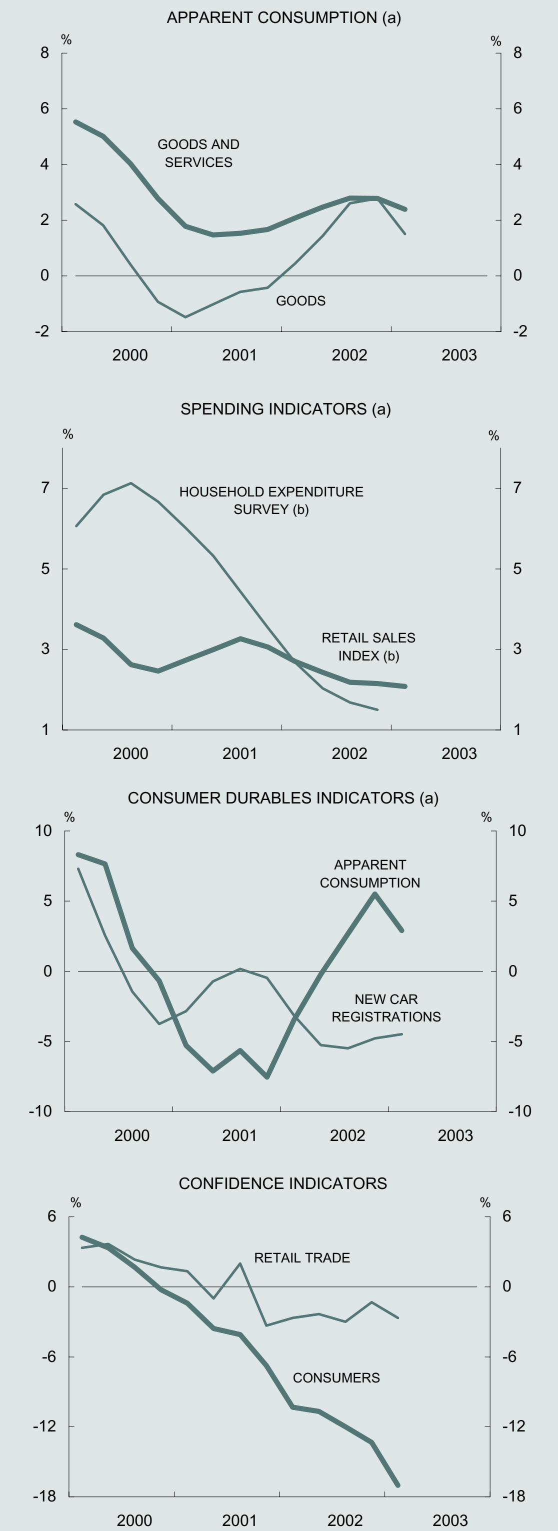
Gross fixed capital formation rose by 2.5%, year-on-year, in 2002 Q4, giving rise to average growth of 1.4% during the year. The acceleration in investment in Q4 was a consequence of the slower rate of decline of investment in capital goods, since investment in construction and in other products continued to grow, albeit at more moderate rates than in the preceding quarters. These patterns seem to have continued to apply during 2003 to date, so that the growth of the investment aggregate would have held at around 2.5%.

As regards investment in capital goods, the last quarter of 2002 saw a break in the previous pattern of sharp declines, in line with the upturn signalled by the main indicators of such investment, although its year-on-year rate of growth remained negative at –0.8% (see Chart 16). According to the index of apparent investment in capital goods this negative rate was reduced further in 2003 Q1, so that the path of the year-on-year growth of this investment is one of recovery, even though a reduction in the momentum of domestic output has been discerned. Indeed, there was a notable improvement in the industrial confidence indicator and in the orders of capital-goods producers to February, but this was cut short in March. Meanwhile, in 2003 Q1 the index of industrial capacity utilisation fell slightly, although the trend in industrial sentiment is one of improvement, as shown by the orders series.

The quarterly data of the Banco de España Central Balance Sheet Data Office, to 2002 Q4, shows an increase in the return on investment of non-financial corporations last year, while the cost of external financing fell slightly. The differential between these two variables widened significantly, laying the foundations for a strong-

CHART 15

Private consumption indicators



Sources: INE, European Commission, Dirección General de Tráfico and Banco de España.
(a) Non-centred percentage change, based on the trend of the indicator.
(b) Deflated by the CPI.

CHART 16

Gross fixed capital formation indicators

Sources: INE, European Commission, Ministerio de Fomento, OFICEMEN, Instituto Nacional de Empleo and Banco de España.
(a) Non-centred percentage change on same quarter a year earlier, based on the trend of the indicator.
(b) Level of original series.
(c) Annual moving averages.

er recovery in investment. This improvement in business profitability has occurred, however, against a background of moderate growth in output and a slowdown in funds generated, which has entailed an increase in levels of debt, especially in energy- and services-related sectors. As mentioned on other occasions, these relatively high levels of debt may limit the future strength of the recovery.

According to the latest information, investment in construction is still relatively buoyant, although since mid-1999 it has been following a path of mild slowdown. In 2002 Q4 its year-on-year growth was 4.6%, a rate which estimates suggest may have fallen slightly in the first quarter of this year (see Chart 16). The strength of construction is currently underpinned mainly by civil engineering work as a consequence of the implementation of infrastructure plans. This can be seen in the quarterly construction industry survey (ECIC) to 2002 Q3 and in the indicators of project starts, such as official procurement. The latest data available on approvals and licences point to a recovery in new residential building, but this is still not discernible in the indicator of house starts, which recorded significant year-on-year declines up to 2002 Q4.

In line with the continued notable strength of construction spending, despite its mild slowdown, the industry's confidence indicator improved significantly in 2003 Q1, reflecting a more optimistic perception of turnover and the trend in employment. Social security registrations, to March, recorded higher year-on-year growth than in 2002 Q4, and unemployment in the sector, even though it continued to increase at high rates, slowed significantly from 2002 Q4.

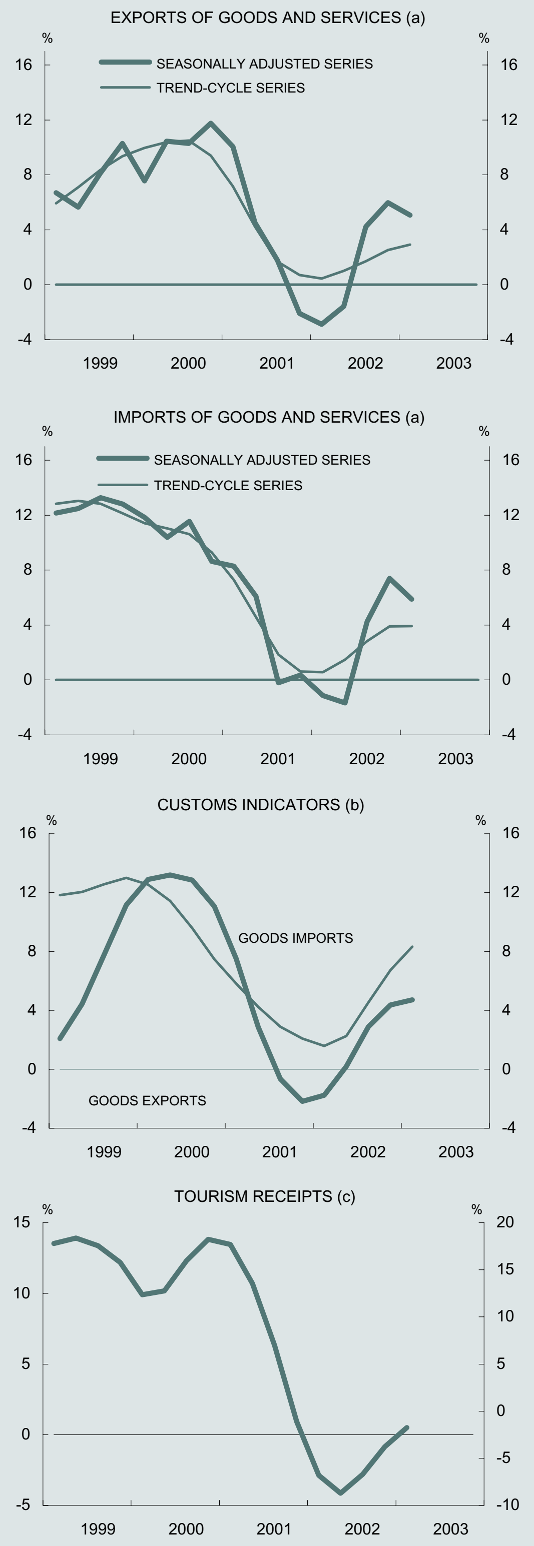
According to the latest QNA data, net external demand was even more contractionary in 2002 Q4, subtracting 0.6 percentage points from GDP growth, so that its contribution to growth in the year as a whole was –0.3 percentage points (see Chart 14). In 2002 Q4, exports and, even more so, imports of goods and services stepped up the recovery that started in Q3, with year-on-year growth rates of 6% and 7.4% respectively, following the negative growth of the first half of the year. From Q2, exports were boosted by the recovery in certain markets, such as the United States and South-East Asia, and in the second half of the year, by the moderate recovery in EU imports. However, in 2002 sales abroad were held back by the losses of competitiveness suffered by Spanish products, as a result of higher price and cost inflation in Spain and the notable appreciation of the euro exchange rate. Imports, on the other hand, reflected the recovery in exports and the incipient recovery in industrial activity in the second half of 2002. The still-highly-incomplete information on 2003 Q1 points to a somewhat smaller reduction in net external demand than in 2002 Q4. The buoyancy of exports seems to have moderated, against a background of great uncertainty regarding the recovery in world activity and tourism demand, while imports also seem to have decelerated, in line with the reduced momentum of exports and domestic output, against a background of sharply rising prices for oil and non-energy commodities on international markets.

On QNA data, goods exports gained momentum over the second half of 2002. Customs data for January show a significant moderation in the rate of growth of exports that month (when they grew by 1%), although given the variability of these flows and the strong seasonality of the January data, this figure needs to be assessed with caution. In terms of their trend (see Chart 17), the path of exports points to a slowdown in the most recent months. By geographical area, exports outside the EU were still the most dynamic in January (rising by 2.9% in real terms). The buoyancy gained by those to the United States and the continued strength of those to China and the Maghreb countries were noteworthy. Exports to the EU scarcely grew by 0.2% in real terms, although the Italian and French markets also performed well.

As for exports of services, real income from tourism, on QNA data, fell by 2.7% in 2002 Q4, which slightly reduced the year-on-year growth rate. During the year as a whole, however, it declined by an average of 4%. These results were shaped by the notable moderation in global tourist demand – triggered by the 11th September attacks and reinforced by the world economic slowdown – and by the low levels of consumer confidence. In addition, the widening of price differentials vis-à-vis the developed countries and the strong appreciation of the euro have entailed a loss of competitiveness relative to our main customers. Real indicators of tourism (tourist entries, foreign travellers staying in hotels and overnight stays) showed a certain improvement during the second half of 2002, which was maintained in January of this year. However, this pattern changed from February when, in the climate of run up to war, there was a slowdown in tourist entries and a notable decline in travellers staying at hotels, as well as in overnight stays. In Q1, there were falls in both foreign travellers staying at hotels and, even more sharply, in overnight stays, in contrast to the increase in tourist entries. These results suggest that there has been a progressive shift of tourists towards non-hotel establish-

CHART 17

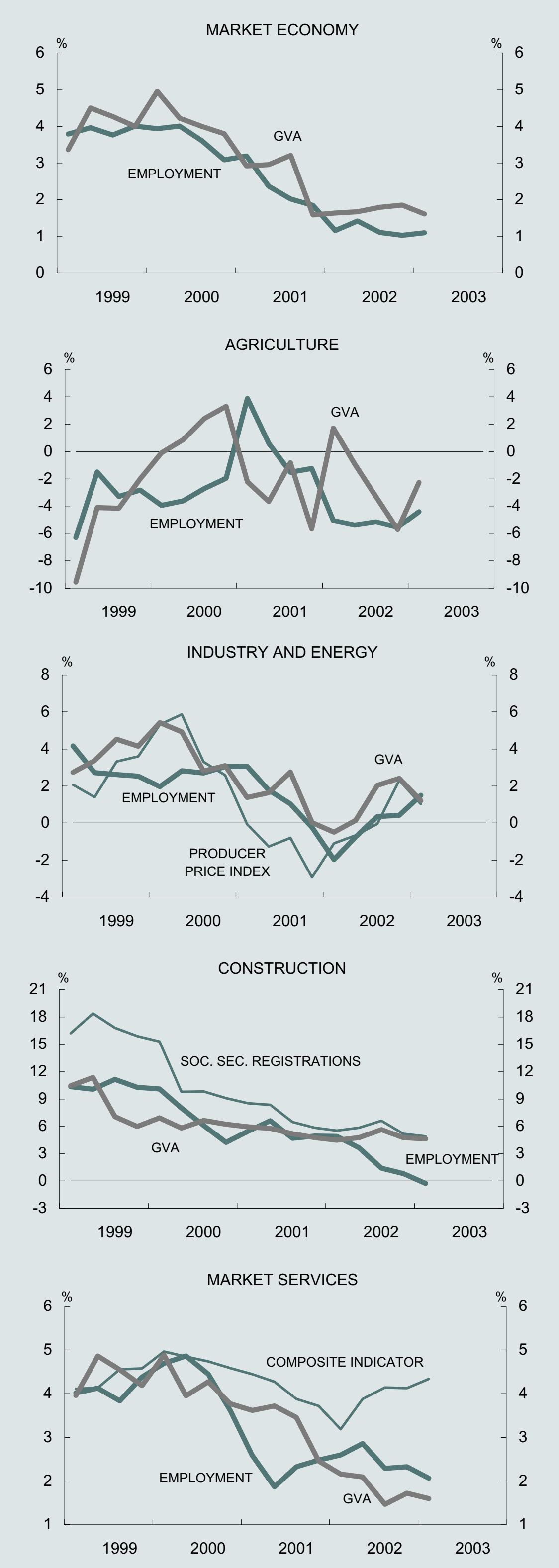
Foreign trade
Percentage change on year ago



Sources: INE, Ministerios de Economía y Hacienda and Banco de España.
(a) QNA data at constant prices.
(b) Trend-cycle deflated series.
(c) Nominal trend-cycle series.

CHART 18

Gross value added and employment by branch of activity
Percentage change on year ago (a)



Sources: INE and Banco de España.
(a) Seasonally adjusted series. Employment in terms of full-time equivalent jobs.

ments. The outlook for the spring months has worsened significantly, given the delay in tourists' travel decisions linked to the war in Iraq.

The slowdown in exports of non-tourism services steepened in 2002 Q4, with growth of 2.9%, in line with the deceleration in the balance-of-payments indicator. In the year as a whole, their growth fell to 3.9%, from 9.8% in 2001, reflecting the sharp fall in investment abroad during the period.

Real imports of goods, like the aggregate for goods and services, accelerated significantly in the second half of 2002 in line with final demand. Customs data for January 2003, however, show a sharp slowdown to a slightly negative year-on-year rate (–0.1%). Again the variability of this series means that it must be assessed in terms of its trend, which displays a moderation in its rate of expansion at the beginning of 2003 (see Chart 17). Purchases of energy intermediate goods decreased significantly in January, affected by the steep rise in the price of oil on international markets, while non-energy imports slowed notably (1.5%). Among the latter, the most buoyant components were non-food consumer goods, despite the reduction in car imports. Imports of capital goods grew at a very moderate rate, while those of non-energy intermediate goods fell, in strong contrast to the momentum they gained in the second half of 2002.

Finally, real imports of services increased by 2.5% in 2002 Q4, slightly down from the preceding quarter's rate of 3.1%. This trend was displayed by both residents' consumption abroad (4.7%), amid a sharp decline in consumer confidence and a shift from foreign to domestic tourism, and by non-tourism services (2.1%).

4.2. Output and employment

Value added in agriculture and fishing contracted further in 2002 Q4, falling by 5.7%, year-on-year. (see Chart 18). The primary sector was thus clearly contractionary in 1992 as a whole (–2.1%), reflecting the low rainfall, which affected certain vegetable products, and especially the production of olive oil. In 2003 Q1 there may have been a certain recovery in the sector, reflected in the positive performance of the employment indicators, given the favourable start to the year's rainfall; even so, value added would have fallen again in year-on-year terms.

Activity in industry and energy began to recover in 2002 Q2, reaching a rate of change of 2.4% in Q4. This recovery reflected the greater buoyancy of the production of intermediate goods, basically in their non-energy component, as well as less contractionary behaviour in the manufacture of capital goods. However, some indicators of activity in 2003 Q1 seem to show a faltering in the recovery, against a background of notable uncertainty. This has affected exports, which are an essential engine of industrial activity. Thus, the industrial production index (IPI) slowed down in the first two months of the year (with an increase of 1.2%, in terms of the calendar-adjusted series, as against 2.5% in the previous quarter), the level of capacity utilisation and new orders declined slightly, imports of non-energy intermediate goods increased much less than in 2002 Q4, and social security registrations declined year-on-year between January and March, having stagnated in 2002 Q4. However, other indicators were more positive, giving scope for a stepping up of the industrial recovery. Worth mentioning here, besides the recent EPA (Labour Force Survey) employment figures, is the improvement in the business confidence indicator and in sentiment regarding the future trend in output. The continuity of the recovery in the output of capital goods, which in February reached a positive year-on-year rate for the first time since 2001, is also encouraging. In any case, the external sector is still hardly in a position to boost activity in this sector in the short run.

In 2002 construction was again the most dynamic sector in the market economy, although its rate of growth fell slightly, to 4.9%. In the final quarter of the year, construction activity decelerated, but it still grew at a rate of 4.8%. As indicated in the last section, residential building tended to weaken over the year, while non-residential building was buoyant and civil works benefited from infrastructure investment plans. The beginning of 2003 has been marked by continuity in this pattern of growth, and the available indicators confirm that the year-on-year rates of change held very close to those of late 2002.

In 2002, the tertiary sector grew by 2.2%, one percentage point down on the previous year, despite the greater vigour of non-market services, which accelerated by 0.6 percentage points to 3.5%. The value added of market services grew by 1.9%, decelerating over the first three quarters and accelerating slightly in the fourth. The information on market services in the first quarter of 2003 indicates that year-on-year rates have at least held at similar levels to those in the second half of 2002 (see Chart 18). Social security registrations in Q1, employment, the trend in the synthetic indicator (ISIS) and the different survey indicators point in this direction. Among the activities included in market services, wholesale and retail trade and repairs was in step with private consumption, while the deterioration in the outlook for tourism has fed through to the activities related to this sector and, in particular, to hotels and restaurants. Transport indicators, especially the employment ones, have been displaying stable growth, with a slight upturn in air transport, based on the domestic transport of travellers. However, the great sensitivity of this activity to tourism presages a slowdown. Finally, real estate, renting and business activities followed the general trend, weakening in the first quarter of 2003, according to social security registrations.

Employment, on QNA data, grew by 1.3% on average in 2002. With the exception of a slight upturn in Q2, this variable continued to follow the downward path it had embarked upon in early 2001, so that by the end of the year the rate of year-on-year growth had fallen to 1.1%. The moderation in employment in 2002 relative to the preceding year was more pronounced than that in activity, giving rise to higher growth of apparent labour productivity which, nonetheless, remained very modest (0.7%). In the market economy employment rose by 1.2%, less than the whole-economy rate, partly owing to the steeper slowdown in GVA, the recovery in apparent productivity (to 0.6%) being somewhat less sharp in this case. The employment indicators reflect the reduced vigour of job creation in 2002, although to a varying extent. According to the EPA, employment suffered a considerable loss of momentum, growing by 2%, 1.7 percentage points less than in the previous year. Social security registrations, on the other hand, slowed more moderately, increasing by 3% in 2002, almost one percentage point less than in the previous year. Registrations of non-EU foreign workers made a substantial contribution to this growth (over a third), which may help to explain the discrepancy with the EPA. Finally, the number of contracts signed in 2002 increased by 0.9%, as against 1.6% in 2001. However, in 2003 Q1 there was an upturn in the main employment indicators, with growth in registrations of 3.3% and an increase in employment of 2.3%, according to the EPA figures that have just been published. Employment growth in the market economy is thus estimated to have accelerated.

At the industry level, jobs were lost in agriculture in 2002 at an annual rate of –5.3%, which accelerated in the final quarter of the year (see Chart 18). Employment also fell in the industrial sector, by 0.5% on average although, in step with the improvement in activity in the sector, industrial employment displayed a profile of recovery to September, and stood at 0.4% in Q4. Both the EPA and general-regime registrations had a similar profile. Construction, meanwhile, continued to be the most dynamic sector in terms of employment, although its rate of job creation suffered a notable loss of buoyancy from 2001, falling from 5.4% to 2.7% in 2002. A significant increase in the presence of immigrants in this sector means that general-regime registrations show a much smaller loss of momentum. Finally, in terms of employment, market services was the best-performing sector in 2002, its average rate of growth edging up to 2.5%. The latest EPA data, for Q1, reflect a higher rate of job creation in non-agricultural sectors.

Numbers of employees grew by 2% in 2002, 0.8 percentage points less than in the preceding year, while self-employment fell by 2.1%, displaying its traditionally countercyclical behaviour. In terms of contract type, according to the EPA, numbers of employees with permanent contracts remained very buoyant in 2002 and, although the rate of growth fell by 0.8 percentage points, they increased by 3.8% on average during the year, with a slight upward profile. Conversely, in the second half of the year, temporary jobs began to decline in net terms, in line with the slowdown in activity, so that their average annual rate of growth was 0.6%, almost 3 percentage points down on the preceding year. The ratio of temporary to total employment fell by 0.7 percentage points to 31%. Notwithstanding this, the proportion of permanent contracts fell slightly in 2002, according to INEM figures. As for working hours, both full-time and part-time employees were affected to the same extent by the slowdown in employment. As a result, in 2002, the ratio of part-time to total employment increased by only 0.1 percentage points, to 8.2%.

The notable vigour of the labour force in 2002 was one of the most striking features of the labour market that year. Despite the slowdown in activity, the labour force grew by 3%, according to the EPA, close to the rate in 2001, its accelerating profile only being broken in the final quarter, when it grew by 2.7%. This inflow to the labour market was due mainly to the increase in the rate of activity of 1.1 percentage points, to 54% (67.1% if the over-65s are excluded). In turn, the growth of the labour force, together with the moderation in job creation, led to an increase in average unemployment of 11.4%, with a markedly upward profile to the third quarter, in line with that of the labour force. In consequence, the rate of unemployment stood at 11.4%, in the year as a whole, with a markedly upward profile until Q3, in line with the profile of the labour force. In consequence, the rate of unemployment stood at an average rate of 11.4% over the year as a whole. The performance of registered unemployment last year was also unfavourable. It rose by 6%, although in the first few months of 2003 its rate of growth slowed to 4.6%, as seen in the EPA figures just released, although this is consistent with the percentage of unemployed in the labour force having increased in that period, to stand at 11.7%. Box 3 summarises the reform of protection carried out in 2002, although it is still premature to assess its impact.

4.3. Costs and prices

On QNA data, the cost of labour per unit of value added grew by 3.2% in 2002 Q4, both in the economy as a whole and in the market economy (see Chart 19). In the market economy, apparent labour productivity recovered somewhat in the final quarter. This was accompanied by stable growth in compensation per employee, and therefore gave rise to a slight deceleration in costs, relative to the previous quarter. It is estimated that unit labour costs rose in 2003 Q1, owing to the stronger growth in compensation and to the decline in productivity.

The information on collective bargaining indicates that by the end of February collective agreements had been registered for four million workers, approximately 45% of all workers covered by collective bargaining in 2002. The average wage settlement agreed for 2003 is 3.5%, as against 3.1% in 2002, before including the effect of indexation clauses. The initial estimate of this effect for 2002 is approximately 0.7 percentage points, which would be added to the wage increase in 2003. As regards the agreements signed for 2003, the average settlement in newly signed agreements is 2.7%, which is in line with the Inter-confederal Agreement on Collective Bargaining, although this still only affects a very small number of workers. The average settlement in revised agreements, the registration of which is well advanced, is 3.5%.

According to the labour costs index, the total monthly cost per employee rose by 4.6% in Q4, 0.3 percentage points more than in the previous period. There was a pick-up in the growth rate of both the components of labour costs, although wage costs accelerated by only 0.1 percentage points (to 3.9%), while other costs grew by 6.6% (up 0.8 percentage points on the previous quarter). Over the year as a whole, total monthly labour costs per employee increased by 4.4%, 0.3 percentage points up on the previous year's growth. The growth of wage costs accelerated to 3.9%, while non-wage costs, despite a mild deceleration, continued to grow at a very high rate (6%). At the sectoral level, in

BOX 3

Reform of unemployment protection

The approval on 12 December last year of Law 45/2002 on urgent measures to reform the system of unemployment protection and to improve employability, made a number of changes to the system of unemployment protection, which are examined below. The measures contained in this Law can be grouped under three major headings: i) changes in the conditions of eligibility for unemployment benefit; ii) changes to the rules governing wages payable upon dismissal and in the unemployment benefits for specific groups, and iii) prevention of access of new claimants to the agricultural unemployment benefit scheme in Andalucía and Extremadura. Finally, there is a brief discussion of the new benefit system for these two regions approved by Royal Decree 426/2003 of 11 April 2003.

First, changes have been made to the conditions of eligibility for unemployment benefit. Thus, it is now an essential requirement for eligibility that unemployed persons sign a commitment stating their readiness to perform all such actions as may improve their employability and to accept any job offer received. That said, an initial period of 100 days has been established, during which unemployed persons are not obliged to accept the measures proposed by the Public Employment Services (SPE). Also, the definition of appropriate employment has been changed, to encourage the acceptance of more job offers, as has the penalty system, so that unemployment benefit is progressively lost in the event that offers are rejected.

All in all, these measures affect the general conditions of eligibility for contributory unemployment benefits, aiming to increase both active job searching by the unemployed and the incentives to accept job offers made by the SPE. However, if they are to have a significant effect on the working of the labour market, it is essential that they be accompanied by a substantial enhancement of the role of the public employment offices as intermediaries in the labour market (1), with an increase in the offers made to unemployed persons and an improvement in the activities designed to achieve their professional reinsertion. In turn, the flexibility granted to the offices by the new definition of appropriate employment must be used in such a way that the penalties imposed are compatible with an efficient search for the best job possible.

Second, the rules on wages payable upon dismissal have been changed and modifications have been made to the system of unemployment benefits in relation to returned emigrants, the receipt of benefit during periods of holiday not taken, the compatibility of benefit with wages for certain groups, the redefinition of income incompatible with unemployment subsidy and the beneficiaries of re-insertion scheme income, discontinuous permanent workers and, finally, a 100% rebate of Social Security contributions for a year has been introduced for women who are unemployed after having a child.

As regards wages payable upon dismissal, the Law has made it possible for employers to admit the unfairness of a dismissal and avoid legal proceedings, paying the relevant compensation to the worker before the conciliation hearing (2). From then on the employer is no longer required to pay any more wages, and if the admission is made within 48 hours no wages shall be payable for the period following notification of dismissal. Under the new rules firms can therefore reduce the costs of dismissal by about one month's wages, by immediately admitting that the dismissal is unfair, in which case the dismissed employee shall be legally unemployed from the notification of dismissal and shall receive compensation for unfair dismissal. However, it should be noted that this new rule may reduce the number of fair dismissals even further, even though the compensation payable is less than for unfair ones.

The other measures involve adjustments to unemployment protection with effects for specific groups of minor importance for the general functioning of the benefit system. Note that unemployment protection is maintained for workers with discontinuous permanent contracts in the case of contracts for activities with a definite data, provided that they were signed prior to the reform of March 2001. Following this reform, all contracts previously signed as "discontinuous permanent contracts for activities with a definite date" are now considered to be part-time contracts.

Third, under the reform of the agricultural unemployment benefit scheme in Andalucía and Extremadura, no new claimants can gain access to the current system, a contributory system is set up for casual agricultural workers in all regions and various measures have been taken to boost the geographic mobility of the current claimants. However, the recently approved Royal Decree 426/2003 introduces a new protection scheme for the agricultural workers of Andalucía and Extremadura excluded by this reform, with similar features to the previous one.

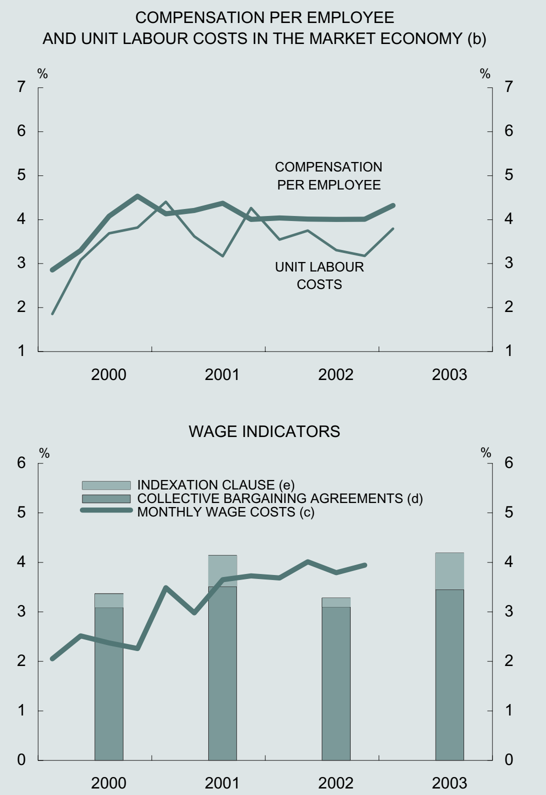
The reform approved by Law 45/2002 entails the gradual disappearance of the current system of agricultural subsidy for casual agricultural workers in Andalucía and Extremadura. This may have positive effects insofar as the current system has evident shortcomings as regards the incentives for claimants to find work. As an alternative, first, a pure contributory system is introduced for the casual agricultural workers of all regions (which is less generous than the general contributory system). Second, the Royal Decree approved on 11 April 2003 establishes an agricultural unemployment benefit scheme for claimants excluded by Law 45/2002, which is, in some respects, very similar to that existing previously. However, it contains various changes designed to reduce some of the basic problems of the old system. For example, it limits the number of benefit applications to a maximum of six, to avoid indefinite periods in the benefit system, labour-market re-insertion measures are established, which the INEM should design for unemployed agricultural workers, and it incorporates incentives to work more than the minimum of 35 days.

(1) Their role is currently more focused on benefit administration, and they only handle about 15% of registered placements.

(2) Previously, the conciliation hearing was the first opportunity for employers to admit the unfairness of a dismissal and to pay the relevant compensation to the dismissed worker. About one month's wages were, on average, payable by that time.

CHART 19

Wages and labour costs (a)



Sources: INE, Ministerio de Trabajo y Asuntos Sociales and Banco de España.
(a) Percentage change on same quarter a year earlier.
(b) Rates based on QNA seasonally adjusted series.
(c) Total earnings.
(d) Settlement in the year to date.
(e) Previous year's indexation clause.

2002 Q4 monthly labour costs per employee increased by 5.4% in industry (4.8% in the year as a whole), by 4.4% in services (4.4% in the year) and by 4.7% in construction (4.8% on average in the year).

Against this background of stable growth in unit labour costs, the rate of increase of the value added deflator for the market economy also held steady in the second half of 2002 (the increase in the year as a whole reaching 4.5%), although it may have slowed slightly at the beginning of 2003. In any event, the gross surplus per unit of output continued to grow at a higher rate than the deflator throughout this period, giving rise to widening profit margins, as seen in Chart 20. The chart also shows significant differences across sectors. In Q4 the value-added deflator for industry and energy slowed by 0.6 percentage points to 4.5%, while unit labour costs only slowed by 0.3 p.p., as a result of the greater buoyancy of productivity. Thus, the

CHART 20

Prices and costs by branch of activity (a)

Sources: INE and Banco de España.
(a) Non-centred percentage change on year ago based on QNA seasonally adjusted data.

growth rate of the unit surplus decelerated, although it continued to exceed that of prices. In market services the deflator grew by 0.2 percentage points more than in the preceding quarter, while unit labour costs slowed by the same amount, giving rise to a widening of margins (the unit surplus growing faster than the deflator) for the first time in the year. Finally, in construction, unit labour costs declined, while the deflator accelerated significantly; the unit surplus therefore grew at very high rates and margins widened notably.

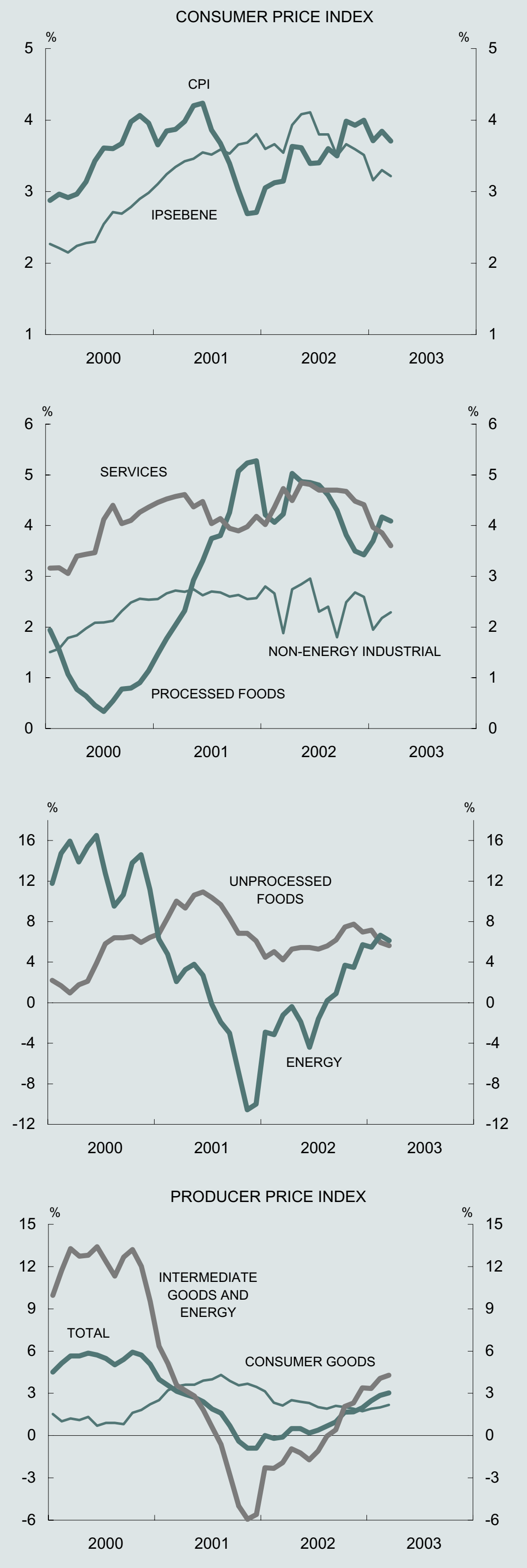
The valued added deflator for the economy as a whole recorded more moderate rates of change than that for the market economy in 2002 (growing by 4.1%), although its accelerating profile was similar. The final demand deflator increased by 3.1% in 2002, reflecting the moderating impact of falling import prices (the relevant deflator fell by 0.9%), although by year-end it had risen to 3.4%. The final price indicators available for the first few months of 2003 indicate that price increases moderated.

In line with the comments on the final demand deflator, the year-on-year rate of change of the CPI rose in the final quarter of last year, to reach 4%. However, in 2003 Q1 price pressures moderated and CPI growth stood at 3.7% in March (see Chart 21). The rate of increase of the IPSEBENE, one of the customary measures of core inflation, fell by almost 0.3 percentage points, to a year-on-year rate of 3.2% in March. The total index was affected by large increases in energy prices and, to a lesser extent, by increases in food prices. By contrast, the prices of services and of non-energy industrial goods moderated considerably in 2003 Q1.

The CPI has been strongly affected by the sharp deterioration in energy prices, as a consequence of rising oil prices on international markets, given the uncertainty generated by the war in Iraq. From April there were again significant downward adjustments, which will be felt in the coming months. The year-on-year rate of increase in the prices of non-energy industrial goods was 2.3% in March, 0.3 percentage points down on December, which may partly reflect the disappearance of the upward effects arising from the introduction of the euro. The prices of services, meanwhile, maintained the downward trend that commenced in the middle of last year, and their year-on-year growth rate fell to 3.6% at the end of the first quarter, almost one percentage point down on their average rate in 2002 Q4. In this case too the decline in the year-on-year rate reflects the stripping out of the possible upward effects arising from the euro cash changeover. Among the items that may have been most affected by this were those

CHART 21

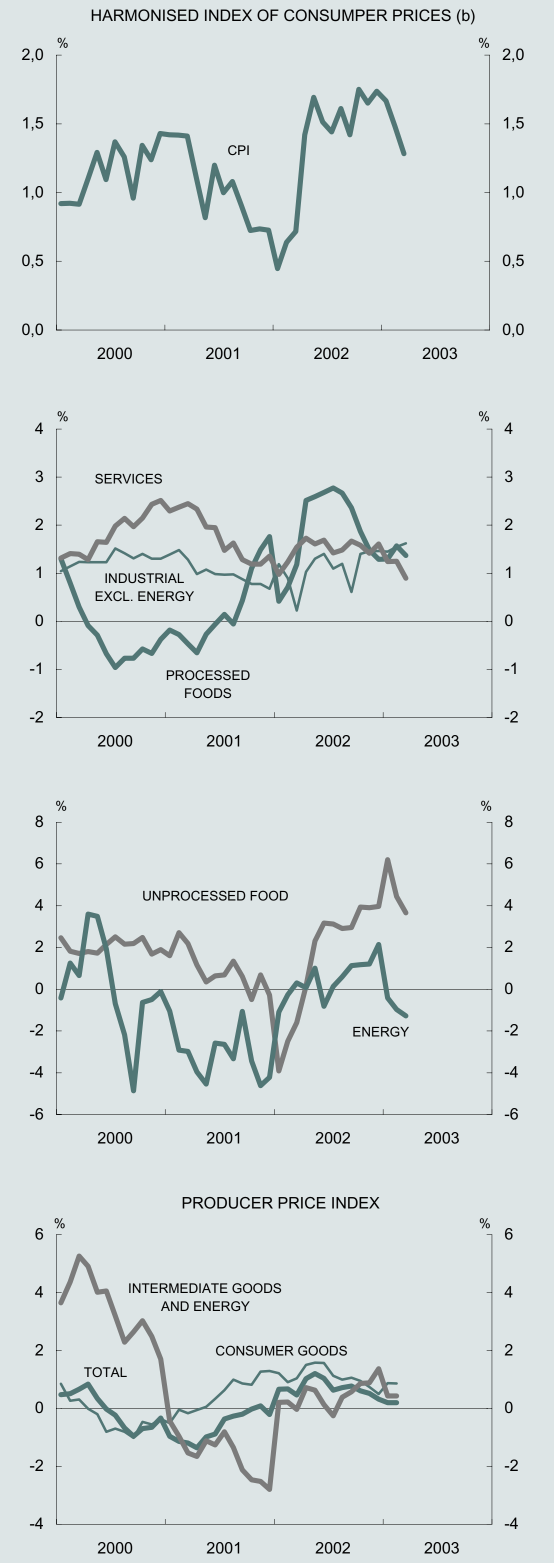
Price indicators (a)
Spain



Source: INE.
(a) Twelve-month percentage change based on the original series.

CHART 22

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



Sources: Eurostat and Banco de España.
(a) Twelve-month percentage change based on the original series.
(b) To December 2001, the series are those published at that date.

relating to tourism and hotels and restaurants. In addition, at the beginning of this year there was a rise in communications prices, owing to an increase in the subscription charge of the main fixed-telephony operator and an increase in postal charges. Finally, the rate of increase in food prices in 2003 Q1 was very similar to that in the final quarter of 2002 (4.8%), the acceleration in the prices of processed foods having been offset by the favourable movement in unprocessed foods. The increase in the price of tobacco and the tightening of the price of wine were of note, as were the heavy falls in some meat prices.

The deceleration in 2003 Q1 of consumer prices in Spain (now measured by the HICP) contrasts with the slight upturn in the euro area as a whole, so that Spain's inflation differential with the euro area narrowed by 0.3 percentage points, to 1.4 percentage points in February (see Chart 22). Both the prices of services and of energy helped to reduce the differential, which in the latter case was in Spain's favour. The inflation differential for non-energy industrial goods held relatively steady, while in the case of food prices it widened.

The producer price index accelerated in the first quarter, reaching a year-on-year rate of change of 3% in March, more than one percentage point up on the average rate in 2002 Q4. The acceleration was basically due to energy producer prices, whose year-on-year rate of change stood at 9.5%. In the same period, the acceleration in the prices of non-energy intermediate goods came to a halt, at a rate of change of 1.5%, while the producer prices of consumer goods continued to accelerate, growing by 2.2% year-on-year in March. The prices of capital goods are increasing at a rate of 1.4%.

4.4. The State budget

The figures published for the State budget outturn, in National Accounts terms, to March 2003 show an increase in the surplus on the same period a year earlier. However, it should be pointed out that the comparison with the 2002 figures (both in National Accounts and cash terms) may be affected by the transfer of responsibilities for revenue raising and spending to the regional (autonomous) governments carried out during 2002, although to a lesser extent than in the previous year. At the same time, the timetable for receipt from general government of the tax withheld on earned income has been changed and, since the beginning of this year, this revenue is now transferred monthly (whereas the revenue corresponding to 2002

TABLE 3

State Budget outturn

€ m and %

	Outturn 2002	Percentage change 2002/2001	Budget 2003	Percentage change 2003/2002	Outturn 2002 JAN-MAR	Outturn 2003 JAN-MAR	Percentage change
	1	2	3	4=3/1	5	6	7=6/5
1. Revenue	**108,456**	**-13.4**	**105,696**	**-2.5**	**27,948**	**27,085**	**-3.1**
Direct taxes	55,531	-0.3	55,218	-0.6	10,327	11,147	7.9
Personal income tax	*32,268*	*-11.5*	*32,217*	*-0.2*	*9,326*	*10,930*	*17.2*
Corporate income tax	*21,420*	*24.4*	*21,090*	*-1.5*	*601*	*-173*	—
Other (a)	*1,843*	*-2.9*	*1,911*	*3.7*	*400*	*391*	*-2.3*
Indirect taxes	38,026	-28.5	37,741	-0.7	13,751	12,740	-7.3
VAT	*25,720*	*-25.8*	*25,742*	*0.1*	*10,600*	*10,015*	*-5.5*
Excise duties	*10,347*	*-37.7*	*9,880*	*-4.5*	*2,681*	*2,233*	*-16.7*
Other (b)	*1,959*	*2.5*	*2,119*	*8.2*	*470*	*493*	*4.7*
Other net revenue	14,898	-8.8	12,736	-14.5	3,870	3,197	-17.4
2. Expenditure	**111,082**	**-13.3**	**114,517**	**3.1**	**30,794**	**29,891**	**-2.9**
Wages and salaries	17,554	4.3	18,490	5.3	3,843	4,200	9.3
Goods and services	2,843	11.3	2,491	-12.4	565	648	14.6
Interest payments	18,863	3.3	19,672	4.3	7,465	7,575	1.5
Current transfers	58,324	-24.4	57,500	-1.4	15,373	13,682	-11.0
Contingency fund	—	—	2,290	—	—	—	—
Investment	7,043	9.0	7,247	2.9	2,095	2,211	5.5
Capital transfers	6,455	-5.3	6,827	5.8	1,452	1,576	8.5
3. Cash-basis balance (3 = 1 – 2)	**-2,626**	**—**	**-8,821**	**—**	**-2,846**	**-2,807**	**—**
MEMORANDUM ITEM: NATIONAL ACCOUNTS (c) :							
Revenue	110,819	-12.5	—	—	27,858	27,639	-0.8
Expenditure	114,395	-12.4	—	—	24,694	23,997	-2.8
Net lending (+) or borrowing (–)	**-3,576**	**—**	**-3,620**	**—**	**3,164**	**3,642**	**—**

Source: Ministerio de Hacienda.
(a) Includes revenue from the tax on non-residents.
(b) Includes taxes on insurance premiums and tariffs.
(c) Figures in conformity with method used in Excessive Deficit Procedure.

Q1 was received in April that year). Also, a significant part of personal income tax revenue in Q1 was still not affected by the reduction in the rate of withholding entailed by the reform of this tax. The rates of change in the final column of Table 3 allow for these facts.

In the first three months of the year, the State recorded a surplus of €3,642 million (0.5% of GDP), as against €3,164 million (the same percentage of GDP) in the same period of the previous year (see Table 3). Both revenue and expenditure fell slightly from a year earlier (by 0.8% and 2.8%, respectively), owing to the residual effect of the change in regional government financing. Notable among the items not affected by this change was the lower revenue from property income, owing to reduced Banco de España profits, and on the expenditure side, the growth of goods and services (30.1%) and of investment (65%).

In cash terms, the latest available data indicate that in 2003 Q1 there was a slight reduction in the State deficit, which stood at €2,807 million, as against €2,846 million in the period January to March 2002. This reduction in the cash-basis deficit contrasts with the increase budgeted

TABLE 4

Balance of payments: summary (a)

€ m

	JANUARY-JANUARY 2002	JANUARY-JANUARY 2003
	CREDITS	
Current account	**19,024**	**20,046**
Goods	10,385	10,592
Services	4,431	4,751
Tourism	2,094	2,121
Other services	2,337	2,630
Income	2,025	1,953
Current transfers	2,185	2,751
Capital account	**1,639**	**1,378**
	DEBITS	
Current account	**20,099**	**22,246**
Goods	12,718	13,286
Services	3,332	3,575
Tourism	553	578
Other services	2,778	2,997
Income	3,072	3,816
Current transfers	977	1,568
Capital account	**93**	**101**
	BALANCE	
Current account	**-1,075**	**-2,199**
Goods	-2,334	-2,694
Services	1,099	1,176
Tourism	1,541	1,543
Other services	-442	-367
Income	-1,048	-1,864
Current transfers	1,207	1,183
Capital account	**1,547**	**1,276**

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

for the year as a whole (Table 3), although the calendar effects referred to above, which have a bearing on the comparison with the previous year, should be taken into account.

To analyse revenue developments, data are available on the total revenue from the main taxes, including both the portion assigned to the State and that which corresponds to the regional (autonomous) governments, the latter portion not being included in Table 3. Total personal income tax receipts grew by 14.7% in Q1, a notable acceleration from the rate for 2002 as a whole. However, this strong acceleration in personal income tax was a consequence of the calendar effect mentioned above in relation to tax withheld on earned income. Indirect taxes, meanwhile, grew in Q1 at a similar rate to the previous year as a whole. VAT grew, on a homogeneous basis, by 6.1% (as against 6.4% in 2002), while excise taxes increased by 5.3% (4.6% in the preceding year). Finally, it should be added that the fall in non-tax receipts reflects the reduction in the State's property income and that the data for corporate income tax are still not representative.

On the expenditure side, there was a fall in Q1 with respect to the same period a year earlier, owing to the current transfers caption which, still affected by the new regional government financing system, declined by 11% (see Table 3). Meanwhile, operating costs (wages and salaries and goods and services) increased significantly, especially in the case of goods and services, which rose by 14.6%, in sharp contrast to the fall of 12.4% budgeted for 2003 as a whole. Finally, capital expenditure also increased by more than budgeted, both in the case of investment and in that of capital transfers.

As regards the budget outturn for the Social Security System, only partial information is available, for January. In terms of recognised rights, there was a significant acceleration in social contributions, which were 8% higher than in January 2002. Only a small part of this acceleration is explained by higher growth in the number of persons registered with the Social Security System, the rate of growth being 3.1% in January 2003, further accelerating to 3.3% in March (3% in 2002). On the expenditure side, pensions increased by 5.5% in January 2003 with respect to the same month a year earlier, in line with the growth budgeted for the year as a whole. The number of contributory pensions showed very moderate growth (1% in January). Unemployment benefit fell by 3.4% to February, in line with the slowdown in registered unemployment (it grew by 5.1% to March, as against 7.4% in 2002 as a whole) and the reduction in the eligibility ratio, which stood at 70.8% to February, as against 71.6% at the end of 2002.

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

In January 2003, the overall balance on current and capital account was a deficit of €923 million, as compared with a surplus of €423 million in January 2002. This result basically reflects the deterioration on current account, the deficit widening by €1,124 million to €2,199 million. The €270 million decline in the capital account surplus also contributed. The deterioration of the current account was across the board, with the exception of the services account which improved; the income account deteriorated significantly, the trade deficit widened considerably and the current transfers surplus fell slightly.

In January 2003, the trade deficit was €361 million higher than in January 2002, a rise of 15.5% in year-on-year terms. This represented a continuation of the deterioration seen in the final months of 2002, and was related to the strong rise in the prices of imported oil products in this period. As for services, in January 2003 there was a surplus of €1,176 million, €77 million higher than in January 2002. This improvement is explained by the 16.9% correction in the non-tourism services deficit, since the tourism surplus was very similar to that a year earlier. Tourism credits grew by 1%, maintaining the slightly positive trend that commenced in late 2002, while debits rose by 4.6% in January 2003, continuing to display the more moderate tone recorded in the previous quarter.

The income deficit worsened by €816 million euro in January 2003, relative to the same month a year earlier, to reach €1,864 million. Credits fell by 3.6%, affected by the lower profits on foreign investments, as a result of the weakness of world activity, as well as the decline in such investments in recent years. Debits, however, rose significantly in January (24.2%), owing to the notable increase in those made by the non-financial private sector.

The current transfers surplus stood at €1,183 million in January 2003, €24 million down on the level a year previously. Credits rose by 25.9%, a result of the notable boost to flows from the EU's EAGGF Guarantee Section, while debits continued to grow at a high rate (60.4%) owing to the increase in payments to the EU in respect of VAT resource and additional GNP resource.

Finally, the capital account surplus stood at €1,276 million in January 2003, €270 million down on the same month of 2002, owing to the delay in payment of most of the EU structural funds. That said, these payments usually do suffer delays in the first few months of the year.

5. Financial developments

5.1. Overview

During 2002 Q4 there was something of a pick-up on international financial markets, which was also seen in Spain (see Chart 23). The Madrid Stock Exchange General Index (IGBM by its Spanish abbreviation) rose 10%, reducing the cumulative losses for the year to 23.1%. This was accompanied by a fall in the implied volatility on the IBEX 35 and in the credit risk premia negotiated by Spanish firms on credit derivatives markets, following the high levels attained in Q3 (Box 4 explains the information content of the latter). Yields on government debt markets remained on a declining course and the spread between Spanish and German long-term government bond yields narrowed by 11 basis points (b.p.) to 8 b.p. On the housing market, prices continued to show no signs of slowing and ended the year with a rise of 17.4%, placing the related real cumulative change since 1997 at 60.7%.

In 2003 to date, prices on Spanish stock markets have been highly volatile, this being essentially connected with the uncertainty over the effects of the Iraq war. As at mid-April, the IGBM was around seven percentage points above its end-2002 level, a somewhat more favourable performance than the average for the euro area. On the derivatives markets, the credit risk premia of the main Spanish corporations in the telecommunications and utilities sectors have held stable, while they have fallen significantly for the oil industry. Finally, yields on the government debt markets have been on a declining course at all maturities. This trend reversed in March in the case of long-term instruments, with interest rates coming to stand at levels very close to those at the start of the year. By contrast, the yield on short-term debt closed Q1 34 b.p. down on its end-2002 level.

Against this background, the financial saving of the non-financial private sector recovered moderately in 2002 Q4, taking the sector's net borrowing to 2.9% of GDP (see Table 5). This development, together with the slight dissaving of the general government sector, meant that the debit balance of the nation's net financial transactions stood at 1.6% of GDP.

Financing extended to the non-financial private sector continued to show high growth during 2002 Q4. In the case of households, there was even something of an acceleration in the rate of expansion of credit. More specifically, credit for house purchases continued advancing at a rate of around 17%, while that intended for the acquisition of durable and current goods slowed notably. Borrowed funds raised by non-financial corporations grew at a slightly lower rate than the previous quarter (13.9%). This trend led to a fresh increase in the level of households' and non-financial corporations' relative indebtedness, which did not make for increases in the associated financial burden, owing to the favourable behaviour of the cost of debt. On provisional information for 2003 Q1, the resources raised by Spanish corporations and households continue to expand at a rate of close to 14%.

Spanish households and firms thus continued to resort during 2002 Q4 (as they probably will have done into 2003) to borrowed funds in order to sustain spending levels higher than those that would befit the current trend of their income. This resort to financing, based on their confidence in the maintenance of the current framework of macroeconomic stability, is contributing positively to moderating the intensity of the cyclical slowdown undergone by the Spanish economy. Likewise, the loose conditions in which both sectors are raising new funds mean that the financial burden associated with this greater indebtedness is not increasing. Accordingly, at the aggregate level, the financial position of households and firms does not appear to be posing an obstacle to either future consumption or investment.

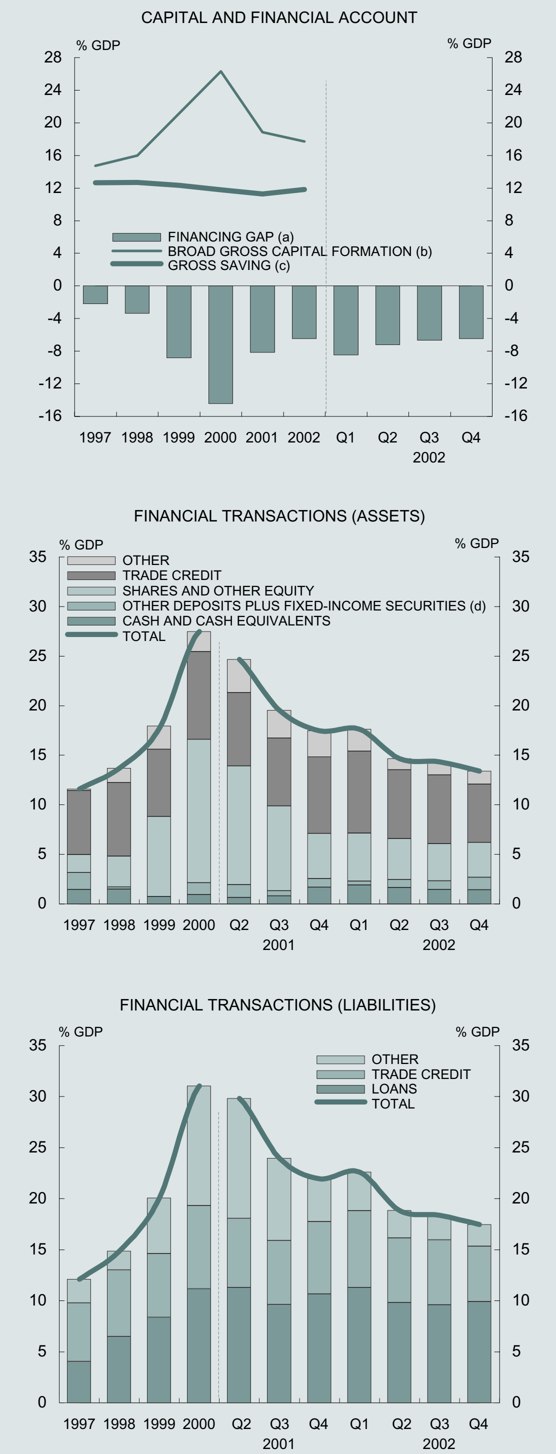
Nonetheless, the greater volume of liabilities incurred entails less scope to continue sustaining these sectors' spending decisions in the form of intensive recourse to borrowed funds. Analogously, the greater indebtedness of households and firms also involves the greater sensitivity of their spending decisions to changes in the determinants of both the costs of such debt and of the sector's capacity to meet the attendant debt servicing requirements.

5.2. Households

In 2002 Q4 the net financial saving of households amounted to 0.9% of GDP, thereby taking it in cumulative four-quarter terms to 1.2% of GDP (see Table 5). This involved a certain pick-up on the previous year, albeit a moderate one, particularly bearing in mind the climate of uncertainty and the cumulative reduction in household financial wealth of 12% of GDP in 2002 as a whole (see Chart 24). As regards their GDI, saving not earmarked for debt servicing diminished once again to 1.1%, while the level of indebtedness in terms both of financial wealth and of GDI increased anew (see Chart 25). Further to this fresh increase, the debt/GDI ratio, though still below that of the United Kingdom and the United States, has already reached the average euro area level. Nonetheless, as was the case the previous quarter, the declining course of interest

CHART 26

**Non-financial corporations
(Cumulative four-quarter data)**



Source: Banco de España.

(a) Financial resources that cover the gap between real and permanent financial investment and gross saving.

(b) Includes gross capital formation, stockbuilding and foreign equities.

(c) Includes capital transfers.

(d) Not including unpaid accrued interest, which is included under "other".

TABLE 5

Net financial transactions and inter-sectoral flows (cumulative four-quarter data)

% GDP

	NET FINANCIAL TRANSACTIONS								
	1997	1998	1999	2000	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4
National economy	**1,5**	**0,2**	**-1,0**	**-2,4**	**-2,1**	**-2,0**	**-1,9**	**-1,7**	**-1,6**
Non-financial corporations and households and NPISHs	**3,9**	**2,1**	**-0,3**	**-2,4**	**-3,5**	**-4,1**	**-3,2**	**-3,5**	**-2,9**
Non-financial corporations	-0,6	-1,1	-2,3	-3,6	-4,5	-4,9	-4,2	-4,0	-4,1
Households and NPISHs	4,5	3,3	2,0	1,2	1,0	0,9	1,0	0,5	1,2
Financial institutions	**0,8**	**1,1**	**0,5**	**0,7**	**1,5**	**1,6**	**1,5**	**1,7**	**1,4**
General government	**-3,2**	**-3,0**	**-1,2**	**-0,8**	**-0,1**	**0,4**	**-0,2**	**0,2**	**-0,1**
	INTER-SECTORAL FLOWS (a)								
Households and NPISHs	**4,5**	**3,3**	**2,0**	**1,2**	**1,0**	**0,9**	**1,0**	**0,5**	**1,2**
Vis-à-vis:									
Credit institutions (b)	-6,7	-4,6	0,5	-0,2	-1,6	-2,3	-3,0	-3,6	-2,9
Institutional investors (c)	10,9	7,6	0,8	0,4	3,7	3,4	3,4	3,2	2,8
Non-financial corporations	**-0,6**	**-1,1**	**-2,3**	**-3,6**	**-4,5**	**-5,0**	**-4,2**	**-4,0**	**-4,1**
Vis-à-vis:									
Credit institutions (b)	-3,0	-4,5	-4,1	-6,8	-4,0	-4,1	-4,3	-3,8	-2,7
Rest of the world	1,7	0,9	-0,8	1,9	-2,1	-2,3	-1,5	-1,6	-1,2
General government	**-3,2**	**-3,0**	**-1,2**	**-0,8**	**-0,1**	**0,4**	**-0,2**	**0,2**	**-0,1**
Vis-à-vis:									
Credit institutions (b)	1,4	1,4	1,4	2,2	-2,3	-0,2	-0,2	0,9	1,0
Institutional investors (c)	-3,9	-2,6	1,7	3,9	2,9	1,6	1,3	0,6	0,3
Rest of the world	-2,0	-1,1	-4,4	-6,0	-1,6	-1,8	-1,6	-1,6	-1,3
Rest of the world	**-1,5**	**-0,2**	**1,0**	**2,4**	**2,1**	**2,0**	**1,9**	**1,7**	**1,6**
Vis-à-vis:									
Credit institutions (b)	2,8	7,1	2,0	5,2	3,8	2,7	3,9	3,3	2,9
Institutional investors (c)	-2,5	-6,3	-3,6	-5,6	-4,8	-3,7	-3,8	-3,4	-2,5
Non-financial corporations	-1,7	-0,9	0,8	-1,9	2,1	2,3	1,5	1,6	1,2
General government	2,0	1,1	4,4	6,0	1,6	1,8	1,6	1,6	1,3

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

rates meant that the increase in the level of cumulative household debt did not feed through to a heavier financial burden for them.

With regard to portfolio decisions, the acquisition of financial assets by households was higher than that of the previous quarter, standing at 9.1% of GDP in cumulative four-quarter terms (see Table 6). In terms of instruments, switching to lower-risk assets continued; however, unlike in 2001, net acquisitions of equities (in cumulative four-quarter terms) posted positive values. Thus, net investment in shares and other equities accounted for 0.7% of GDP, while net subscriptions of mutual fund shares remained positive, though limited, as a result of the increase in shares in money-market mutual funds exceeding the decline in shares in securities funds.

Turning to liabilities transactions, the financing received by households quickened in 2002 Q4 and grew at a year-on-year rate of 14.8%. This flow accounted for 7.9% of GDP, the same figure as the previous quarter. As to the breakdown of loans by purpose, the trend of financing is once again the outcome of the forceful expansion of loans for house purchases (17.3%), while credit for the purchase of durable and current goods slowed notably, dipping from a year-on-

BOX 4

The information content of credit derivatives

Credit derivatives are financial instruments that can be used to transfer credit risk from agents that are exposed to it to others that wish to assume it. Trading in these instruments began in the early nineties, and activity over the past three years has grown exponentially. Single-name credit default swaps (CDSs), the most actively traded instruments, provide protection against the risk of a credit event occurring (bankruptcy, failure to pay creditors or others) at a company or sovereign issuer. The agent acquiring the protection makes a periodic payment (premium) to the attendant counterparty until the maturity of the transaction or until the credit event against which protection is being purchased occurs. In this latter instance, the buyer of the protection is compensated by the loss, which is equal to the difference between the par value of the bond or loan and its market value after the credit event.

Consequently, CDS prices provide relevant information on the credit status of benchmark entities. Thus, faced with increases (reductions) in the market-estimated probability of default, premia will tend to rise. In the absence of distortions, there is a non-arbitrage relationship which ensures the equality of the CDS premia and the credit spread of the bonds (the difference between the yield on the bond and that on a risk-free asset), which is the traditional indicator of corporate risk. The CDS premium offers, however, some practical advantages over this traditional indicator. CDS prices reflect the risk over a fixed term, while on the bond market the information available refers to instruments whose residual life diminishes over time. Hence, to calculate a risk indicator at a constant maturity, it is necessary to change the asset periodically. Moreover, on the bond market, generally more than one instrument of a single issuer, with similar maturities and, occasionally, different prices is traded. In such circumstances it is not clear which is the most representative instrument that should be chosen. Conversely, on the CDS market a single instrument for each maturity is traded.

The accompanying table shows the main results of the comparison between CDS premia and credit spreads (calculated using swap rates to approximate the risk-free interest rate) for a sample of European and US corporations (1). The first two columns show the average value of the spread between both indicators (or the “basis”) and the absolute value for the full total of issuers in the sample and for certain specific groups. As can be seen, the average basis is positive in all the cases considered, although it is very close to zero, indicating that in the long run the information provided by both indicators is the same. The absolute value of the basis is likewise small, suggesting that, in the short run, CDS premia do not differ significantly from the credit spreads. There are, however, issuers for which this does not hold, principally among the lower-rated European companies, for which CDS premia tend to be higher than the bond credit spread.

The fact that the information provided by the two indicators is the same in the long run for most issuers does not prevent information in the short run being incorporated previously into one of the indicators. To address this question, the last column in the table shows the contribution of the CDS market to price discovery, using a measure habitually employed in the literature. Values higher (lower) than 50% would indicate that CDSs, set against bonds, incorporate the information earlier (later). The results clearly suggest that the indicator based on the derivatives market tends to react more swiftly to changes in the credit status of firms. This characteristic, along with greater ease of calculation, makes the CDS premium a preferable indicator for analysing changes in the creditworthiness of companies.

Further, for those companies in which the information content of the two indicators is different, there are grounds for considering that the best option for analysing changes in the credit status of these companies would be to combine both indicators, taking the price of CDSs as a higher boundary of credit risk, while the credit spread would provide a low.

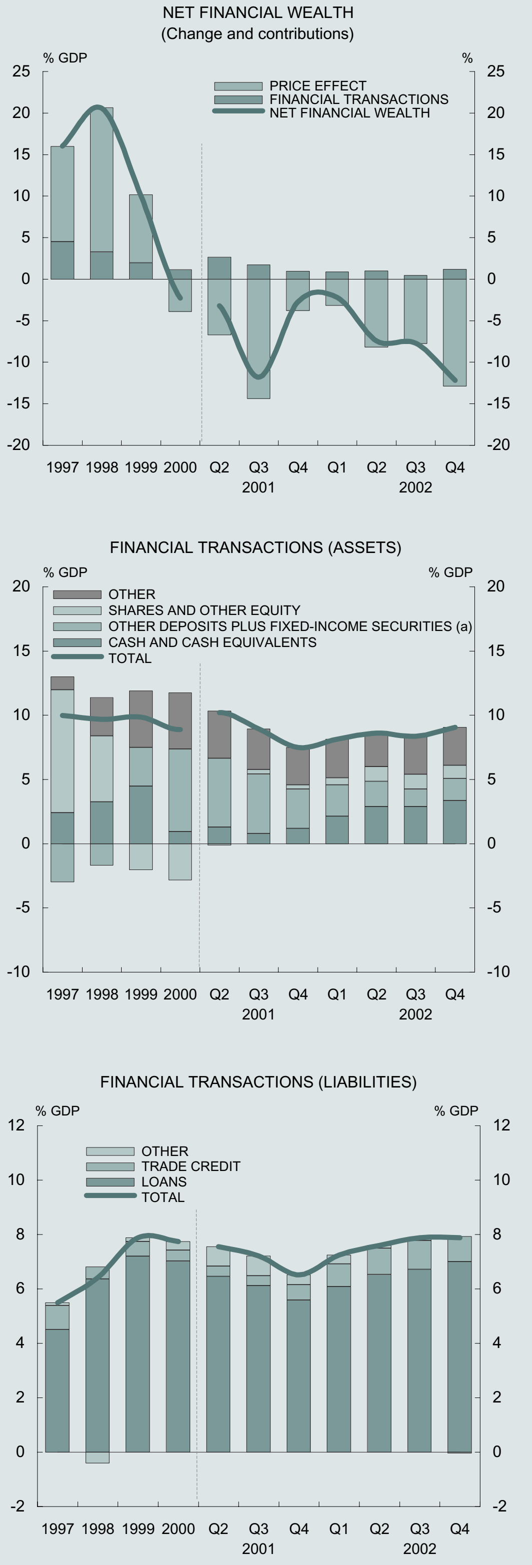
(1) For further details see the article (in Spanish) “El contenido informativo de los derivados crediticios” by Roberto Blanco, in the January 2003 edition of the *Boletín económico.*

CDS premia versus credit spread of bonds

	CDS premium-credit spread of bonds (bp)		Contribution of CDS market to price formation (%)
	Average level	Average of absolute value	
Sample total	5.5	14.6	77.8
Companies with AAA-AA rating	6.9	11.6	89.3
Companies with A rating	0.5	13.0	69.1
Companies with BBB rating	14.9	22.5	84.8
European companies	7.4	17.3	69.3
US corporations	3.5	11.7	83.7

CHART 24

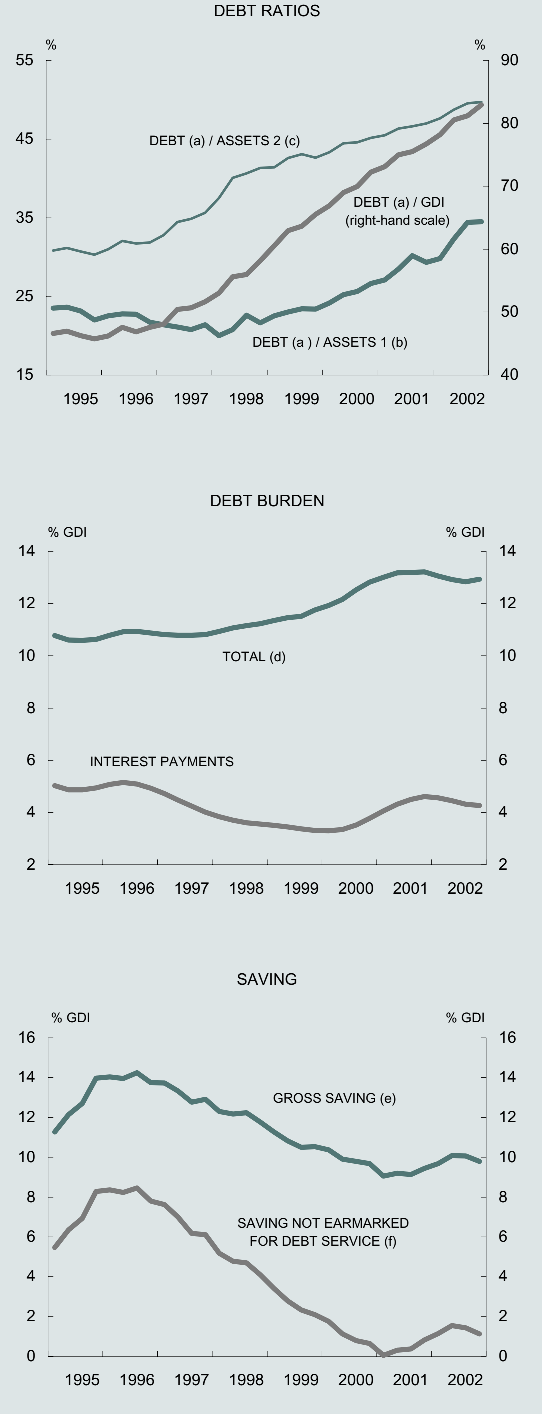
Households and NPISHs
(Cumulative four-quarter data)



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

CHART 25

Indicators of the financial position of households and NPISHs



Source: Banco de España.
(a) Includes bank credit extended by resident credit institutions, foreign loans, fixed-income securities and financing through securitisation funds.
(b) Assets 1 = Total financial assets – "other".
(c) Assets 2 = Assets 1 – shares – shares in FIM.
(d) Calculated on the basis of bank credit extended by resident credit institutions.
(e) Balance of households' use of disposable income account.
(f) Gross saving less estimated debt repayments.

TABLE 6

Financial assets and liabilities of households, NPISHs and non-financial corporations (Cumulative four-quarter data)

% GDP

	1999	2000	2001	2002 Q2	2002 Q3	2002 Q4
HOUSEHOLDS AND NPISHs:						
Financial transactions (assets)	**9.9**	**8.9**	**7.5**	**8.6**	**8.4**	**9.1**
Cash and cash equivalents	4.5	0.9	1.2	2.9	2.9	3.4
Other deposits and fixed-income securities (a)	3.0	6.4	3.1	2.0	1.4	1.7
Shares and other equity (b)	0.1	0.5	-0.4	0.3	0.5	0.7
Mutual funds	-2.2	-3.4	0.8	0.8	0.7	0.3
FIAMM	*-1.4*	*-1.4*	*1.3*	*1.2*	*1.0*	*0.8*
FIM	*-0.8*	*-2.0*	*-0.5*	*-0.4*	*-0.3*	*-0.5*
Insurance technical reserves	3.3	3.5	2.6	2.3	2.2	2.2
Of which:						
Life assurance	*2.0*	*1.9*	*1.4*	*1.2*	*1.2*	*1.3*
Pension funds	*1.0*	*1.4*	*0.9*	*0.9*	*0.8*	*0.7*
Other	1.1	0.9	0.4	0.3	0.7	0.7
Financial transactions (liabilities)	**7.9**	**7.7**	**6.5**	**7.6**	**7.9**	**7.9**
Resident credit institutions (c)	7.1	7.0	5.4	6.4	6.6	6.8
Other	0.8	0.8	1.1	1.2	1.3	1.0
NON-FINANCIAL TRANSACTIONS:						
Financial transactions (assets)	**17.6**	**27.5**	**17.7**	**14.9**	**14.6**	**13.4**
Cash and cash equivalents	0.7	0.9	1.7	1.6	1.4	1.4
Other deposits and fixed-income securities (a)	-0.2	1.2	0.9	0.8	0.9	1.2
Shares and other equity	8.1	14.5	4.6	4.1	3.7	3.5
Of which:						
Vis-à-vis the rest of the world	*6.5*	*10.9*	*3.7*	*3.0*	*2.6*	*2.4*
Other	9.0	10.9	10.6	8.3	8.6	7.2
Financial transactions (liabilities)	**19.9**	**31.1**	**22.2**	**19.1**	**18.7**	**17.4**
Credit from resident credit institutions (c)	5.3	7.6	6.9	6.8	6.7	6.6
Foreign loans	3.0	3.5	3.6	2.9	2.7	3.2
Fixed-income securities (a)	0.5	-0.7	0.1	0.0	-0.1	-0.3
Shares and other equity	4.9	12.5	4.1	3.1	2.8	2.8
Other	6.2	8.2	7.4	6.3	6.5	5.2
MEMORANDUM ITEM: YEAR-ON-YEAR GROWTH RATES (%):						
Financing (d)	**19.5**	**18.8**	**15.3**	**14.5**	**14.3**	**14.3**
Households and NPISHs	19.6	17.3	12.4	14.0	14.4	14.8
Non-financial corporations	19.4	19.9	17.4	14.9	14.2	13.9

Source: Banco de España.
(a) Not including unpaid accrued interest, which is included under "other".
(b) Not including mutual funds.
(c) Includes securitised loans.
(d) Includes bank credit extended by resident credit institutions, fixed-income securities and financing through securitisation funds.

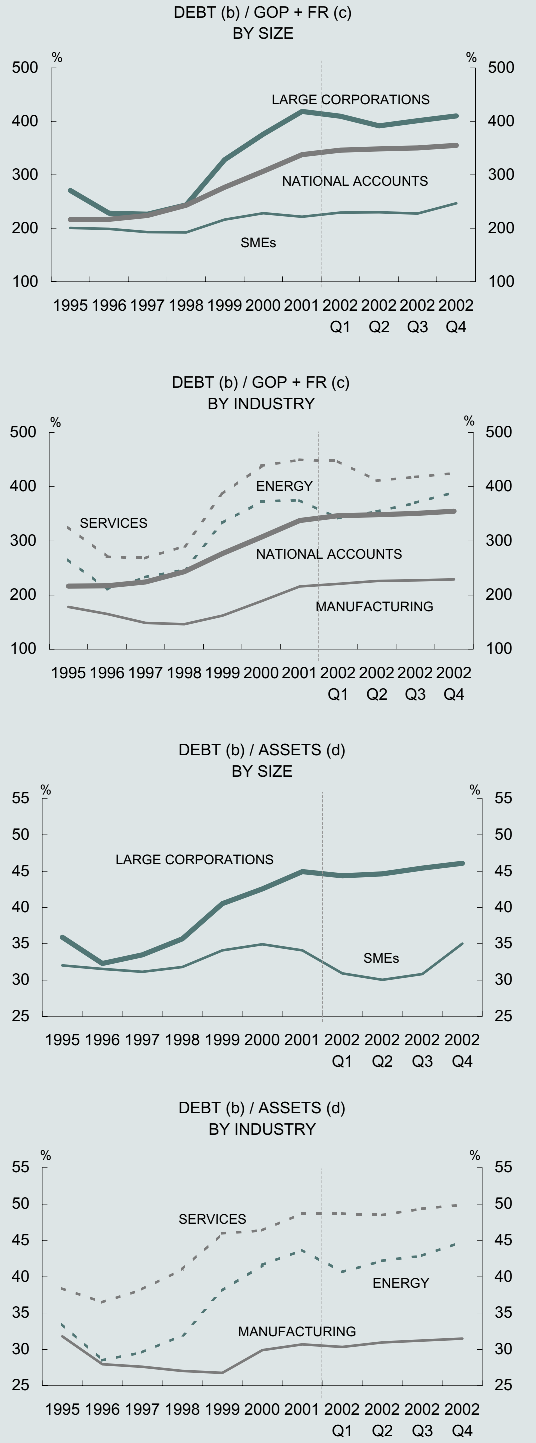
year growth rate of 10.2% to 6.4%. This was despite the fact that there was a slight rise at the end of last year in this latter spending component which, however, does not appear to have extended into the opening months of 2003.

5.3. Non-financial corporations

The net balance of non-financial corporations' financial transactions stood in 2002 Q4 at –0.4% of GDP, signifying a debit balance of 4.1% of GDP in cumulative four-quarter terms (see Table 5). The financing gap (the difference between the sector's real and permanent financial investment and its gross saving) reached similar levels to those of the previous quarter (see Chart 26), which was reflected in the fact that the growth rate of external financing of the sector held at around 14%. This high rate of increase in the resort to borrowed funds, combined with the moderate trend of the sector's

CHART 27

Debt ratios of non-financial corporations (a)



Source: Banco de España.

(a) All the series, except "National Accounts", are calculated with CBSO information. Up to 2001, the information is from the CBSO annual survey (CBA). Thereafter, the indicators have been estimated drawing on the CBSO quarterly survey (CBQ).

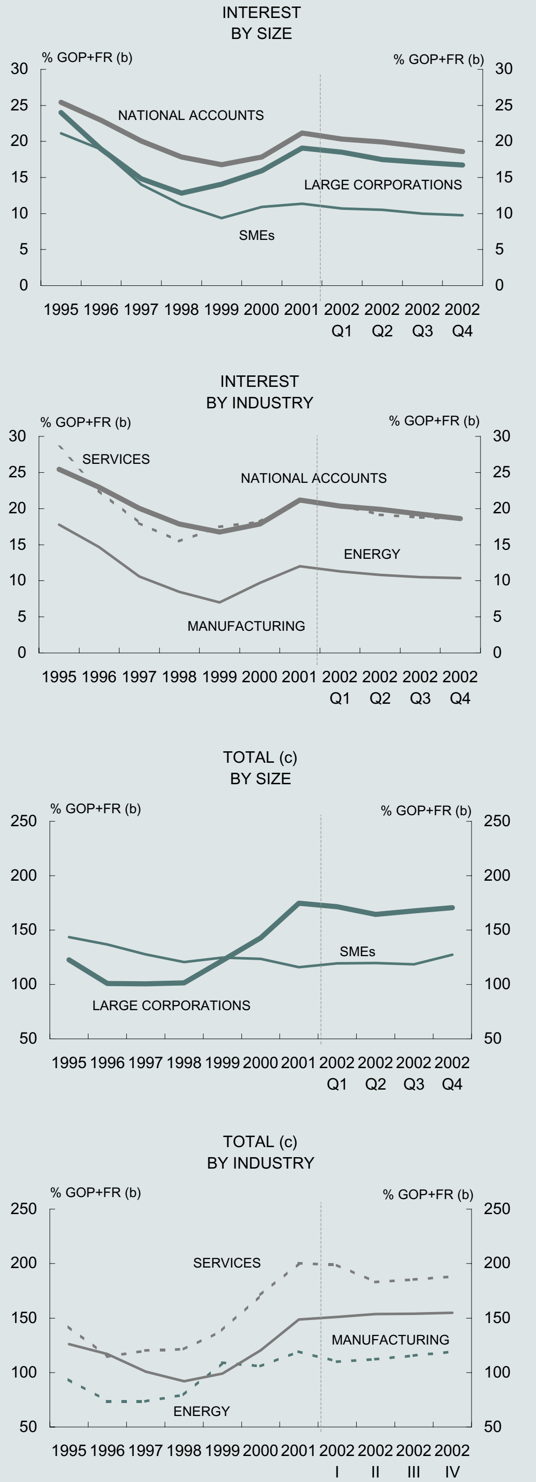
(b) Interest-bearing borrowed funds.

(c) Gross operating profit plus financial revenue.

(d) Defined as total inflation-adjusted assets less non-interest-bearing liabilities.

CHART 28

Debt burden of non-financial corporations (a)



Source: Banco de España.

(a) All the series, except "National Accounts", are calculated with CBSO information. Up to 2001 the information is from the CBSO annual survey (CBA). Thereafter, the information is from the CBSO quarterly survey (CBQ).

(b) Gross operating profit plus financial revenue.

(c) Includes interest plus interest-bearing short-term debt.

operating profit (proxied by the gross operating surplus plus financial revenue) and its assets, prompted a fresh increase in its debt ratios (see Chart 27). Drawing on CBSO data, the distribution of these ratios by size and by sector of activity is fairly heterogeneous. In particular, large, energy and market services corporations show higher relative debt levels than manufacturing firms and SMEs.

This increase in debt levels has not, however, translated into increases in the interest payment burden of corporations, owing to the favourable trend of the cost of financing. Indeed, this burden fell by 0.63 p.p. in the quarter in relation to the sector's operating profit. Nonetheless, on also including short-term debt, the resulting financial burden showed a slight increase during the quarter. According to this indicator, the large and market-services corporations are supporting a heavier relative financial burden.

As regards non-financial corporations' profits, the net profit of corporations reporting to the CBSO Quarterly Survey stood at a negative rate (–31.2%), owing basically to the increase in provisioning for unprofitable investment. However, net ordinary profit, which excludes extraordinary profit, grew at a similar rate (7.6%) to 2001. As a result, the ordinary return on assets, which is the ratio of net ordinary profit to net assets, was 9%, a rate more than four points above the average cost of financing for these corporations.

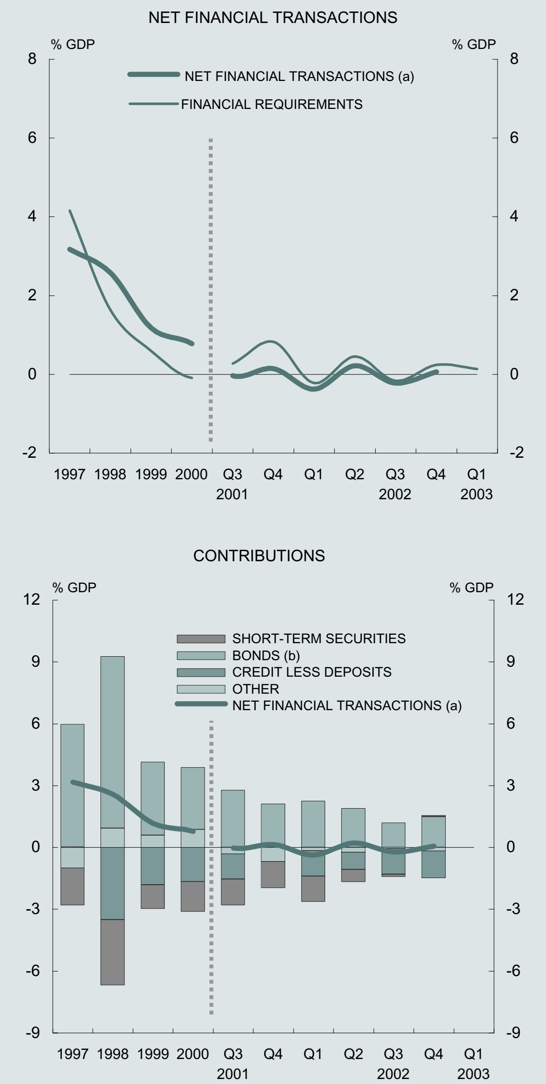
The volume of financial assets acquired by non-financial corporations continued to slow in 2002 Q4 to 13.4% of GDP (see Table 6). This was the outcome of a fresh reduction in the acquisition of shares and other equity and of assets under the heading "other", which accounted for 7.2% of GDP as opposed to 8.3% the previous quarter. Cash and cash equivalents held at the same level as in Q3.

In connection with liabilities transactions, and in cumulative four-quarter terms, funds obtained amounted to 17.4% of GDP, compared with 18.7% the previous quarter. Interest-bearing borrowed funds grew, as indicated, at a slightly lower rate than the previous quarter (13.9%), with a perceptible reduction in the weight of financing obtained via fixed-income securities, while that raised through bank and foreign loans became weightier. Trade credit, included under the heading "other", declined, while financing obtained via shares and other equity held at the level of the previous quarter (2.8% of GDP).

Significantly, however, across the different sectors, the pattern of external financing was uneven. Credit extended to the property sector (construction plus real estate services) once more grew at a year-on-year rate of over 20% (24.8%), in line with the buoyancy of activity in this sector over the year as a whole. Conversely, credit to manufacturing industry (excluding construction) continued to increase at a moderate rate, albeit up on the preceding quarter (3.2% against 1.1%), apparently confirming the signs of a pick-up in this sector. The pace of loans obtained by the services industry (excluding those relating to real estate activity) slowed by almost four percentage points to 5.7%. An analysis by size shows that large corporations, whose debt ratio is

CHART 29

General government (cumulative four-quarter data)



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

TABLE 7

Financial transactions of the nation (cumulative four-quarter data)

% GDP

	1999	2000	2001	2002 Q2	2002 Q3	2002 Q4
Net financial transactions	**-1.0**	**-2.4**	**-2.1**	**-1.9**	**-1.7**	**-1.6**
Financial transactions (assets)	**14.8**	**24.6**	**10.5**	**9.7**	**10.4**	**10.7**
Gold and SDRs	**-0.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash and deposits	**1.7**	**2.8**	**-2.8**	**-0.2**	**1.2**	**3.7**
Credit system	3.7	2.5	-2.7	-0.6	0.2	2.0
Other resident sectors	-2.1	0.4	0.0	0.4	1.1	1.7
Securities other than shares	**2.8**	**3.8**	**7.1**	**5.8**	**5.5**	**4.4**
Credit system	-0.9	-0.3	2.0	1.0	1.3	0.7
Other resident sectors	3.7	4.1	5.1	4.9	4.3	3.7
Shares and other equity	**9.8**	**15.1**	**3.7**	**3.2**	**2.9**	**2.4**
Credit system	0.7	1.7	-0.1	0.1	0.1	-0.1
Other resident sectors	9.1	13.4	3.8	3.1	2.9	2.5
Of which: Non-financial corporations	6.5	10.9	3.7	3.0	2.6	2.4
Loans	**0.7**	**2.8**	**2.5**	**0.9**	**0.6**	**0.1**
Credit system	-0.2	0.5	0.8	0.6	0.5	0.0
Other resident sectors	0.9	2.3	1.7	0.3	0.1	0.1
Financial transactions (liabilities)	**15.8**	**27.1**	**12.6**	**11.6**	**12.0**	**12.2**
Deposits	**4.1**	**6.8**	**2.8**	**4.5**	**4.7**	**4.3**
Of which: Credit system	4.1	6.8	2.8	4.5	4.7	4.3
Securities other than shares	**5.4**	**6.9**	**3.1**	**3.0**	**3.8**	**4.1**
Credit system	0.9	0.7	0.6	0.2	0.7	1.2
General government	4.3	5.7	1.6	1.5	1.5	1.2
Other resident sectors	0.2	0.4	0.9	1.4	1.6	1.7
Shares and other equity	**3.9**	**9.1**	**3.5**	**2.1**	**1.9**	**1.5**
Credit system	0.3	1.7	0.5	0.3	0.2	0.1
Other resident sectors	3.6	7.3	2.9	1.8	1.8	1.4
Loans	**3.8**	**4.5**	**4.3**	**3.5**	**3.3**	**3.5**
General government	0.1	0.1	0.1	0.1	0.2	0.0
Other resident sectors	3.7	4.4	4.2	3.4	3.1	3.5
Other, net (a)	**-1.5**	**-0.1**	**-1.0**	**-1.6**	**-1.7**	**-1.2**

Source: Banco de España.
(a) Includes the asset-side caption reflecting insurance technical reserves.

higher than that of non-financial corporations as a whole, increased their resort to borrowed funds more moderately (2.16%), testifying to the restructuring undertaken by some of these companies.

5.4. General government

The net balance of the financial transactions of general government in 2002 Q4 was negative and, in cumulative four-quarter terms, stood at –0.1% of GDP (see Chart 29).

To meet its requirements for funds, this sector stepped up the issuance of long-term securities. Thus, in terms of GDP, it raised the contribution of medium- and long-term government bonds. And although the financing received via short-term securities was slightly negative in 2002 Q4, it was positive in cumulative four-quarter terms, an unprecedented occurrence since 1997 Q3.

TABLE 8

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

% GDP

	1997	1998	1999	2000	2001	2002
National economy	**-20,9**	**-21,6**	**-22,2**	**-20,6**	**-22,2**	**-23,3**
Non-financial corporations and households and NPISHs	**-10,9**	**-8,6**	**-8,6**	**-0,8**	**-1,8**	**0,3**
Non-financial corporations	-17,2	-14,8	-16,2	-8,4	-9,6	-8,6
Households and NPISHs	6,3	6,2	7,6	7,6	7,8	9,0
Financial institutions	**6,9**	**4,8**	**6,9**	**5,1**	**4,7**	**1,8**
Credit institutions (b)	2,4	-5,4	-7,5	-12,5	-14,5	-15,7
Institutional investors (c)	4,6	10,7	15,0	18,3	20,8	20,5
Other financial institutions	-0,1	-0,4	-0,6	-0,8	-1,6	-3,0
General government	**-17,0**	**-17,9**	**-20,6**	**-24,8**	**-25,1**	**-25,4**

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

Provisional information for 2003 Q1 points to a reduction in net financing obtained by general government. The financial requirements indicator stood at 0.09% of GDP, against 0.24% the previous quarter.

5.5. The rest of the world

At the close of 2002, the debit balance of the nation's financial transactions stood at 1.6% of GDP, half a percentage point down on the related end-2001 balance. This recovery was basically due to the lower debit balance of non-financial corporations, and was achieved in a context in which asset and liabilities transactions were on a similar scale to those recorded in 2001.

The net acquisition of foreign assets increased to 10.7% of GDP, against 10.4% the previous quarter (see Table 7). This was once again the result of a substantial increase in liquid assets, which offset the decline seen under the other headings. On Balance of Payments information, foreign direct (permanent) investment rose compared with the same quarter a year earlier, while there was a significant decline in portfolio investment in relation to 2001 Q4.

On the liabilities side, net flows amounted to 12.2% of GDP, against 12% three months earlier, despite the decline in deposits and in shares and other equity, which accounted respectively for 4.3% and 1.5% of GDP. According to Balance of Payments information, inward foreign direct investment in Spain grew substantially in relation to 2001 Q4, while portfolio investment dipped slightly compared with the same quarter a year earlier.

Finally, the debit position of the Spanish economy vis-à-vis the rest of the world stood at 23.3% of GDP (see Table 8) at the end of last year, 1.1 p.p. up on end-2001.

29.4.2003.

Results of non-financial corporations in 2002 Q4 and summary year-end data (1)

1. INTRODUCTION

The data of the CBSO Quarterly Survey (CBQ) relating to 2002 Q4 confirm the initial summary results prepared with data for the first three quarters of the year. These results were published in the January 2003 edition of the Economic Bulletin, following the presentation of the 2001 Annual Survey (CBA) results in Spanish two months earlier. As can be seen in Table 1 and Chart 1, the reporting corporations sustained moderate growth in activity in 2002, posting slightly higher rates than a year earlier (a nominal increase of 4.3% of GVA in 2002 compared with 3.9% in 2001). This performance was achieved amid heightened uncertainty internationally and, consequently, slack productive activity, which but highlighted the relatively favourable performance of Spanish corporations. As can be deduced from the CBQ reporting corporations, growth was basically underpinned by sustained consumption. Despite its greater exposure and external dependence relative to other activities, the performance of the industrial sector was positive, in contrast to previous years. However, all the signs are that the increase in international instability in the second half of the year stalled the recovery that had begun to be perceptible in industry in 2002 Q3 (see Box 1 and Table 2).

On the international front, mention may be made of the effects of the crisis of certain Latin-American countries and of the cancellation of one major telecommunications company's European investments on the earnings of the principal Spanish groups in 2002. These effects have been manifest in the form of heavy net provisioning, which has adversely affected the net profits of the total aggregate of corporations in the sample, though not their ordinary net profits, nor their profitability, since both are calculated based on the surpluses obtained on ordinary activity. Recent developments in the Latin-American countries where the main Spanish investments are concentrated (Argentina, Brazil, Chile and Mexico) show signs of stabilisation and improving expectations. In any event, the climate of uncertainty generated in the second half of the year by the growing tension in the Middle East has affected oil prices and, more generally, confidence and expectations about

(1) This article is based on the data provided to 14 March 2003 to the CBSO by the 766 corporations which, on average, have reported information to the CBQ survey in the period analysed. In terms of activity, this aggregate of corporations accounts for approximately 14.5% of the GVA of the sector non-financial corporations.

TABLE 1

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

Databases	CBA structure	CBA		CBQ (a)		
	2001	2000	2001	00Q1-Q4/ 99Q1-Q4	01Q1-Q4/ 00Q1-Q4	02Q1-Q4/ 01Q1-Q4
Number of corporations / Total national coverage		8053/28.9%	7081/26.0%	904/16.5%	864/15.5%	766/14.5%
1. VALUE OF OUTPUT (including subsidies)	100.0	16.0	2.9	17.8	1.5	4.5
Of which:						
1. Net amount of turnover and other operating income	130.0	17.4	5.6	22.3	2.9	4.7
2. INPUTS (including taxes)	69.0	20.1	2.3	24.2	0.2	4.6
Of which:						
1. Net purchases	42.9	23.8	-2.0	30.4	-2.1	5.0
2. Other operating costs	25.6	14.4	7.9	9.6	3.2	3.9
S.1. GROSS VALUE ADDED AT FACTOR COST [1 - 2]	31.0	7.5	4.1	7.9	3.9	4.3
3. Personnel costs	15.9	7.5	5.2	5.5	4.6	3.9
S.2. GROSS OPERATING PROFIT [S.1 - 3]	15.1	7.5	3.0	10.0	3.3	4.6
4. Financial revenue	5.3	26.3	25.8	20.9	12.6	-2.6
5. Financial costs	4.1	26.3	14.4	34.7	9.2	-6.5
6. Depreciation and operating provisions	6.8	6.6	-0.2	7.1	0.5	0.4
S.3. ORDINARY NET PROFIT [S.2 + 4 - 5 - 6]	9.5	8.3	12.2	8.4	7.9	7.6
7. Capital gains and extraordinary revenue	4.5	-10.3	2.6	18.6	11.5	134.2
8. Capital losses and extraordinary expenses	3.7	11.0	2.9	-19.1	28.3	97.3
9. Other net provisioning	3.3	-21.1	46.2	141.5	35.8	255.4
10. Income tax	1.7	-15.4	1.9	-20.2	0.1	7.1
S.4. NET PROFIT [S.3 + 7 - 8 - 9 - 10]	5.3	15.3	-0.8	14.6	-13.0	-31.2
Memorandum item:						
FUNDS GENERATED FROM OPERATIONS [S.2 + 4 - 5 - 10]	14.7	10.5	7.2	12.0	5.3	4.6
PROFIT RATIOS						
R.1 Ordinary return on net assets (before taxes)		7.4	7.6	8.4	7.9	9.0
R.2 Interest on borrowed funds/ interest-bearing borrowing		5.0	5.1	5.6	5.2	4.6
R.3 Ordinary return on equity (before taxes)		9.1	9.5	10.4	10.1	12.9
R.4 ROI - cost of debt (R.1-R.2)		2.4	2.5	2.8	2.7	4.4
R.5 Debt ratio		47.3	49.0	46.3	49.9	50.7

Source: Banco de España.
(a) All the data in these columns have been calculated as the weighted average of the quarterly data.
Note: internal accounting movements have been edited out of items 4, 5, 7, 8, 9 and 10.

TABLE 2.a

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

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Compensation per employee			
	CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)	
	2000	2001	01 Q1-Q4	02 Q1-Q4	2000	2001	01 Q1-Q4	02 Q1-Q4	2000	2001	01 Q1-Q4	02 Q1-Q4	2000	2001	01 Q1-Q4	02 Q1-Q4
Total	**7.5**	**4.1**	**3.9**	**4.3**	**4.3**	**2.5**	**0.8**	**0.2**	**7.5**	**5.2**	**4.6**	**3.9**	**3.1**	**2.7**	**3.8**	**3.7**
SIZE:																
Small	9.9	7.6	—	—	4.8	2.0	—	—	9.5	7.5	—	—	4.5	5.4	—	—
Medium	8.4	8.5	5.4	5.5	5.9	3.7	2.0	2.2	9.9	9.1	6.7	4.6	3.7	5.2	4.6	2.3
Large	7.3	3.4	3.8	4.2	3.9	2.3	0.6	0.0	7.0	4.6	4.4	3.9	2.9	2.2	3.8	3.9
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Energy	13.5	-5.9	-6.4	-2.8	-3.4	-2.5	-3.8	-3.5	0.0	3.0	2.4	-0.7	3.5	5.7	6.4	2.9
Industry	6.1	-0.9	-2.3	2.7	2.9	-1.0	-0.4	-1.6	6.5	2.9	3.4	2.6	3.6	3.9	3.8	4.3
Wholesale & retail trade	6.8	10.5	17.2	9.9	9.1	7.2	6.1	4.5	11.3	9.1	9.3	6.9	2.0	1.7	3.0	2.3
Transport and communications	2.5	9.2	9.4	7.2	0.5	0.1	-2.4	-1.2	5.5	3.1	1.4	4.2	5.0	3.0	3.9	5.5

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

the economy picking up, which hinge on this outlook clearing.

Despite the unfavourable international setting, average employment growth in large and medium-sized corporations reporting to the CBQ held at a positive though very small rate in 2002 (0.2%), confirming both the relative resilience being shown by Spanish firms during this period of greater uncertainty and the gradual adverse impact exerted by the international climate in respect of employment generation. The behaviour of average compensation in 2002, which increased by 3.7% compared with 3.8% in 2001, shows a slight containment of wages which should nonetheless become firmer in the coming quarters. The overall performance of employment and average compensation led personnel costs to grow by 3.9% in 2002, a somewhat lower rate than that of GVA (4.3%). As a result, gross operating profit grew at a stronger rate (4.6%), up on the previous year (3.3%), though still clearly below the related rate for 2000 (10%). Financial costs fell across the board owing to interest rate cuts and, once again, this eased corporations' profit and loss accounts. However, despite the advantageous conditions still offered on financial and credit markets, significant increases in borrowing were not apparent, owing possibly to the prevailing climate of uncertainty, highlighting the fact that corporations have opted to defer decisions on new investment to more favourable times.

Lastly, ordinary net profit grew at a similar rate in 2002 as in 2001. That said, owing to the unfavourable performance of financial costs, it grew at a higher rate than GVA and gross operating profit (7.6%, against 4.3% and 4.6% for the latter two variables). In step with this trend, ordinary returns held at high levels (9% for the ordinary return on net assets and 12.9% for that on equity), both slightly up on prior years. Combined with the reduction in borrowing costs (which fell by somewhat over half a point between 2001 and 2002), this meant that the ratio measuring the difference between the return on investment (ROI) and the cost of debt displayed – for yet another year – a clearly positive value. That confirms the favourable position from which Spanish corporations are facing the future, despite the persistence of the economic stagnation and political uncertainty of the international outlook (2).

(2) Box 2 explains why in recent editions of this quarterly article the term "financial leverage" has ceased to be used to denote the ratio measuring the difference between the return on investment and the cost of debt (R.4).

CHART 1

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

NUMBER OF CORPORATIONS

CBA	8,054	8,135	8,248	8,053	7,081	
CBQ	722	839	891	904	864	766

% OF GDP OF THE SECTOR NON-FINANCIAL CORPORATIONS

CBA	33.6	33.5	31.6	28.9	26.0	
CBQ	18.7	18.2	17.8	16.5	15.5	14.5

NUMBER OF CORPORATIONS

CBA	8,054	8,135	8,248	8,053	7,081	
CBQ	722	839	891	904	864	766

% OF GDP OF THE SECTOR NON-FINANCIAL CORPORATIONS

CBA	33.6	33.5	31.6	28.9	26.0	
CBQ	18.7	18.2	17.8	16.5	15.5	14.5

CBA data

CBQ data

Source: Banco de España.

(a) Information available to 14 March 2003 (CBA and CBQ).

(b) The 1997, 1998, 1999, 2000 and 2001 data are based on information from the corporations included in the annual survey (CBA) and the average of the four quarters of each year in relation to the previous year (CBQ).

(c) Average of the four quarters of 2002 over the same period of 2001.

BOX 1

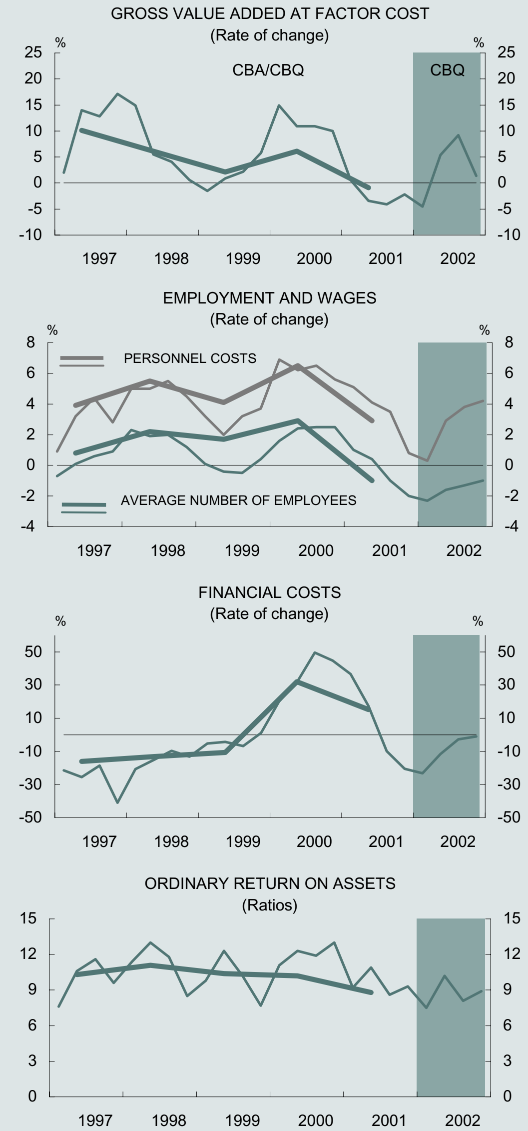
Analysis of the industrial sector

In 2002 the industrial corporations in the CBQ sample reported moderate growth in their productive activity. Their GVA increased by 2.7% in 2002 as a whole, a significant change in trend from the –2.3% rate recorded in 2001. In fact, the only industries to record negative GVA growth in 2002 were the manufacture of transport equipment and other manufacturing. The recovery was based on the behaviour of investment in capital goods and on the improvement – basically in Q3 – in external activity, which caused the GVA of the industrial corporations to increase by more than 9% in that period. However, in the final months of the year, a return to higher levels of international tension and correlative stagnation in the EU economies once again checked the industrial sector's rhythm of growth and worsened the outlook for future quarters.

Despite the more positive trend in productive activity, industrial corporations still failed to offer any net increase in employment in 2002, recording a decrease of –1.6% in the year as a whole. The one exception was the manufacture of electric, electronic and optical equipment, with clear growth in employment of 2.7%, though this was a lower rate of job creation than in the previous two years (7.1% in 2000 and 3.4% in 2001). In industry as a whole, nevertheless, the quarterly profile of the employment series improved, from a rate of –2.3% in 2002 Q1 to –1% in Q4. Nonetheless, the sector cannot be expected to create new jobs until the stagnant world economic situation is clearer. Average compensation, meanwhile, rose by 4.3% (3.8% in 2001), probably influenced by the effect of the application of wage indexation clauses. The combined effect of these two variables (employment and compensation) was a 2.6% increase in personnel costs in 2002, which was almost one percentage point less than in the previous year. This, together with the reduction in financial costs (–11.4%) due to the fall in interest rates, was not fully passed through to ordinary net profit (which grew by only 1.8%) because the industrial corporations made larger provisions and depreciation charges than in 2001. The combination of the performance of ordinary net profit and that of financial costs enabled industry to record high levels of ordinary profit (8.7% in the case of the ordinary return on net assets and 10.6% in that of the ordinary return on equity), although they were down from those recorded in 2001 and 2000. The ratio that measures the cost of external financing fell by more than one percentage point, and this, together with the rates of return obtained, meant that the spread between the return on investment and the cost of debt remained positive and actually exceeded its 2001 value.

In conclusion, the productive activity of Spanish industry recovered some buoyancy in 2002, although the events stemming from the economic crisis in other countries and international tensions had an adverse effect on the sector in Q4. Since the international situation continued to be surrounded by uncertainty in 2003 Q1 it is difficult to predict the behaviour of industry in the coming quarters, although all the signs are that Spanish corporations are well placed to regain momentum once expectations become clearer.

Performance of industrial corporations reporting to the CBSO (a)



NUMBER OF CORPORATIONS

	1997	1998	1999	2000	2001	2002
CBA	3,342	3,247	3,035	2,830	2,397	
CBQ	351 342 334 328	401 391 385 377	420 404 395 386	431 411 389 376	406 395 382 362	393 377 355 223

% OF GDP OF THE SUBSECTOR INDUSTRIAL CORPORATIONS

	1997	1998	1999	2000	2001	2002
CBA	35.1	33.8	30.9	28.3	24.4	
CBQ	24.9 26.4 24.6 24.6	26.2 26.6 24.7 23.8	27.3 27.7 25.7 25.7	25.7 25.7 24.2 24.6	22.0 21.3 20.4 20.5	21.3 21.8 19.6 13.3

CBA data.

CBQ data.

Source: Banco de España.

(a) Information available to 14 March 2003 (CBA and CBQ). The CBQ data are growth rates in relation to the same quarter a year earlier.

TABLE 2.b

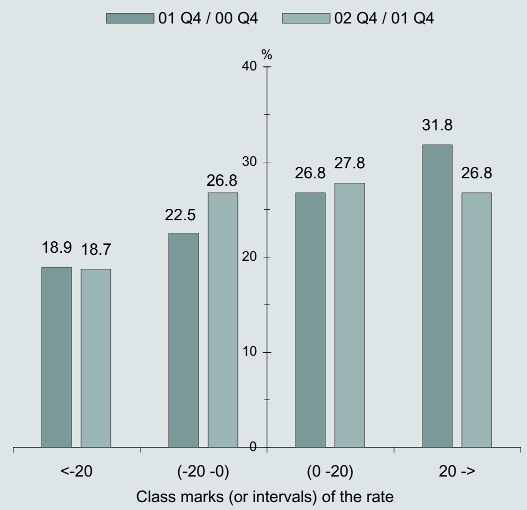
Employment and personnel costs
Details based on changes in staff levels

	Total CBQ corporations 2002 Q1-Q4	Corporations increasing (or not changing) staff levels	Corporations reducing staff levels
Number of corporations	**766**	**432**	**334**
Personnel costs			
Initial situation 2001 Q1-Q4 (EUR million)	21,214.6	8,902.0	12,312.6
Rate 02 Q1-Q4/01 Q1-Q4	3.9	8.9	0.3
Average compensation			
Initial situation 2001 Q1-Q4 (euro)	35,678	33,720	37,198
Rate 02 Q1-Q4/01 Q1-Q4	3.7	2.3	5.5
Number of employees			
Initial situation 2001 Q1-Q4 (000s)	595	264	331
Rate 02 Q1-Q4/01 Q1-Q4	0.2	6.4	-4.8
Permanent			
Initial situation 2001 Q1-Q4 (000s)	*493*	*205*	*288*
Rate 02 Q1-Q4/01 Q1-Q4	*0.6*	*7.5*	*-4.3*
Non-permanent			
Initial situation 2001 Q1-Q4 (000s)	*102*	*59*	*43*
Rate 02 Q1-Q4/01 Q1-Q4	*-1.9*	*2.9*	*-8.7*

Source: Banco de España.

CHART 2

Distribution of corporations by rate of change in GVA at factor cost (01 Q4 / 00 Q4, 02 Q4 / 01 Q4)



Source: Banco de España.

2. ACTIVITY

The CBQ data available confirm that productive activity grew moderately throughout 2002 (see Table 1 and Chart 1), with the related rates of change slightly higher than those for the previous year. GVA for the sample of corporations analysed thus grew by 4.3% in 2002, against 3.9% in 2001. Domestic demand, despite showing some signs of tailing off, remained the chief underpinning of business activity, as will be seen later when the results across individual industries are discussed. The flatness characterising some of our main trading partners prevented the expectations of greater foreign buoyancy that emerged during Q3 from firming. In any event, the data in Table 3 confirm the relative increase in foreign purchases and sales, albeit in moderate amounts, which is evidence of Spanish corporations' integration into and dependence on foreign markets.

Sectoral analysis reveals that, excepting the oil refining industry (included under the energy aggregate), which was greatly affected in 2002 by the strong volatility of crude oil prices, growth was recorded in the remaining main aggregates. That reinforces the idea that Spanish companies have reacted more positively than in previous slowdowns. Industry by industry, manufacturing productive activity (which is studied in detail in Box 1) clearly improved, with GVA up by 2.7%, compared with its negative rate of –2.3% in 2001. Analysis of its quarter-on-quarter path shows that the heightening of international tension in the closing months of 2002 and the continuing flatness of certain EU economies have not been conducive to the maintenance of the pick-up seen in this sector in 2002 Q2 and Q3, although manufacturing has continued to trend at a positive rate. The growth rate of GVA in the energy industry was strongly negative in 2002, owing essentially to oil refining, which was linked in turn to crude oil prices. Although oil prices did not cease to grow during 2002, it was not until well into the year that they attained a similar level to that at which they had stood a year earlier. That saw the GVA of refining corporations decelerate by 40.2% in 2002. The electricity sector, forming part of the energy aggregate, performed much more favourably. The positive trend of the demand for electricity (which grew by 3.1% in 2002) and the smaller reduction in its prices compared with previous years were propitious in pushing the GVA of corporations in this industry up to 3.1% for 2002 as a whole, a significantly higher rate than that posted in prior years. Finally, the distributive trade and transport and communications remained the two most buoyant aggregates, recording the biggest increases in activity (9.9% and 7.2%, respectively), though these were not as forceful as the related rises attained in 2001 (17.2% for the distributive trade and 9.4% for transport and communications). The

BOX 2

Changes in the presentation of the Central Balance Sheet Data Office's information

The Banco de España Central Balance Sheet Data Office (CBSO) periodically reviews both its methodology and the presentation of the economic and accounting information it compiles so as to enhance its analytical value. Along these lines, this present quarterly report includes changes to the accounting statements and ratios that affect both presentation and the content and names of certain elements. This box briefly addresses the changes, which will be progressively set out and incorporated in the CBSO's papers and publications. These changes are as follows:

1. *Changes affecting the profit and loss account.* First, an attempt has been made to clarify the "cascade" of profit and loss account balances by means of a more direct and intuitive presentation. This is why the "Ordinary net profit" balance has been incorporated into the profit and loss account, having hitherto been presented as a memorandum item. It replaces the "Funds generated from operations" caption, which now becomes a memorandum item. The growing importance of the ordinary net profit for analyses conducted by the CBSO (and by stock market analysts, who use the similar EBIT concept), both for the study of ordinary activity and for calculating the profit ratios, is evident. Moreover, the captions linking the items "Ordinary net profit" and "Net profit" have been set out in detail, making explicit those which are "added" and those which are "subtracted" and avoiding headings with net values, the growth rates of which are usually erratic and, therefore, difficult to understand. Lastly, the first column shows the structure of the account, where analysts can deduct the extent to which the changes in the rate calculated for each specific caption may influence the determination of the outstanding balance involved.

2. *Changes affecting ratios*. The analysis traditionally conducted by the CBSO using the ratios "R.1. Ordinary return on net assets" and "R.2. Cost of borrowed funds" allows for the calculation, based on the difference between the two, of an indicator on the efficiency with which managers invest borrowed funds, and which may also be taken as a reference for investment analysis. As earlier mentioned, this difference has, in recent editions of this quarterly article, ceased to be known as "R.4. Financial leverage"; rather, "R.4. Return on investment (ROI) - cost of debt" is now used to denote the ratio measuring the difference between R.1. and R.2. The change has sought to prevent confusion arising for analysts, for whom the internationally accepted definition of leverage (or gearing) is the ratio of borrowed funds to total funds. From this perspective, a highly geared company is a highly indebted one.

3. *Removal of the breakdown of corporations by their status (public- or private-sector)*. The gradually diminishing significance of the aggregate of public-sector corporations in recent years, owing to the privatisation of many of them, has detracted from the analytical value of the aggregate made up of companies of this nature, advising their elimination from papers and publications presenting CBQ results. Nonetheless, the studies prepared drawing on the CBA (annual) data, which refer to a considerably greater number of corporations, will continue to classify corporations on the basis of their public- or private-sector status.

former benefited from sustained private consumption, though signs of a weakening became perceptible in 2002 and have passed through to corporate activity. The favourable trend of transport and communications is largely due to the expansion in telecommunications, based on the positive performance of the mobile telephony segment throughout the year and on the fixed telephony segment in the second half of the year.

Concerning the performance of individually considered corporations in the sample, Chart 2 shows that, in general, the distribution of corporations has concentrated most around more moderate GVA growth rates. Thus, while in 2001 Q4 31.8% of the sample corporations generated increases in GVA in excess of 20%, in the same period in 2002 this percentage slipped to 26.8%.

3. EMPLOYMENT AND PERSONNEL COSTS

As with productive activity, the data available on employment show that, in the recent period of instability and slackness of international economic activity, Spanish non-financial corporations did not cut their staff in net terms, which

TABLE 3

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

	CBA		CBQ	
	2000	2001	01 Q1-Q4 (a)	02 Q1-Q4 (a)
Total corporations	**8,053**	**7,081**	**864**	**766**
Corporations reporting source/destination	8,053	7,081	833	739
	%	%	%	%
Net purchases	**100.0**	**100.0**	**100.0**	**100.0**
SOURCE OF PURCHASES:				
Spain	64.0	65.3	80.3	78.6
Total abroad	36.0	34.7	19.7	21.4
EU countries	*22.4*	*20.8*	*14.8*	*16.4*
Third countries	*13.5*	*13.9*	*4.9*	*5.0*
Net turnover	**100.0**	**100.0**	**100.0**	**100.0**
SALES DESTINATIONS:				
Spain	81.3	81.4	87.3	86.9
Total abroad	18.7	18.6	12.7	13.1
EU countries	*14.1*	*13.5*	*7.8*	*9.0*
Third countries	*4.6*	*5.1*	*4.9*	*4.1*

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

constitutes a new development given the track record of CBQ data in such periods. In fact, CBQ reporting corporations' average staff numbers increased slightly by 0.2% in 2002. Though this rate is small, and down on 2001 (0.8%), it should be viewed favourably in the light of the slowdown in productive activity in the past two years. The trend of temporary employment (down –1.9%) is prominent as it is the only modality to have been affected by the fall in activity (see Table 2.b). Conversely, permanent employment continued to increase, albeit marginally (0.6%), and at a lesser rate than the previous year (1.3%). Finally, it should be borne in mind that, although the CBQ survey is a good leading indicator of the data for 2002 that will be presented in the November 2003 annual (CBA) edition, experience shows that CBQ employment trends are biased downwards in view of the characteristics of the quarterly database, in which large corporations are predominant. It is therefore more than likely that the CBA survey (with its greater number of small and medium-sized firms) will show a slightly more positive trend than that reflected here. A separate analysis of the behaviour of employment across sectors shows that, as was the case in previous quarters, staff numbers increased most in the distributive trade. In other industries there were net reductions in employment, with manufacturing industry a salient case in terms of impact and significance; its situation worsened slightly in relation to 2001 (a negative rate of –1.6% in 2002, compared with –0.4% in 2001), and this despite the incipient recovery perceptible in productive activity. In the case of the electricity and the transport and communications sectors, the reductions in employment (–3.5% and –1.2%, respectively) have been a constant in recent years, and are part of the transition-to-competition process undertaken by these sectors. In any event, both sectors improved in 2002 relative to the staff cuts of the preceding years. Table 2b shows that the corporations creating employment, essentially permanent employment, are those where average compensation is trending more moderately, while companies destroying jobs, chiefly temporary jobs, are those where average compensation is growing at a faster rate. As Table 4 shows, on information unbiased by the weight of the large corporations, 56.4% of firms have a constant or rising number of employees, despite the unfavourable international circumstances and the meagre increases in activity in 2002.

Average compensation grew by 3.7% in 2002, practically unchanged on 2001. The resulting slight reduction in personnel costs per employee occurred amid a progressive accel-

TABLE 4

Personnel costs, employees and average compensation
Percentage of corporations in specific situations

	CBA			CBQ			
	1999	2000	2001	00 Q1-Q4 (a)	01 Q1-Q4 (a)	02 Q1-Q4 (a)	02 Q4
Number of corporations	**8,248**	**8,053**	**7,081**	**904**	**864**	**766**	**522**
Personnel costs	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Falling	21.0	18.0	22.0	24.6	28.2	33.3	36.2
Constant or rising	79.0	82.0	78.0	75.4	71.8	66.7	63.8
Average number of employees	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Falling	22.8	24.5	28.0	35.5	40.5	43.6	42.4
Constant or rising	77.2	75.5	72.0	64.5	59.5	56.4	57.6
Average compensation (relative to inflation) (b)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Lower growth	51.4	47.2	39.2	47.3	46.7	50.0	50.5
Higher or same growth	48.6	52.8	60.8	52.7	53.3	50.0	49.5

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

eration over the year, which placed average compensation above 4% in the second half of the year, probably due to the upward effect of wage indexation clauses. The consequences of this for corporate costs and, ultimately, for competitiveness, investment and job creation are evident. As a result, changes in average compensation will foreseeably be tied to those in productivity so as to avoid undesirable effects for inflation and employment. Analysis of the CBQ data in terms of sectoral aggregates highlights the wide differences in average compensation from sector to sector. Growth in the distributive trade (2.3%) was thus more moderate than in the remaining sectors owing to the effect of staff increases, with lower average compensation. In manufacturing industry this rate rose to 4.3%, and in the energy and the transport and communications sectors – where, as previously mentioned, restructuring is under way – average personnel costs grew by around 3% and 5%, respectively, in the course of 2002. Analysis of the distribution of corporations, without the bias derived from their different weight, leads to the conclusion that, in approximately 50% of firms, average compensation was on a par with or outpaced inflation in 2002 (see Table 4). The associated percentage figure in the CBQ data for 2001 was 53.3%, and the difference relative to 2002 is largely due to the persistence of a relatively high inflation rate.

4. PROFITS, MARGINS AND RATES OF RETURN

Against the background of sustained though moderate increases in activity, the lesser growth in both employment and average compensation led to growth in personnel costs of 3.9% in 2002, 0.7 points down on 2001 and slightly below the increase in GVA, enabling gross operating profit to grow at a rate of 4.6%, up on that posted by GVA. Financial costs declined by 6.5% as a result of interest rate cuts. Financial revenue also fell, albeit to a lesser extent. Consequently, ordinary net profit, the key variable for calculating profit ratios, grew by 7.6% in 2002, against 7.9% in 2001. Sectoral analysis offers similar conclusions to those discussed for activity (see Table 5). Generally, all the aggregates posted growth based on the above-mentioned trend of ordinary net profit, though such growth was more moderate than in 2001, with the exception of manufacturing, where the growth of ordinary net profit in 2002 (1.8%) was a notable improvement on 2001 (–17%).

The fall in financial costs breaks the trend of recent years, when this variable grew substantially, without this meaning an increase in its weight in the profit and loss account to significant levels (in 2001 it accounted for scarcely 4.2% of the value of output, this being due to the cuts in interest rates prior and immediately subsequent

TABLE 5

Gross operating profit, ordinary net profit, ordinary return on assets and ROI-cost of debt (R.1-R.2)
Breakdown by size and main activity of corporations
(Ratios and growth rates of the same corporations on the same period a year earlier)

	Gross operating profit				Ordinary net profit				Ordinary return on assets (R. 1)				ROI-Cost of debt (R.1-R.2)			
	CBA		CBT (a)		CBA		CBT (a)		CBA		CBT (a)		CBA		CBQ (a)	
	2000	2001	01 Q1-Q4	02 Q1-Q4	2000	2001	01 Q1-Q4	02 Q1-Q4	2000	2001	01 Q1-Q4	02 Q1-Q4	2000	2001	01 Q1-Q4	02 Q1-Q4
Total	**7.5**	**3.0**	**3.3**	**4.6**	**8.3**	**12.2**	**7.9**	**7.6**	**7.4**	**7.6**	**7.9**	**9.0**	**2.4**	**2.5**	**2.7**	**4.4**
SIZE:																
Small	10.5	7.6	—	—	4.2	4.3	—	—	9.3	8.9	—	—	3.5	2.8	—	—
Medium	6.5	7.7	3.5	6.7	5.4	4.7	0.2	4.2	10.4	9.9	9.7	9.7	5.4	4.7	3.9	4.9
Large	7.6	2.3	3.3	4.5	8.9	13.2	8.3	7.7	7.1	7.4	7.9	9.0	2.1	2.4	2.7	4.4
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Energy	18.4	-8.6	-8.8	-3.5	23.7	-8.7	-5.5	0.6	8.3	8.4	9.5	10.5	3.4	3.7	4.3	5.7
Industry	5.5	-5.9	-8.7	2.9	-1.7	-7.4	-17.0	1.8	10.2	8.8	9.5	8.7	4.5	3.2	3.6	4.1
Wholesale & retail trade	1.1	12.5	28.4	13.8	-3.7	20.8	46.5	16.5	11.8	12.5	11.6	11.6	6.7	7.4	6.5	6.9
Transport and communications	-0.1	14.2	15.0	9.3	-6.9	43.1	42.9	33.6	5.5	8.4	8.9	11.4	0.1	2.7	3.4	6.6

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

to Spanish euro area membership). The following table reveals to what extent the change in financial costs has been due to lower interest rates, and to what extent to changes in corporations' greater or lesser resort to borrowing:

	02 Q1–Q4/01 Q1–Q4
Change in financial costs	**–6.5%**
A. Interest on borrowed funds (1+2)	*–6.4%*
1. Due to the cost (interest rate)	–11.5%
2. Due to the amountof interest-bearing debt	5.1%
B. Commissions and cash discounts	*–0.1%*

The data in the table confirm that interest rate cuts have been the main cause of the reduction in the weight of financial costs in corporations' profit and loss accounts, duly generating greater resources with which to finance their activity. As the table shows, this was compatible with a small increase in borrowing, evidencing that CBQ corporations have apparently deferred investment decisions for more propitious times. And this despite the favourable terms the financial and credit markets are offering in respect of access to new financing. Another factor Spanish corporations might be considering would be that their level of debt might advise a degree of caution before facing fresh risks. Without evaluating the amount of this debt, what Table 1 shows is that the debt ratio (R.5), reflecting the relationship between total borrowed funds and total resources, has continued growing in 2002.

The growth of ordinary net profit (7.6%) enabled the ordinary returns on net assets (R.1) and on equity (R.3) to rise to 9% and 12.9%, respectively, both up on 2001. That suggests the conditions are in place for investment to take off once expectations are clearer. Across the different sectors, the distributive trade and transport and communications were once again those with the highest profit ratios, in line with what was discussed in connection with their activity. Table 6, which classifies corporations on the basis of their level of profitability, confirms the broadly moderate trend of business activity in 2002. A greater concentration of firms can be seen to have generated returns of between 5% and 10% while, on the contrary, the number of companies with returns at the extremes (both positive and negative) has fallen. The sound performance of ordinary net profit was unable to cushion the decline in total net profit to negative rates (–31.2%), due to the influence of the sizable net provisioning (up 255.4%) by Spanish corporations with heavy investment abroad dur-

TABLE 6

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

	CBQ			
	Ordinary return on net assets (R. 1)		Ordinary return on equity (R.3)	
	01 Q4	02 Q4	01 Q4	02 Q4
Total corporations	**100.0**	**100.0**	**100.0**	**100.0**
R <= 0%	27.4	26.9	31.0	31.0
0% < R <= 5%	17.0	16.7	13.0	12.6
5% < R <= 10%	14.0	17.1	9.6	11.2
10% < R <= 15%	10.7	10.7	9.8	9.7
15% < R	31.0	28.7	36.6	35.5
Number of corporations	**815**	**522**	**815**	**522**
	01 Q1-Q4	02 Q1-Q4	01 Q1-Q4	02 Q1-Q4
MEMORANDUM ITEM:				
Average return (Q1-Q4)	**7.9**	**9.0**	**10.1**	**12.9**

Source: Banco de España.

ing 2002 in order to write down their investment in Latin America and their failed investment in as yet non-operational technologies.

In sum, the productive activity of corporations held on a moderate path in 2002 with increases that were similar though slightly greater than those recorded in 2001. This growth was essentially underpinned by sustained domestic demand, which bore favourably on firms in the distributive trade and in transport and communications. The international setting is currently beset by uncertainty which is affecting the performance of firms in general, and of industrial corporations in particular. Nonetheless, the analysis of events in 2002 reveals the resilience shown by Spanish corporations, which have negotiated adverse economic circumstances without traumatic cuts in activity and staff, maintaining moreover good profit levels.

21.2.2003.

The Argentine crisis a year on

The authors of this article are Daniel Navia and Enrique Alberola of the Banco de España Directorate General of International Affairs

1. INTRODUCTION

In late 2001 the outbreak of a serious economic, social and political crisis in Argentina brought its exchange rate convertibility to an end. This exchange rate regime, based on the parity of the peso with the dollar, was pivotal in eliminating hyperinflation and was the cornerstone of Argentine economic policies during the nineties, the first half of which were marked by a prolonged and sharp economic expansion.

This apparent success meant that, during the nineties, the Argentine experience was seen as a model for other emerging economies. But underlying this process were deep-seated problems that remained masked during the upturn. The constraints imposed by a fixed exchange rate were not accompanied either by sufficient headway in terms of reforms, which would have given the economy the flexibility it needed, or by true fiscal discipline. When a series of adverse external disturbances affected the emerging countries and the fiscal position began visibly to deteriorate, under the weight of insufficiently rigorous policies, the economy's expansionary cycle petered out towards 1998. Difficulties then began to build up and the loss of competitiveness associated with exchange rate parity and with the strength of the dollar made itself felt, particularly following the devaluation of the Brazilian real in 1999. Thereafter, the economy went into recession and the vulnerability of the fiscal position became a cause for alarm. Gradually, a scenario took shape in which a crisis was as inevitable as it was difficult to manage, as is usually the case in highly dollarised economies. The crash was disorderly and accompanied by a grave political and social crisis. This bore on the subsequent management of the crisis, in which a series of measures were taken that involved the abandonment of the legal and economic framework in place: the suspension of payments on sovereign debt; banking, foreign exchange and capital restrictions; the asymmetrical conversion into pesos of bank balance sheets, and price controls.

The first part of this article describes how the crisis unfolded during the course of 2002, taking us to the present time when, after a deep slump and several months of stabilisation, a recovery seems to be under way in the economy. Nonetheless, the economy continues to operate under heavy financial, foreign exchange, price and legal restrictions, and against a backdrop of heightened legal and institutional uncertainty, which is exacerbated by the fact that elections are due this year. In the near term, Argentina faces the difficult challenge of bringing its economic environment on to a normal footing and of entrenching the precarious stability attained to date so that the incipient economic recovery may be firmly and sustainably underpinned. The main elements of this complex task are reviewed in the second part of the article.

2. ECONOMIC DEVELOPMENTS IN ARGENTINA DURING 2002

The cumulative decline in GDP forecast for 2002 is around 11%. If the four previous years of recession are added, GDP will have fallen by 23% since early 1998 (see Chart 1), meaning it has reverted to 1993 levels. Meantime, poverty indices have reached unprecedented levels. This economic depression is only comparable in recent history to that which the formerly centrally planified economies of Central Europe underwent in the early nineties.

The key factor behind the deepening of the crisis in 2002 was the growing expectation surrounding the unsustainability of the convertibility regime in the closing months of 2001, and its subsequent abandonment in early 2002, which had an immediate impact on monetary and exchange rate developments. The devaluation and subsequent float was accompanied by a serious loss of savers' confidence in their currency, which prompted a flight towards the dollar and a swifter exchange rate depreciation. The peso tumbled from parity with the dollar, at end-2001, to a rate of four pesos per dollar in April 2002 (see Chart 2). Given the deep-seated dollarisation of the economy, there was a risk of entering into a vicious circle in which depreciation would increase inflation expectations, and these, in turn, would ratchet up pressures on the currency. In parallel, the central government and the provinces, beleaguered by the deterioration of their fiscal position, proliferated the issuance of public securities as a means of payment (quasi-currencies). This aroused fears of an inflation-exchange rate spiral being activated and the return of hyperinflation. Monthly inflation rates ran into two digits in April. Since August, however, the stability of the monetary and exchange-rate variables has been notable, as can be seen in Chart 2, thereby averting an uncontrollable inflation spiral and placing the annual inflation rate at the end of 2002 at 41%, a substantially lower rate than forecast some quarters back. The exchange rate held at around 3.60-3.70 pesos against the dollar during the second half of the year and the reaction of the foreign exchange market to adverse shocks - the Brazilian pre-electoral crisis or the Argentine government's default vis-à-vis the World Bank - was very limited. With these disturbances behind the peso has moved onto an appreciating path, taking it to around 3.2 pesos per dollar in recent months. That has allowed a partial but swift easing of the restrictions in place on the foreign exchange market, especially those affecting current transactions.

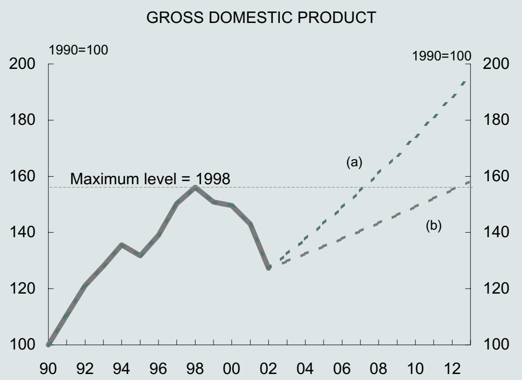
The stabilisation of the exchange rate and of prices has been based on various factors. Firstly, the authorities have established a complex system of restrictions of the monetary and foreign exchange markets. The controls on the purchase, settlement and sale of currency have limited capital flight, and the financial and banking restrictions have brought the money-creation process to a halt; moreover, the drastic external adjustment, along with the suspension of payments, has allowed the stock of foreign reserves to stabilise (see Chart 2). In this way, the central bank has been able to regulate effectively the supply of dollars, to temper the draining off of liquidity from the system and, indeed, to initiate the regulation of the money stock via monetary instruments (this is in its early stages). The counterpoint to these restrictions is that, in all likelihood, the decline in activity has been deepened and the allocation of resources distorted, since financial flows in the economy have been hindered and agents' confidence dented.

There have been other relevant factors in the containment of financial indicators. First, the suspension of payments on foreign sovereign debt (which has subsequently and temporarily eased the financial burden on federal government, until restructuring is resolved) and the favourable effect of inflation on tax revenue and public finances, both of which factors have reduced pressures to monetise budget deficits. Next, the administrative regulation of a wide range of prices (especially government-set rates) and the control of wages (imposed in the case of the public sector and concerted in that of the private sector), which has in many cases enabled indexation processes to be unwound. Finally, the high level of unemployment and depressed domestic demand have exerted a restraining influence on nominal wage rises (which have been virtually zero), prompting a heavy fall in real wages and mitigating the generalised increases in prices, despite the pesoification of the economy.

Amid the confidence crisis besetting the country in late 2001, the Argentine financial system experienced massive withdrawals of funds (see Chart 2). The withdrawal restrictions on deposits, known as the "corralito" (sight deposits) and the "corralón" (term deposits), were

CHART 1

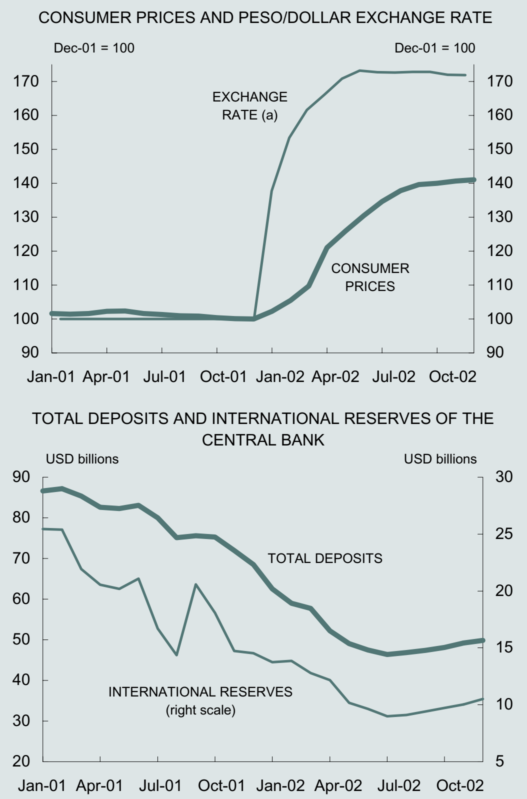
The magnitude of the Argentine crisis



Sources: MECON and Banco de España.
(a) 4% real growth.
(b) 2% real growth.

CHART 2

Crisis and stabilisation of monetary and financial variables



Sources: MECON, BCRA and INDEC.
(a) An increase denotes a depreciation.

imposed in order to avoid a run on banks. But they have seriously weakened banks' relations with their clients and distorted activity in this sector, since the intermediation of funds between loans and deposits has been seriously hampered. The suspension of payments decreed at Christmas in 2001 generated very high losses at financial institutions, whose exposure to the public sector had increased notably owing to the major role they had played in financing the deficit during the pre-crisis period. Finally, the abandonment of convertibility and the asymmetrical pesoification of deposits and loans unbalanced bank balance sheets (1). Moreover, last year the deposits withheld by the banking system were continuously depleted further by the so-called "amparos" (legal injunctions), which allowed savers to retrieve their funds in the original currency, giving rise to substantial costs for banks and obliging them to resort to rediscounting facilities from the Argentine central bank.

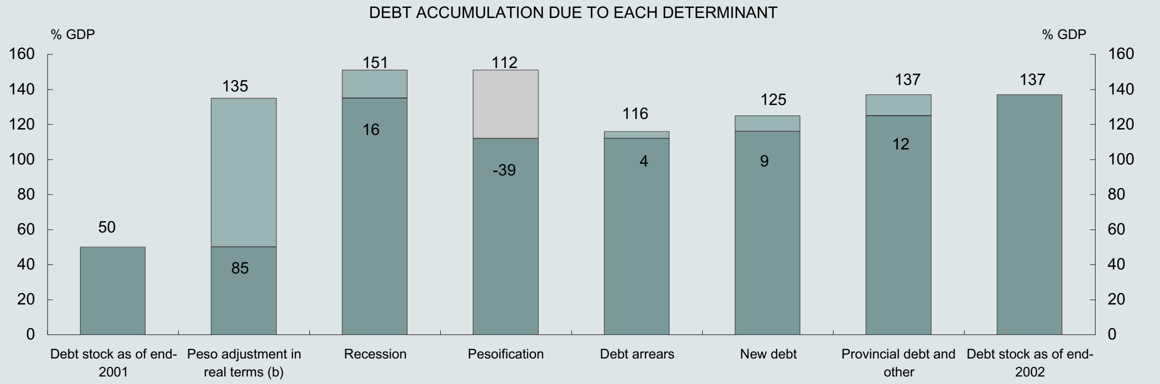
As from the summer the decline in deposits has been checked thanks to the stability of the exchange rate and of inflation. The high interest rates offered by banks, along with the capital flight restrictions, have attracted fresh funds from savers. This return of deposits has made for a certain improvement in banks' liquidity. Against this background, the decision to remove the restrictions on sight deposits and some of those on term deposits has not prompted appreciably adverse affects, and many banks have even decided to allow fixed-term fund withdrawals for amounts above those regulated. This shows that some headway may be made, with caution, towards financial normalisation, although a high degree of uncertainty remains concerning ongoing legal processes, the impact of the normalisation of banking activity and the future restructuring of the sector.

As indicated in the introduction, the lack of fiscal discipline at both the federal and provincial levels was one of the explanatory factors of the crisis. Since the summer Argentine public finances have trended relatively favourably, but underlying this positive development are two conjunctural factors: the effect of inflation, which has boosted revenues on existing taxes, and the introduction of high withholdings on exports. In combination, these two factors mean that tax revenue has, in nominal terms, exceeded pre-crisis levels, while public spending has held stable. As a result, there was a federal government primary surplus of 0.8% of GDP in 2002. It should be recalled, however, that the suspension of payments on debt has clearly eased the fiscal situation, enabling central government net

(1) To be precise, most of the exposure to the public sector was in the form of guaranteed loans (the outcome of the conversion of debt in 2001). But following their pesoification, the terms of these loans became drastically less favourable for banks.

CHART 3

Federal debt



Sources: MECON and Banco de España.

(a) Numbers over each column represent the debt/GDP ratio after taking into account the corresponding effect. Numbers inside each column represent the impact of each determinant.

(b) Joint effect of devaluation and inflation.

borrowing to be reduced from 18% to 6% of GDP.

As Chart 3 shows, however, several factors have almost tripled the federal debt/GDP ratio. First, the drastic exchange rate depreciation (which has raised the value of foreign debt in terms of domestic currency) has been only partly offset by the effect of inflation on nominal GDP, such that the combined impact of this adjustment of relative prices on debt is estimated at 85 points of GDP. In addition, the heavy fall in GDP has added a further 16 points to the ratio. The pesoification of guaranteed loans (at 1.4 pesos per dollar) has not sufficed to counter these effects, despite entailing a reduction of almost 40 points of GDP in the stock of debt. Lastly, the build-up in arrears, the issuance of new securities (including those arising from the conversion of deposits and the compensation to banks for the asymmetrical pesoification), the takeover of provincial debt and other lesser items have added a further 25 points, making for an estimated ratio of 137% at end-2002.

The provinces' borrowing requirements were eased at the start of the year by the issuance of bonds as a means of payment for services and their use as quasi-currencies. In recent months, and despite the serious underlying imbalances, provincial financial problems have become a secondary concern owing to the above-mentioned rise in revenue (which has allowed transfers to the provinces to be increased) and to the containment of expenditure at the provincial level.

This economic and financial setting has had a far-reaching impact on activity, which declined at a rate of 16.3% in 2002 Q1 compared with the same period a year earlier. The only positive contribution to GDP has been that of the external sector, whose surplus grew notably, though this was due more to the halving of imports than to the increase in exports, owing in part to the shortage of credit and to the high withholdings taxing exports. The trade surplus thus almost tripled last year, rising to over USD 16 billion.

However, as from Q3 the indicators of activity have stabilised, and they have begun a recovery which has been gaining momentum in recent months, thanks to their low starting point, to surplus capacity and to the strong adjustment of real wages.

3. OUTLOOK AND CHALLENGES FOR 2003

Argentina has moved into 2003 on a more stable footing than a year back. But it should be borne in mind that such stability is based on exceptional arrangements, replete with administrative restrictions and other non-permanent factors such as the suspension of payments on foreign debt in private hands, the favourable impact of inflation on public finances and the positive effect of the depreciation on the trade balance. The work ahead in the coming years will be complex, since the economic system must be brought onto a normal footing, stability must be consolidated and, moreover, progress on the numerous reforms put off during the convertibility regime must be furthered, as the failure to see these through played a determinant role in the crisis. Without reform the Argentine economy might show moderate growth rates in the short run, but its structural weaknesses would once again soon become manifest, thereby limiting potential and actual growth capacity and prolonging excessively the effects of the crisis on income levels in the country (2).

According to the analyses of international financial agencies, a successful strategy for Argentina to emerge from the crisis in the coming quarters will hinge on four aspects: the resumption of international financing, monetary and financial normalisation, banking regulation and restructuring, and the redressing of public finances.

In the current circumstances, with most economic sectors affected by the crisis, and given the public sector's high borrowing requirements (these being largely latent at present owing to the suspension of payments situation) and the lack of domestic resources to kick-start the business sector, Argentina depends on international capital inflows to finance its economic development. However, bringing about the return of international financing will not be easy owing to the widespread breakdown in property rights in the past year and to the suspension of payments on foreign public debt.

Foreign financing may be forthcoming through three channels: foreign direct investment (FDI), financing from multilateral agencies and the international loans and debt market.

Although FDI flows have been negative in net terms in the past two years, their behaviour has been better than expected. Despite economic depression and legal and institutional uncertainty, a substantial portion of foreign investment has remained in the country. FDI flows are highly unlikely to increase substantially in the future; but it should be stressed that, given the cumulative depreciation, costs in Argentine industry are at present very low and Argentine assets are priced more favourably. If the reforms pending are tackled appropriately, investment in Argentina could once again become attractive in the medium term.

Financing flows from multilateral agencies have been important for Argentina in recent years. However, following the IMF arrangement in September 2001, Argentina's negotiations with international financial institutions entered a difficult period. Despite this a transitional accord has recently been reached with the IMF, which has confined itself to refinancing outstanding debts until August this year (USD 6.78 billion), helping maintain stability during the electoral period. This agreement also includes several measures (mentioned in the following pages) that will allow the economy to move towards normalisation. After the change of government, it is expected that the country will negotiate a more ambitious programme, encompassing far-reaching reforms that will include those sidelined during the decade of convertibility.

Finally, access to international debt markets will continue to be blocked for the public sector for some time after the suspension of payments on sovereign debt has been lifted. That underscores how pressing it is to initiate steps for the restructuring of foreign debt, as mentioned in the transitional agreement. The financing possibilities for the private sector also hinge largely on the successful outcome of this process. The current scale of debt indicates that negotiations will be complicated, since the proportion of debt haircut needed to restore fiscal sustainability might be high.

As has been the case in recent months, and as the pick-up in economic activity and confidence progressively firms, the authorities will foreseeably push through the appropriate measures for the orderly lifting of the restrictions still in place on the functioning of the banking system and foreign exchange controls (which have largely contributed to the stabilisation of financial indicators), and bring about monetary and financial normalisation.

Pivotal to this process is the anchoring of inflationary expectations by means of a coherent monetary strategy. Initially, the Argentine central bank has opted for a system of monitoring monetary aggregates. In the medium term, there is a risk that the prospect of a strong increase in liquidity further to the release of deposits frozen under the "corralito" and "corralón", along with an increase in domestic demand, may generate price pressures. Another aspect of normalisation which might prompt inflationary pressures is the liberalisation of prices in the economy, in particular public utilities' regulated rates, which have been artificially contained to date. Against a background of recovering demand, the liberalisation of wages may also have adverse effects on prices. Therefore, the new agreement with the IMF covers the need to contain the growth of base money, without prejudice to the future consideration of moving, as appears to be the authorities' intention, to a direct inflation targeting framework.

Monetary and financial normalisation will not be feasible unless there is a deep-seated re-

(2) See Chart 1. If the economy's growth potential held at 4%, pre-crisis income levels would be recovered by 2007. But if growth potential were limited to 2%, such levels would not be attained until 2012, meaning a new decade would be lost.

structuring of the banking system. The initial objectives of such restructuring will, under the programme agreed upon with the IMF, involve a far-reaching review of banking regulations and supervision, and the safeguarding of creditors' rights.

Here, most analysts believe the structure of the Argentine banking system should be reconsidered, evaluating bank solvency and analysing the possibilities of reorganisation in the most delicate instances, with the strict application of the fairness principle across the various segments of the banking system.

The role of the central bank in this area will prove fundamental. As indicated in the transitional programme, the central bank will, in designing and implementing a policy of monetary rigour, and as lender of last resort, require greater autonomy in respect of the executive branch and, as regards the second function, a clarification of the conditions in which financial assistance should be granted.

The redressing of public finances, which was not satisfactorily tackled during the nineties and whose structural limitations were among the basic reasons for the crisis, rests on two pillars: the reorganisation of public spending and the reformulation of the nation/provinces relationship. Given future financing requirements, there will evidently be a need to sustain considerable primary surpluses, as stated in the transitional programme (2.5% of GDP for 2003), even in the event of favourable terms for the restructuring of foreign debt. These surpluses cannot be sustained, as has been the case in 2002, on the basis of inflation effects or distortionary taxes such as the withholdings on exports.

In the fiscal realm, there is still much room for improving the effectiveness of the tax system, and the transitional programme has set out the need to broaden the tax base, combating evasion in particular. Turning to expenditure, reforms are required to modernise and increase the effectiveness of the public sector. Moreover, the reforms should in the future consider a revision of social welfare arrangements, since the crisis has affected most adversely the assets of private pension funds, which had been bolstered over the past decade. Finally, as concerns tax relations with the provinces, certain institutional particularities have acted as an obstacle, even during the boom years, to the rationalisation of transfer arrangements. The provinces have tended to weaken fiscal discipline, as their agreements with government have often not been complied with. The reform of these relations is already included in the transitional programme and it would be aimed at establishing the principle of fiscal co-responsibility.

4. CONCLUSIONS

This article has reviewed developments in the Argentine economy over the past year, analysing the aspects that should prove most important in the near future.

It first describes how the economy has managed to stabilise thanks to a mix of non-orthodox restrictive measures: a freeze on deposits, foreign exchange and price controls, distortionary taxes, etc. These restrictions may have contributed to preventing hyperinflation, but their cost has been high in terms of activity and they have caused, in certain cases, the infringement of property rights and a serious loss of confidence. Moreover, it should not be forgotten that the current recovery is departing from particularly depressed levels of activity, and that the array of restrictions on the normal functioning of the economy acts as a brake on the firming of the recovery, whereby their progressive elimination is a priority. Nonetheless, this process should be conducted with caution, as a delicate balance must be struck between the need for normalisation and the pressures that such normalisation may bring to bear on prices, wages and the financial solvency of certain sectors.

From a more structural perspective, the dependence on foreign capital to resume a path of sustainable growth and the subsequent need to gradually restore domestic and foreign investors' confidence calls for resolute action to redirect economic policies. That inevitably involves economic discipline and, above all, a fresh process of reforms, many of which were not tackled during the years of expansion. The efficiency of the economy will ultimately hinge on this. In any event, a high degree of consensus will be required along with courageous and resolute policy action on the part of the authorities. While initial sacrifices will be inevitable, it is only this way that a path of sustained growth can be pursued, helping to restore the income levels of the nineties within a reasonable time and to prevent the risk of the current recovery petering out in the medium term.

21.2.2003.

How relevant are balance-of-payments disequilibria in the industrialised countries? The case of the euro area and the United States

The author of this article is Juan Mª Peñalosa, of the Directorate General Economics, Statistics and Research.

1. INTRODUCTION

The balance of payments, insofar as it is a record of a country's trade and financial transactions with other countries, is an important source of information for evaluating the economic situation. However, analysing these data is by no means simple, since they can be interpreted in different ways. In a world in which most trade and financial flows are channelled through private agents, a current-account deficit is only a cause for concern insofar as it casts doubt on the sustainability of the exchange-rate regime (or presages large movements in the exchange rate), or is indicative of serious competitiveness problems. Either way, it is difficult to make a diagnosis solely on the basis of the information provided by the balance of payments and other variables need to be taken into account for a better grounded assessment. It is therefore complicated to specify under what conditions the financial markets perceive that the situation of the external sector is not sustainable and a sudden exchange rate correction may take place. A large and persistent current-account deficit may be symptomatic of the fact that national output lacks competitiveness, but it may also arise from strong growth in national investment, financed partly by external savings, that will in the medium term improve competitiveness and restore equilibrium to the external accounts. Moreover, it is difficult to assess to what extent it is current-account transactions that give rise to a financial position that has to be covered with net inflows of capital or, by contrast, it is cross-border financial flows that drive current-account developments.

Section 2 of this article analyses which variables help to characterise the treatment merited by the analysis of the balance of payments. The case of a developed economy with a flexible exchange-rate regime, such as the United States and the euro area, is examined in Section 3, while Section 4 considers the case of countries linked by a common currency, such as those that have joined the euro area. In the euro-area countries, while the single currency eliminates the risk of the external deficit giving rise to a sharp correction in the exchange rate, the competitiveness problems that may build up are, potentially, more serious, since there is no possibility of correcting them through a currency devaluation. The conclusions are set out in Section 5.

2. BALANCE-OF-PAYMENTS DISEQUILIBRIUM AS AN INDICATOR OF INSTABILITY

The world has seen a number of economic crises in recent years (Mexico in 1994, Russia and South-East Asia in 1998, Argentina in 2001). Among the factors that have set these crises off have been balance-of-payments disequilibria. Although the existence of a large current-account deficit was not the heart of the problem in every case, these crises were triggered by sudden changes in cross-border financial flows; countries that normally received net investment from the rest of the world began to experience massive flights of capital, which led to sharp exchange rate depreciations. A common feature of these countries is that they were emerging economies (or, at least, not full members of the group of industrialised countries), they were dependent on external financing and they had exchange rate regimes that linked the local currency more or less tightly to some other foreign currency (normally the US dollar). The industrialised economies, meanwhile, have not experienced similar balance-of-payments crises in recent years. In Europe, the last episode with somewhat similar characteristics was during the period 1992-1994, when a number of factors led to the crisis of the Exchange Rate Mechanism of the European Monetary System and various countries abandoned this mechanism or devalued their currencies.

Various factors can be mentioned whose presence generally makes a balance-of-payments disequilibrium worrying (1). The crucial element is probably the exchange-rate regime chosen, since this determines the extent to which changes in the relative demand for financial assets denominated in domestic and foreign currency can correct themselves through exchange-rate movements. Under fixed and semi-fixed exchange-rate regimes, in which the authorities are committed to maintaining a greater or lesser degree of exchange-rate stability, the central bank must respond to changes in net capital flows by intervening (whether automatically, as in the case of a currency board, or discretionally) in the money or foreign exchange markets, in order to keep the exchange rate at the desired level. The chances of this strategy succeeding are limited, since central bank interventions are restricted by the availability of reserves or by the difficulty of maintaining severe monetary squeezes indefinitely. In fact, experience shows that if, as a consequence of balance-of-payments disequilibria, there is strong downward pressure on the exchange rate, then usually it will eventually be devalued.

The degree of stability of the capital inflows is also fundamental in any assessment of the importance of an external disequilibrium (2). This element is bound up with the credibility enjoyed by the national authorities, the country's tradition of macroeconomic and political stability, the position of the national economy in the world, its specialisation, etc. Obviously, the more volatile these capital inflows and the more they are linked to high returns on investments with a speculative content, the greater the risk that they will be reversed and so generate a balance-of-payments crisis. In this sense, current-account deficits may contain an element of vulnerability if external financing is considered to be more unstable than domestic financing. This tends to be the case when capital inflows are strongly influenced by the level of the exchange rate or by expectations of its future course.

In the industrialised countries these factors are generally of little significance. First, in the case of the three large economic areas, the exchange rates between their currencies (the euro, the dollar and the yen) are flexible, so that the central banks of these zones do not have exchange rate targets to defend and capital inflows and outflows lead to changes in exchange rates that can, if necessary, correct any external disequilibrium by themselves. Second, the high living standards, price stability and high degree of economic policy credibility in these countries are conducive to the stable financing of any external deficit. Short-term capital inflows with a more speculative content do exist, but their importance is smaller, so that it is less likely that there will be a sudden change in market sentiment prompting substantial changes to investment patterns in these zones. Obviously this does not mean that a persistent external deficit will not, on occasions, require an adjustment in these countries, but such adjustments will usually be less traumatic than in emerging economies. This article focuses on two cases of particular interest among this group of industrialised countries: the United States and the euro area.

(1) The current-account deficit is the indicator usually used to assess the external disequilibrium or vulnerability of an economy to changes in financial markets' sentiment, although even without a current-account deficit a country can still be affected by sudden changes in the direction of financial flows.

(2) In fact, an indicator that is also frequently used to measure external equilibrium is the *basic balance*. This is obtained by summing the balance on current account and the net flows of investment that are judged to be more permanent, such as direct and portfolio investment.

3. EXTERNAL DISEQUILIBRIUM UNDER A REGIME OF MACROECONOMIC STABILITY AND FLEXIBLE EXCHANGE RATES: THE CASE OF THE UNITED STATES AND THE EURO AREA

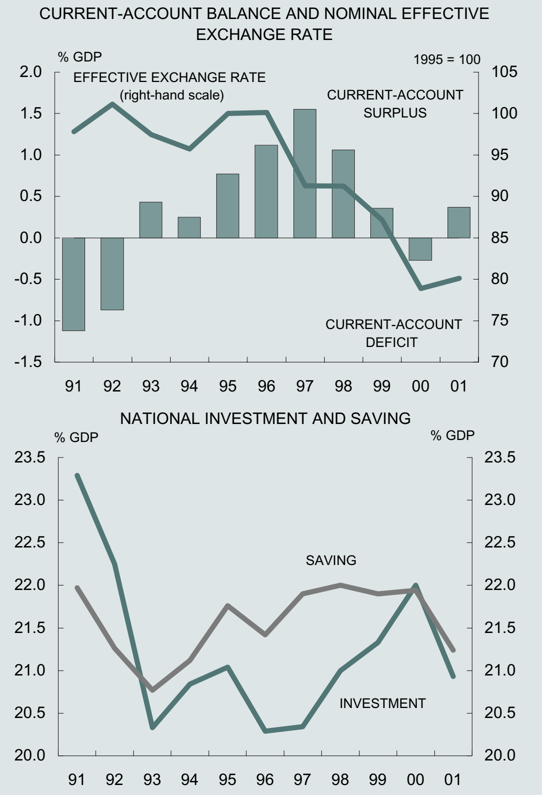
The euro area has run a current-account surplus in every year since 1993, with the sole exception of 2000 (see lower panel of Chart 1). As mentioned above, the fact that it does not need to resort to the savings of the rest of the world to finance its domestic investment does not necessarily mean that the euro area is sheltered from the effects of changes in the direction of international financial flows on the exchange rate and the economic situation (3). Moreover, it is very important to know to what extent the introduction of the euro has changed the ability of the member countries to run balance-of-payments deficits, something that will be analysed in the following section.

The United States, meanwhile, has been running a very large deficit on current account, for more than two decades now (see Chart 2). This deficit has, on occasions, been interpreted as being a consequence of the dollar's central role in the international financial system and of the dynamism of the US economy. This makes dollar assets highly attractive, so that capital flows into the United States, leading to appreciation of its currency and, in short, a deficit emerges. In the case of the United States, this chronic balance-of-payments disequilibrium on current account has not only not led to dollar weakness, but the dollar has instead proven itself relatively strong over prolonged periods.

In recent years, the large and widening external deficit in the United Sates has been a cause for concern for international economic authorities. The fear is that patterns of investment in the US economy might change significantly, giving rise to a sudden movement in the exchange rate, which could upset world economic growth. In fact, analysis of the external sector of the industrialised economies in recent decades shows that adjustment typically takes place when the current-account deficit reaches around 5% of GDP, which is the level the US deficit has been at in the last few years [see Freund (2000)]. Moreover, while the large current-account deficit that existed almost throughout the 1990s involved recourse to external saving given the insufficiency of domestic saving to finance increasing investment, the recent

CHART 1

The current-account balance, saving and investment in the euro area



Sources: OECD, Eurostat and IMF.

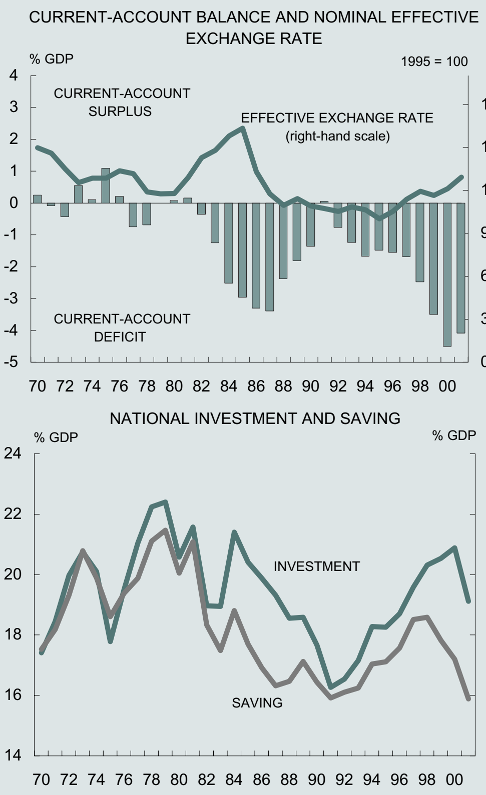
decline in investment has not been accompanied by any moderation in the deficit. The sharp deterioration in the US international investment position is also a sign of the difficulty of maintaining the current situation, although the income that has to be paid on the liabilities with the rest of the world is similar to that accruing on US financial assets with the rest of the world (see Chart 3).

As mentioned above, the nature of the capital flows is also an important factor in any assessment of an external disequilibrium. In recent years, the United States has been the recipient of large capital inflows in the form of share acquisitions (through direct and portfolio investment), associated with the boom in the high-technology sectors (see Chart 4). Indeed, the high potential growth rate of the US economy and the dollar's safe-haven status (which means, for example, that the dollar is the main central bank reserve currency) are factors that tend to encourage a stable demand for assets issued by US agents. In 2001, however, the pattern of previous years changed and the bulk of the capital inflows were channelled through debt (loans and fixed-income securities), while

(3) In fact, the basic balance showed a large deficit during the period 1998-2001, which can partly be explained by the significant depreciation of the euro in this period. The return to surplus on the basic balance, towards the end of 2001, coincided with the start of a period in which the euro recovered somewhat on the foreign exchange markets.

CHART 2

The current-account balance, saving and investment in the United States



Source: International Monetary Fund.

CHART 3

External assets and liabilities in the US

Source: International Monetary Fund.
(a) External assets - external liabilities.

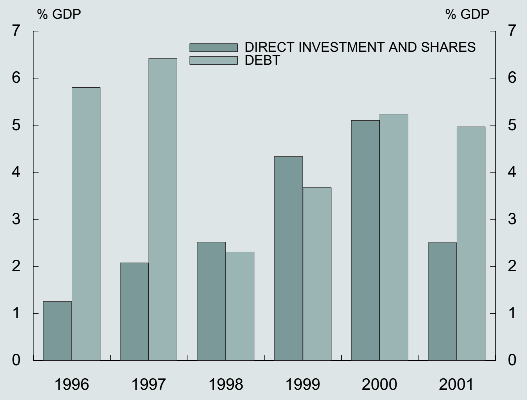
direct investment and the purchase of shares dropped significantly.

In order to assess the likelihood of the deficit being reduced it is also worth analysing the financial position of resident sectors. Chart 5 shows how the widening of the US deficit up to 2001 was attributable to a substantial reduction in the net lending of corporations and, especially, of households, which was only partly offset by the improvement in public finances. In this respect, the sharp increase in the indebtedness of the private sector over the last decade has been notable. In the case of households, outstanding debt rose to 75% of GDP, and in that of non-financial corporations, to somewhat less than 70%. While the recently recorded levels of indebtedness of corporations are similar to those of the late 1980s, those of households are much higher than the levels seen in recent decades, while the savings ratio is much lower (see lower panel of Chart 5). Even if it is argued that, were the capital gains obtained on the holdings of the real and financial assets to be taken into account, the fall in the household saving ratio would not have been so significant, this ratio can still be expected to pick up. In the absence of an expansionary fiscal policy, this would lead to adjustment in the external deficit.

In short, it has been seen that the information on the level of the current-account deficit in economies such as the United States is insufficient to assess its sustainability or the possibilities for a more or less immediate correction. Such an assessment requires further information, relating to the reasons for the deficit and the use that is being made of the external savings. In this case, analysis of balance sheets (especially those of households, in the United

CHART 4

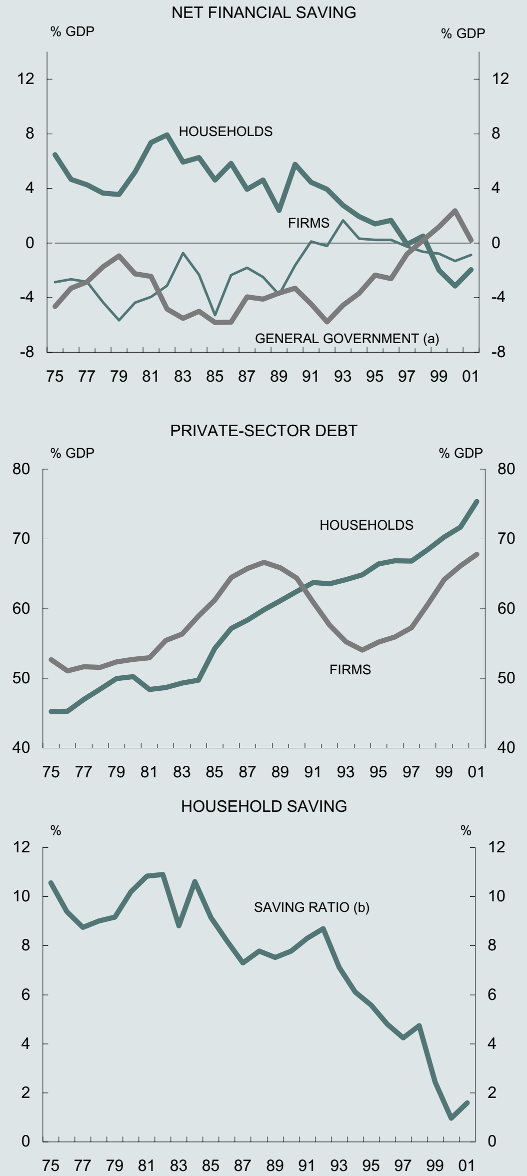
Capital inflows in the United States



Source: International Monetary Fund.

CHART 5

Saving and debt in the United States



Source: Federal Reserve.
(a) Federal Government only.
(b) As a percentage of household personal income.

States) provides significant information on possible future developments in the current-account deficit. This additional information, as will be seen in the following section, is also crucial to any assessment of changes in the balance of payments of the member countries of a monetary union.

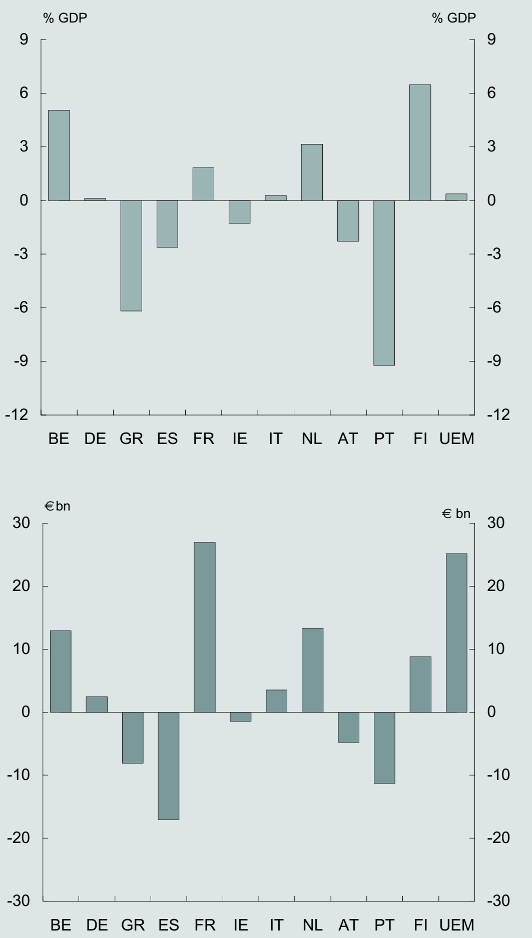
4. EXTERNAL DISEQUILIBRIUM IN THE MEMBER COUNTRIES OF A MONETARY UNION: THE CASE OF THE EURO AREA

In a monetary union, the member countries give up one of the main adjustment mechanisms for resolving their balance-of-payments problems, namely depreciation of their exchange rate, at least insofar as the relationship between their own currencies is concerned. At the same time, these problems become less acute. In particular, in those countries with less tradition of macroeconomic stability, the impossibility of depreciation of a country's currency against those of its partners in the union eliminates the exchange risk premium for investors. This reduces the level of interest rates required and encourages larger and more stable flows of capital into these economies, which would otherwise be subject to very strict scrutiny by the markets. In this respect, countries that have been successfully incorporated into a monetary union governed by a credible economic policy geared to macroeconomic stability should find it easier to obtain capital inflows to finance domestic investment, so that the sustainable level of the external deficit is higher.

In fact, the external sector of a country belonging to a monetary union could be analysed as though the economic relations of one region with others in the same country and with third countries were being examined. Indeed, it might be inferred that the importance of a current-account deficit in a monetary union is significantly lower. However, it should not be forgotten that, unlike in the case of the regions of a particular country, two significant instruments of adjustment may not be available to a monetary union. These are a fiscal policy for the union as a whole with sufficient stabilising potential and a high degree of labour mobility. As a result, the presence of a persistent current-account deficit

CHART 6

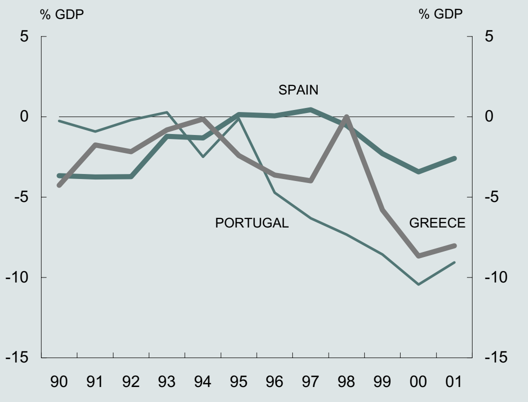
The current-account balance in the euro area in 2001



Source: OECD.

CHART 7

The current-account balance in Spain, Portugal and Greece



Source: International Monetary Fund.

in one country of a monetary union does not stop being relevant; it may be a sign of competitiveness problems that are holding down the country's growth potential and the adjustment required to correct such problems may be more costly than in the case of an economy with its own currency.

Looking at the euro area balance of payments, it can be seen that the general overall balance in the area is the result of a surplus in some countries and a relatively large deficit in others (see Chart 6) (4). In particular, as a percentage of GDP, Finland, Belgium and the Netherlands had the largest current-account surpluses in 2001, while the largest deficits were those of Portugal and Greece. Spain, along with Austria, also ran a large deficit; indeed Spain was the country with the largest deficit in absolute terms, but as a percentage of GDP it was much smaller than in Portugal and Greece. Clearly, there is no coincidence in the fact that this group includes the countries with the lowest income per capita in the euro area; these countries have the smallest capital endowments and the greatest possibilities for investment and high returns, which encourages the tapping of external saving so that headway can continue to be made in the process of real convergence. These countries have traditionally displayed persistent balance-of-payments current-account deficits (see Chart 7). Moreover, it is in these countries that membership of the euro area has represented a radical change in the economic policy regime, since they did not have a long tradition of stability, and the euro area has, among other consequences, entailed a sharp decline in interest rates, which has boosted domestic demand and indebtedness (5). Chart 8 shows how these three countries have, since 1997, displayed much higher growth of domestic demand, investment and bank lending to the private sector than the euro area as a whole.

In some cases, such as Spain, the current level of the current-account deficit is the result of strong growth in domestic investment, which has not been offset by domestic saving. In fact, the latter has only held steady thanks to the

(4) In the country-level figures, the current-account balance vis-à-vis the rest of the world includes the balance vis-à-vis the other euro area countries. This means that it is impossible to establish whether the countries running a current-account deficit are also those contributing to the euro area deficit vis-à-vis the rest of the world, since an individual country's deficit can be made up of a surplus vis-à-vis the countries outside the euro area and a larger deficit vis-à-vis the rest of the euro area.

(5) In Blanchard and Giavazzi (2002) it is argued that the increasing economic integration between the euro area countries has led to a substantial reduction in the correlation between investment and national saving.

contribution of general government in recent years (see Chart 9). In Portugal and Greece, moreover, part of the external deficit is explained by a reduction in national saving, and in particular, in private saving.

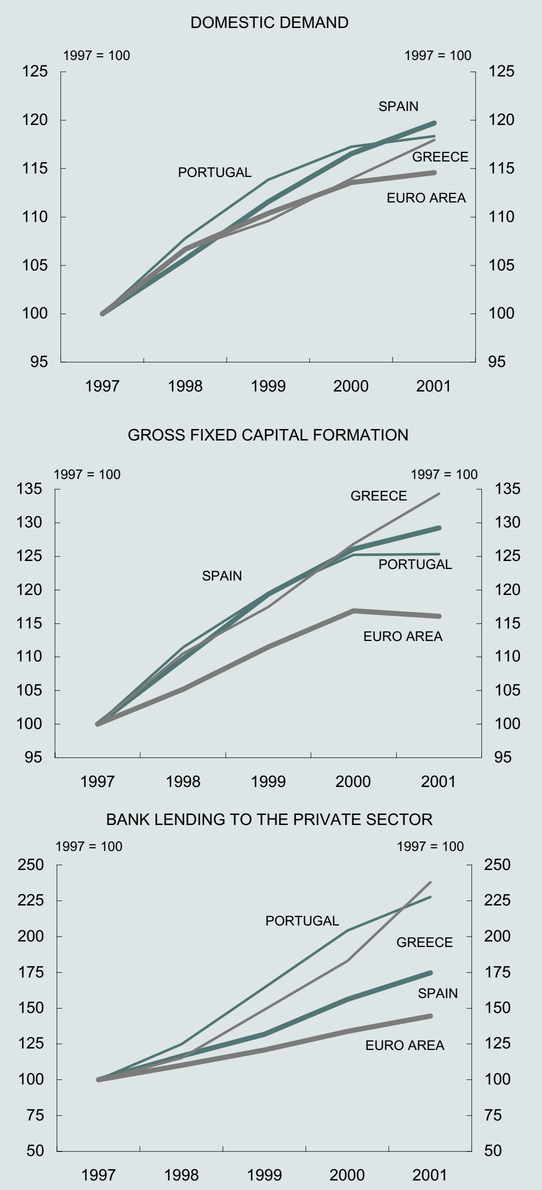
Unlike the situation in countries with their own currency, the external deficit of these states is hardly going to affect the euro exchange rate. First, this deficit has, up until now, been offset by the surplus in other countries. Second, those countries with high deficits represent a small part of the euro area as a whole, so that it seems unlikely that they set the trend for the external sector of the area (see, also, footnote 4). As seen in the lower panel of Chart 6, although their deficit is high in terms of GDP, in absolute terms Greece and Portugal account for a relatively small part of the overall deficit of the area. Also, as the case of the United States shows, even if these national deficits give rise to a euro area deficit, it would still not be possible to predict the short-run or even medium-run path of the exchange rate.

However, this does not mean that the point will not be reached where an adjustment of these disequilibria becomes necessary. In principle, the most reasonable channels of adjustment should be national. Insofar as the currency of a country with balance-of-payments problems is the same as that of other countries, it is unlikely that these problems will reduce the attractiveness of assets denominated in that currency (6). In a monetary union, the importance of the balance of payments is smaller insofar as the solvency of the borrower is much more important than its nationality. Within the group of issuers active on international markets (large firms and credit institutions), what is important is their earnings prospects, and these, in a globalised economic system, are less and less associated with the economic developments in a particular country. Obviously, there may continue to be important national ties, because a significant part of the business of some credit institutions and corporations may still be concentrated in a national market.

In this respect, part of the process of correction of the external disequilibrium can be expected to be determined by the market itself. Thus, if credit institutions consider that their exposure to the sector of non-financial corporations and households is excessive, they will reduce the available credit or will make it more expensive, which will restrict domestic demand and, as a result, the external disequilibrium. Participants in securities markets will perform a similar task of risk monitoring and assessment. Insofar as this process may not be automatic or effective, the authorities (and in particular, the central bank, as guarantor of financial stability) shall perform a very important role; first, carrying out a rigorous banking supervision task, to ensure that institutions are properly valuing the risks implicit in their loans; and, second, analysing the financial situation

CHART 8

Economic developments in Spain, Portugal and Greece

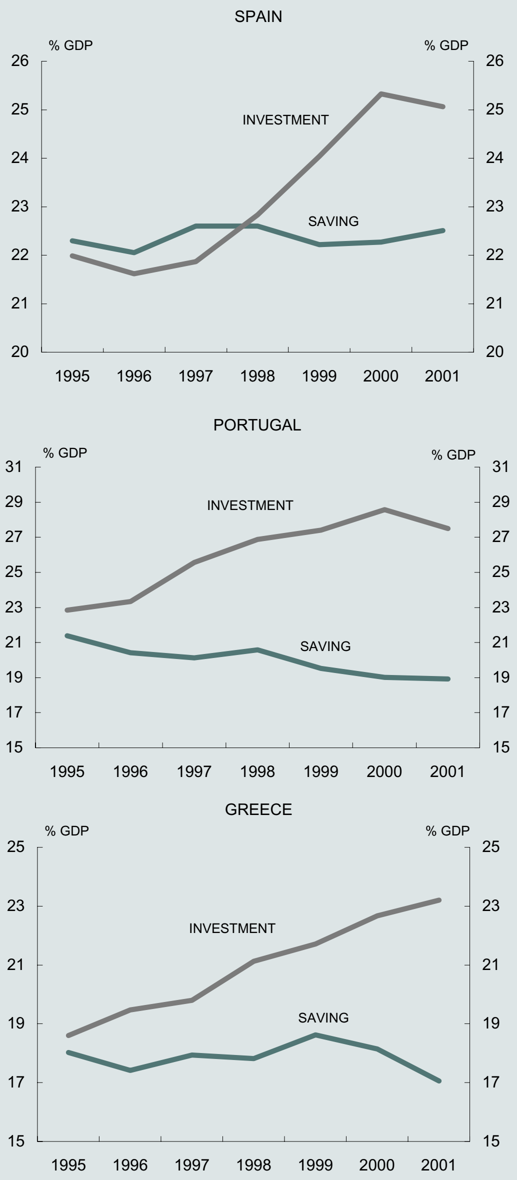


Sources: International Monetary Fund and Eurostat.

(6) That said, it is not possible to rule out the external disequilibrium of a specific country eventually affecting the other countries of the zone. In fact, some spillover effects can be expected, the strength of which will depend on the causes of the disequilibrium, its potential consequences for the exchange rate and interest rates, and any implications that may arise from the adjustment measures taken to correct the disequilibrium [see Catte (1998)].

CHART 9

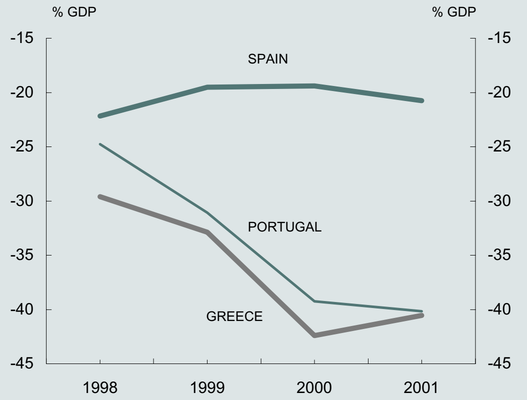
Saving and investment in Spain, Portugal and Greece



Source: Eurostat.

CHART 10

Net international investment position in Spain, Portugal and Greece (a)



Source: International Monetary Fund.
(a) External assets - external liabilities.

of the economic sectors and alerting to any potential sustainability problems that may be detected. Finally, the more reliable and comprehensive the information required from borrowers the more efficient will be the assessment of risks by the market.

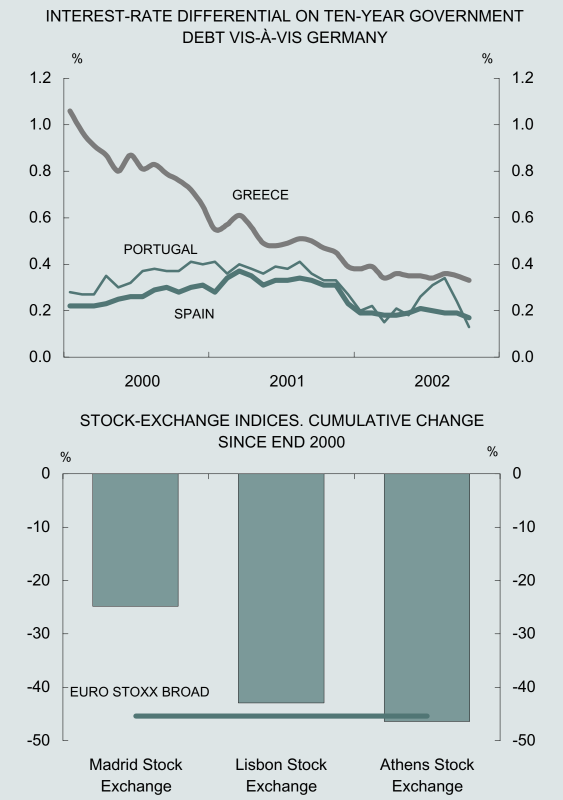
In the case of the three countries mentioned above there have been no problems financing the current-account deficit, although external borrowing (as opposed to direct investment or the sale of shares) has been the instrument used most to attract savings from the rest of the world. In terms of their international investment position, the cumulative current-account deficit has led to a substantial decline in Greece and Portugal, which came to a halt in 2001 (see Chart 10), while in Spain this position has remained stable despite the external deficit recorded.

In terms of the yields required on financial assets, the market does not seem to be penalising the securities issued by these countries. For example, the interest rate differentials on long-term government debt vis-à-vis Germany are still low and their trend is downwards (see Chart 11). In the case of Portugal, there was a temporary increase in mid-2002 linked to the unfavourable public finance developments in this country, which led to the initiation of the excessive deficit procedure to correct the situation. As for equity markets, the performance of the Lisbon and Athens stock markets in the last two years has been negative, but very similar to that of European indices, such as the Euro Stoxx. This seems to imply that the financial markets are not directly assessing the overall financing requirements of each country, but rather the specific financial position of each agent seeking funds.

In short, analysis of the balance of payments of the countries of a monetary union is still relevant. Even if the external disequilibrium of national economies is not going to have implications for the sustainability of the exchange rate, the current-account deficit is, although an imprecise one, an initial indicator of the competitiveness problems a country may be suffering from, which are potentially more worrying within a monetary union. Obviously, it is difficult to determine to what extent the external deficit is a symptom of such competitiveness problems or, rather, an efficient response by agents to a new environment, characterised by lower interest rates and greater investment opportunities, which enable a higher current-account deficit to be sustained in the long run. Such an assessment needs to be based on a large number of indicators, including both relative-price and market-share variables, as well as other variables relating to the financial position of corporations and households, and the solvency of credit institutions, their position in international markets and the maturity of their debts. Developments in the prices of national assets (government debt, private securities, the stock market) relative to the euro area as a whole and the ratings assigned to firms by rating agencies also offer relevant information on investor confidence in the domestic economic situation.

CHART 11

Fixed-income and equity-market yields



Sources: Banco de España and Reuters.

5. CONCLUSIONS

The information provided by the balance of payments is still useful for economic analysis and for economic policy formulation. However, its relative importance varies greatly, according to the degree of development and the design of economic policy in the country concerned. Thus, the current-account deficit is still a crucial indicator in emerging countries, in states with fixed or semi-fixed exchange-rate regimes and in those with highly volatile cross-border financial flows.

By contrast, in countries with flexible exchange-rate regimes, a high degree of development and economic policy credibility, or in those belonging to a monetary union with these characteristics, the possibility of a current-account imbalance giving rise to a balance-of-payments crisis is more remote. In these countries, the level of the external deficit is a poor indicator of the magnitude of the accumulated problems or imbalances, and the latter must be assessed on the basis of a wider set of indicators taking into account, among other elements, the financial position of national sectors (households, corporations and credit institutions) and the prices of national assets. In these circumstances, the current-account deficit is just one more indicator of the nature of the difficulties facing each economy and, in itself, provides little information on the need for its correction or on its potential effects.

In the case of a monetary union, such as the euro area, the information provided by the balance of payments is even less conclusive and needs to be supplemented by analysis of aspects of a more microeconomic type linked to financial stability, relating to the assessment of the risks and the vulnerability of the main economic sectors. These aspects, in the long run, determine the extent to which a specific level of the current account is or is not worrying. The greater ease of financing the external deficit within a monetary union in no way reduces the potential competitiveness problems that may arise in a national economy belonging to the euro area. Besides, the difficulty of detecting these problems and the higher potential cost of the adjustments needed to resolve them within a monetary union (given the impossibility of an exchange-rate devaluation) mean that the situation needs to be evaluated early so that solutions can be implemented promptly, thereby reducing the potential cost of adjustment.

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Financial regulation: 2003 Q1

1. INTRODUCTION

During 2003 Q1, the enactment of new financial provisions has proceeded at a relatively moderate pace compared with the previous quarter.

The solvency rules of financial institutions were amended to broaden the definition of trading book to include positions in commodities and in commodities derivatives, and capital requirements were established for the coverage of exposure arising from positions in gold. As regards credit institutions, clearer and more accurate procedures were laid down for communication to the Banco de España of the list of agents to be reported and of the agreements with foreign credit institutions for regular mutual provision of financial services.

The new developments in the field of securities markets were as follows. First, regulations were enacted for Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (Securities Registration, Clearing and Settlement System Management Company). These regulations—provided for in the Financial Law—incorporate the existing rules governing the operation of the Securities Clearing and Settlement Service and of the Book-Entry Public Debt Market registration, clearing and settlement system. Second, the scope of collaboration of market-makers was broadened to encompass not only the medium- and long-term government bond market, but also the Treasury bills market. Third, the regulations setting forth the issuance conditions for 2003 and for January 2004 have been enacted, subject to the limitation established in the 2003 State Budget Law. Finally, implementing provisions addressing certain aspects of the secondary markets for olive oil futures and options were laid down.

Other provisions worthy of mention relate to: reporting obligations of insurance undertakings marketing insured provision-for-retirement schemes; regulation of "new firm" private limited companies (*sociedades limitadas nueva empresa*) and amendment of the legal regime governing private limited companies; partial reform of the audit regulations; and changes to State coverage of risk exposure arising from foreign trade.

Finally, three Community directives have been published: the first regulates the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate; the second seeks to bring closer together Member States' regulations on the distance marketing of consumer financial services; and the third harmonises the national rules on the taking-up and pursuit of the activities of insurance and reinsurance intermediaries.

2. MODIFICATION OF THE SOLVENCY RULES FOR FINANCIAL INSTITUTIONS

Royal Decree 1343/1992 of 6 November 1992 implementing Law 13/1992 of 1 June 1992 (1) on own funds and the supervision of financial institutions on a consolidated basis empowered the Ministry of Economy to establish the weighting factors of items entailing credit risk for the purpose of calculating the solvency ratio of both credit institutions and securities-dealer companies. These matters were implemented by the Order of 30 December 1992 on solvency rules for credit institutions and by the Order of 29 December 1992 on own funds and the consolidated-basis supervision of securities-dealer companies and their groups.

Subsequently, Royal Decree 1419/2001 of 17 December 2001 (2) partially amended Royal Decree 1343/1992 with a dual objective. On the one hand, it extended, subject to certain requirements, the benefits applicable to State debt to the public debt issued by local authorities (3). As a result the latter was assigned a zero weighting (previously it had a 20% weighting in all cases) for the purposes of calculating the solvency ratio and for the purposes of the law on large exposures. On the other, it transposed to Spanish law Directive 98/31/EC of the European Parliament and of the Council of 22 June 1998 amending Directive 93/6/EEC of the Council of 15 March 1993 on the capital adequacy of investment firms and credit institutions and, consequently, broadened the definition of trading book to include positions in commodities and commodity derivatives and in gold.

In addition it empowered the Ministry of Economy to determine, at the proposal of either the Banco de España or the National Securities Market Commission (*Comisión Nacional del Mercado de Valores—CNMV*), depending on the type of institution, the capital requirements for covering the exposure arising from positions in gold and in commodities and commodity derivatives.

(1) See “Regulación Financiera: cuarto trimestre de 1992”, in the *Boletín económico,* Banco de España, January 1993, pp. 65-71.

(2) See “Financial Regulation 2001 Q4”, in the *Economic bulletin,* Banco de España, January 2002, p. 86.

(3) Pursuant to Article 50.3 of Law 39/1988 of 28 December 1988 regulating local tax authorities, as amended by Article 59 of Law 50/1998 of 30 December 1998 on fiscal, administrative and social measures.

In exercise of this power, *Order Eco/3451/2002 of 27 December 2002* (BOE of 17 January 2003) and *Order Eco/29/2003 of 8 January 2003* (BOE of 17 January 2003), partially amending the Order of 30 December 1992 and the Order of 29 December 1992, respectively, were enacted.

First, these Ministerial Orders reproduce the zero weighting of the debt securities of local authorities under the conditions established by the aforementioned Royal Decree.

Second, commodities and commodity derivatives are included in the trading book of credit institutions and of securities-dealer companies. Also, the Banco de España or, if appropriate, the CNMV, is empowered to set the capital requirements of these institutions for covering their exposure arising from positions in these instruments. These requirements will be additional to those established for other obligations.

Finally, capital requirements applicable to credit institutions are established for covering exposure arising from positions in gold. The treatment is similar to that of positions in foreign currencies. In the case of securities-dealer companies, the CNMV is empowered to set capital requirements based on the exposure arising from positions in gold and to define the calculation methods.

3. CREDIT INSTITUTIONS: AGENTS AND AGREEMENTS FOR THE PROVISION OF FINANCIAL SERVICES

Royal Decree 1245/1995 of 14 July 1995 (4) on the establishment of banks, cross-border activities and other matters relating to the legal regime of credit institutions, provided for the figure of agents of credit institutions. Agents are defined as individuals or legal entities to which an institution has granted powers of attorney so that they may regularly act on its behalf, vis-à-vis customers, in the negotiation and execution of operations that are typical of the business of credit institutions, although their activity cannot extend to the execution of guarantees or other off-balance sheet exposures. For their part, credit institutions shall communicate to the Banco de España, in such manner as may be determined, a list of their agents, and a list of foreign credit institutions, indicating the scope of their powers. Subsequently, Banco de España Circular (CBE) 5/1995 of 31 October 1995 specified how these communications must be

(4) See “Regulación Financiera: tercer trimestre de 1995 ”, in the *Boletín económico,* Banco de España, October 1995, pp. 83-90.

made and an annex to the regulation included a specimen of the form on which they must be reflected.

The extensive experience gained since this Circular came into force has shown that it is advisable to specify more clearly and accurately, for practical purposes, the agreements and agents to be reported and, in particular, the manner of communicating to the Banco de España the agreements reached with foreign credit institutions for regular mutual provision of financial services. For this purpose, *CBE 6/2002 of 20 December 2002* (BOE of 23 January 2003), which relates to information on agents of credit institutions and agreements for regular provision of financial services and which replaces and repeals CBE 5/1995, was published.

Under CBE 6/2002 the time period that Spanish credit institutions and the branches in Spain of foreign credit institutions have for communicating to the Banco de España the information on their agents remains at 15 calendar days from the date that powers of attorney are granted. This communication shall not include correspondents; agents with power of attorney for a single specific operation; persons tied to the institution, or to other institutions of the same group, by an employment relationship; agents that only have powers to attract transactions but lack authorisation to negotiate or execute them; and representatives, attorneys-in-fact or employees of legal entities that are agents. All this is without prejudice to the prohibition to act through sub-agents referred to in Article 22 of Royal Decree 1245/1995. The same time period applies for communicating the cancellation of powers to act as representatives or any change in previously communicated data.

As regards the reporting of agreements with foreign institutions, Spanish credit institutions shall communicate to the Banco de España, within one month from signature of the related agreements, the information indicated in the annex to the Circular on foreign credit institutions with which agreements have been reached for regular provision in Spain of financial services to customers on behalf of the foreign institution. This communication shall not include correspondent agreements, i.e. specific agreements under which the Spanish institution only makes deposits and payments on behalf of the foreign institution.

In the case of agreements with foreign credit institutions for mutual provision of financial services, the powers of attorney granted to the foreign institution to act on behalf of the Spanish institution are to be reported, if so required in view of the scope of the functions to be performed, by the same procedure and within the same time period (maximum of 15 days) as for agents. Those granted to the Spanish institution to operate in Spain on behalf of the foreign institution must be reported in the same way as agreements with foreign institutions (maximum of one month).

The communications shall be made on magnetic media or by interlinkage of computers, in accordance with the technical specifications that will be communicated for this purpose. However, exceptionally if there are justified reasons, the Banco de España may grant authorisation to submit this information on the forms included in the annex to the Circular, which must be dated, stamped and signed by a person duly authorised by the remitting institution.

Lastly, to strengthen the legal certainty of the parties, particularly that of the end customer, involved in the provision of financial services through agents, it is stipulated that the information received in this connection shall be public and at all times in the power of the Banco de España, which shall disseminate it appropriately.

4. REGULATION ON SOCIEDAD DE GESTIÓN DE LOS SISTEMAS DE REGISTRO, COMPENSACIÓN Y LIQUIDACIÓN DE VALORES

Law 44/2002 of 22 November 2002 (5) on Reform of the Financial System (hereafter “the Financial Law”), which partially amended Law 24/1988 of 28 July 1988 (6) on the Securities Market, provided that Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (Securities Registration, Clearing and Settlement System Management Company, hereafter “the Systems Company”) would be governed by this Law and its implementing provisions and by a Regulation to be approved by the Ministry of Economy, following reports from the National Securities Market Commission (CNMV), from the Banco de España and from the regional (autonomous) governments whose autonomy statutes grant them regulatory powers over securities trading centres.

The Financial Law also provided that the Systems Company would be established by

(5) See “Financial Regulation 2002 Q4”, in the *Economic bulletin,* Banco de España, January 2003, pp. 101-113.

(6) See “Regulación Financiera: tercer trimestre de 1988”, in the *Boletín económico,* Banco de España, October 1988, pp. 61 and 62.

transformation of the company "Promotora para la Sociedad de Gestión de los Sistemas Españolas de Liquidación, S.A." (hereafter "the Sponsor Company"), with the participation of the Servicio de Compensación y Liquidación de Valores (Securities Clearing and Settlement Service, hereafter "the SCLV") and of the Banco de España, and following contribution to the Sponsor Company of the shares of the SCLV and of the resources required to carry out the functions relating to the Book-Entry Public Debt Market.

Once the above-mentioned requirements had been met and the time periods specified in the Financial Law had elapsed, *Order Eco/689/2003 of 27 March 2003* (BOE of 28 March 2003) approving the Systems Company Regulation was enacted. This Regulation will draw on the Regulation of Organisation and Functioning of the Securities Clearing and Settlement Service, with additions and modifications as established in the Order, and the existing rules governing the registration, clearing and settlement system of the Book-Entry Public Debt Market will be applied.

The institutions that are, or become in the future, SCLV members or Public Debt Market management entities or account holders will be participants in the Systems Company, without loss of the continuity of their respective functions, rights or obligations vis-à-vis the registration, clearing and settlement system manager.

The loss or suspension of the status of management entity or account holder will entail loss or suspension of the status of participant in the registration, clearing and settlement system of the Book-Entry Public Debt Market managed by the Systems Company.

As part of the process of authorisation of new management entities or account holders, the Systems Company will issue a report on the suitability of the applicants' technical resources for carrying out their functions relating to the registration, clearing and settlement system of the Book-Entry Public Debt Market,

Finally, the Systems Company will furnish the Ministry of Economy, the Treasury and the various supervisory bodies in their respective areas of competence, and, if applicable, the relevant regional (autonomous) government, with any information requested by them on its registration, clearing and settlement activities, whenever such information is available to it, in accordance with current legislation. Also, it will advise them on all matters relating to the Systems Company's registration, clearing and settlement activities.

5. TREASURY BILL MARKET-MAKERS

The Ministerial Order of 10 February 1999 (7) implemented by the Resolution of 11 February 1999 of the Directorate-General of the Treasury and Financial Policy (hereafter, "the Treasury") established the basic principles for regulating Spanish government debt market-makers. This Order stipulated that the function of market-makers is to promote the liquidity of the Spanish public-debt market and cooperate with the Treasury in external and domestic dissemination of State debt. Later the Resolution of 20 February 2002 redefined the conditions of these institutions' cooperation with the Treasury in the placement of public debt securities on the primary market and their trading on the secondary market.

Recently the *Resolution of 5 March 2003* (BOE of 11 March 2003) of the Directorate-General of the Treasury and Financial Policy both repealed the Resolution of 20 February 2002 and extended the scope of market-maker cooperation to encompass not only the medium- and long-term government bond market, but also the Treasury bill market, in order to ensure market liquidity and maintain competitiveness with other institutional issuers in the euro area.

This Resolution also took the opportunity to amend the regulation of the second round permitted to medium- and long-term bond market-markers, with a view to strengthening their commitment to provide market liquidity via quotations in organised trading systems.

5.1. Requirements for acquiring Treasury bill market-maker status

The requirements for acquiring market-maker status are as follows: have an account in one's own name in the Banco de España's Book-Entry System; meet the requirements laid down in terms of technical and human resources; satisfy the other economic and legal conditions to qualify as fully-fledged members of at least one of the organised electronic trading systems as so determined by the Treasury; operate for at least one month, demonstrating in the primary and secondary Treasury bill markets a commitment similar to that required of market-markers as a whole.

5.2. Rights of bill market-makers

The Treasury bill market-makers that fulfil their obligations may have exclusive access to a

(7) See "Financial Regulation 1999 Q1", in the *Economic bulletin,* Banco de España, April 1999, pp. 60-62.

second round of the Treasury bill tender, which will take place between the allotment of the tender and midday on the business day following the day the tender was held. During the second round, these market-makers may submit bids, which will be allotted at the marginal price resulting from the tender phase. However, in the call for tenders, the Treasury may specify a method other than that used in the previous second-round allotment of tender.

The maximum amount that the Treasury will issue in the second round for each bill will be 12% of the nominal amount allotted in the tender phase of the same bill. The maximum that market-makers meeting specific requirements may obtain in this second phase is calculated by applying a percentage share to the allotments of the last two bill tenders.

5.3. Obligations of bill market-makers

First, the value of the bids submitted by each market-maker in each tender shall be at least 3% of the amount allotted by the Treasury for each type of bill, at yields not exceeding that corresponding to the marginal price less two basis points. However, tenders meeting certain conditions shall be excluded from the computation of compliance with this obligation.

Second, market-makers must assure Treasury bill secondary market liquidity in compliance with the obligations set forth in the Resolution. The Treasury may change the quotation conditions, subject to prior consultation with the market-makers.

The bills considered to be market benchmarks and two additional bill baskets will be defined in meetings between the Treasury and the market-makers. The baskets will be designed such that the overall maturity and liquidity characteristics of the bills in them are similar. The composition of the baskets will be reviewed in accordance with the criteria established in the meetings of market-makers. Market-makers will be divided into two homogeneous groups, with each group having to quote all the market benchmark bills and all those in the basket assigned to it. Every two months the basket that has to be quoted by each group of market-makers will be changed.

Third, each market-maker must furnish such information as the Treasury may request about the debt market, in general, and about its activity on the market, in particular. Specifically, each market-maker must report monthly on its operations for own account and for the account of third parties, on its geographic service area and on the type of entities making up its clientele, using the form included in the annex to the Resolution or such form as may be agreed in the Community co-operation forums.

Finally, market-makers must operate so as to assure that the market functions well, observing such operating obligations as may be established.

5.4. Evaluation of bill market-makers' activities

The Treasury shall evaluate monthly the activities of Treasury bill market-makers in the following areas: subscription of bills at tenders; participation in public-debt management or promotion operations; total monthly quotation and trading of Treasury bills in such organised electronic trading system or systems as may be specified by the Treasury; participation in monthly Treasury bill trading between members of the Book-Entry Public-Debt Market and between market-makers and entities that are not Book-Entry System account holders; and any other activity that reflects commitment to the Spanish public debt market.

The Treasury shall establish the criteria for evaluating Treasury-bill operations performed by market-makers, having regard to the market-making component they entail. Specifically, priority shall be given to quoting and dealing in the organised electronic trading system or systems specified by the Treasury.

5.5. Loss of market-maker status

The causes for which market-maker status will be lost are as follows: communication of the relinquishment of such status by the market-maker to the Treasury, and a decision to this effect by the Directorate-General of the Treasury and Financial Policy, when it considers the market-maker is not maintaining a proper level of commitment to the Public-Debt Market or has failed to comply with its obligations under the Resolution for three consecutive months.

6. STATE DEBT: ISSUANCE CONDITIONS DURING 2003 AND JANUARY 2004

Law 52/2002 of 30 December 2002 on the State Budget for 2003 authorises the government so that, on the proposal of the Minister of Economy and Finance, it may increase State debt during the year 2003, such that the outstanding balance at end-2003 does not exceed that at 1 January 2003 by more than €13,745 million. This limit will apply as at end-2003, and may be exceeded during the course of the year. The Law also stipulated the circumstances that would give rise to its automatic revision. The Ministry of Economy and Finance is empowered to issue, place and manage State debt, subject to the government's criteria and within the quantitative limits set by the State Budget Law, by Royal Decree-Law 1091/1988 of 23 September 1988, which approved the consolidated text of the State Budget Law. These powers corresponded to the Ministry of Economy further to Royal Decree 689/2000 of 12 May 2000, whereunder the basic organisational structure of the Ministries of Economy and of Finance is established.

As is usual for this time of the year, *Royal Decree 29/2003 of 10 January 2003* (BOE of 11 January 2003) has been enacted, providing for the creation of public debt in 2003; *Order Eco/43/2003 of 14 January* (BOE 018/2003 of 21 January 2003) providing for the creation of State debt in 2003 and January 2004, and delegating specific powers to the Director-General of the Treasury and Financial Policy; and two *Resolutions of 22 January 2003* (BOE of 31 January 2003 and 3 February 2003, respectively) of the Director-General of the Treasury and Financial Policy, providing for specific issues of Treasury bills and of medium- and long-term government bonds, and releasing the tender operations calendar for the year 2003 and for January 2004.

Broadly, it is envisaged that the same instruments, techniques, practices and other aspects established for the creation of public debt in 2002 will continue to be used. The debt issued or incurred by the State during the current year under all forms of State debt vehicles shall not exceed the limit for the increase in State debt stipulated in Law 52/2002 of 30 December 2002 on the State Budget for 2003. This limit will extend to the month of January 2004, under the terms established, up to the level of 15% of the total debt authorised for 2003, with the amounts thus issued being counted within the limit envisaged in the State Budget Law for 2004.

Regarding State debt issuance procedures, the arrangements of prior years are retained. In particular, the following issuance procedures remain in place: tenders (with competitive and non-competitive bidding), and any other technique that does not involve inequality of opportunity for potential purchasers.

As in previous years, public debt will be issued as *Treasury bills* and *medium- and long-term government bonds*, in all cases exclusively in book-entry form.

6.1. Treasury bills

For 2003, certain changes in original maturities and in grouping of issues have been made to strengthen the Treasury bill market, assure liquidity and maintain competitiveness with other institutional issuers in the euro area. The tenders will be held every four weeks and, to facilitate reinvestment, the issue dates will coincide with the maturity dates of previous issues. However, the original maturities may differ from those tentatively indicated by the number of days necessary to facilitate the grouping of maturity dates, which will be organised so as to fall at two-month intervals as from February 2004.

In addition, the Treasury has resumed its issues of *three- and six-month bills* to expand its presence in the maturities most popular among institutional investors, and has maintained its offering of twelve- and eighteen-month bills, which are alternated with issues of three- and six-month bills. Moreover, the three- and six-month bills are fungible (interchangeable) with twelve- and eighteen-month bills that have the same maturity date, so the measure will allow the volume of outstanding issues to be increased and their liquidity to be maintained throughout the whole of their life.

Finally, the tender structure is unchanged, although, as with medium- and long-term government bonds, tenders are followed by a second round reserved for financial institutions with market-maker status. This second round will be conducted in accordance with the regulations governing these institutions.

In the course of tenders, competitive (8) and non-competitive (9) bids may be made. The minimum nominal amount of competitive bids continues to be €1,000. Higher bids may be made in integer multiples of €1,000. Non-competitive bids follow the same rules, with a maximum nominal amount per bidder of €200,000.

6.2. Medium- and long-term government bonds

The issuance conditions of medium- and long-term government bonds are broadly the same as last year. It continues to be mandatory to make public the annual calendar of regular quarterly tenders, in accordance with market-makers and depending on market conditions and on issuance-related developments during the year. In any

(8) Competitive bids are those in which the price a bidder is prepared to pay for the debt is indicated as a percentage of the face value.

(9) In non-competitive bids the price is not indicated.

event, if market conditions or financing requirements so demand, the Treasury may decide (in the monthly resolution providing for the issuance of bonds for the following month) not to issue instruments at one or more of the maturities tentatively set in the quarterly calendar.

As regards maturity periods, in view of the acceptance and market share merited by government bonds with the maturities as they currently stand, the issuance of both medium- and long-term bonds with their customary maturity periods has been maintained in 2003. Issuance procedures are also retained, with the exception of ten-year government bonds, in which, based on the experience acquired in 2002, it was decided to reinstate the customary tender procedure used for the other instruments.

As with Treasury bills, the minimum nominal amount of competitive bids is €1,000 and higher bids may be made in integer multiples of €1,000. Non-competitive bids follow the same rules, with a maximum nominal amount per bidder of €200,000

7. DEVELOPMENT OF OLIVE OIL FUTURES AND OPTIONS MARKETS

Royal Decree 1814/1991 of 20 December 1991 (10) broadly regulated the official secondary futures and options markets. It was subsequently amended by Royal Decree 695/1995 of 28 April 1995, which established special rules applicable to the official secondary markets for citrus fruit futures and options and empowered the Ministry of Economy to determine, in general terms, the specialities to which the official secondary markets for futures and options based on non-financial assets other than citrus fruits should be subject.

Law 37/1998 of 16 November 1998, amending Securities Market Law 24/1988 of 24 July 1988, empowers the Government to authorise the creation of the different official secondary futures and options markets.

In application of this power, Order Eco/3235/2002 of 5 December 2002 was mandated to develop rules on the specialities applicable to the official secondary markets for olive oil futures and options. This Order empowered the CNMV to mandate the provisions required to implement and execute it, particularly those needed to determine specialisation, professionalism and solvency requirements for industrial members, as well as what accounting information they must send to the CNMV and the governing bodies of these markets and how and when. The CNMV was so empowered by means of publication of *CCNMV 1/2003 of 22 January 2003* (BOE of 7 February 2003).

Regarding the specialisation and professionalism requirements for industrial members of olive oil futures and options markets, the Circular stipulates that to become and remain an industrial member, the applicant must accredit that, for not less than the two years preceding the application, it has been effectively engaging in one or more of the following activities: production, marketing, intermediation or distribution of olive oil.

Should the applicant be an entity that, while forming part of a group of entities engaging in one or more of the above-mentioned activities, has the sole corporate purpose of trading on the olive oil futures and options market (specific-purpose undertaking), the accreditation of these specialisation and professionalism requirements shall refer to the company or companies in its group on behalf of which it acts. For this purpose, a group is defined as all entities comprising a decision-making unit.

As regards solvency requirements, industrial members may have any corporate form that limits the liability of its members or associates to the economic contributions made, must have own funds of not less than €300,000 and must not have incurred a loss in the two years immediately preceding the application.

Industrial members must immediately notify the CNMV and the governing companies of these markets of any circumstance that may significantly affect their financial soundness. Also, they must furnish to these bodies the following documentation:

1. Within a fortnight from the issuance of the auditors' report: annual accounts and directors' report, together with auditors' report on the individual and, if applicable, consolidated accounts.

2. Within two months from the end of each quarter: profit and loss account and interim balance sheet of the entity and, in the case of specific-purpose undertakings, those of the entity or entities for which they render their services or of the consolidated group to which they belong, for each quarter of the financial year.

3. Monthly, and within the month following that to which the information refers: a list of all

(10) See "Regulación financiera: cuarto trimestre de 1991", in *Boletín económico,* Banco de España, January 1992, pp. 63 and 64.

operations performed on the market, distinguishing the operations performed for hedging and/or arbitrage reasons from those performed on an uncovered basis and not related in any way to cash transactions.

The industrial members that are issuers of securities listed on a stock exchange must submit the above-mentioned report in accordance with the specific regulations applicable to listed companies.

The CNMV may exempt industrial members from submitting consolidated accounts if they are of little significance with respect to their market operations or, in the case of interim accounts, if the information required for consolidation can only be obtained at disproportionate cost or with inevitable delays in its preparation with respect to the stipulated submission deadline.

8. INSURANCE UNDERTAKINGS: INFORMATION ON INSURED PROVISION-FOR-RETIREMENT SCHEMES

Law 46/2002 of 18 December 2002 on partial reform of Personal Income Tax amended the laws on Corporate Income Tax and on the Tax on the Income of Non-Residents, as well as Law 40/1998 of 9 December 1998 on Personal Income Tax and Other Tax Provisions, which first introduced Insured Provision-for-Retirement Schemes (IPRSs). IPRSs are new long-term provident saving instruments, the tax regime for which is on a par with that of individual pension schemes provided they meet certain requirements. Specifically, the premiums paid on IPRSs carry entitlement to a personal income tax credit.

Royal Decree 27/2003 of 10 January 2003 amended the personal income tax regulations, developed the new precepts and adapted the recent legal changes to the text of the regulations. In this connection, it incorporated the IPRSs into the regulations in order to specify when the requirement that the main coverage be retirement is deemed to have been met and to spell out the requirements and conditions for switching the mathematical provision to another IPRS. Specifically, it implemented the requirements and conditions of IPRSs and regulates the information to be furnished for tax purposes by the insurance undertakings that market them. Finally, it mandated that, by means of a Resolution of the Directorate-General of Insurance and Pension Funds (DGIPF), disclosure requirements shall be established whereby insurance undertakings marketing IPRSs have to provide certain information to potential customers before the policy is taken out, about guaranteed interest rates, guarantee periods and anticipated expenses, all without prejudice to the disclosure requirements under private insurance regulations. This mandate was put into effect by means of the DGIPF *Resolution of 5 March 2003* (BOE of 12 March 2003).

The Resolution clarifies the extent of certain information to be given when the marketing of IPRSs commences, specifically the reference to interest rate, which is to be understood as an interest rate that is positive and guaranteed in advance, although, the different commercial possibilities of the product make it advisable that the guarantee should not obligatorily be the same over the entire life of the product.

During the entire contract term, insurance undertakings must inform their policy holders in writing of any changes to the initially provided information, particularly if policy supplements are issued or the applicable legislation is amended. This information must be furnished within a maximum of three months.

Information on the amount of mathematical provisions held by policy holders must be received by them at least quarterly.

If the contract has investments assigned to it, express communication must be made of the possible difference between the market value of the related assets and the amount of the mathematical provision. This quarterly information must include any profit sharing that may have been assigned.

9. THE “NEW FIRM” PRIVATE LIMITED COMPANY (SOCIEDAD LIMITADA NUEVA EMPRESA) AND AMENDMENT OF THE LEGAL REGIME OF PRIVATE LIMITED COMPANIES

The reform of Spanish corporate legislation saw a major step forward in 1995 as a result of the required adaptation of Spanish legislation to Community directives on corporate law. Specifically, Law 2/1995 of 23 March 1995 on Private Limited Companies introduced greater flexibility into the legal regime of this business form, which is developed as an essentially private company in which elements of owner-management and of limited liability co-exist harmoniously, making it particularly recommendable for small and medium-sized enterprises.

Since then, work has continued in European institutions to improve and simplify the conditions required for the establishment of firms.

Recently, *Law 7/2003 of 1 April 2003 (BOE of 2 April 2003)* on the "New Firm" Private Limited Company (*Sociedad Limitada Nueva Empresa*) amending Law 2/1995 of 23 March 1995 on Private Limited Companies was enacted to establish a corporate and administrative legal framework capable of stimulating business activity and improving the competitive position of small and medium-sized enterprises on the market, thereby fulfilling the commitment to small enterprises contained in the European Charter.

Specifically, on the one hand, it implements the so-called "New Firm Project" aimed at stimulating the establishment of new firms, particularly small and medium-sized enterprises, which are an essential element of the Spanish economy. Its objective is to expedite to the utmost the administrative formalities required to form and start up a firm, and thus offers the option of performing them telematically. For this purpose, the Electronic Single Document has been introduced to enable the formalities involved in setting up a firm and initiating its activities to be carried out telematically.

On the other hand, Law 2/1995 of 23 March 1995 has been amended to permit the issuance of non-voting shares, allow companies to acquire and temporarily hold their own shares, and modify current civil law in those precepts regulating relationships between family members and the succession of the production unit to endow it with the means of designing, in the entrepreneur's lifetime, the most appropriate succession of the firm in all its possible forms: limited liability company, partnership, sole proprietorship, etc.

Some of the salient features are summarised below:

9.1. Legal regime of "new firm" companies

"New firm" private limited companies (*sociedades limitadas nueva empresa*—hereafter referred to by the Spanish abbreviation "SLNE") are regulated as a special type of private limited company. The corporate name shall be formed by the two surnames and the given name of one of the founders, followed by an alphanumeric code enabling unique unequivocal identification of the company. The corporate name must necessarily include the words "Sociedad Limitada Nueva Empresa" or its abbreviation "SLNE". Only individuals may be shareholders of an SLNE and it may not have more than five shareholders at the time of its formation. The sole shareholder of any given SLNE may not set up or be the sole shareholder of another SNLE and the fact that there is a sole shareholder must be stated in the deed of incorporation or in the purchase deed.

The steps required for execution and registration of an SLNE's deed of incorporation may be performed by electronic, IT or telematic means. Moreover, the time periods for company formation and registration with the registries and tax authorities have been reduced considerably.

The share capital of an SLNE may not be less than €3,012 or more than €120,202. This minimum capital amount may only be disbursed by means of monetary contributions.

Voluntary *inter vivos* transfer of shares is only permitted if it is to individuals, and it shall be subject to the provisions for such transfer set forth in Law 7/2003.

9.2. Governing bodies

The Annual Shareholders' Meeting shall be subject to the provisions of Law 7/2003 and may be called as provided therein, as well as by registered post, with acknowledgement of receipt, addressed to the domicile stated for that purpose by the shareholders, by telematic procedures for notification to shareholders based on certification that an electronic notice of meeting has been sent or by acknowledgement of receipt by the shareholder. In such cases, notice of meeting need not be published in the Official Gazette of the Mercantile Registry or in any of the larger-circulation newspapers of the municipality in which the company's registered office is located. Company administration may be entrusted to a body consisting of a single person or to a body consisting of more than one person whose members act individually or jointly.

10. AMENDMENT OF AUDIT REGULATIONS

Auditing Law 19/1988 of 12 July 1988, implemented by Royal Decree 1636/1990 of 20 December 1990, was an extremely important development in the business world because it increased the transparency of corporate accounting. This Law was subsequently amended several times to adapt it to the realities of corporate developments, particularly by means of Law 44/2002 of 22 November 2002 (11) on Reform of the Financial System.

(11) See "Financial Regulation 2002 Q4", in the *Economic bulletin,* Banco de España, January 2003, pp. 101-113.

Royal Decree 180/2003 of 14 February 2003 (BOE of 27 February 2003) amending Royal Decree 1636/1990 of 20 December 1990, which approved the regulations implementing Auditing Law 19/1988 of 12 July 1988, has recently been enacted.

From the financial standpoint, and in relation to the obligation of auditors to promptly communicate in writing to the Banco de España, the CNMV and the Directorate-General of Insurance and Pension Funds certain important events or decisions at the audited entity that come to their attention in the course of their work, the period established for effectively complying with that obligation is 10 days from the time the auditor becomes aware that such events or decisions have occurred.

Similarly, auditors are required to send a copy of their auditors' report to the supervisory authorities ten days after the end of the period permitted to the audited entity (one week from delivery of the auditors' report), should the latter not have already sent the auditors' report to the supervisory authorities.

11. EXPOSURE ARISING FROM FOREIGN COMMERCE: STATE COVERAGE

The Ministerial Order of 12 February 1998 amended the Ministerial Order of 19 April 1991 so as to update wherever possible the export credit insurance system by adapting it to the liberalising principles and rules introduced by the European Union and bringing it into step with the new realities of foreign trade and of international transactions.

Since that time, the increasing complexity and interdependence of international economic activity, and the appearance and propagation of new risk factors, along with the progressive liberalisation of the more developed markets, have made it advisable to review the regulations on export credit insurance arranged at the State's expense.

Against this background, *Order Eco/180/2003 of 22 January 2003* on coverage at the State's expense of exposure arising from foreign trade, foreign investment and foreign transactions (BOE of 7 February 2003), which repeals the Order of 12 February 1998, responds to these needs and also appropriately adapts commercial trade legislation to the latest European Union rules (specifically the recent Communication from the Commission to the Member States 2001/C/217/02 on short-term export credit insurance) and to regulatory progress in matters as significant as fighting corruption and preserving the environment.

This Order specifies the insurance coverage written on an exclusive basis by Compañía Española de Seguros de Crédito a la Exportación, Sociedad Anónima, Cía de Seguros y Reaseguros to cover the risk of economic loss or damages arising from foreign trade, foreign investment and foreign transactions.

12. DIRECTIVE ON THE SUPPLEMENTARY SUPERVISION OF CREDIT INSTITUTIONS, INSURANCE UNDERTAKINGS AND INVESTMENT FIRMS IN A FINANCIAL CONGLOMERATE

Recent developments on financial markets have led to the creation of financial groups, known as financial conglomerates, offering services and products on diverse markets. Current Community legislation contains a full set of regulations on the prudential supervision of credit institutions, insurance undertakings and investment firms (hereafter "regulated financial institutions" or "regulated entities") considered individually or, where appropriate, as forming part of a banking, investment firm or insurance group, i.e. groups with homogeneous financial activities. However, to date there has not been any group-wide prudential supervision of the regulated financial institutions forming part of these conglomerates.

To fill this gap and to prevent regulatory arbitrage between sectoral rules and those for financial conglomerates, and between the rules of one sector and another, *Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002* (OJEC of 11 February 2002) has been published on supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. This Directive amends Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC of the Council and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council.

The scope of the Directive is the supplementary supervision of regulated financial institutions forming part of a financial conglomerate with significant cross-sectoral financial activities. It spans all the financial activities addressed by sectoral financial legislation and all entities engaging principally in these activities, including particularly asset management companies and mixed financial holding companies, as regards the following:

a) *Capital adequacy:* The adjusted own funds of the conglomerate must be at least equal to the sum of the solvency requirements of each financial sector represented in the group. For this purpose, four calculation methods (Annex I) with slight technical differences are permitted: accounting consolidation, deduction and aggregation, book value/requirement deduction and a fourth method which is a combination of the preceding three methods. Regardless of the method, there are common criteria that are taken into account in the solvency test. These are, among others, that the items eligible as own funds shall be those considered eligible under the relevant sectoral rules, and that, if sectoral rules establish eligibility limits on certain instruments, these limits shall apply *mutatis mutandis* when calculating the own funds of the conglomerate.

The choice of method shall be subject to the following rules:

— The Member States may require the application of a particular method if the conglomerate is headed by a regulated entity authorised in the Member State in question and if all the relevant competent authorities are located in the same Member State. Otherwise, the States shall authorise the application of any of the methods.

— In those cases in which any method can be applied (i.e. the Member State has not restricted it to a single one, should that be possible, or the Directive stipulates that all methods must be recognised), the method shall be chosen by the co-ordinator after consultation with the relevant competent authorities and with the conglomerate itself.

b) *Risk concentration and intra-group transactions:* Operations entailing the risk concentration of a conglomerate's regulated entities and significant intra-group transactions (those between a company in the conglomerate and either another company in the conglomerate or a person or entity having close links with it) shall be monitored. Information on both shall be regularly furnished to the co-ordinator.

What is deemed to be risk concentration or a significant intra-group transaction, and the type of information to be received, shall be determined by the co-ordinator in each particular case—having regard to the specific features of the group in question—, after consultation with the relevant competent authorities and with the conglomerate. Member States are permitted to apply, at the level of the conglomerate, the sectoral rules on intra-group transactions and risk concentration.

As regards significant intra-group transactions, if no *ad hoc* minimum threshold has been set, the Directive stipulates that an intra-group transaction shall be deemed to be significant is its amount exceeds 5% of the capital adequacy requirements of the financial conglomerate. Also, Member States are authorised to adopt quantitative or qualitative limits in respect of intra-group transactions.

c) *Internal control mechanisms:* Finally, Member States shall require regulated entities to have in place, at the level of the financial conglomerate, adequate risk management systems and internal control mechanisms. The minimum content of these systems and mechanisms is described. They shall be subject to supervisory overview by the co-ordinator.

The Directive defines a financial conglomerate as any group of entities meeting the following conditions:

a) The ratio of the balance sheet total of the regulated and non-regulated financial sector entities to the balance sheet total of the group as a whole must exceed 40%.

b) If the group engages in activities in different financial sectors, for each financial sector the average of the ratio of the balance sheet total of that financial sector to the balance sheet total of the financial sector entities in the group and the ratio of the solvency requirements of the same financial sector to the total solvency requirements of the financial sector entities in the group must exceed 10%.

c) Cross-sectoral activities shall also be deemed to be significant if the balance sheet total of the smallest financial sector in the group exceeds €6 billion.

However, if a group complying with c) does not reach the threshold specified in b), the Directive permits the competent authorities to decide by common agreement that, under certain circumstances, the group will not be regarded as a financial conglomerate. Further, the competent authorities may, in exceptional cases and by common agreement, replace the criterion based on balance sheet total with other parameters, such as income structure or off-balance-sheet activities, if it is considered that they are of particular relevance for supplementary supervision purposes.

Furthermore, in order to ensure appropriate supplementary supervision of the regulated entities in a financial conglomerate, a single co-ordinator (12) responsible for co-ordinating and exercising supplementary supervision shall be designated, in accordance with certain criteria, from among the competent authorities in the Member States concerned.

The tasks to be carried out by the co-ordinator with regard to supplementary supervision shall include: co-ordination of the gathering and dissemination of relevant or essential information in going concern and emergency situations, including the dissemination of information which is of importance for a competent authority's supervisory task under sectoral rules; supervisory overview and assessment of the financial situation of a financial conglomerate; assessment of compliance with the rules on capital adequacy and of risk concentration and intra-group transactions; and assessment of the financial conglomerate's structure, organisation and internal control system.

The competent authorities responsible for supervising the regulated entities in a financial conglomerate and the competent authority designated as co-ordinator of that financial conglomerate shall co-operate closely with each other. Without prejudice to their respective responsibilities defined in sectoral rules, these authorities, whether or not established in the same Member State, shall provide one another with any information which is relevant or essential for the exercise of the other authorities' supervisory tasks under the sectoral rules and this Directive.

Pending further harmonisation between sectoral rules, the Member States shall provide that their competent authorities shall have the power to take any supervisory measure deemed necessary in order to avoid or to deal with the circumvention of sectoral rules by regulated entities in a financial conglomerate. In addition, Member States shall ensure that penalties or measures aimed at ending observed breaches or the causes of such breaches may be imposed on mixed financial holding companies or their effective managers, which infringe laws, regulations or administrative provisions enacted to implement this Directive. In certain cases, such measures may require the intervention of the courts. The competent authorities shall co-operate closely to ensure that such penalties or measures produce the desired results.

The Directive sets forth in more detail than the sectoral directives the levels of co-operation between authorities, which shall provide one another with essential or relevant information about the conglomerate (they shall communication essential information on their own initiative, and relevant information on request).

Also, competent authorities shall verify whether regulated entities whose parent undertaking has its head office outside the Community are subject to supervision by a third-country competent authority that is equivalent to the supervision provided for by the provisions of this Directive. In the absence of equivalent supervision, Member States shall apply to the regulated entities in the conglomerate, by analogy, the Directive's provisions on supplementary supervision, and may even require the establishment of a mixed financial holding company whose registered office is in the Community to head the European regulated entities. Other supervisory methods considered appropriate may also be applied if they achieve analogous objectives to those pursued by supplementary supervision.

As in the sectoral directives, the negotiation of co-operation agreements with third countries on the supplementary supervision of regulated entities in a financial conglomerate is provided for.

Finally, the Directive appropriately amends the current sectoral directives on credit institutions, insurance undertakings and investment firms to prevent regulatory arbitrage between sectoral rules and those for financial conglomerates, and between the rules of one sector and another. The changes made include most notably the following:

1) The definitions of "financial holding company" and "mixed financial holding company" are changed such that where a group of credit institutions is headed by a financial holding company (an entity engaging principally in the holding of stakes in credit institutions, investment services firms or insurance undertakings) and the conditions are such that it is deemed to head a conglomerate, the group as a whole shall be subject to the supplementary supervision provided for in the new Directive, rather than consolidated supervision under the sectoral directive.

2) In order to avoid double counting of own funds, stand alone entities or groups not

(12) The co-ordinator will normally be the supervisor of the regulated entity heading the financial conglomerate or of the most important entity in it.

deemed to be conglomerates shall deduct stakes in insurance and reinsurance undertakings that exceed 20% of the investee (banking-securities cross-sectoral stakes are already deducted in the portion exceeding 10% of the investee or if the total thereof exceeds 10% of the investee's own funds). As an alternative to such deduction, the Member States may authorise the application, *mutatis mutandis*, of the methods included in the Annex. Similar regulation will foreseeably be introduced in the insurance sector. Further, Member States may provide that for the calculation of own funds on a stand-alone basis, entities subject to supervision on a consolidated or supplementary basis may be authorised not to deduct the items relating to cross-sectoral stakes. Provision is made for the competent authority to permit exceptions to the rules on deduction of cross-sectoral stakes if those stakes are held temporarily as part of a financial assistance operation intended to save the investee.

3) Requirements are established as to the fit and proper character of the senior managers of financial holding companies.

4) Credit institutions' operations with their parent company when that parent is a mixed financial holding company, and with the parent company's other subsidiaries, shall be subject to supervisory overview: compulsory internal control mechanisms to identify, measure and monitor risk, and information about significant operations. Provision is made for the authority to take appropriate measures if the operations are a threat to the credit institution's financial position.

5) In the case of non-Community parent companies (non-EU credit institutions or financial holding companies), a test shall be performed on the supervision to which the group is subject in its home country and on the principles provided for in consolidated supervision to determine whether they are equivalent (it shall be performed by the authority that would have been responsible for such supervision, after consultation with the other interested authorities and with the banking consultative Committee). In the absence of equivalent supervision, by analogy consolidated supervision shall be applied, although the Member States may authorise other supervision techniques if they achieve similar objectives. In particular, the establishment of a mixed financial holding company which has its head office in the Community may be required, and the provisions on consolidated supervision applied to it.

13. DIRECTIVE CONCERNING THE DISTANCE MARKETING OF CONSUMER FINANCIAL SERVICES

Directive 97/7/EC of the European Parliament and of the Council of 20 May 1997 on the protection of consumers in respect of distance contracts, regulated the minimum precontractual information to be received by consumers and recognised certain rights when distance contracts for goods or services were entered into by a supplier and a consumer. However, financial services were excluded from that Directive.

The distance marketing of financial services (13) will constitute one of the main achievements of the completion of the internal market, both for consumers and for financial service suppliers.

In order to safeguard freedom of choice, which is an essential consumer right, it is advisable to establish a legal framework protecting consumers to enhance their confidence in the new techniques for distance marketing of financial services. This applies whether or not the supplier has an establishment in the consumer's Member State of residence.

For this purpose, *Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002* (OJEC of 9 October 2002) concerning the distance marketing of consumer financial services was published. This Directive amends and adapts the scope of Directive 97/7/EC and of Directive 98/27/EC of the European Parliament and of the Council of 19 May 1998 on injunctions for the protection of consumers' interests, as well as the scope of the cancellation period in the second Council Directive 90/619/EEC of 8 November 1990 on the co-ordination of laws, regulations and administrative provisions relating to direct life assurance.

The main features of the Directive are as follows:

13.1. Scope

The Directive aims to approximate the laws, regulations and administrative provisions of the Member States concerning the distance marketing of consumer financial services. In the case of contracts for financial services comprising an initial service agreement followed by successive operations or a

(13) For the purposes of this Directive, "financial service" shall refer to any banking, credit, insurance, personal retirement, investment or payment service.

series of separate operations of the same nature performed over time, the provisions of this Directive shall apply only to the initial agreement. For the purposes of this Directive, “distance contract” means any contract concerning financial services concluded between a supplier and a consumer under an organised distance sales or service-provision scheme run by the supplier, who, for the purpose of that contract, makes exclusive use of one or more means of distance communication up to and including the time at which the contract is concluded.

13.2. Information to the consumer prior to the conclusion of the distance contract

In good time before the consumer is bound by any distance contract or offer, he shall be provided with information concerning, inter alia: the identity and main business of the supplier, the geographical address at which the supplier is established; the trade register in which the supplier is entered and his registration number; the particulars of the related supervisory authority if a certain activity of the supplier is subject to an authorisation scheme; the total price to be paid by the consumer to the supplier for the financial service, including all related fees, charges and expenses, and all taxes paid via the supplier or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the consumer to verify it; the existence or absence of a right of withdrawal and, where the right of withdrawal exists, its duration and the conditions for exercising it, including information on the amount which the consumer may be required to pay, as well as the consequence of non-exercise of that right; and information on any rights the parties may have to terminate the contract early or unilaterally by virtue of the terms of the distance contract, including any penalties imposed by the contract in such cases.

The information shall be communicated in a clear and comprehensible manner in any way appropriate to the means of distance communication used, with due regard, in particular, to the principles of good faith in commercial transactions, and the principles governing the protection of persons.

In the case of voice telephony communications, at the beginning of any conversation with the consumer, the identity of the supplier and the commercial purpose of the call initiated by the supplier shall be made explicitly clear. Following the express acceptance of the consumer, certain information shall be provided, such as: the identity of the person in contact with the consumer and his link with the supplier; a description of the main characteristics of the financial service; the total price to be paid by the consumer to the supplier for the financial service including all taxes paid via the supplier or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the consumer to verify it; the existence or absence of a right of withdrawal and, where the right of withdrawal exists, its duration and the conditions for exercising it.

13.3. Communication of the contractual terms and conditions and of the prior information

The supplier shall communicate to the consumer all the contractual terms and conditions on paper or on another durable medium available and accessible to the consumer in good time before the consumer is bound by any distance contract or offer.

At any time during the contractual relationship the consumer is entitled, at his request, to receive the contractual terms and conditions on paper. In addition, the consumer is entitled to change the means of distance communication used, unless this is incompatible with the contract concluded or the nature of the financial service provided.

13.4. Right of withdrawal

The Member States shall ensure that the consumer shall have a period of 14 calendar days to withdraw from the contract without penalty and without giving any reason. However, this period shall be extended to 30 calendar days in distance contracts relating to life insurance covered by the second Council Directive 90/619/EEC of 8 November 1990 on the co-ordination of laws, regulations and administrative provisions relating to direct life assurance and personal retirement.

The right of withdrawal shall not apply to:

a) Financial services whose price depends on fluctuations in the financial market outside the supplier’s control, such as: services related to foreign exchange transactions; money market instruments; transferable securities; units in collective investment undertakings; financial futures contracts, including equivalent cash-settled instruments; forward interest rate agreements (FRAs); and interest rate swaps.

b) Travel and baggage insurance policies or similar short-term insurance policies of less than one month's duration.

c) Contracts whose performance has been fully completed by both parties at the consumer's express request before the consumer exercises his right of withdrawal.

In addition, Member States may provide that the right of withdrawal shall not apply to:

a) Any credit intended primarily for the purpose of acquiring or retaining property rights in land or in an existing or projected building, or for the purpose of renovating or improving a building.

b) Any credit secured either by mortgage on immovable property or by a right related to immovable property.

c) Declarations by consumers using the services of an official, provided that the official confirms that the consumer is guaranteed the rights.

When the consumer exercises his right of withdrawal, he may only be required to pay, without any undue delay, for the service actually provided by the supplier in accordance with the contract. The performance of the contract may only begin after the consumer has given his approval. The amount payable shall not exceed an amount which is in proportion to the extent of the service already provided in comparison with the full coverage of the contract and shall be such that in no case could it be construed as a penalty.

However, Member States may provide that the consumer cannot be required to pay any amount when withdrawing from an insurance contract.

Moreover, Member States shall ensure that appropriate measures exist to allow a consumer to request cancellation of a payment where fraudulent use has been made of his payment card in connection with distance contracts.

13.5. Unsolicited services

Without prejudice to Member States' provisions on the tacit renewal of distance contracts, when such rules permit tacit renewal, Member States shall take the necessary measures to prohibit the supply of financial services to a consumer without a prior request on his part, when this supply includes a request for immediate or deferred payment, and to exempt the consumer from any obligation in the event of unsolicited supplies, the absence of a reply not constituting consent.

13.6. Sanctions

Member States shall provide for appropriate sanctions in the event of the supplier's failure to comply with national provisions adopted pursuant to this Directive. They may provide for this purpose in particular that the consumer may cancel the contract at any time, free of charge and without penalty. These sanctions must be effective, proportional and dissuasive.

To end the comments on this Directive, it should be pointed out that it establishes, for the first time, the maximum level of harmonisation. It has abandoned the minimum harmonisation approach used to date because it seeks to achieve the uniform application of Community legislation needed to build a harmonised single market for financial services.

Finally, it should be pointed out that the Member States have to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than 9 October 2004. They shall forthwith inform the Commission thereof. Also, not later than 9 April 2006, the Commission shall report to the European Parliament and the Council on the problems facing both consumers and suppliers seeking to buy and sell financial services, and shall submit, where appropriate, proposals to amend and/or further harmonise the information and right of withdrawal provisions in Community legislation concerning financial services.

14. DIRECTIVE ON INSURANCE MEDIATION

Council Directive 77/92/EEC of 13 December 1976 on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of the activities of insurance agents and brokers and, in particular, transitional measures in respect of those activities, represented a first step to facilitate the exercise of freedom of establishment and freedom to provide services for insurance agents and brokers. Also, Commission Recommendation 92/48/EEC of 18 December 1991 on insurance intermediaries was largely followed by Member States and helped to bring closer together national provisions on the professional requirements and registration of insurance intermediaries.

However, there are still substantial differences between national provisions which create barriers to the taking-up and pursuit of the activities of insurance and reinsurance intermediaries in the internal market. It is therefore appropriate to replace Directive 77/92/EEC with a new directive. To this end, *Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002* (OJEC of 15 January 2003) on insurance mediation was published.

The most important new features are described below.

14.1. Scope, authorisation conditions and registration

The Directive lays down rules for the taking-up and pursuit of the activities of insurance and reinsurance mediation by natural and legal persons which are established in a Member State or which wish to become established there.

Insurance and reinsurance intermediaries shall be registered with a competent authority in their home Member State, although the Member States need not apply this requirement to all the natural persons who work in an undertaking and pursue the activity of insurance or reinsurance mediation. As regards legal persons, Member States shall register such persons and shall also specify in the register the names of the natural persons within the management who are responsible for the mediation business.

Registered insurance and reinsurance intermediaries shall be allowed to take up and pursue the activity of insurance and reinsurance mediation in the Community by means of both freedom of establishment and freedom to provide services.

Insurance and reinsurance intermediaries shall possess appropriate knowledge and ability, as determined by the home Member State of the intermediary. Also, insurance and reinsurance intermediaries shall be of good repute.

Insurance and reinsurance intermediaries shall hold professional indemnity insurance covering the whole territory of the Community or some other comparable guarantee against liability arising from professional negligence, for at least €1,000,000 applying to each claim and in aggregate €1,500,000 per year for all claims.

14.2. Notification of establishment and services in other Member States

Any insurance or reinsurance intermediary intending to carry on business for the first time in one or more Member States under the freedom to provide services or the freedom of establishment shall inform the competent authorities of the home Member State. Within a period of one month after such notification, those competent authorities shall inform the competent authorities of any host Member States wishing to know, of the intention of the insurance or reinsurance intermediary and shall at the same time inform the intermediary concerned.

14.3. Customer protection

Member States shall take all necessary measures to protect customers against the inability of the insurance intermediary to transfer the premium to the insurance undertaking or to transfer the amount of claim or return premium to the insured. Such measures shall take any one or more of the following forms:

a) Provisions laid down by law or contract whereby monies paid by the customer to the intermediary are treated as having been paid to the undertaking, whereas monies paid by the undertaking to the intermediary are not treated as having been paid to the customer until the customer actually receives them.

b) A requirement for insurance intermediaries to have financial capacity amounting, on a permanent basis, to 4% of the sum of annual premiums received, subject to a minimum of €15,000.

c) A requirement that customers' monies shall be transferred via strictly segregated client accounts and that these accounts shall not be used to reimburse other creditors in the event of bankruptcy.

d) A requirement that a guarantee fund be set up.

14.4. Information to be provided by the insurance intermediary

Prior to the conclusion of any initial insurance contract, and, if necessary, upon amendment or renewal thereof, an insurance intermediary shall provide the customer with at least the following information: his identity and address; the register in which he has been included and the means for verifying that he has been registered; whether he has a holding, direct or indirect, representing more than 10% of the voting rights or of the capital in a given insurance undertaking; whether a given insurance undertaking or parent undertaking of a given insurance undertaking has a holding, direct or indirect, representing more than 10% of the voting rights or of the capital in a given insurance undertaking; the procedures allowing customers and other interested parties to register complaints about insurance and reinsurance intermediaries and, if appropriate, about the out-of-court complaint and redress procedures.

Finally, the Member States have to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than 15 January 2005. They shall forthwith inform the Commission thereof.

14.4.2003.

ECONOMIC INDICATORS

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

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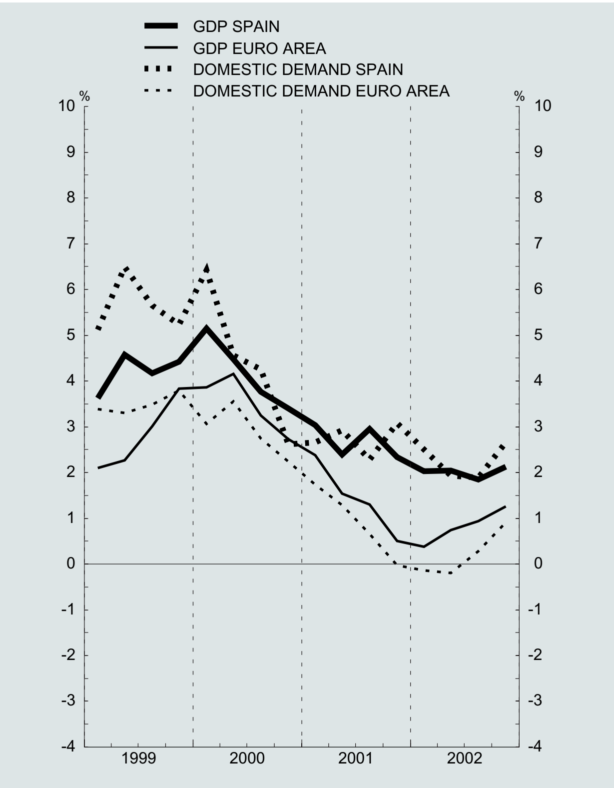
(1) IMF Special Data Dissemination Standard (SDDS).

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

■ Series depicted in chart. *Annual percentage changes*

	GDP		Final consumption of households and NPISHs		Government final consumption		Gross fixed capital formation		Domestic demand		Exports of goods and services		Imports of goods and services		Memorandum item: GDPmp (current prices) (e)	
	Spain	Euro area	Spain	Euro area (b)	Spain	Euro area (c)	Spain	Euro area	Spain	Euro area	Spain	Euro area (d)	Spain	Euro area (d)	Spain	Euro area
	1 ■	2 ■	3 ■	4 ■	5	6	7 ■	8 ■	9 ■	10 ■	11	12	13	14	15	16
00	4.2	3.5	3.9	2.5	5.0	2.0	5.7	4.9	4.4	2.9	10.1	12.6	10.6	11.2	609	6 449
01	2.7	1.4	2.5	1.8	3.1	2.1	3.2	-0.5	2.7	0.9	3.4	2.9	3.5	1.6	652	6 828
02	2.0	0.8	1.9	0.6	3.8	2.6	1.4	-2.6	2.2	0.2	1.4	1.2	2.2	-0.4	694	7 050
99 *Q4*	4.4	3.8	4.5	3.3	5.0	2.2	6.1	6.3	5.2	3.8	10.3	10.0	12.8	10.2	145	1 567
00 *Q1*	5.1	3.9	4.6	2.5	5.4	1.9	6.2	5.9	6.4	3.1	7.6	12.9	11.8	10.8	148	1 587
Q2	4.5	4.2	4.8	3.3	5.7	2.1	6.5	5.8	4.6	3.6	10.4	12.5	10.4	11.1	151	1 606
Q3	3.8	3.2	3.1	2.4	5.0	1.7	5.8	4.2	4.3	2.7	10.3	12.3	11.6	11.2	154	1 620
Q4	3.4	2.7	3.3	1.8	4.1	2.2	4.2	3.7	2.6	2.2	11.7	12.6	8.6	11.6	156	1 636
01 *Q1*	3.0	2.4	2.2	2.0	3.1	2.0	5.2	1.9	2.7	1.7	10.1	8.7	8.3	7.3	159	1 689
Q2	2.4	1.5	2.2	1.8	2.7	2.1	4.0	-0.1	2.9	1.3	4.5	4.3	6.1	3.8	162	1 703
Q3	2.9	1.3	2.9	1.8	3.2	2.4	2.6	-1.5	2.3	0.7	1.8	1.3	-0.2	-0.5	165	1 711
Q4	2.3	0.5	2.8	1.6	3.3	1.8	1.3	-2.4	3.1	-0.0	-2.1	-2.7	0.4	-4.3	166	1 724
02 *Q1*	2.0	0.4	2.4	0.6	3.8	2.4	0.7	-2.9	2.5	-0.1	-2.9	-2.9	-1.1	-4.5	169	1 740
Q2	2.0	0.7	1.8	0.3	3.8	2.9	1.0	-3.4	1.9	-0.2	-1.6	0.8	-1.7	-1.8	172	1 755
Q3	1.8	0.9	1.5	0.7	3.7	2.8	1.6	-2.6	1.9	0.3	4.2	3.0	4.2	1.4	175	1 772
Q4	2.1	1.3	1.8	1.1	4.0	2.4	2.5	-1.6	2.7	0.9	6.0	4.0	7.4	3.2	178	1 782

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



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

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

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

(b) Private consumption.

(c) Government consumption.

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

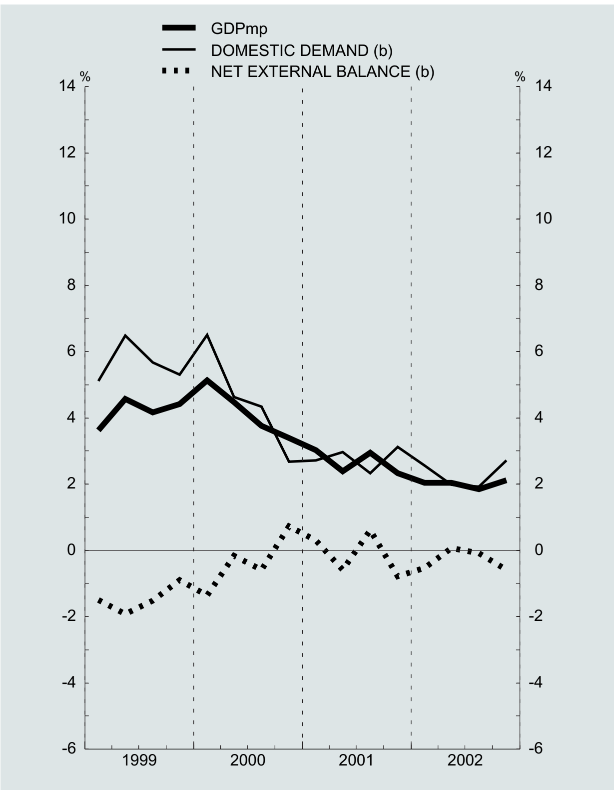
(e) Billions of euro.

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

■ Series depicted in chart. *Annual percentage changes*

		Gross fixed capital formation			Change in Stocks (b)	Exports of goods and services				Imports of goods and services				Memorandum items:		
		Total	Capital goods	Construction		Total	Goods	Tourism	Services	Total	Goods	Tourism	Services	External balance of goods and services (b)	Domestic demand (b)	GDP
		1	2 ■	3	4	5 ■	6	7	8	9 ■	10	11	12	13 ■	14 ■	15 ■
00	P	5.7	4.7	6.1	-0.1	10.1	10.0	5.5	17.7	10.6	10.5	9.7	11.2	-0.3	4.5	4.2
01	P	3.2	-1.2	5.8	-0.0	3.4	2.3	3.3	9.8	3.5	3.0	7.6	5.9	-0.1	2.8	2.7
02	P	1.4	-4.1	4.5	0.1	1.4	2.3	-4.0	3.9	2.2	2.2	4.2	1.5	-0.3	2.3	2.0
99 *Q4*	P	6.1	4.1	6.6	0.3	10.3	9.9	8.6	15.5	12.8	12.1	15.5	16.9	-0.9	5.3	4.4
00 *Q1*	P	6.2	4.7	6.7	1.3	7.6	7.4	3.5	14.8	11.8	11.6	5.3	14.9	-1.4	6.5	5.1
Q2	P	6.5	8.2	5.5	-0.8	10.4	10.7	4.5	18.5	10.4	10.2	16.1	10.2	-0.2	4.6	4.5
Q3	P	5.8	5.2	6.2	0.2	10.3	10.1	6.6	17.1	11.6	12.0	10.2	9.4	-0.6	4.3	3.8
Q4	P	4.2	0.9	6.1	-1.0	11.7	11.5	7.3	20.2	8.6	8.3	7.6	10.8	0.7	2.7	3.4
01 *Q1*	P	5.2	3.5	6.4	-0.4	10.1	9.2	9.3	16.2	8.3	8.1	16.2	8.0	0.3	2.7	3.0
Q2	P	4.0	-0.1	6.4	0.2	4.5	3.5	4.9	9.4	6.1	5.4	4.4	10.6	-0.6	3.0	2.4
Q3	P	2.6	-2.8	5.7	-0.6	1.8	0.7	1.3	8.8	-0.2	-0.9	4.6	3.4	0.6	2.3	2.9
Q4	P	1.3	-5.1	4.8	0.6	-2.1	-3.6	-1.7	5.8	0.4	-0.1	6.0	1.8	-0.8	3.1	2.3
02 *Q1*	P	0.7	-5.7	4.0	0.3	-2.9	-3.7	-4.9	4.0	-1.1	-1.7	1.7	1.8	-0.5	2.6	2.0
Q2	P	1.0	-5.4	4.5	-0.0	-1.6	-2.0	-4.5	4.9	-1.7	-2.1	5.1	-0.2	0.1	2.0	2.0
Q3	P	1.6	-4.4	5.0	-0.0	4.2	6.3	-3.8	4.1	4.2	4.5	5.3	2.6	-0.1	1.9	1.8
Q4	P	2.5	-0.8	4.6	0.3	6.0	8.8	-2.7	2.9	7.4	8.4	4.7	2.1	-0.6	2.7	2.1

GDP. DOMESTIC DEMAND AND NET EXTERNAL BALANCE
Annual percentage changes



GDP. DEMAND COMPONENTS
Annual percentage changes

Source: INE (Contabilidad Nacional Trimestral de España).

(a) Prepared in accordance with ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002).

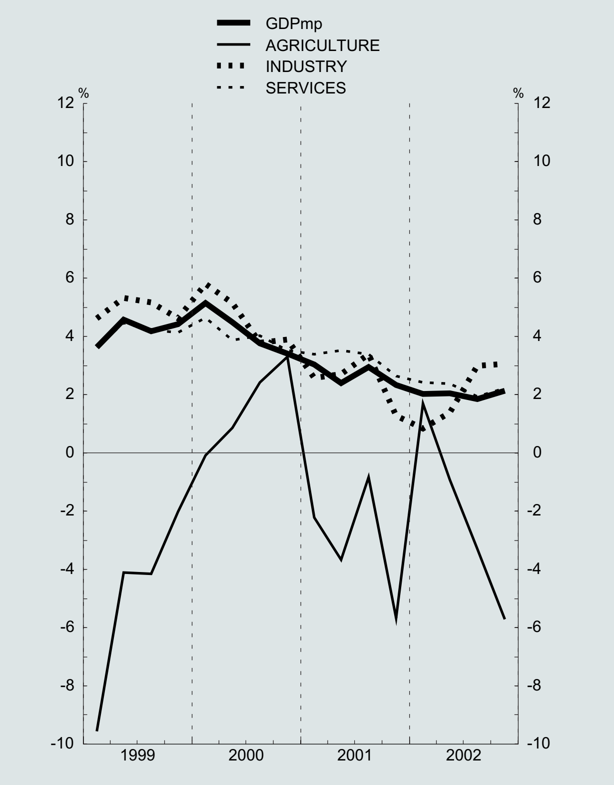
(b) Contribution to GDPmp growth rate.

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

■ Series depicted in chart. *Annual percentage changes*

		Gross domestic product at market prices ■	Agriculture and fisheries ■	Energy	Industry ■	Construction ■	Services: Total ■	Services: Market services	Services: Non-market services	VAT on products	Net taxes linked to imports	Other net taxes on products
		1	2	3	4	5	6	7	8	9	10	11
00	P	4.2	1.6	4.3	4.0	6.4	4.0	4.2	3.3	5.1	6.9	5.0
01	P	2.7	-3.1	2.8	1.2	5.4	3.2	3.3	2.9	2.5	0.3	2.1
02	P	2.0	-2.1	8.3	-0.5	4.9	2.2	1.9	3.5	0.2	-5.5	6.3
99 *Q4*	P	4.4	-2.0	2.2	4.6	6.0	4.1	4.2	3.9	11.0	4.3	5.9
00 *Q1*	P	5.1	-0.1	2.2	6.1	6.9	4.6	4.9	3.8	10.7	5.2	6.1
Q2	P	4.5	0.9	4.0	5.1	5.8	3.9	4.0	3.6	9.4	5.5	5.7
Q3	P	3.8	2.4	4.7	2.4	6.7	4.0	4.3	3.2	1.2	9.8	4.6
Q4	P	3.4	3.3	6.4	2.4	6.2	3.5	3.8	2.7	-0.4	7.1	3.5
01 *Q1*	P	3.0	-2.2	4.1	0.8	6.0	3.4	3.6	2.6	5.9	4.6	2.2
Q2	P	2.4	-3.7	2.7	1.4	5.8	3.5	3.7	2.8	-5.6	2.8	1.3
Q3	P	2.9	-0.8	1.6	3.0	5.2	3.4	3.5	3.1	-0.5	-3.1	2.2
Q4	P	2.3	-5.7	2.8	-0.6	4.8	2.6	2.5	3.2	10.6	-2.7	2.9
02 *Q1*	P	2.0	1.7	7.8	-2.2	4.5	2.4	2.2	3.3	3.7	-3.6	3.6
Q2	P	2.0	-0.9	8.9	-1.7	4.8	2.4	2.1	3.3	2.9	-6.3	4.7
Q3	P	1.8	-3.3	8.4	0.7	5.6	1.9	1.5	3.5	-4.5	-5.2	7.9
Q4	P	2.1	-5.7	8.0	1.2	4.8	2.2	1.7	3.9	-1.4	-6.8	8.9

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



GDP. BRANCHES OF ACTIVITY
Annual percentage changes

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

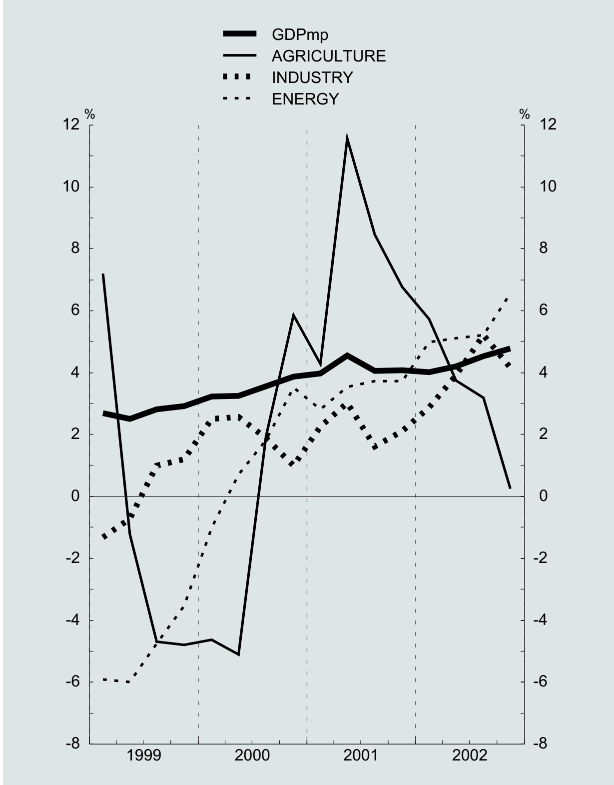
1.4. Gross domestic product. Implicit deflators. Spain (a)

■ Series depicted in chart. *Annual percentage changes*

		Demand components: Final consump-tion of households and NPISHs 1 ■	Demand components: Government final consump-tion 2 ■	Demand components: Gross capital formation: Total 3 ■	Demand components: Gross capital formation: Of which: Gross fixed capital formation: Capital goods 4	Demand components: Gross capital formation: Of which: Gross fixed capital formation: Construc-tion 5	Demand components: Exports of goods and services 6 ■	Demand components: Imports of goods and services 7 ■	Gross domestic product at market prices 8 ■	Branches of activity: Agricul-ture and fisheries 9 ■	Branches of activity: Energy 10 ■	Branches of activity: Industry 11 ■	Branches of activity: Construc-tion 12	Branches of activity: Services 13	Branches of activity: Of which: Market services 14
00	P	3.2	3.5	7.2	4.3	9.1	7.3	9.7	3.5	-0.6	1.3	2.0	8.6	3.5	3.5
01	P	3.3	3.2	4.0	1.0	5.4	2.7	0.6	4.2	7.7	3.5	2.3	5.7	4.5	4.8
02	P	3.6	3.0	5.6	1.0	6.8	-0.0	-0.9	4.4	3.2	5.5	4.1	5.7	3.9	4.4
99 *Q4*	P	2.6	3.0	5.4	2.8	6.7	2.9	4.6	2.9	-4.8	-3.5	1.2	6.1	3.1	3.1
00 *Q1*	P	3.0	3.3	7.3	4.2	9.1	5.8	8.9	3.2	-4.6	-1.0	2.5	8.3	3.1	3.0
Q2	P	3.0	3.4	7.7	4.8	9.6	7.8	10.9	3.3	-5.1	0.7	2.6	8.9	3.2	3.1
Q3	P	3.0	3.7	7.2	4.6	9.1	6.5	8.3	3.6	2.0	1.8	1.9	8.7	3.6	3.6
Q4	P	3.7	3.7	6.9	3.8	8.5	9.0	10.7	3.9	5.8	3.5	1.0	8.5	4.2	4.4
01 *Q1*	P	3.4	3.2	4.4	2.1	5.9	4.4	3.3	4.0	4.3	2.8	2.3	6.3	4.4	4.7
Q2	P	3.6	3.3	3.7	1.0	5.1	3.7	0.7	4.6	11.6	3.5	3.0	5.9	4.9	5.3
Q3	P	3.3	3.2	3.9	0.5	5.4	3.7	1.6	4.1	8.5	3.7	1.6	5.7	4.5	4.8
Q4	P	2.9	3.0	4.0	0.5	5.3	-0.7	-3.0	4.1	6.8	3.7	2.1	5.1	4.2	4.6
02 *Q1*	P	3.3	2.8	5.1	0.9	6.7	0.4	-0.4	4.0	5.7	5.0	2.9	5.6	3.8	4.1
Q2	P	3.6	2.9	5.3	1.1	6.5	0.3	-0.5	4.2	3.7	5.1	3.9	5.1	3.8	4.3
Q3	P	3.6	3.2	5.0	0.9	6.5	-0.4	-2.2	4.5	3.2	5.2	5.2	5.3	3.9	4.4
Q4	P	4.0	3.3	6.9	1.1	7.5	-0.4	-0.5	4.8	0.3	6.5	4.2	6.7	4.0	4.6

GDP. IMPLICIT DEFLATORS
Annual percentage changes

GDP. IMPLICIT DEFLATORS
Annual percentage changes



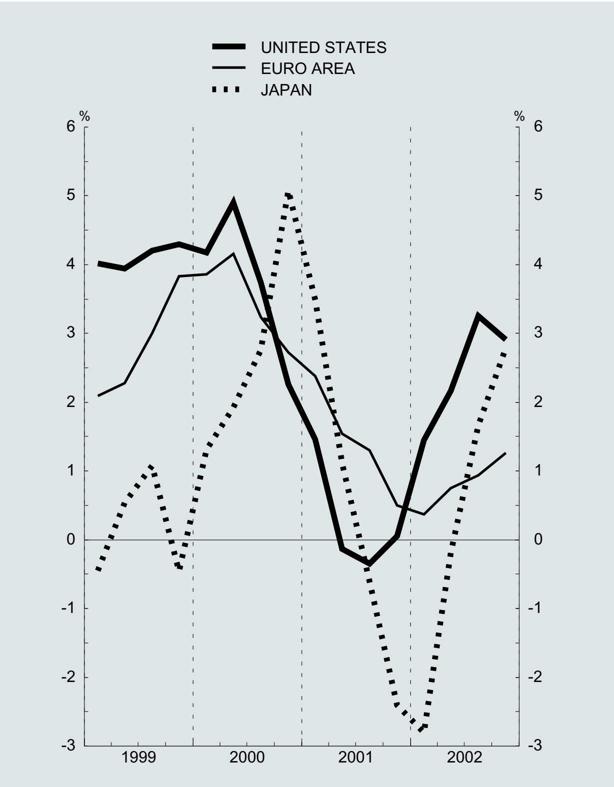
Source: INE (Contabilidad Nacional Trimestral de España).
(a) Prepared in accordance with ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002).

2.1. International comparison. Gross domestic product at constant prices

■ Series depicted in chart. *Annual percentage changes*

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
00	3.9	3.5	3.5	3.1	4.2	3.8	4.2	3.1	2.8	3.1
01	0.8	1.5	1.4	0.7	2.7	0.3	1.8	1.8	0.4	2.1
02	...	1.0	0.8	0.2	2.0	2.4	1.2	0.4	0.3	1.8
99 *Q4*	3.6	3.7	3.8	3.3	4.6	4.3	4.0	3.0	-0.5	3.2
00 *Q1*	4.0	3.8	3.9	2.9	4.7	4.2	4.6	3.4	1.3	3.4
Q2	4.5	4.1	4.2	4.5	4.5	4.9	4.5	3.3	1.9	3.6
Q3	3.8	3.2	3.2	3.0	4.1	3.7	3.9	3.0	2.8	3.1
Q4	3.1	2.7	2.7	1.9	3.5	2.3	3.7	2.9	5.1	2.2
01 *Q1*	2.2	2.4	2.4	1.8	3.0	1.5	3.0	2.6	3.5	2.6
Q2	0.8	1.6	1.5	0.7	2.7	-0.1	2.0	2.2	1.1	2.1
Q3	0.2	1.4	1.3	0.5	2.5	-0.4	1.9	1.7	-0.6	1.9
Q4	0.1	0.7	0.5	0.1	2.4	0.1	0.4	0.7	-2.4	1.9
02 *Q1*	0.6	0.5	0.4	-0.2	2.2	1.4	0.7	-0.0	-2.8	1.2
Q2	1.5	0.9	0.7	-0.1	2.0	2.2	1.2	0.1	-0.2	1.6
Q3	2.4	1.1	0.9	0.4	1.9	3.3	1.2	0.4	1.7	2.2
Q4	...	1.4	1.3	0.7	1.9	2.9	1.7	1.0	2.8	2.2

GROSS DOMESTIC PRODUCT
Annual percentage changes



GROSS DOMESTIC PRODUCT
Annual percentage changes

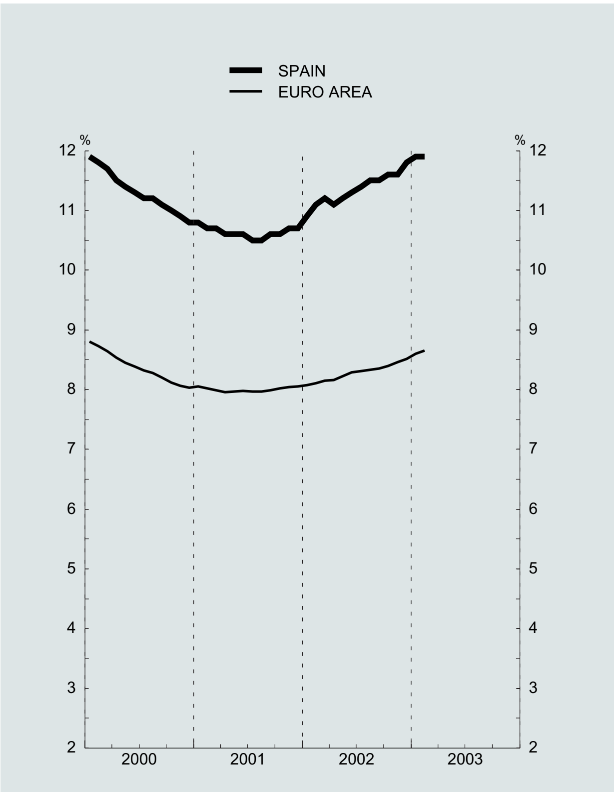
Sources: ECB, INE and OECD.
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín estadístico.

2.2. International comparison. Unemployment rates

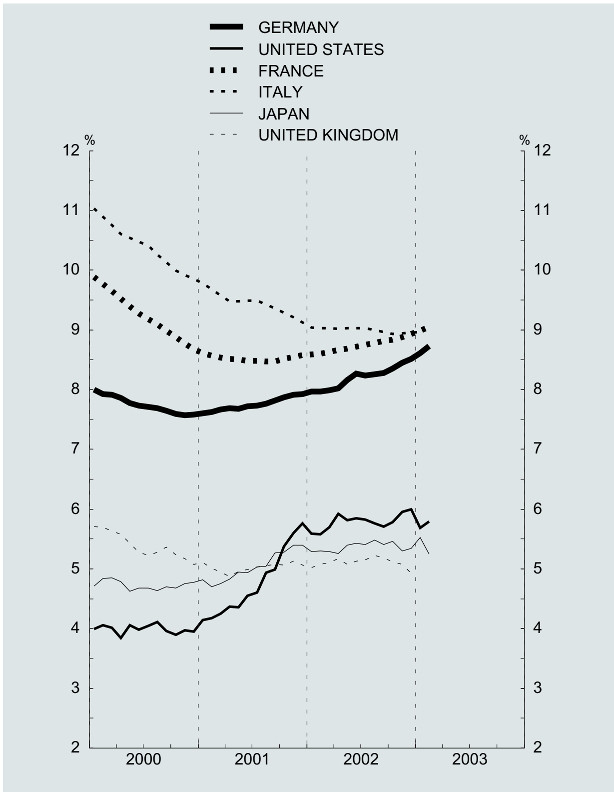
■ Series depicted in chart. *Percentages*

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
00	6.3	7.8	8.4	7.7	11.3	4.0	9.3	10.4	4.7	5.4
01	6.5	7.3	8.0	7.8	10.6	4.8	8.5	9.4	5.0	5.0
02	6.9	7.6	8.3	8.2	11.4	5.8	8.7	9.0	5.4	5.1
01 *Sep*	6.6	7.3	8.0	7.8	10.6	5.0	8.5	9.4	5.3	5.1
Oct	6.7	7.4	8.0	7.9	10.6	5.4	8.5	9.3	5.3	5.1
Nov	6.8	7.4	8.0	7.9	10.7	5.6	8.6	9.2	5.4	5.1
Dec	6.9	7.4	8.1	7.9	10.7	5.8	8.6	9.1	5.4	5.1
02 *Jan*	6.8	7.4	8.1	8.0	10.9	5.6	8.6	9.0	5.3	5.0
Feb	6.8	7.4	8.1	8.0	11.1	5.6	8.6	9.0	5.3	5.1
Mar	6.8	7.5	8.2	8.0	11.2	5.7	8.6	9.0	5.3	5.1
Apr	6.9	7.5	8.2	8.0	11.1	5.9	8.7	9.0	5.3	5.2
May	6.9	7.6	8.2	8.2	11.2	5.8	8.7	9.0	5.4	5.1
Jun	6.9	7.6	8.3	8.3	11.3	5.9	8.7	9.0	5.4	5.1
Jul	6.9	7.6	8.3	8.2	11.4	5.8	8.8	9.0	5.4	5.2
Aug	6.9	7.6	8.3	8.3	11.5	5.8	8.8	9.0	5.5	5.2
Sep	6.9	7.7	8.4	8.3	11.5	5.7	8.8	9.0	5.4	5.2
Oct	7.0	7.7	8.4	8.4	11.6	5.8	8.8	8.9	5.5	5.1
Nov	7.0	7.7	8.5	8.5	11.6	6.0	8.9	8.9	5.3	5.1
Dec	7.0	7.8	8.5	8.5	11.8	6.0	8.9	9.0	5.3	4.9
03 *Jan*	7.0	7.9	8.6	8.6	11.9	5.7	9.0	9.0	5.5	...
Feb	7.0	7.9	8.7	8.7	11.9	5.8	9.1	...	5.3	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB and OECD.

2.3. International comparison. Consumer prices (a)

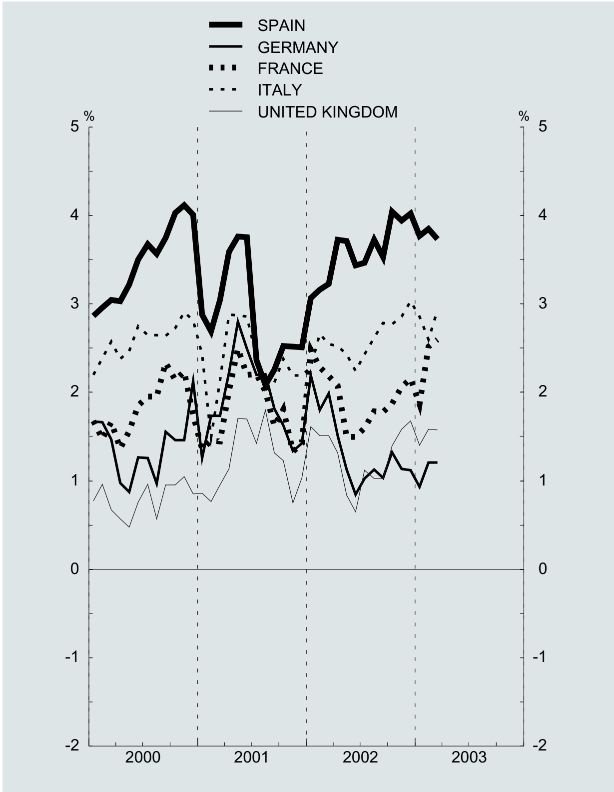
■ Series depicted in chart.

Annual percentage changes

	OECD 1	EU 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
00	2.5	1.9	2.1	1.4	3.5	3.4	1.8	2.6	-0.7	0.8
01	2.3	2.2	2.3	1.9	2.8	2.8	1.8	2.3	-0.7	1.2
02	1.6	2.1	2.3	1.4	3.6	1.6	1.9	2.6	-0.9	1.3
01 *Oct*	1.9	2.1	2.2	1.6	2.5	2.1	1.8	2.4	-0.8	1.2
Nov	1.5	1.8	2.0	1.3	2.5	1.8	1.3	2.2	-1.0	0.8
Dec	1.4	1.9	2.1	1.4	2.5	1.6	1.4	2.2	-1.2	1.0
02 *Jan*	1.3	2.5	2.6	2.2	3.1	1.1	2.5	2.3	-1.4	1.6
Feb	1.2	2.4	2.5	1.8	3.2	1.1	2.3	2.7	-1.6	1.5
Mar	1.5	2.3	2.5	2.0	3.2	1.5	2.2	2.5	-1.2	1.5
Apr	1.5	2.1	2.3	1.5	3.7	1.6	2.1	2.5	-1.1	1.3
May	1.3	1.8	2.0	1.1	3.7	1.2	1.5	2.4	-0.9	0.8
Jun	1.2	1.7	1.9	0.8	3.4	1.1	1.5	2.2	-0.7	0.6
Jul	1.4	1.9	2.0	1.0	3.5	1.5	1.6	2.4	-0.8	1.1
Aug	1.6	1.9	2.1	1.1	3.7	1.8	1.8	2.6	-0.9	1.0
Sep	1.5	1.9	2.1	1.0	3.5	1.5	1.8	2.8	-0.7	1.0
Oct	1.8	2.1	2.3	1.3	4.0	2.1	1.9	2.8	-0.9	1.4
Nov	2.1	2.2	2.3	1.1	3.9	2.2	2.1	2.9	-0.4	1.6
Dec	2.1	2.2	2.3	1.1	4.0	2.3	2.2	3.0	-0.3	1.7
03 *Jan*	2.2	2.0	2.1	0.9	3.8	2.6	1.9	2.9	-0.4	1.4
Feb	2.5	2.3	2.4	1.2	3.8	3.0	2.5	2.6	-0.2	1.6
Mar	...	2.3	2.4	1.2	3.7	...	2.6	2.9	...	1.6

CONSUMER PRICES
Annual percentage changes

CONSUMER PRICES
Annual percentage changes



Sources: OECD, INE and Eurostat.
Note: The underlying series for this indicator are in Tables 26.11 and 26.15 of the BE Boletín estadístico.
(a) Harmonised Index of Consumer Prices for the EU countries.

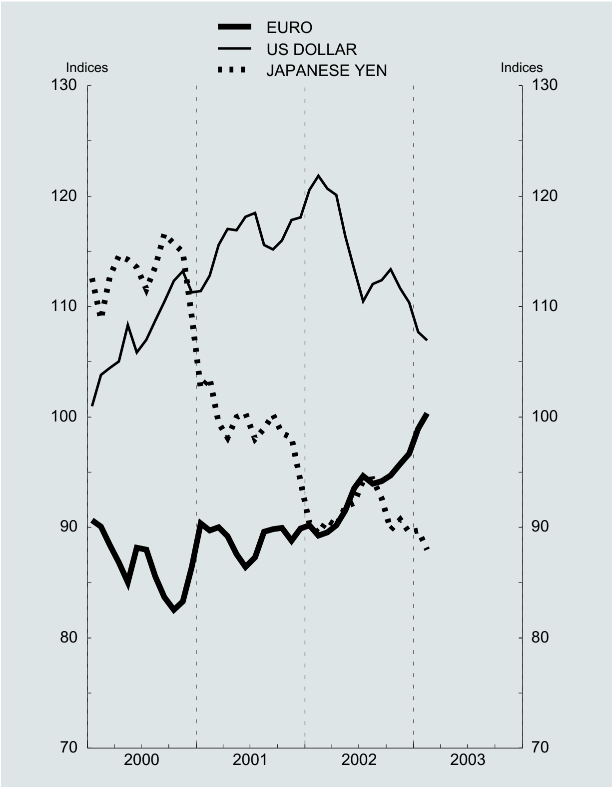
2.4. Bilateral exchange rates and nominal and real effective exchange rate indices for the euro, US dollar and Japanese yen

■ Series depicted in chart. *Average of daily data*

	Exchange rates			Indices of the nominal effective exchange rate vis-à-vis the (a) developed countries 1999 QI=100			Indices of the real effective exchange rate vis-à-vis the developed countries (b) 1999 QI=100					
							Based on consumer prices			Based on producer prices		
	US dollar per ECU/euro	Japanese yen per ECU/euro	Japanese yen per US dollar	Euro (c)	US dollar	Japanese yen	Euro (c)	US dollar	Japanese yen	Euro (c)	US dollar	Japanese yen
	1 ■	2 ■	3 ■	4	5	6	7 ■	8 ■	9 ■	10	11	12
00	0.9239	99.52	107.76	85.7	105.0	118.0	86.5	107.6	113.2	87.1	106.0	111.3
01	0.8955	108.76	121.50	87.3	111.8	106.9	89.0	116.1	99.3	89.2	112.3	99.7
02	0.9454	118.08	125.18	90.0	110.5	101.1	92.9	115.2	91.3	92.6	109.4	94.3
02 *J-M*	0.8766	116.02	132.37	87.1	116.3	99.0	89.7	121.0	90.2	89.5	114.6	93.3
03 *J-M*	1.0732	127.59	118.89	96.9	102.2	99.9	99.6	107.3	88.9	99.4	102.8	92.4
02 *Jan*	0.8833	117.12	132.60	87.6	116.2	98.5	90.2	120.6	90.3	90.3	114.3	93.1
Feb	0.8700	116.23	133.59	86.8	117.0	98.5	89.3	121.8	89.5	89.2	115.3	92.9
Mar	0.8758	114.75	131.02	86.8	115.8	100.0	89.5	120.7	90.6	89.0	114.5	93.8
Apr	0.8858	115.81	130.75	87.2	115.0	99.6	90.2	120.1	90.1	89.8	114.2	92.8
May	0.9170	115.86	126.36	88.6	111.8	101.3	91.5	116.4	91.9	90.9	110.6	94.5
Jun	0.9554	117.80	123.33	90.6	108.8	101.8	93.5	113.4	92.2	93.0	107.8	95.0
Jul	0.9922	117.11	118.05	91.7	105.9	104.5	94.6	110.5	94.3	94.1	104.8	97.5
Aug	0.9778	116.31	118.96	91.1	107.3	104.5	94.0	112.0	94.4	93.9	106.1	97.4
Sep	0.9808	118.38	120.71	91.2	107.6	102.8	94.2	112.4	92.6	94.2	107.2	95.2
Oct	0.9811	121.57	123.92	91.7	108.4	100.0	94.7	113.4	89.8	94.4	108.4	92.4
Nov	1.0014	121.65	121.49	92.5	106.8	101.0	95.7	111.6	90.7	95.1	106.2	93.7
Dec	1.0183	124.20	122.00	93.6	106.0	99.8	96.7	110.4	89.5	96.8	104.6	92.6
03 *Jan*	1.0622	126.12	118.74	95.8	103.0	100.5	98.9	107.7	89.7	98.7	102.8	92.4
Feb	1.0773	128.60	119.38	97.1	102.2	99.3	100.3	106.9	88.0	100.1	...	...
Mar	1.0807	128.16	118.61	97.9	101.4	99.9	...	...	...	...	...	...

EXCHANGE RATES

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



Sources: ECB and BE.

(a) Geometric mean -calculated using a double weighting system based on 1995-97 manufacturing trade of changes in the spot price of each currency against the currencies of the other developed countries. A fall in the index denotes a depreciation of the currency against those of the other developed countries.

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

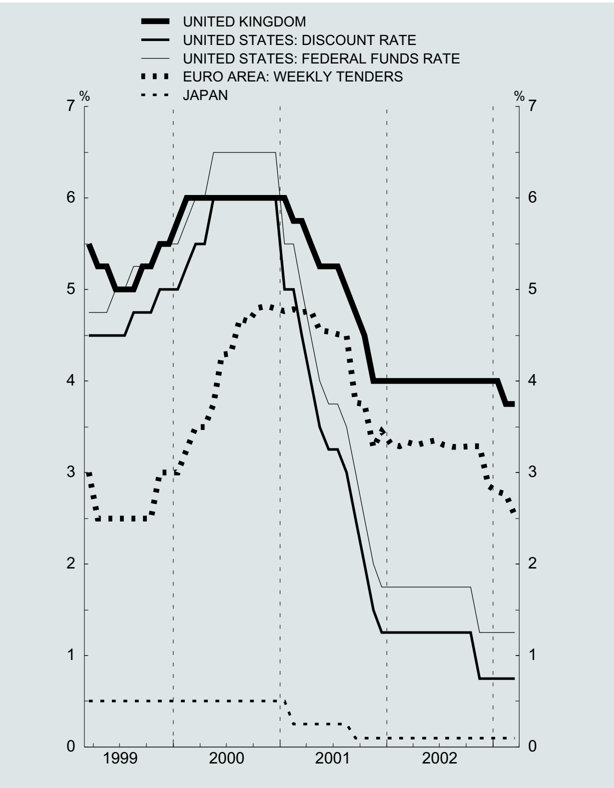
(c) The methodology used to compile these indices is explained in Box 5 of the October 1999 ECB Monthly Bulletin.

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

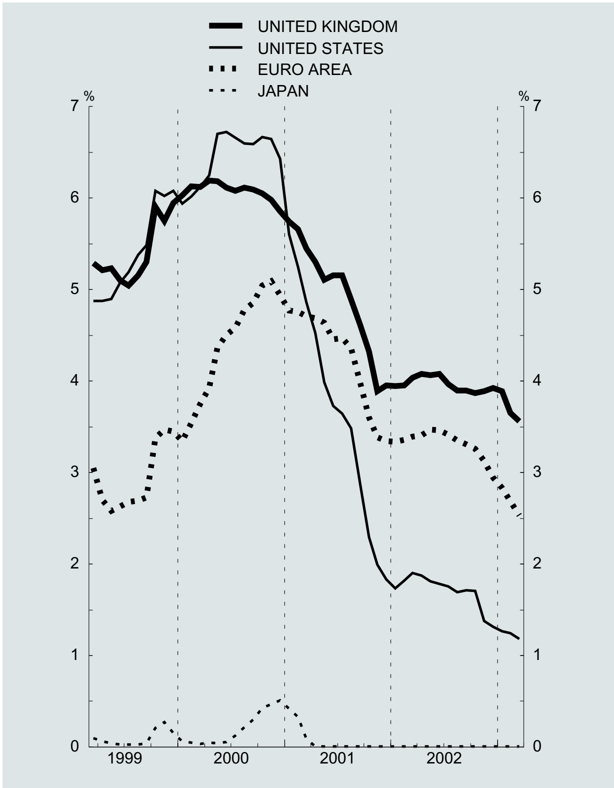
■ Series depicted in chart. *Percentages*

	Official intervention interest rates					3-month interbank rates									
	Euro area	United States		Japan	United Kingdom	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
		Discount rate	Federal funds rate												
	(a)			(b)	(c)										
	1 ■	2 ■	3 ■	4 ■	5 ■	6	7	8 ■	9	10	11 ■	12	13	14 ■	15 ■
00	4.75	6.00	6.27	0.50	6.00	4.71	4.65	4.39	-	-	6.44	-	-	0.19	6.08
01	3.25	1.25	3.72	0.10	4.00	3.39	4.30	4.26	-	-	3.66	-	-	0.08	4.93
02	2.75	0.75	1.67	0.10	4.00	2.21	3.42	3.32	-	-	1.71	-	-	0.01	3.96
01 *Oct*	3.75	2.00	2.50	0.10	4.50	2.54	3.67	3.60	-	-	2.29	-	-	0.01	4.32
Nov	3.25	1.50	2.00	0.10	4.00	2.31	3.43	3.39	-	-	1.99	-	-	0.01	3.89
Dec	3.25	1.25	1.75	0.10	4.00	2.23	3.40	3.35	-	-	1.83	-	-	0.01	3.95
02 *Jan*	3.25	1.25	1.75	0.10	4.00	2.18	3.39	3.34	-	-	1.74	-	-	0.01	3.95
Feb	3.25	1.25	1.75	0.10	4.00	2.22	3.42	3.36	-	-	1.82	-	-	0.01	3.95
Mar	3.25	1.25	1.75	0.10	4.00	2.28	3.45	3.39	-	-	1.90	-	-	0.01	4.04
Apr	3.25	1.25	1.75	0.10	4.00	2.30	3.53	3.41	-	-	1.87	-	-	0.01	4.08
May	3.25	1.25	1.75	0.10	4.00	2.31	3.58	3.47	-	-	1.81	-	-	0.01	4.06
Jun	3.25	1.25	1.75	0.10	4.00	2.31	3.58	3.46	-	-	1.78	-	-	0.01	4.08
Jul	3.25	1.25	1.75	0.10	4.00	2.28	3.51	3.41	-	-	1.75	-	-	0.01	3.96
Aug	3.25	1.25	1.75	0.10	4.00	2.22	3.45	3.35	-	-	1.69	-	-	0.01	3.89
Sep	3.25	1.25	1.75	0.10	4.00	2.22	3.42	3.31	-	-	1.71	-	-	0.01	3.90
Oct	3.25	1.25	1.75	0.10	4.00	2.20	3.37	3.26	-	-	1.70	-	-	0.01	3.87
Nov	3.25	0.75	1.25	0.10	4.00	2.02	3.26	3.12	-	-	1.38	-	-	0.01	3.88
Dec	2.75	0.75	1.25	0.10	4.00	1.94	3.11	2.94	-	-	1.32	-	-	0.01	3.92
03 *Jan*	2.75	0.75	1.25	0.10	4.00	1.88	3.01	2.83	-	-	1.27	-	-	0.01	3.89
Feb	2.75	0.75	1.25	0.10	3.75	1.81	2.86	2.69	-	-	1.24	-	-	0.01	3.65
Mar	2.50	0.75	1.25	0.10	3.75	1.73	2.71	2.53	-	-	1.18	-	-	0.01	3.56

OFFICIAL INTERVENTION INTEREST RATES



3-MONTH INTERBANK RATES



Sorces: ECB, Reuters and BE.
(a) Main refinancing operations.
(b) Discount rate.
(c) Retail bank base rate.

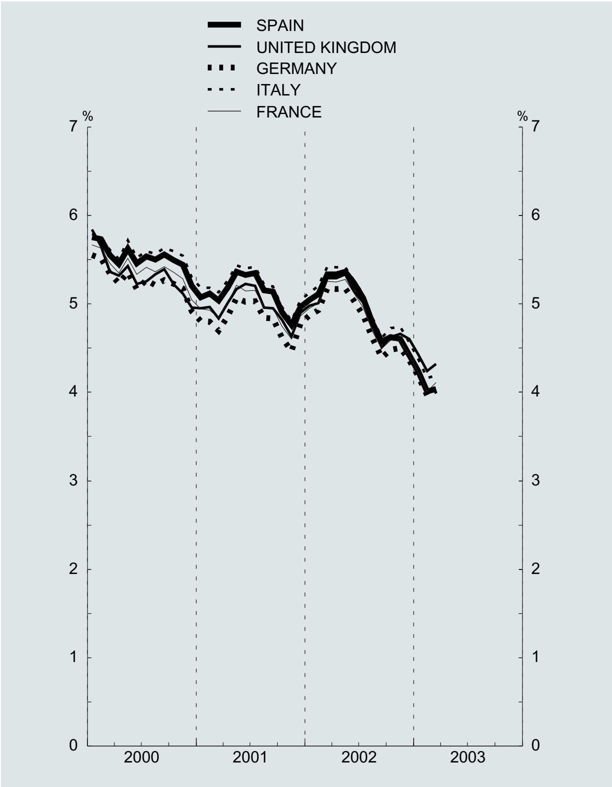
2.6. 10-year government bond yields on domestic markets

■ Series depicted in chart. *Percentages*

	OECD 1	EU 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
00	5.17	5.45	5.45	5.27	5.53	6.12	5.40	5.59	1.76	5.34
01	4.47	4.98	5.03	4.82	5.12	5.06	4.95	5.19	1.34	4.97
02	4.27	4.92	4.92	4.80	4.96	4.65	4.88	5.04	1.27	4.93
01 *Oct*	4.20	4.77	4.82	4.62	4.91	4.61	4.75	4.96	1.36	4.82
Nov	4.15	4.62	4.67	4.47	4.76	4.64	4.60	4.81	1.33	4.63
Dec	4.45	4.88	4.96	4.77	4.97	5.10	4.87	5.05	1.35	4.90
02 *Jan*	4.48	4.96	5.02	4.87	5.05	5.07	4.95	5.12	1.43	4.98
Feb	4.49	5.03	5.07	4.93	5.11	4.97	5.01	5.21	1.52	5.01
Mar	4.73	5.27	5.32	5.18	5.34	5.33	5.25	5.42	1.45	5.29
Apr	4.72	5.30	5.30	5.17	5.34	5.29	5.25	5.41	1.39	5.29
May	4.69	5.32	5.30	5.18	5.36	5.22	5.27	5.41	1.38	5.33
Jun	4.51	5.16	5.16	5.03	5.23	4.95	5.11	5.26	1.36	5.14
Jul	4.33	5.01	5.03	4.87	5.07	4.67	4.96	5.11	1.30	5.02
Aug	4.06	4.74	4.73	4.60	4.78	4.30	4.68	4.84	1.26	4.73
Sep	3.80	4.53	4.52	4.39	4.58	3.93	4.49	4.62	1.16	4.51
Oct	3.84	4.62	4.62	4.48	4.62	3.95	4.59	4.72	1.09	4.63
Nov	3.86	4.63	4.59	4.50	4.60	4.06	4.58	4.74	0.99	4.66
Dec	3.81	4.48	4.41	4.36	4.43	4.09	4.42	4.57	0.97	4.60
03 *Jan*	3.70	4.29	4.27	4.19	4.24	4.06	4.23	4.38	0.84	4.43
Feb	3.57	4.08	4.06	3.96	4.01	3.94	4.01	4.16	0.83	4.24
Mar	3.53	4.14	4.13	4.02	4.04	3.82	4.11	4.19	0.74	4.32

10-YEAR GOVERNMENT BOND YIELDS

10-YEAR GOVERNMENT BOND YIELDS



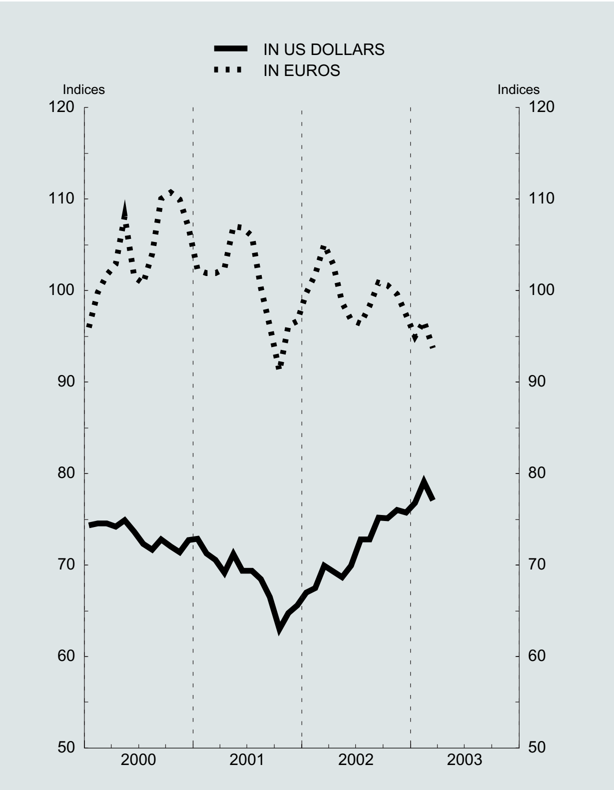
Sources: ECB, Reuters and BE.

2.7 International markets: Non-energy commodities price index. Crude oil and gold price.

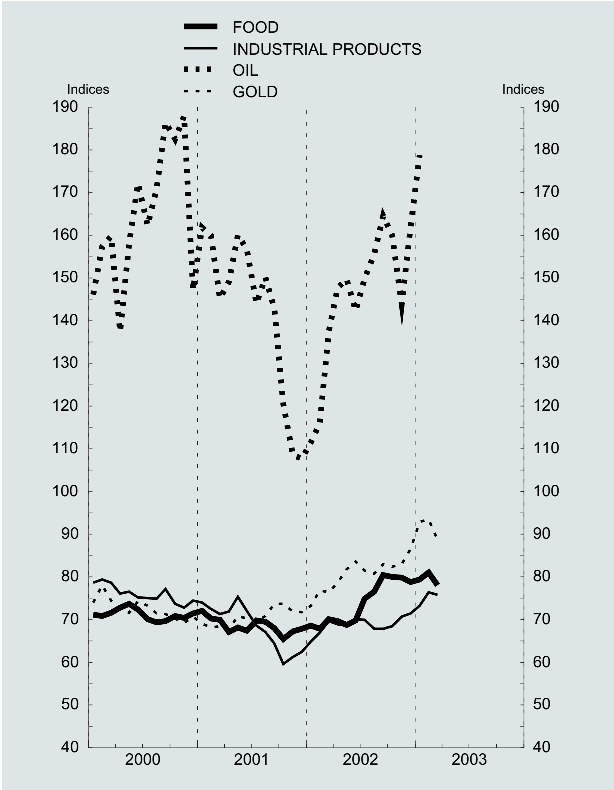
■ Series depicted in chart. *1995 = 100*

	Non-energy commodity price index (a): Euro index: General	Non-energy commodity price index (a): US dollar index: General	US dollar index: Food	US dollar index: Industrial products: Total	Industrial products: Non-food agricul- tural products	Industrial products: Metals	Oil: Index (b)	Oil: Brent North sea: US dollars per barrel	Gold: Index (c)	Gold: US dollars per troy ounce	Gold: Euro per gram
	1 ■	2 ■	3 ■	4 ■	5	6	7 ■	8	9 ■	10	11
00	104.4	73.3	71.2	76.1	70.3	80.9	163.9	28.5	72.6	279.0	9.68
01	100.7	68.5	68.6	68.4	65.4	70.9	142.1	24.6	70.5	271.1	9.74
02	99.8	71.7	73.8	68.8	69.7	68.0	145.2	25.0	80.7	310.0	10.55
02 *J-M*	102.2	68.2	68.9	67.1	65.7	68.3	121.8	21.2	75.5	290.1	10.65
03 *J-M*	95.1	77.6	79.4	75.1	78.1	72.5	...	31.4	91.6	351.9	10.54
01 *Dec*	96.7	65.6	67.8	62.5	59.1	65.5	107.7	18.7	71.8	275.9	9.94
02 *Jan*	99.7	67.0	68.6	64.8	61.9	67.3	111.5	19.5	73.3	281.6	10.25
Feb	101.8	67.5	67.9	66.9	66.0	67.6	116.0	20.4	76.9	295.5	10.91
Mar	105.0	69.9	70.2	69.6	69.2	70.0	137.4	23.7	76.4	293.7	10.79
Apr	102.9	69.3	69.6	68.9	68.7	69.1	147.8	25.7	78.7	302.4	10.97
May	98.7	68.7	68.8	68.6	69.2	68.0	149.7	25.4	81.9	314.5	11.03
Jun	96.8	70.0	69.9	70.1	71.2	69.2	142.4	24.1	83.6	321.2	10.77
Jul	96.4	72.8	74.9	70.0	71.3	68.8	149.8	25.8	81.5	313.3	10.15
Aug	98.4	72.8	76.6	67.8	70.3	65.1	155.5	26.7	80.8	310.3	10.20
Sep	100.9	75.2	80.5	67.9	70.4	65.7	164.5	28.4	83.1	319.1	10.47
Oct	100.6	75.1	80.0	68.4	71.4	65.9	160.0	27.5	82.4	316.6	10.37
Nov	99.6	76.0	79.9	70.8	72.5	69.3	143.9	24.3	83.0	319.1	10.24
Dec	97.4	75.7	78.8	71.5	74.0	69.4	162.1	28.2	86.6	332.6	10.51
03 *Jan*	95.0	76.8	79.4	73.2	75.8	70.9	178.7	31.3	92.9	356.9	10.80
Feb	96.7	79.1	81.0	76.4	79.6	73.7	...	32.7	93.4	359.0	10.70
Mar	93.7	77.1	78.0	75.8	79.0	73.0	...	30.3	88.7	340.6	10.13

NON-ENERGY COMMODITY PRICE INDEX



PRICE INDICES FOR NON-ENERGY COMMODITIES, OIL AND GOLD



Sources: The Economist, IMF, ECB and BE.

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

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

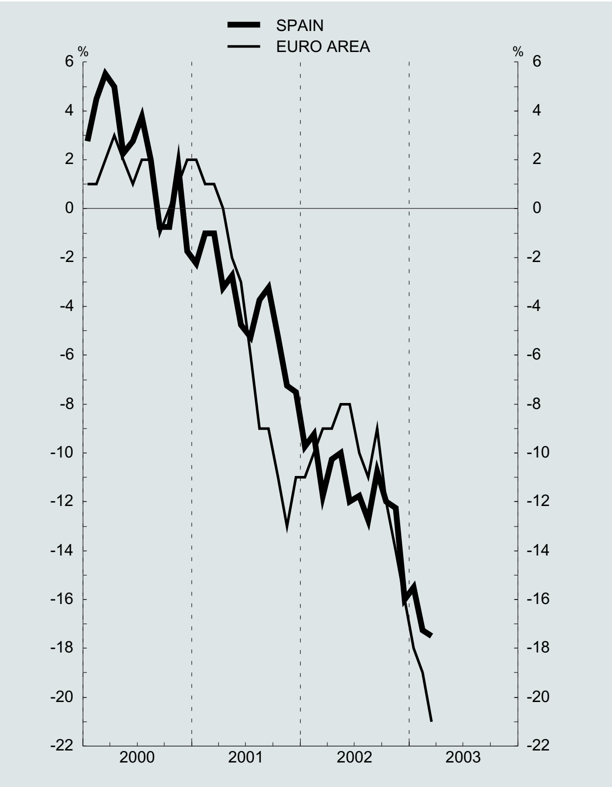
(c) Index of the London market's 15.30 fixing in dollars.

3.1. Indicators of private consumption. Spain and euro area

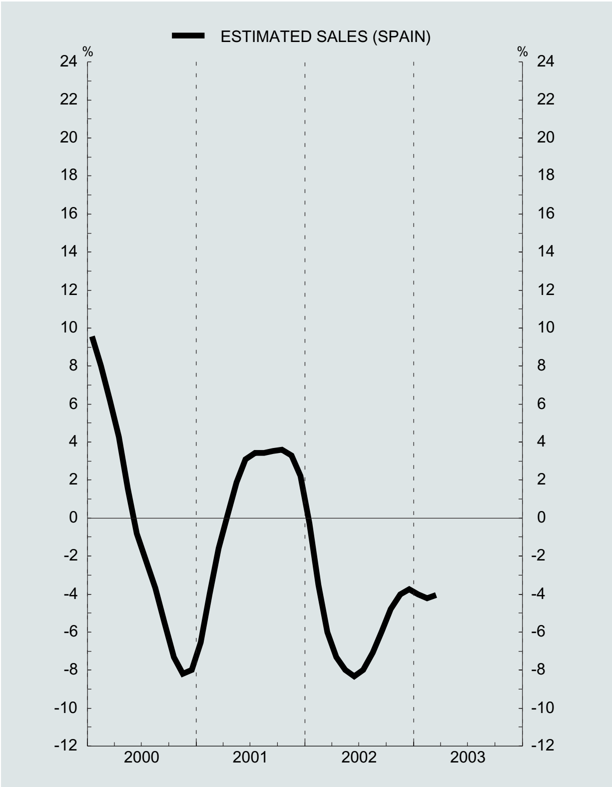
■ Series depicted in chart. *Annual percentage changes*

		Opinion surveys (net percentages)						New car registrations and sales				Retail trade: sales index					
		Consumers			Retail trade confidence index	Memorandum item: euro area		of which			Memorandum item: euro area	General index			By type of product (deflated indices)		Memorandum item: euro area deflated index
		Confidence index	General economic situation: anticipated trend	Household economic situation: anticipated trend		Consumer confidence index	Retail trade confidence index	Registrations	Private use	Estimated sales	Registrations	Nominal	of which: Deflated (a)	of which: Large retail outlets (a)	Food (b)	Other (c)	
		1 ■	2	3	4	5 ■	6	7	8	9 ■	10	11	12	13	14	15	16
00		2	5	7	3	1	-0	-2.4	-3.6	-1.8	-2.1	6.2	3.0	5.3	2.9	3.9	2.3
01		-4	-3	4	-0	-5	-6	2.2	1.9	3.2	-0.8	7.1	3.4	3.5	5.1	1.5	1.4
02	P	-12	-7	-1	-2	-11	-16	-7.3	-7.0	-6.6	-4.3	5.7	2.2	7.9	1.7	2.8	0.2
02 *J-M*	P	-10	-6	-1	-3	-10	-16	-12.7	-17.9	-7.7	...	4.4	1.3	6.2	4.3	-0.8	0.5
03 *J-M*	A	-17	-15	-4	-3	-19	-17	0.7	4.9	-5.7	...	...	...	...	...	...	...
02 *Apr*	P	-10	-6	-	-2	-9	-17	-6.6	-0.5	-7.7	-7.7	9.6	5.8	9.8	2.8	8.6	-
May	P	-10	-5	2	-2	-8	-18	-4.8	-6.9	-6.2	-7.8	7.3	3.6	9.8	1.3	5.6	0.4
Jun	P	-12	-8	-	-3	-8	-18	-16.5	-1.6	-16.4	-7.6	2.3	-1.0	3.5	-3.5	1.0	-0.8
Jul	P	-12	-10	-	-4	-10	-17	-6.1	-4.4	-6.0	-7.1	6.9	3.4	10.7	1.4	4.9	1.0
Aug	P	-13	-9	-2	-3	-11	-16	-9.1	-7.7	-10.1	-4.0	4.1	0.5	11.0	2.9	-0.8	0.7
Sep	P	-11	-5	-	-2	-9	-17	-1.8	-1.9	-4.1	-2.6	7.6	3.9	8.2	-0.9	7.9	0.1
Oct	P	-12	-6	-	-	-12	-16	0.5	-0.2	0.3	-3.3	8.1	3.9	9.7	2.7	4.8	1.7
Nov	P	-12	-4	-	-1	-14	-14	-8.3	-10.5	-8.6	-1.2	7.6	3.6	10.9	2.7	4.3	-0.7
Dec	P	-16	-13	-4	-3	-16	-16	8.2	2.8	7.0	6.1	2.8	-1.2	2.7	-2.2	-0.6	-1.3
03 *Jan*	A	-16	-13	-3	-5	-18	-19	-2.2	-2.2	-5.6	-5.3	6.1	2.3	9.5	0.8	3.0	2.5
Feb	A	-17	-15	-4	-	-19	-13	-4.6	-1.2	-6.6	-3.5	6.3	2.3	8.0	0.6	3.5	...
Mar	A	-18	-18	-4	-3	-21	-18	7.9	19.7	-5.0	...	...	...	...	...	...	...

CONSUMER CONFIDENCE INDEX



CAR SALES
Trend obtained with TRAMO-SEATS



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

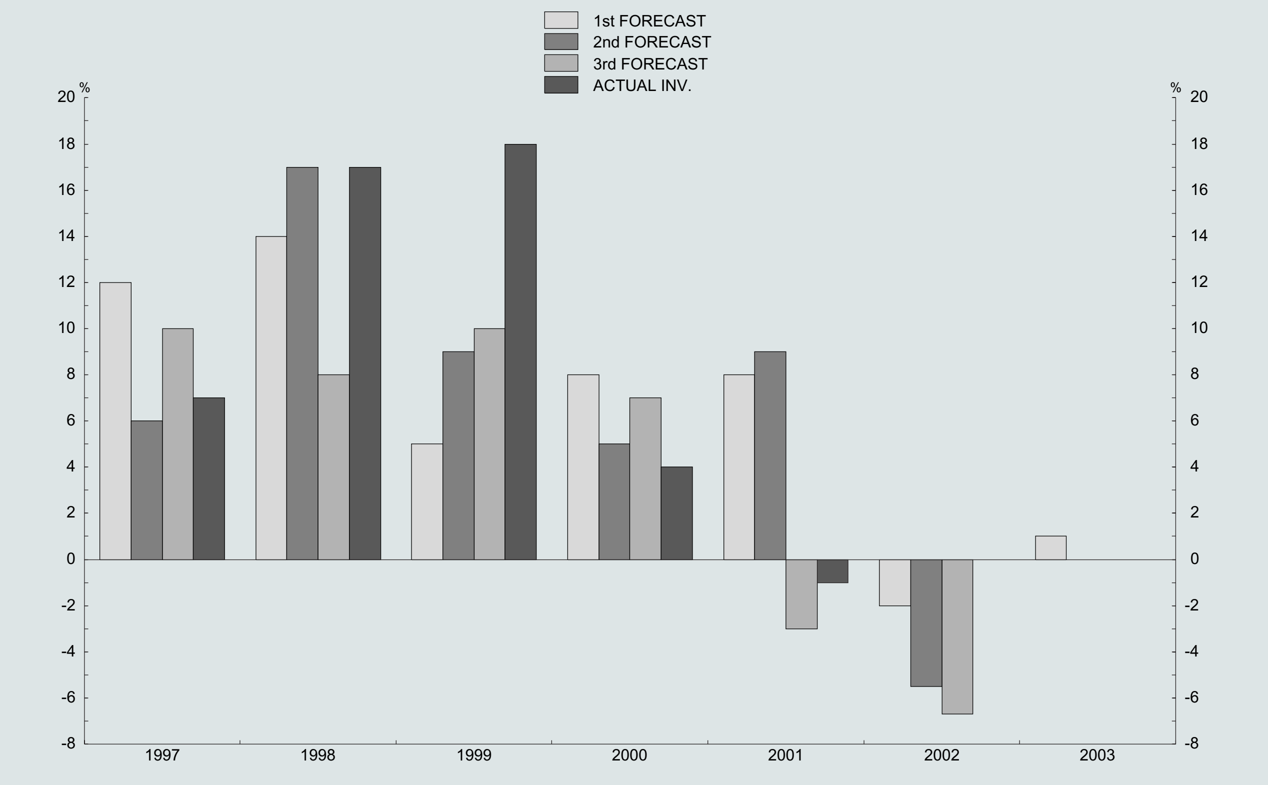
(a) Deflated by the total CPI.
(b) Deflated by the food component of the CPI.
(c) Deflated by the total CPI excluding foods, beverages, and tobacco.

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

■ Series depicted in chart. *Annual percentage changes at current prices*

	ACTUAL INV.	1st FORECAST	2nd FORECAST	3rd FORECAST
	1 ■	2 ■	3 ■	4 ■
97	7	12	6	10
98	17	14	17	8
99	18	5	9	10
00	4	8	5	7
01	-1	8	9	-3
02	...	-2	-6	-7
03	...	1	...	...

INVESTMENT IN INDUSTRY
Annual rates of change



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

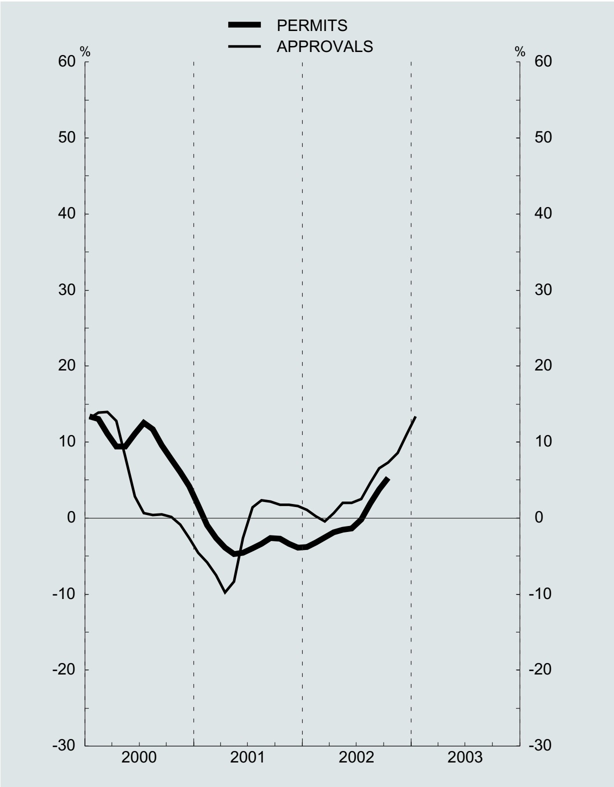
3.3. Construction. Indicators of building starts and consumption of cement. Spain

■ Series depicted in chart.

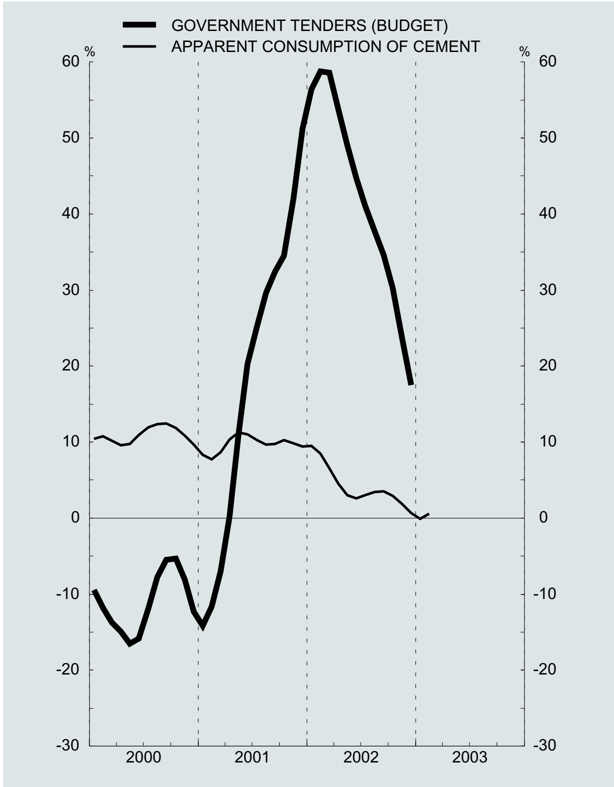
Annual percentage changes

	Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)							Apparent consumption of cement
	Total	of which		Non-residential	Total	of which	Total		Building				Civil engineering	
		Residential	Housing			Housing	For the month	Year to date	Total	Residential	of which Housing	Non-residential		
	1 ■	2	3	4	5 ■	6	7 ■	8	9	10	11	12	13	14 ■
00	10.6	10.1	10.0	13.1	5.1	3.9	-7.7	-7.7	-3.0	-23.7	-9.8	5.3	-9.8	11.0
01	-3.7	-7.7	-8.3	14.6	-2.2	-5.5	43.3	43.3	62.0	137.3	108.0	40.4	34.7	9.7
02	...	...	...	...	3.0	4.1	18.3	18.3	3.8	-15.0	4.1	13.0	26.3	4.7
02 *J-F*	-4.0	-5.5	-3.1	2.0	2.5	1.3	123.9	123.9	114.6	342.8	180.5	70.1	129.5	13.5
03 *J-F*	...	...	...	...	...	...	...	...	...	...	...	...	...	-3.3
01 *Nov*	-2.1	-6.8	-6.2	19.6	3.4	2.5	24.7	42.9	73.9	124.0	176.8	58.4	1.4	7.9
Dec	-9.7	-18.9	-16.0	41.7	3.6	0.6	47.4	43.3	140.6	574.3	655.1	89.1	17.2	2.8
02 *Jan*	-6.4	-11.5	-5.9	16.3	-1.5	-3.7	144.4	144.4	157.3	421.8	347.6	115.4	138.9	15.6
Feb	-1.8	0.5	-0.4	-10.6	6.2	6.2	93.8	123.9	76.3	290.8	130.6	27.0	110.7	11.6
Mar	-9.9	-11.5	-11.1	-3.5	-15.6	-19.1	42.1	87.5	6.1	-8.2	75.1	9.7	65.4	-6.7
Apr	4.8	10.2	9.5	-14.2	8.9	20.3	15.4	61.6	112.8	73.8	312.7	127.3	-17.0	17.7
May	0.1	9.7	11.9	-29.3	6.6	6.6	24.3	52.0	51.9	-2.7	7.4	74.9	9.0	0.3
Jun	-12.4	-12.2	-12.6	-13.4	-4.4	-3.0	-40.4	19.2	-54.5	-87.5	-37.5	15.3	-27.0	-3.8
Jul	-11.5	-4.5	-2.5	-32.0	0.8	2.9	47.0	26.5	38.0	60.5	-32.8	28.0	50.6	9.9
Aug	12.8	9.7	8.8	25.8	2.7	5.5	-22.5	17.2	-34.4	19.2	177.4	-43.6	-15.6	-1.2
Sep	7.3	3.5	3.7	24.9	15.3	18.2	1.0	15.8	1.3	-54.2	53.3	35.0	0.8	8.8
Oct	9.3	16.5	14.6	-16.3	7.5	13.5	-6.3	12.2	55.3	289.7	19.3	12.1	-24.4	4.2
Nov	...	...	...	...	-3.2	-3.7	30.6	13.9	-36.1	-58.8	-74.7	-26.2	84.8	-0.9
Dec	...	...	...	...	21.0	15.2	57.8	18.3	-31.0	-49.1	-25.6	-23.3	116.8	4.6
03 *Jan*	...	...	...	...	14.3	21.1	...	...	...	...	...	...	...	-4.5
Feb	...	...	...	...	...	...	...	...	...	...	...	...	...	-2.2

CONSTRUCTION
Trend obtained with TRAMO-SEATS



CONSTRUCTION
Trend obtained with TRAMO-SEATS



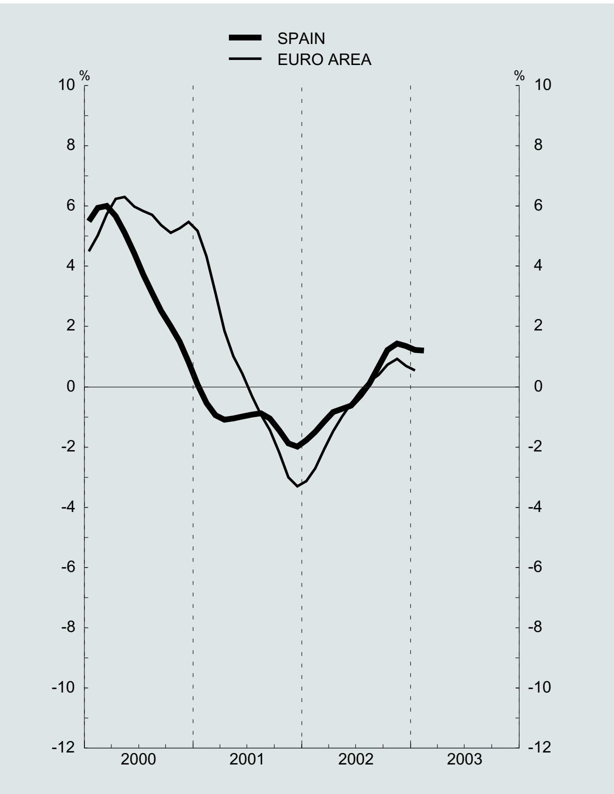
Sources: Ministerio de Fomento and Asociación de Fabricantes de Cemento de España.
Note: The underlying series for this indicator are in Tables 23.7, 23.8, and 23.9 of the BE Boletín estadístico.

3.4. Industrial production index. Spain and euro area

■ Series depicted in chart. *Annual percentage changes*

		Overall Index: Total: Original series	Overall Index: Total: 12-month %change 12	By end-use of goods: Consumption	By end-use of goods: Investment	By end-use of goods: Intermediate goods	By end-use of goods: Energy	By branch of activity: Mining and quarrying	By branch of activity: Manufacturing	By branch of activity: Production and distribution of electricity, gas and water	Memorandum item: euro area: Total	Memorandum item: euro area: of wich: Manufacturing	Memorandum item: euro area: By end-use of goods: Consumption	Memorandum item: euro area: By end-use of goods: Investment	Memorandum item: euro area: By end-use of goods: Intermediate goods
		1	2 ■	3 ■	4 ■	5 ■	6	7	8	9	10 ■	11	12	13	14
00	M P	100.0	4.0	0.8	6.8	3.7	7.0	1.1	3.3	8.6	5.4	5.7	2.2	9.0	5.8
01	M P	98.8	-1.2	-0.7	-3.3	-2.1	3.0	-3.2	-2.0	4.3	0.4	0.3	0.4	1.5	-0.6
02	M P	98.9	0.1	2.3	-4.9	1.4	0.0	-0.5	0.4	0.0	-0.7	-0.8	-1.1	-2.2	0.2
02 *J-F*	M P	98.3	-1.5	2.2	-11.0	-0.9	4.6	3.8	-2.1	5.3	-3.3	-4.0	...	-6.9	-3.1
03 *J-F*	M P	98.9	0.6	-0.5	-0.9	2.2	0.9	-4.4	0.5	2.2	...	...	...	...	...
01 *Nov*	P	103.4	-4.8	-1.0	-16.7	-4.5	3.8	-7.5	-6.4	6.2	-4.1	-5.0	-2.8	-5.2	-6.0
Dec	P	87.5	-4.4	1.5	-18.1	-9.0	11.4	-4.1	-7.6	13.2	-4.0	-5.6	-3.0	-5.5	-8.3
02 *Jan*	P	99.0	-2.1	2.8	-12.1	-2.8	6.6	0.6	-2.8	8.0	-3.2	-4.0	-0.9	-6.6	-3.7
Feb	P	97.6	-0.9	1.6	-9.9	1.1	2.2	7.0	-1.4	2.2	-3.4	-4.0	-1.2	-7.2	-2.5
Mar	P	95.7	-10.6	-10.0	-21.3	-8.9	-0.4	-6.7	-12.1	0.3	-2.3	-3.4	-1.6	-6.1	-0.8
Apr	P	103.8	11.4	15.8	4.4	11.2	11.8	8.4	11.0	12.5	-0.5	-0.0	-1.5	-2.0	0.6
May	P	105.3	-2.0	0.7	-10.5	-0.2	-1.7	-4.4	-2.3	-2.0	-0.9	-1.3	-0.6	-4.1	0.2
Jun	P	99.9	-5.2	-3.7	-14.6	-3.5	1.5	-8.0	-6.0	1.2	-0.4	-0.8	-1.2	-1.0	-0.4
Jul	P	108.0	3.6	7.4	-3.1	5.3	0.8	6.3	3.9	1.2	0.4	0.2	-1.7	-0.3	1.2
Aug	P	70.6	-3.4	3.0	2.9	-6.7	-5.4	-12.2	0.1	-6.7	-1.0	-0.9	-2.5	-1.4	-0.4
Sep	P	101.3	2.4	4.7	-0.1	3.7	-2.2	3.9	2.9	-2.0	0.2	-0.0	-1.7	-2.1	1.9
Oct	P	111.8	5.1	5.9	4.0	6.5	-0.1	3.2	5.5	0.3	1.0	0.7	-0.4	0.3	1.3
Nov	P	103.7	0.3	-1.5	2.9	3.1	-5.9	-0.8	1.2	-5.4	2.5	3.2	1.5	4.1	3.9
Dec	P	90.6	3.5	3.0	10.4	7.9	-5.3	-4.5	7.0	-7.3	-0.6	0.1	-1.6	0.2	1.2
03 *Jan*	P	98.7	-0.3	-0.7	-2.5	1.7	-1.9	-6.5	0.1	-2.8	1.5	1.3	-1.1	1.5	2.5
Feb	P	99.1	1.5	-0.2	0.5	2.6	4.3	-2.5	0.9	8.2	...	...	...	...	...

INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS

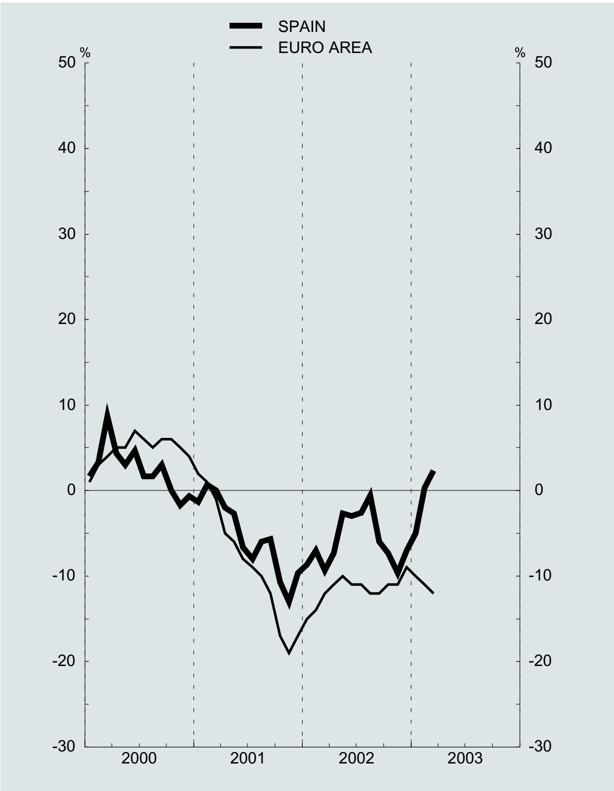
Sources: INE and BCE.
Note: The underlying series for this indicator are in Table 23.1 of the BE Boletín estadístico.

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

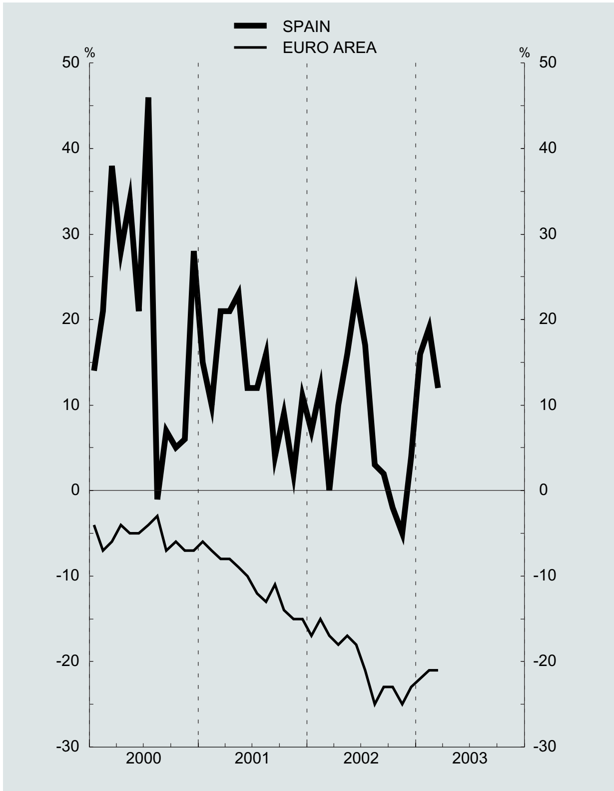
■ Series depicted in chart. *Balance*

	Industry, excluding construction: Business climate indicator (a) ■	Industry: Production over the last three months	Industry: Trend in production	Industry: Total orders	Industry: Foreign orders	Industry: Stocks of finished products	Industry: Business climate indicator: Consumption	Industry: Business climate indicator: Investment	Industry: Business climate indicator: Intermediate goods	Construction: Business climate indicator ■	Construction: Production	Construction: Orders	Construction: Trend: Production	Construction: Trend: Construction	Memorandum item: euro area (b): Industry, excluding construction: Business climate indicator ■	Memorandum item: euro area (b): Industry, excluding construction: Order book	Memorandum item: euro area (b): Construction business climate indicator ■
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
00 M	2	9	11	3	-4	7	2	1	4	21	12	21	41	37	5	3	-5
01 M	-5	-0	3	-9	-13	11	-5	-4	-7	13	10	21	37	38	-8	-14	-11
02 M	-6	-1	2	-11	-16	9	-7	-6	-5	7	10	13	11	25	-12	-25	-20
02 *J-M* M	-8	-11	4	-18	-21	10	-11	-10	-6	6	-4	10	22	59	-14	-26	-16
03 *J-M* M	-1	-5	15	-11	-13	6	-0	-2	-1	16	2	26	35	24	-11	-24	-21
01 *Dec*	-10	-9	-3	-17	-22	9	-10	-6	-13	11	-8	15	56	38	-17	-28	-15
02 *Jan*	-9	-14	6	-22	-28	10	-12	-11	-6	7	-20	-2	14	34	-15	-28	-17
Feb	-7	-11	7	-16	-17	12	-7	-5	-7	12	1	18	12	66	-14	-26	-15
Mar	-9	-7	-2	-17	-19	9	-13	-13	-4	-	6	14	41	77	-12	-25	-17
Apr	-7	-3	-	-14	-20	8	-13	-5	-4	10	18	20	-3	62	-11	-26	-18
May	-3	3	7	-9	-15	6	-9	-5	3	16	20	11	20	71	-10	-23	-17
Jun	-3	4	5	-6	-16	8	-2	-4	-3	23	10	22	14	62	-11	-25	-18
Jul	-3	7	4	-7	-19	5	-9	-1	2	17	39	9	46	34	-11	-26	-21
Aug	-1	4	11	-6	-15	7	-6	3	2	3	23	5	8	-25	-12	-30	-25
Sep	-6	-	5	-15	-17	8	-6	-9	-3	2	10	12	6	19	-12	-26	-23
Oct	-7	-4	-	-11	-12	11	-4	-8	-10	-2	14	15	8	-24	-11	-25	-23
Nov	-10	2	-13	-8	-12	8	-6	-10	-13	-5	7	9	-11	-34	-11	-23	-25
Dec	-7	9	-5	-5	-5	11	2	-8	-13	4	-11	17	-18	-45	-9	-22	-23
03 *Jan*	-5	-1	-1	-8	-13	6	-2	-4	-7	16	-5	24	35	20	-10	-23	-22
Feb	0	-6	23	-14	-16	8	-2	2	2	19	7	32	46	37	-11	-23	-21
Mar	2	-7	22	-10	-9	5	4	-5	3	12	3	22	25	14	-12	-25	-21

INDUSTRIAL BUSINESS CLIMATE
Net percentages



CONSTRUCTION BUSINESS CLIMATE
Net percentages



Sources: Ministerio de Ciencia y Tecnología, Encuesta de coyuntura industrial, and ECB.
(a) 1= mean of (4-6+3).
(b) Before November 2001, the period referred to is different, so that the value of the indicator for month n corresponds to the data published by the MCYT for month n-1.

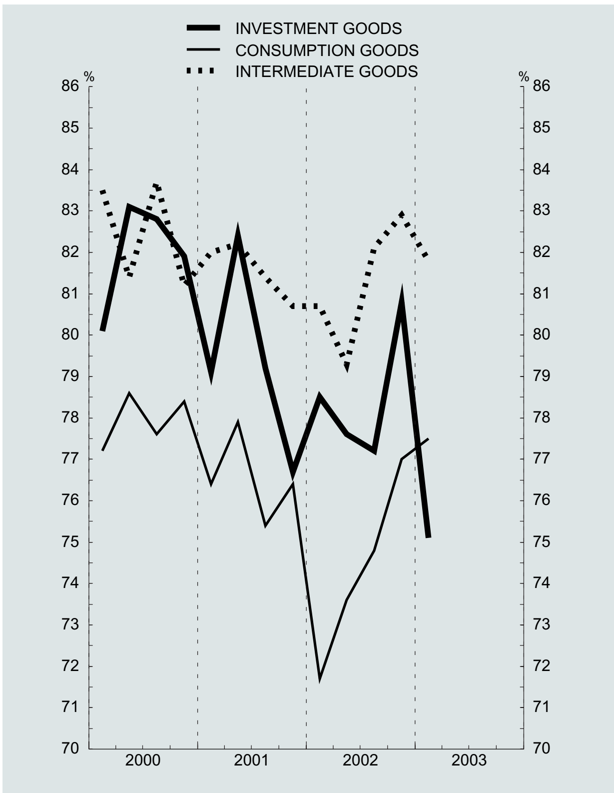
3.6. Business survey: capacity utilisation. Spain and euro area

■ Series depicted in chart. *Percentages and balances*

	Total industry: Capacity utilisation: Over last three months (%)	Total industry: Capacity utilisation: Forecast (%)	Total industry: Installed capacity (balances)	Consumer goods: Capacity utilisation: Over last three months (%)	Consumer goods: Capacity utilisation: Forecast (%)	Consumer goods: Installed capacity (balances)	Investment goods: Capacity utilisation: Over last three months (%)	Investment goods: Capacity utilisation: Forecast (%)	Investment goods: Installed capacity (balances)	Intermediate goods: Capacity utilisation: Over last three months (%)	Intermediate goods: Capacity utilisation: Forecast (%)	Intermediate goods: Installed capacity (Balances)	Memorandum item: euro area capacity utilisation (%)
	1 ■	2	3	4 ■	5	6	7 ■	8	9	10 ■	11	12	13 ■
00	80.7	81.7	-1	78.0	78.4	1	82.0	83.5	-2	82.5	83.7	-2	84.2
01	79.2	80.3	3	76.5	78.0	3	79.4	81.1	2	81.6	82.0	2	83.6
02	78.1	80.0	8	74.3	76.6	13	78.5	80.9	7	81.3	82.6	4	81.2
02 *Q1-Q1*	76.9	78.5	5	71.7	73.5	6	78.5	80.0	5	80.7	82.1	5	81.1
03 *Q1-Q1*	78.9	80.5	3	77.5	79.1	3	75.1	77.9	4	81.8	82.9	3	81.1
00 *Q3*	81.2	82.1	-1	77.6	78.5	-1	82.8	84.3	-4	83.7	84.3	-	84.3
Q4	80.3	81.4	-1	78.4	78.4	2	81.9	84.8	-5	81.2	82.6	-1	85.0
01 *Q1*	79.3	80.9	2	76.4	77.4	3	79.1	81.8	-	82.0	83.5	-	84.9
Q2	80.6	81.5	2	77.9	80.2	2	82.4	83.3	-	82.2	81.8	1	84.0
Q3	78.7	80.2	2	75.4	78.2	1	79.2	80.4	3	81.4	81.9	3	83.4
Q4	78.3	78.6	6	76.4	76.0	7	76.7	79.0	5	80.7	80.6	5	82.2
02 *Q1*	76.9	78.5	5	71.7	73.5	6	78.5	80.0	5	80.7	82.1	5	81.1
Q2	76.8	80.5	8	73.6	78.0	10	77.6	81.2	5	79.3	82.2	6	81.2
Q3	78.4	79.8	12	74.8	76.7	22	77.2	79.8	14	82.1	82.6	1	81.0
Q4	80.3	81.2	8	77.0	78.1	15	80.8	82.4	5	82.9	83.4	2	81.5
03 *Q1*	78.9	80.5	3	77.5	79.1	3	75.1	77.9	4	81.8	82.9	3	81.1

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages

CAPACITY UTILISATION. BY TYPES OF GOODS
Percentages



Sources: Ministerio de Ciencia y Tecnología and ECB

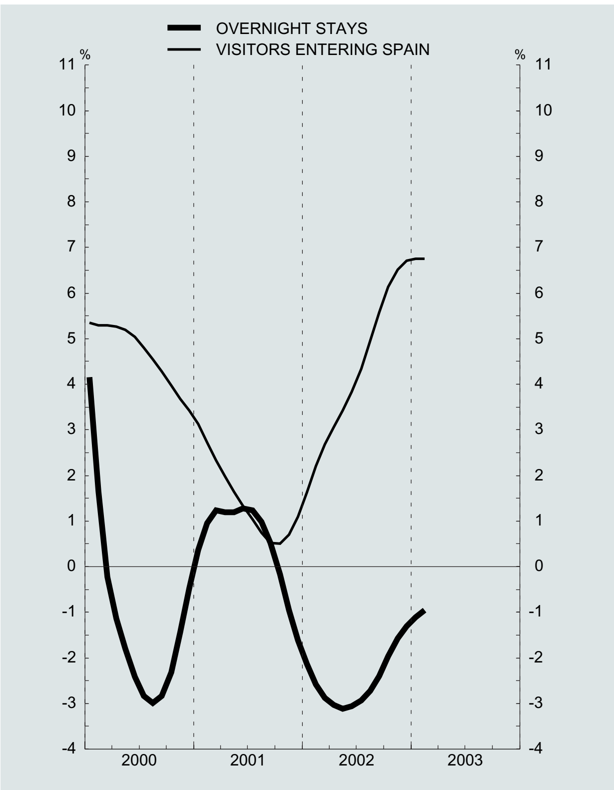
3.7. Tourism and transport statistics. Spain

■ Series depicted in chart.

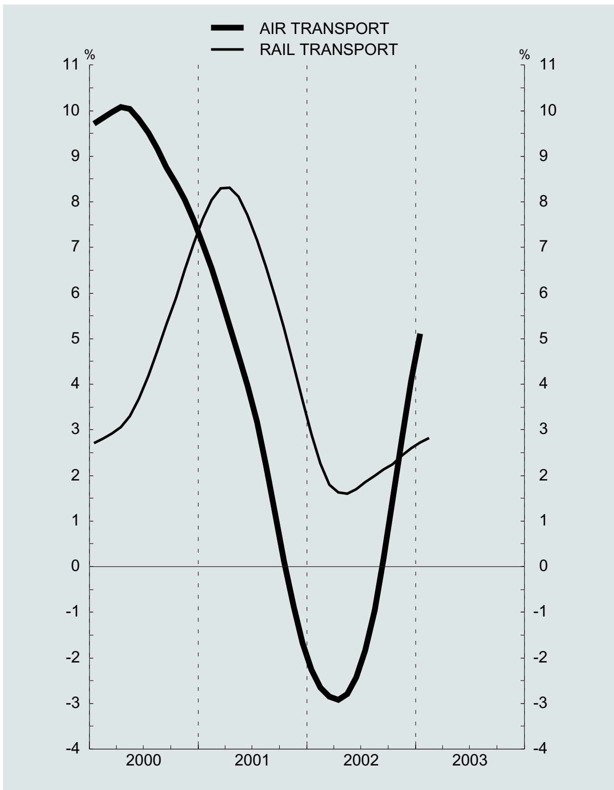
Annual percentage changes

		Hotel stays (a) Total	Hotel stays (a) Foreigners	Overnight stays Total	Overnight stays Foreigners	Visitors entering Spain Total	Visitors entering Spain Tourists	Visitors entering Spain Day-trippers	Air transport Passengers Total	Air transport Passengers Domestic flights	Air transport Passengers International flights	Air transport Freight	Maritime transport Passengers	Maritime transport Freight	Rail transport Passengers	Rail transport Freight
		1	2	3 ■	4	5 ■	6	7	8 ■	9	10	11	12	13	14 ■	15
00		1.2	1.3	-1.5	-3.5	3.3	2.4	5.1	9.4	12.8	7.1	4.2	7.2	6.8	4.5	1.8
01		1.0	-0.5	0.7	-0.2	1.6	4.6	-3.7	3.0	0.8	4.5	-4.9	0.2	3.4	6.6	-0.6
02	P	0.1	-1.2	-2.6	-5.0	4.4	3.4	6.3	-1.0	-2.2	-0.3	-0.7	4.2	5.0	3.8	2.8
02 *J-F*		-2.2	-3.0	-2.7	-3.1	4.5	3.2	6.4	-2.8	-3.8	-2.0	-6.5	0.2	7.1	4.0	0.8
03 *J-F*	P	0.5	-0.3	-0.6	-3.5	5.0	6.6	2.8	...	...	...	...	...	...	1.0	...
01 *Nov*		-0.9	-6.1	0.4	-3.2	-2.4	-1.4	-3.9	-3.2	-2.8	-3.5	-11.9	-6.4	7.6	13.1	1.4
Dec		-4.0	-5.2	-2.7	-2.3	2.5	5.5	-1.1	-5.4	-9.4	-1.4	-10.6	-0.9	3.9	0.8	-6.7
02 *Jan*		-4.4	-7.0	-3.3	-2.2	0.6	-1.7	4.0	-4.5	-5.3	-3.7	-5.9	-1.5	8.4	4.0	1.3
Feb		-0.3	0.3	-2.1	-3.8	8.1	7.7	8.8	-1.3	-2.3	-0.4	-7.1	2.0	5.9	3.9	0.4
Mar	P	8.9	4.2	7.5	-0.3	17.0	17.6	15.8	1.9	-1.8	4.7	-13.4	19.0	5.4	-4.0	-7.2
Apr	P	-9.5	-5.0	-13.1	-9.3	-9.1	-13.3	-1.0	-9.0	-7.2	-10.2	-1.9	-6.6	8.9	16.1	19.4
May	P	0.8	-3.6	-2.8	-7.3	4.9	2.8	9.8	-3.3	-4.4	-2.6	-1.1	-1.6	6.9	0.3	-8.5
Jun	P	-3.3	-5.1	-4.8	-6.5	2.5	1.7	4.7	-4.0	-6.7	-2.4	-0.7	3.6	6.2	0.1	1.8
Jul	P	0.6	-2.4	-3.0	-6.1	1.2	0.8	2.1	-2.4	-1.6	-2.9	5.4	-0.2	7.8	4.7	7.0
Aug	P	3.5	1.6	0.9	-2.4	8.7	11.6	3.4	0.8	-1.5	2.1	0.2	5.6	1.7	3.3	6.0
Sep	P	-1.1	-1.8	-4.1	-6.5	-0.2	-1.7	3.6	-2.6	-2.7	-2.5	5.3	3.1	1.2	5.6	-0.0
Oct	P	1.4	3.1	-2.5	-3.4	7.8	6.7	10.2	2.1	-2.2	4.9	3.2	9.9	6.0	7.3	7.0
Nov	P	1.7	2.5	-3.0	-5.4	12.0	8.9	16.8	6.1	4.2	7.7	3.1	11.9	3.6	-3.5	3.5
Dec	P	4.5	2.2	2.1	-2.6	5.0	3.5	7.0	7.7	7.4	8.0	6.7	10.7	-1.0	10.3	8.5
03 *Jan*	P	3.6	6.2	3.1	-0.3	10.7	10.6	10.8	10.2	9.5	10.7	0.0	...	...	0.6	...
Feb	P	-1.9	-5.4	-3.7	-6.2	-0.0	3.1	-4.7	...	...	...	...	...	...	1.4	...

TOURISM
Trend obtained with TRAMO-SEATS



TRANSPORT
Trend obtained with TRAMO-SEATS



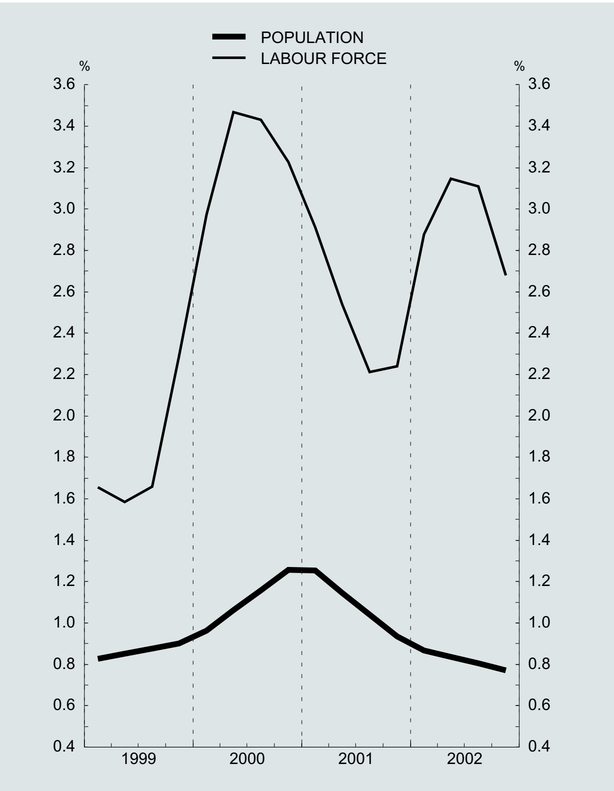
Sources: INE and Instituto de Estudios Turísticos, Estadística de Movimientos Turísticos en Frontera.
Note: The underlying series for this indicator are in Table 23.15 of the BE Boletín estadístico .
(a) From January 2003, the information for Galicia is based on total figures for hotel stays and overnight stays for the month. The directory of hotels has been reviewed thoroughly.

4.1. Labour force. Spain

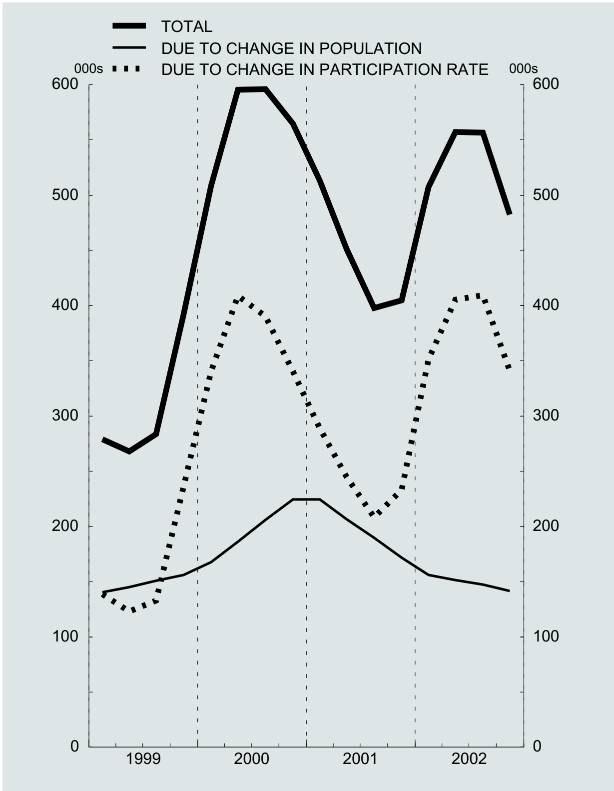
■ Series depicted in chart. *Thousands and annual percentage changes*

	Population over 16 years of age			Participation rate (%)	Labour force				
						Annual change (b) (c)			
	Thousands	Annual change	4-quarter % change		Thousands (a)	Total	Due to change in population over 16 years of age	Due to change in partici-pation rate	4-quarter % change (b)
	1	2	3 ■	4	5	6 ■	7 ■	8 ■	9 ■
99 M	32 958	282	0.9	52.46	17 290	306	148	158	1.8
00 M	33 324	366	1.1	53.58	17 857	566	196	370	3.3
01 M	33 689	364	1.1	52.88	17 815	442	198	244	2.5
01 *Q1-Q4* M	33 689	364	1.1	52.88	17 815	1 766	791	975	2.5
02 *Q1-Q4* M	33 965	276	0.8	54.00	18 340	2 103	597	1 507	3.0
00 *Q2*	33 270	349	1.1	53.39	17 764	595	186	409	3.5
Q3	33 378	382	1.2	53.87	17 981	596	206	390	3.4
Q4	33 486	416	1.3	53.97	18 071	565	224	341	3.2
01 *Q1*	33 577	415	1.3	52.50	17 629	513	224	289	2.9
Q2	33 652	381	1.1	52.63	17 710	451	206	245	2.5
Q3	33 726	348	1.0	53.09	17 907	398	189	208	2.2
Q4	33 800	314	0.9	53.29	18 013	405	171	233	2.2
02 *Q1*	33 869	292	0.9	53.55	18 137	507	156	351	2.9
Q2	33 933	281	0.8	53.83	18 267	557	151	406	3.1
Q3	33 997	271	0.8	54.31	18 463	556	147	409	3.1
Q4	34 061	261	0.8	54.30	18 495	483	142	341	2.7

LABOUR FORCE SURVEY
Annual percentage change



LABOUR FORCE
Annual changes



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

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

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

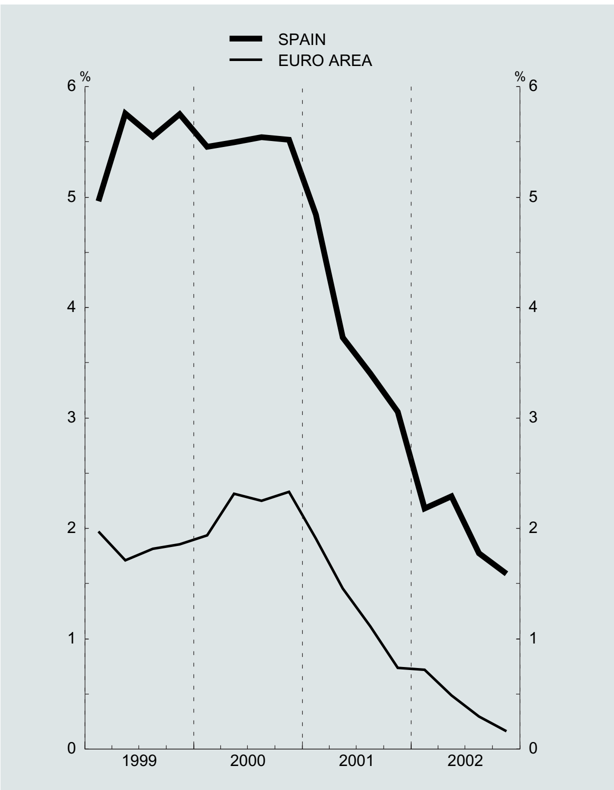
(b) Col.7 = (col.5/col.1)x annual change in col.1.
Col.8 = (annual change in col.4/100) x col.1(t-4).

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

■ Series depicted in chart. *Thousands and annual percentage changes*

	Employment									Unemployment				Memorandum item: euro area	
	Total			Wage-earners			Other								
	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands (a)	Annual change (b)	4-quarter % change (b)	Unem-ployment rate (a)	Employ-ment 4-quarter % change	Unem-ployment rate
	1	2	3 ■	4	5	6 ■	7	8	9 ■	10	11	12 ■	13	14	15
99 M	14 568	760	5.5	11 474	809	7.6	3 094	-49	-1.5	2 722	-455	-14.3	15.75	1.8	9.34
00 M	15 370	802	5.5	12 286	811	7.1	3 084	-10	-0.3	2 487	-235	-8.6	13.93	2.2	8.38
01 M	15 946	576	3.7	12 787	501	4.1	3 159	75	2.4	1 869	-134	-5.4	10.49	1.3	8.00
01 *Q1-Q4* M	15 946	576	3.7	12 787	501	4.1	3 159	75	2.4	1 869	-134	-5.4	10.49	1.3	8.00
02 *Q1-Q4* M	16 258	312	2.0	13 142	355	2.8	3 116	-43	-1.4	2 083	214	11.4	11.35	0.4	8.28
00 *Q2*	15 306	798	5.5	12 231	834	7.3	3 075	-36	-1.2	2 457	-202	-7.6	13.83	2.3	8.46
Q3	15 542	816	5.5	12 456	820	7.0	3 086	-4	-0.1	2 439	-220	-8.3	13.57	2.2	8.27
Q4	15 643	818	5.5	12 542	775	6.6	3 101	43	1.4	2 428	-253	-9.4	13.44	2.3	8.07
01 *Q1*	15 713	725	4.8	12 563	649	5.4	3 150	76	2.5	1 916	-212	-8.1	10.87	1.9	8.02
Q2	15 877	571	3.7	12 692	461	3.8	3 184	109	3.6	1 833	-120	-4.9	10.35	1.5	7.97
Q3	16 072	529	3.4	12 928	472	3.8	3 144	58	1.9	1 835	-132	-5.4	10.25	1.1	7.98
Q4	16 121	478	3.1	12 964	422	3.4	3 157	56	1.8	1 892	-74	-3.0	10.50	0.7	8.04
02 *Q1*	16 055	342	2.2	12 909	347	2.8	3 146	-4	-0.1	2 081	165	8.6	11.47	0.7	8.11
Q2	16 241	364	2.3	13 095	403	3.2	3 146	-39	-1.2	2 026	193	10.5	11.09	0.5	8.22
Q3	16 357	285	1.8	13 263	335	2.6	3 094	-50	-1.6	2 106	271	14.8	11.41	0.3	8.33
Q4	16 377	256	1.6	13 300	336	2.6	3 077	-80	-2.5	2 118	226	12.0	11.45	0.2	8.46

EMPLOYMENT
Annual percentage changes



LABOUR FORCE: COMPONENTS
Annual percentage changes

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

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

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

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

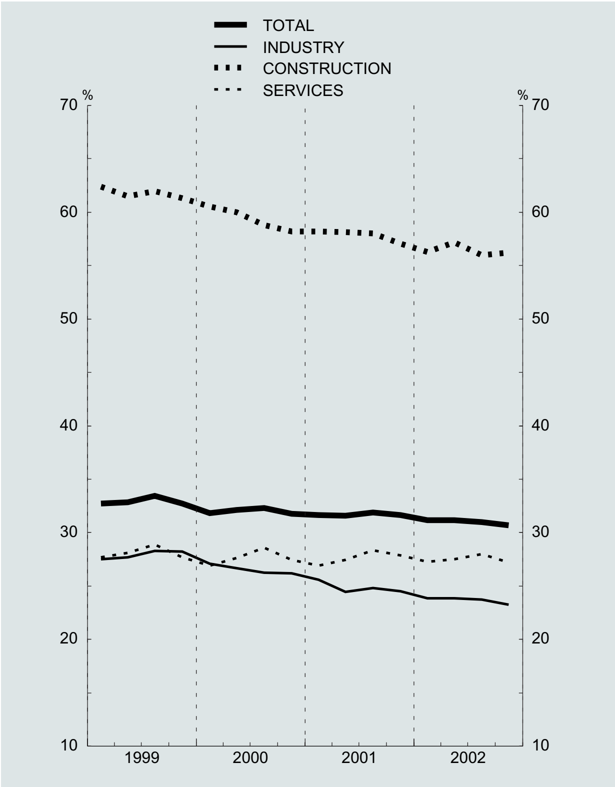
■ Series depicted in chart.

Annual percentage changes

	Total			Agriculture			Industry			Construction			Services			Memorandum item: employment in		
	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
99 M	5.5	7.6	32.9	-3.2	0.5	61.1	3.5	4.3	27.9	13.6	15.7	61.8	6.0	8.0	28.1	6.2	7.0	7.1
00 M	5.5	7.1	32.0	-2.6	-1.6	59.0	4.4	5.0	26.5	9.5	10.0	59.4	6.1	7.8	27.6	6.1	6.5	6.7
01 M	3.7	4.1	31.7	0.7	5.0	61.6	3.1	2.8	24.8	7.8	8.3	57.8	3.6	3.7	27.6	4.0	3.8	3.1
01 *Q1-Q4* M	3.7	4.1	-1.0	0.7	5.0	4.3	3.1	2.8	-6.4	7.8	8.3	-2.6	3.6	3.7	-0.0	3.3	3.1	3.4
02 *Q1-Q4* M	2.0	2.8	-2.1	-5.7	-5.7	-5.6	-0.4	-0.2	-4.7	3.4	3.4	-2.4	3.2	4.2	-0.5	2.1	1.8	2.5
00 *Q2*	5.5	7.3	32.1	-3.2	-1.8	60.2	3.9	4.5	26.7	10.5	11.9	60.0	6.2	8.1	27.6	6.2	6.7	7.1
Q3	5.5	7.0	32.3	-2.9	-2.6	56.0	4.7	4.9	26.3	8.7	9.3	58.8	6.2	7.9	28.6	6.2	6.6	7.0
Q4	5.5	6.6	31.7	-0.8	2.0	60.5	6.0	6.5	26.2	6.9	6.5	58.2	5.8	6.9	27.5	6.0	5.8	5.4
01 *Q1*	4.8	5.4	31.6	4.8	13.0	65.5	5.8	5.5	25.6	7.9	8.3	58.2	4.0	4.5	26.9	4.8	4.8	3.7
Q2	3.7	3.8	31.6	1.2	4.2	61.8	4.0	3.7	24.5	9.1	9.3	58.1	3.0	2.8	27.5	3.9	3.9	2.6
Q3	3.4	3.8	31.9	-2.3	1.1	57.5	2.7	2.6	24.8	7.2	7.5	58.0	3.5	3.7	28.3	3.8	3.4	2.8
Q4	3.1	3.4	31.7	-1.1	1.2	61.4	-0.0	-0.3	24.5	7.2	8.1	57.0	3.7	4.0	27.8	3.3	3.1	3.4
02 *Q1*	2.2	2.8	31.2	-4.3	-4.7	61.8	-2.5	-2.3	23.9	6.7	6.6	56.3	3.6	4.3	27.3	2.7	2.2	3.0
Q2	2.3	3.2	31.2	-6.0	-6.5	58.0	-0.4	-0.1	23.9	4.2	3.9	57.2	3.7	4.7	27.5	2.9	2.5	3.3
Q3	1.8	2.6	31.0	-5.9	-4.7	53.1	0.6	0.7	23.7	1.9	2.0	56.0	2.9	3.7	28.0	2.3	2.1	2.8
Q4	1.6	2.6	30.7	-6.5	-7.1	59.5	0.6	1.0	23.2	1.0	1.4	56.2	2.8	3.9	27.2	2.1	1.8	2.5

EMPLOYMENT
Annual percentage changes

TEMPORARY EMPLOYMENT
Percentages



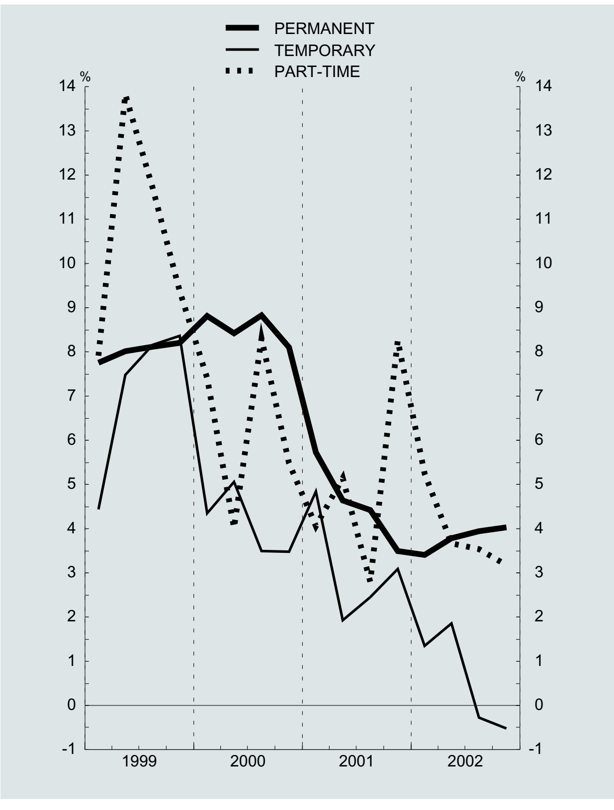
Source: INE (Labour Force Survey: 2002 methodology).
Note: The underlying series of this indicator are in Tables 24.4 and 24.6 of the BE Boletín estadístico.
(a) Branches of activity in accordance with NACE-93.

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

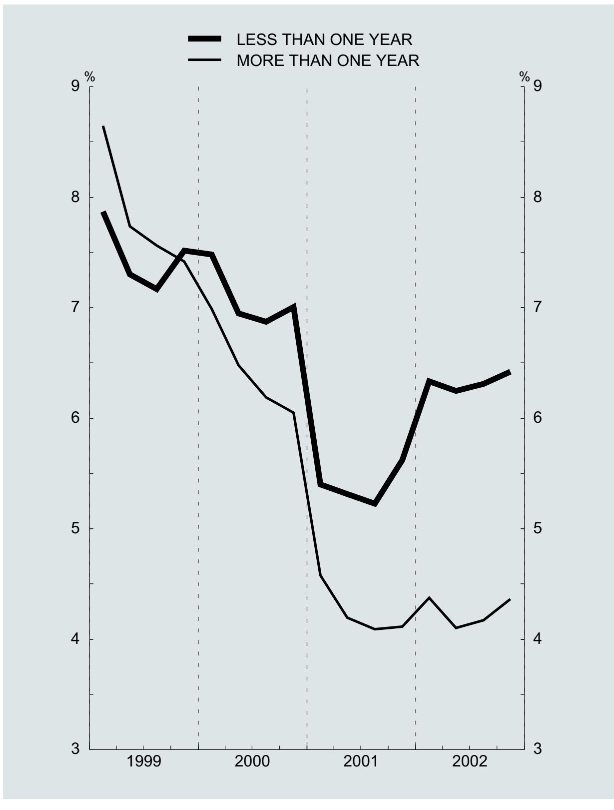
■ Series depicted in chart. *Thousands, annual percentage changes and %*

	Wage-earners										Unemployment						
	By type of contract					By duration of working day					By duration				% of unemployed that would accept a job (a)		
	Permanent		Temporary			Full-time		Part-time			Less than one year		More than one year				
	Annual change Thousands	4-quarter % change	Annual change Thousands	4-quarter % change	Proportion of temporary employment	Annual change Thousands	4-quarter % change	Annual change Thousands	4-quarter % change	As % for wage earners	Unemployment rate (a)	4-quarter % change (b)	Unemployment rate (a)	4-quarter % change (b)	Entailing a change of residence	Whith a lower wage	Requiring fever skills
	1	2 ■	3	4 ■	5	6	7	8	9 ■	10	11 ■	12	13 ■	14	15	16	17
99 M	572	8.0	251	7.1	32.91	719	7.3	90	10.7	8.10	7.46	-9.6	7.84	-20.1	23.26	54.53	60.45
00 M	657	8.5	154	4.1	32.00	753	7.1	58	6.3	8.04	7.08	-2.1	6.43	-15.4	23.04	52.44	58.49
01 M	381	4.6	120	3.1	31.68	451	4.0	50	5.1	8.11	5.39	-5.6	4.24	-12.9	20.88	45.87	51.01
01 *Q1-Q4* M	381	4.6	120	3.1	31.68	341	2.9	50	5.1	8.11	5.39	-5.6	4.24	-12.9	20.88	45.87	51.01
02 *Q1-Q4* M	331	3.8	24	0.6	31.01	302	2.5	40	3.9	8.20	6.33	20.9	4.25	3.2	20.16	43.38	49.09
00 *Q2*	644	8.4	190	5.1	32.14	795	7.6	39	4.0	8.19	6.95	-1.5	6.48	-13.4	22.47	54.48	61.07
Q3	684	8.8	136	3.5	32.31	745	6.9	75	8.3	7.90	6.88	-0.8	6.19	-15.4	23.57	52.22	57.99
Q4	641	8.1	134	3.5	31.74	725	6.7	51	5.5	7.80	7.00	-3.8	6.05	-15.8	23.11	50.66	56.33
01 *Q1*	466	5.7	184	4.8	31.62	609	5.6	40	4.1	8.14	5.40	-10.7	4.57	-13.3	21.13	45.78	50.81
Q2	386	4.6	76	1.9	31.56	410	3.6	52	5.1	8.30	5.31	-4.3	4.20	-13.3	20.65	45.80	51.25
Q3	373	4.4	99	2.5	31.89	444	3.9	28	2.8	7.82	5.23	-5.7	4.09	-13.0	21.21	44.58	49.44
Q4	299	3.5	123	3.1	31.66	341	2.9	81	8.3	8.17	5.62	-1.4	4.11	-12.0	20.52	47.31	52.55
02 *Q1*	293	3.4	54	1.3	31.18	293	2.5	54	5.2	8.34	6.34	20.6	4.38	-1.6	20.91	43.48	49.45
Q2	329	3.8	74	1.9	31.16	364	3.1	39	3.7	8.34	6.25	21.3	4.10	0.8	19.67	44.84	50.67
Q3	347	3.9	-12	-0.3	31.00	299	2.5	36	3.5	7.89	6.31	24.5	4.17	5.2	20.56	41.30	47.13
Q4	357	4.0	-21	-0.5	30.70	302	2.5	34	3.2	8.22	6.42	17.3	4.36	9.0	19.51	43.91	49.10

WAGE-EARNERS
Annual percentage changes



UNEMPLOYMENT
Unemployment rate



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

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

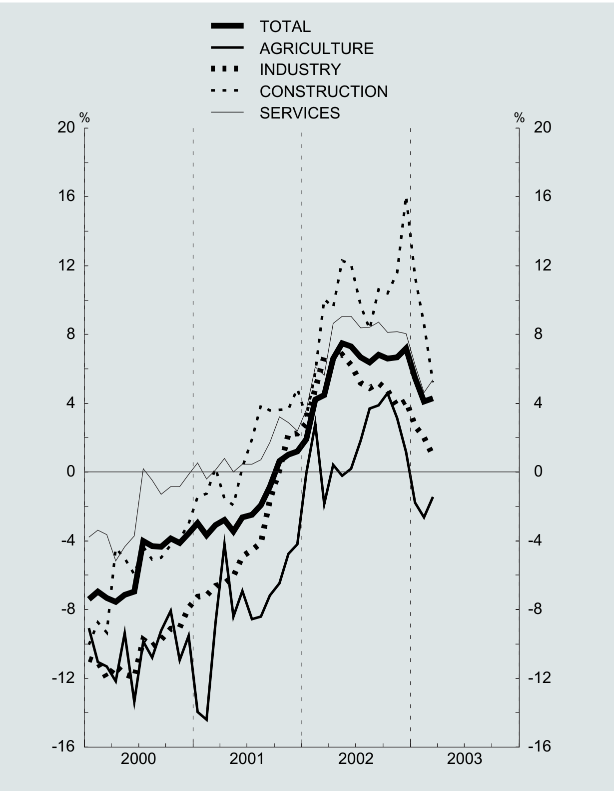
(b) To calculate the annual percentage changes and annual changes, the INE homogeneous series has been used up to December 2001, and from January 2002, the new definition of unemployment. For further information, methodological notes may be consulted at INE’s website(www.ine.es).

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

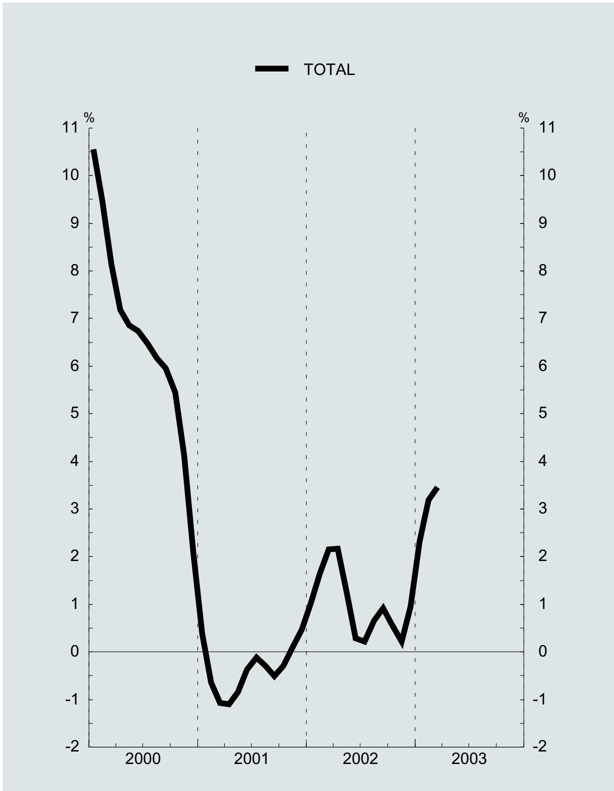
■ Series depicted in chart. *Thousands, annual percentage changes and %*

		Registered unemployment: Total: Thousands	Total: Annual change, Thousands	Total: 12 month % change	First time job-seekers: 12 month % change	Previously employed, 12-month % change: Total	Previously employed: Agriculture	Branches other than agriculture: Total	Branches other than agriculture: Industry	Branches other than agriculture: Construction	Branches other than agriculture: Services	Contracts: Total: Thousands	Contracts: Total: 12 month % change	Percentage of total: Permanent	Percentage of total: Part time	Percentage of total: Temporary	Placements: Total: Thousands	Placements: Total: 12 month % change
		1	2	3 ■	4	5	6 ■	7	8 ■	9 ■	10 ■	11	12	13	14	15	16	17 ■
00	M	1 558	-94	-5.7	-10.1	-4.7	-10.4	-4.5	-10.4	-5.9	-2.3	1 152	4.5	8.73	18.12	91.27	1 135	6.2
01	M	1 530	-28	-1.8	-9.6	-0.2	-8.2	0.1	-3.8	1.3	1.1	1 171	1.6	9.26	18.40	90.74	1 133	-0.2
02	M	1 621	92	6.0	-0.7	7.2	1.6	7.4	5.1	9.9	7.6	1 182	0.9	9.05	19.47	90.95	1 145	1.0
02 *J-M*	M	1 656	56	3.5	-4.7	5.0	0.3	5.2	4.8	6.3	5.1	1 137	0.1	9.78	17.74	90.22	1 100	-1.9
03 *J-M*	M P	1 732	76	4.6	2.9	4.9	-2.0	5.1	1.9	8.4	5.4	1 227	7.9	9.75	18.12	90.25	1 184	7.7
02 *Feb*		1 666	67	4.2	-4.0	5.7	2.8	5.8	4.8	5.8	6.1	1 140	4.2	10.02	17.80	89.98	1 108	2.5
Mar		1 649	71	4.5	-4.3	6.1	-1.9	6.4	6.7	10.1	5.6	1 000	-10.4	10.64	18.00	89.36	964	-12.5
Apr		1 636	101	6.6	-1.3	8.1	0.4	8.3	6.5	9.6	8.7	1 247	23.3	10.14	18.29	89.86	1 200	22.6
May		1 589	111	7.5	1.1	8.7	-0.2	9.0	6.8	12.3	9.0	1 238	0.2	9.40	18.86	90.60	1 190	2.0
Jun		1 567	107	7.3	0.8	8.6	0.2	8.9	6.2	12.1	9.1	1 074	-9.6	8.86	18.98	91.14	1 037	-8.9
Jul		1 548	97	6.7	1.2	7.7	1.8	7.9	5.2	9.7	8.4	1 318	4.7	7.72	20.34	92.28	1 281	5.5
Aug		1 552	93	6.4	-0.2	7.6	3.7	7.7	4.9	8.3	8.4	1 019	-4.0	7.73	19.37	92.27	992	-2.9
Sep		1 590	102	6.8	-0.1	8.1	3.9	8.3	5.2	10.6	8.7	1 187	5.0	8.78	20.01	91.22	1 153	4.8
Oct		1 642	102	6.6	1.0	7.6	4.6	7.7	4.7	10.4	8.1	1 545	4.6	9.17	22.32	90.83	1 497	5.4
Nov		1 678	105	6.7	1.6	7.6	3.1	7.7	3.8	11.6	8.2	1 182	-10.8	9.01	21.37	90.99	1 152	-9.4
Dec		1 688	113	7.2	1.7	8.1	1.2	8.3	4.1	16.1	8.1	958	-0.1	8.48	20.91	91.52	936	1.6
03 *Jan*		1 742	91	5.5	2.5	6.0	-1.8	6.2	2.7	11.4	6.2	1 356	6.7	8.95	17.61	91.05	1 313	7.0
Feb	P	1 734	68	4.1	2.2	4.4	-2.6	4.6	2.0	8.6	4.6	1 198	5.1	10.03	18.02	89.97	1 154	4.2
Mar	P	1 720	71	4.3	4.0	4.3	-1.5	4.5	0.9	5.2	5.4	1 128	12.7	10.27	18.73	89.73	1 087	12.7

REGISTERED UNEMPLOYMENT
Annual percentage changes



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



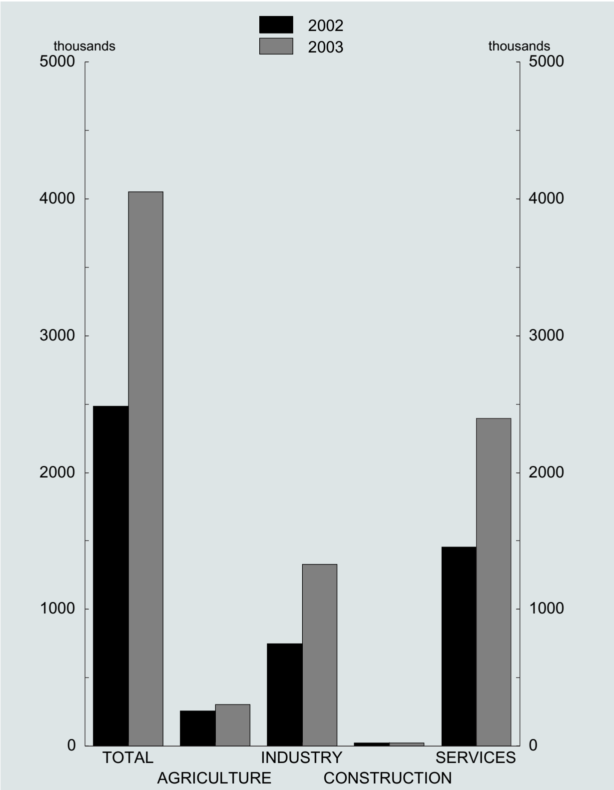
Source: Instituto Nacional de Empleo, Estadística de Empleo.
Nota: The underlying series for this indicator are in Tables 24.16 and 24.17 of the BE Boletín estadístico.

4.6. Collective bargaining agreements

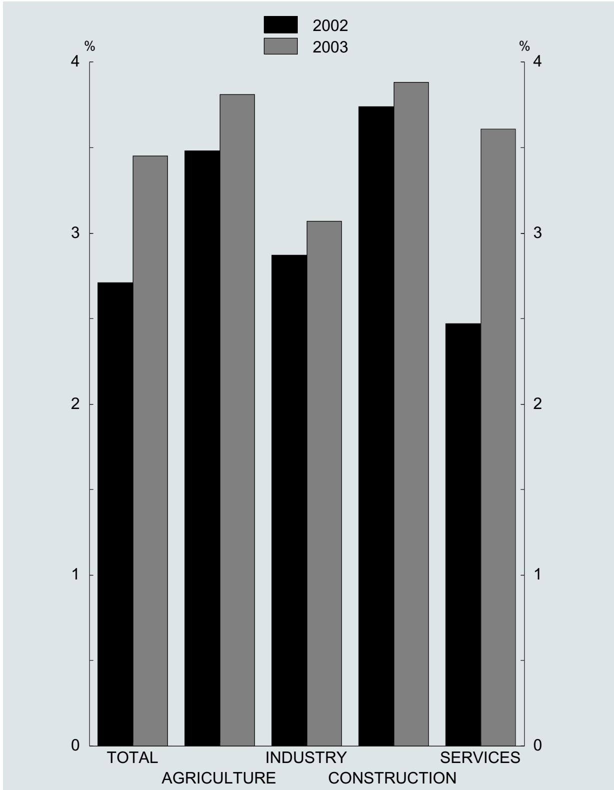
■ Series depicted in chart. *Thousands and %*

	As per month economic effects come into force(a)		As per month recorded														
			Employees affected (a)								Average wage settlement (%)						
	Em- ployees affec- ted	Average wage settle- ment	Automa- tic adjust- ment	Newly- signed agree- ments	Total	Annual change	Agricul- ture	Indus- try	Construc- tion	Services	Auto- matic adjust- ment	Newly signed agree- ments	Total	Agricul- ture	Indus- try	Construc- tion	Services
	1	2	3	4	5 ■	6	7 ■	8 ■	9 ■	10 ■	11	12	13 ■	14 ■	15 ■	16 ■	17 ■
00	9 230	3.72	4 886	2 977	7 863	80	470	2 603	875	3 915	2.90	3.09	2.97	3.43	2.87	3.42	2.88
01	9 322	3.69	4 909	2 697	7 606	-257	473	2 298	928	3 907	3.35	3.73	3.48	4.04	3.40	4.12	3.31
02	8 707	3.84	5 528	2 280	7 808	202	589	2 538	771	3 910	2.82	3.62	3.05	3.49	2.84	3.52	3.03
01 *Sep*	9 193	3.67	4 644	1 735	6 379	-806	318	2 017	885	3 158	3.37	3.60	3.44	3.77	3.36	4.15	3.25
Oct	9 309	3.70	4 681	2 111	6 792	-744	328	2 102	912	3 451	3.38	3.60	3.45	3.78	3.37	4.15	3.27
Nov	9 309	3.70	4 733	2 495	7 228	-480	448	2 168	912	3 699	3.36	3.66	3.47	4.03	3.39	4.15	3.27
Dec	9 322	3.69	4 909	2 697	7 606	-257	473	2 298	928	3 907	3.35	3.73	3.48	4.04	3.40	4.12	3.31
02 *Jan*	7 863	3.86	2 269	1	2 270	643	260	658	5	1 348	2.72	3.18	2.72	3.48	2.90	2.43	2.48
Feb	7 904	3.86	2 480	4	2 484	-783	260	746	25	1 453	2.71	3.36	2.71	3.48	2.87	3.74	2.47
Mar	7 967	3.85	3 784	117	3 901	3	318	1 332	27	2 224	2.74	2.82	2.74	3.28	2.88	3.68	2.57
Apr	8 280	3.84	4 768	222	4 990	445	425	1 775	28	2 763	2.78	7.15	2.98	3.59	2.81	3.64	2.98
May	8 480	3.83	4 869	285	5 154	583	498	1 804	28	2 824	2.78	6.17	2.97	3.44	2.82	3.64	2.97
Jun	8 515	3.83	5 157	405	5 562	784	498	2 031	32	3 000	2.78	5.13	2.95	3.44	2.82	3.59	2.96
Jul	8 533	3.83	5 230	622	5 852	623	503	2 158	53	3 139	2.79	4.45	2.96	3.43	2.82	3.66	2.97
Aug	8 533	3.83	5 234	761	5 995	162	503	2 213	90	3 189	2.79	4.24	2.97	3.43	2.83	3.55	2.98
Sep	8 599	3.84	5 354	1 361	6 715	336	504	2 362	383	3 466	2.79	3.85	3.00	3.43	2.83	3.47	3.01
Oct	8 704	3.84	5 425	1 707	7 132	340	515	2 485	504	3 629	2.79	3.72	3.01	3.45	2.83	3.50	3.01
Nov	8 704	3.84	5 516	2 176	7 692	465	587	2 520	726	3 859	2.82	3.63	3.05	3.49	2.84	3.52	3.03
Dec	8 707	3.84	5 528	2 280	7 808	202	589	2 538	771	3 910	2.82	3.62	3.05	3.49	2.84	3.52	3.03
03 *Jan*	3 690	3.44	3 531	1	3 532	1 262	274	1 187	23	2 048	3.41	4.89	3.41	3.91	2.90	3.90	3.63
Feb	3 720	3.43	4 007	45	4 051	1 567	305	1 327	23	2 396	3.45	2.66	3.45	3.81	3.07	3.88	3.61

EMPLOYEES AFFECTED
January-February



AVERAGE WAGE SETTLEMENT
January-February



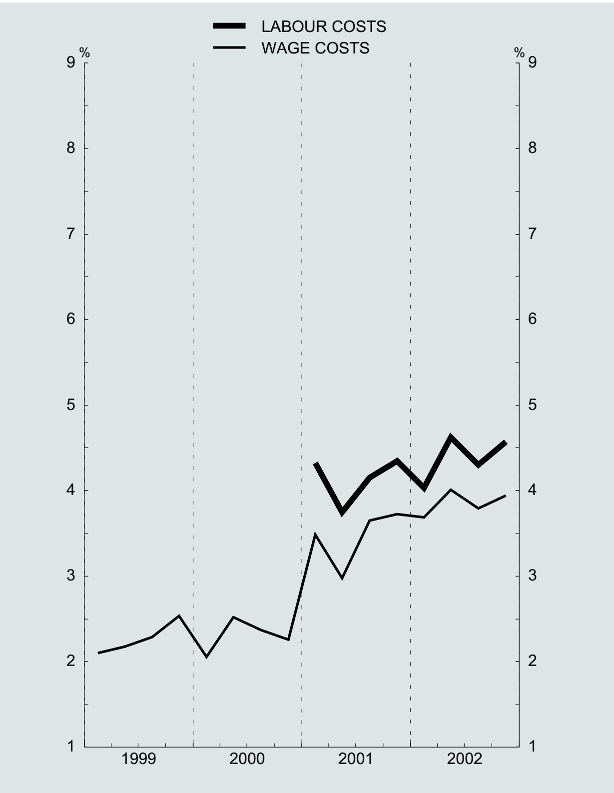
Source: Ministerio de Trabajo y Asuntos Sociales (MTAS), Encuesta de Convenios Colectivos. Avance mensual.
(a) Cumulative data.

4.7. Labour costs index

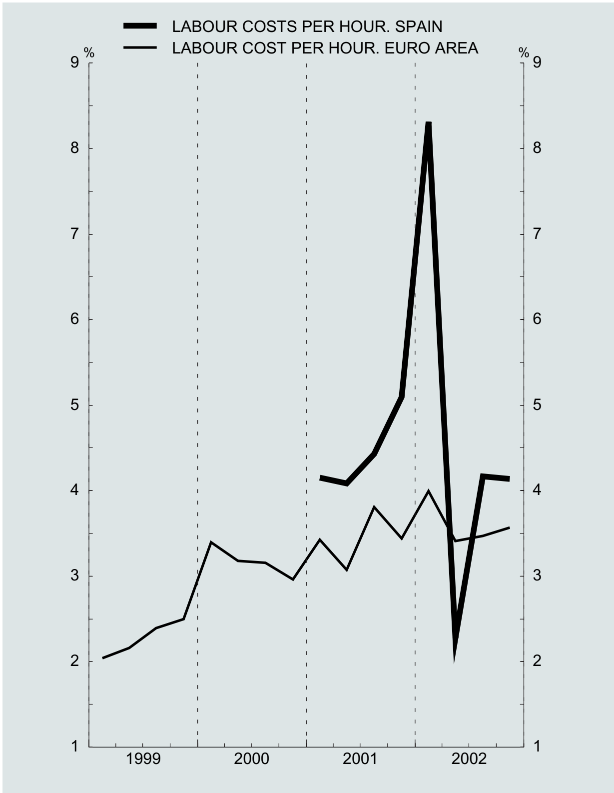
■ Series depicted in chart. *Annual percentage change*

	Labour costs					Wage costs					Other costs per worker and month	memorandum item: euro area total hourly labour costs (a)
	Monthly earnings				Per hour worked	Monthly earnings				Per hour worked		
	Total	Industry	Construction	Services		Total	Industry	Construction	Services			
	1 ■	2	3	4	5 ■	6 ■	7	8	9	10	11	12 ■
99 M	...	...	...	...	...	2.3	2.6	3.8	1.9	2.6	...	2.3
00 M	...	...	...	...	...	2.3	2.5	3.8	3.0	2.4	...	3.2
01 M	4.1	4.4	4.7	4.1	4.5	3.5	3.7	3.9	3.6	3.8	6.2	3.4
01 *Q1-Q4* M	4.1	4.4	4.7	4.1	4.5	3.5	3.7	3.9	3.6	3.8	6.2	3.4
02 *Q1-Q4* M	4.4	4.8	4.8	4.4	4.6	3.9	4.7	4.1	3.8	4.1	6.0	3.6
00 *Q2*	...	...	...	...	...	2.5	2.3	3.9	3.4	2.2	...	3.2
Q3	...	...	...	...	...	2.4	2.9	3.4	3.0	2.4	...	3.2
Q4	...	...	...	...	...	2.3	2.3	4.4	2.9	2.4	...	3.0
01 *Q1*	4.3	5.1	4.8	4.2	4.2	3.5	4.1	3.9	3.4	3.3	6.8	3.4
Q2	3.7	3.9	4.9	3.7	4.1	3.0	3.1	4.2	2.9	3.2	6.1	3.1
Q3	4.1	4.5	4.2	4.3	4.4	3.7	3.8	3.9	3.8	4.0	5.6	3.8
Q4	4.3	4.3	4.7	4.5	5.1	3.7	3.6	3.4	4.1	4.6	6.4	3.4
02 *Q1*	4.0	3.7	4.6	4.4	8.3	3.7	3.8	3.9	3.9	8.0	5.0	4.0
Q2	4.6	5.1	4.5	4.7	2.3	4.0	4.9	4.0	4.0	1.8	6.5	3.4
Q3	4.3	5.0	5.2	4.1	4.2	3.8	4.9	4.2	3.6	3.7	5.8	3.5
Q4	4.6	5.4	4.7	4.4	4.1	3.9	5.0	4.4	3.6	3.5	6.6	3.6

PER WORKER AND MONTH
Annual percentage change



PER HOUR WORKED
Annual percentage change



Fuente: INE (Índice de Costes Laborales) y Eurostat.

Nota: The underlying series for this indicator are in Tables 24.25, 24.26 and 24.27 of de BE Boletín estadístico.

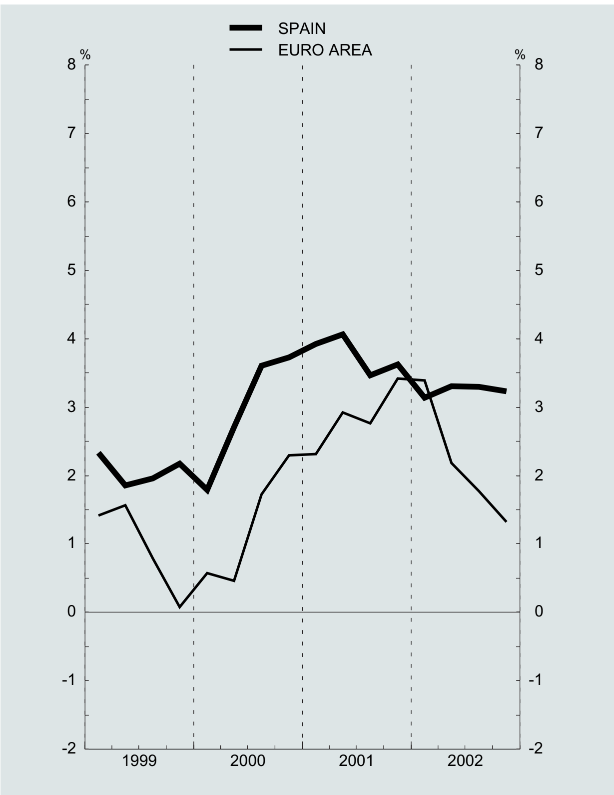
(a) Whole economy, excluding the agriculture, public administration, education and health sectors.

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

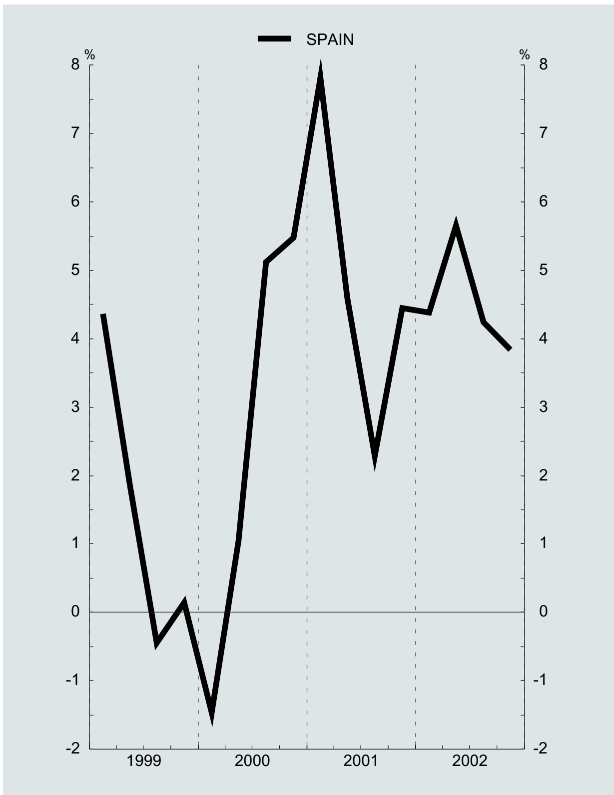
■ Series depicted in chart. *Annual percentage changes*

	Whole-economy unit labour costs		Compensation per employee		Productivity						Memorandum item: unit labour costs in manufacturing	
							Output		Employment			
	Spain	Euro area	Spain (b)	Euro area	Spain	Euro area	Spain	Euro area	Spain (b)	Euro area	Spain (c)	Euro area
	1 ■	2 ■	3	4	5	6	7	8	9	10	11 ■	12
99	2.1	1.0	2.7	1.9	0.6	0.9	4.2	2.8	3.6	1.8	1.4	...
00	3.0	1.3	3.7	2.5	0.7	1.3	4.2	3.5	3.4	2.2	2.5	...
01	3.8	2.9	4.1	3.1	0.3	0.2	2.7	1.4	2.4	1.3	4.7	...
99 *Q4*	2.2	0.1	3.5	2.0	1.3	1.9	4.4	3.8	3.1	1.9	0.1	...
00 *Q1*	1.8	0.6	4.0	2.5	2.2	1.9	5.1	3.9	2.9	1.9	-1.5	...
Q2	2.7	0.5	3.6	2.3	0.9	1.8	4.5	4.2	3.5	2.3	1.1	...
Q3	3.6	1.7	3.7	2.7	0.1	1.0	3.8	3.2	3.6	2.2	5.1	...
Q4	3.7	2.3	3.6	2.7	-0.1	0.4	3.4	2.8	3.6	2.3	5.5	...
01 *Q1*	3.9	2.3	3.4	2.8	-0.5	0.5	3.0	2.4	3.5	1.9	7.8	...
Q2	4.1	2.9	4.1	3.1	0.0	0.1	2.4	1.5	2.3	1.5	4.6	...
Q3	3.5	2.8	4.6	3.1	1.1	0.3	2.9	1.3	1.8	1.1	2.3	...
Q4	3.6	3.4	4.2	3.3	0.5	-0.2	2.3	0.5	1.8	0.7	4.4	...
02 *Q1*	3.1	3.4	3.9	3.0	0.7	-0.3	2.0	0.4	1.3	0.7	4.4	...
Q2	3.3	2.2	3.8	2.4	0.5	0.3	2.0	0.7	1.5	0.5	5.7	...
Q3	3.3	1.8	3.8	2.4	0.5	0.7	1.8	0.9	1.3	0.3	4.2	...
Q4	3.2	1.3	4.3	2.4	1.0	1.1	2.1	1.3	1.1	0.2	3.8	...

UNIT LABOUR COSTS: TOTAL
Annual percentage changes



UNIT LABOUR COSTS: MANUFACTURING
Annual percentage changes



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

(a) Spain: prepared in accordance with ESA95. SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see economic bulletin April 2002).

(b) Full-time equivalent employment.

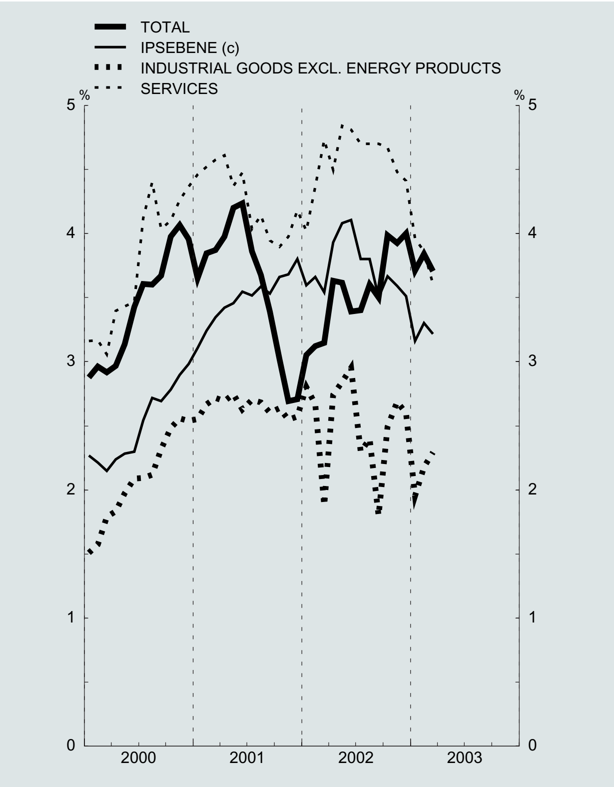
(c) Industry.

5.1. Consumer price index. Spain (2001=100) (a)

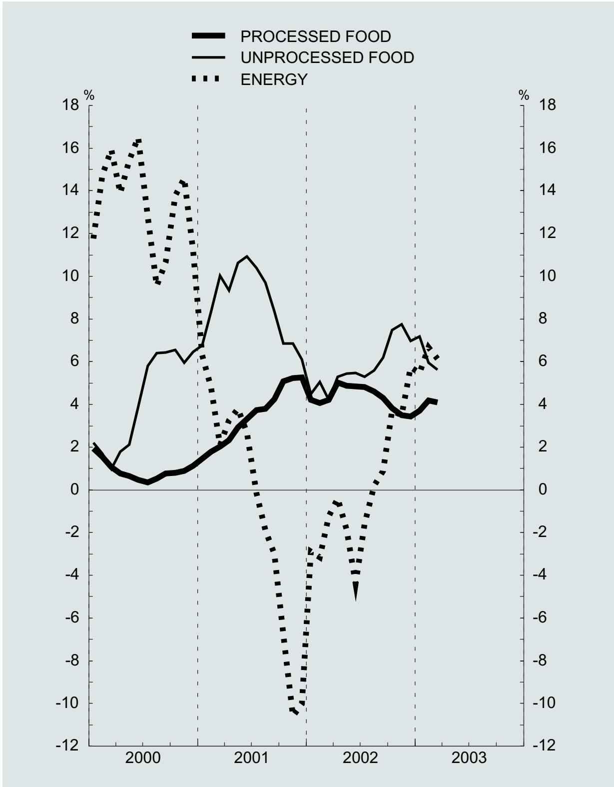
■ Series depicted in chart. *Indices and annual percentage changes*

		Total (100%)				Annual percentage change (12-month % change)						Memorandum item:prices for agricultural products (1995=100)	
		Original series	Month-on-month % change	12-month % change (b)	Cumulative % change during year (c)	Unprocessed food	Processed food	Industrial goods excl. energy products	Energy	Services	IPSEBENE (d)	Original series	12-month % change (a)
		1	2	3 ■	4	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■	11	12
00	M	97.0	_	3.4	4.0	4.2	0.9	2.1	13.4	3.7	2.5	99.3	4.1
01	M R	100.5	_	3.6	2.7	8.7	3.4	2.6	-0.8	4.3	3.5	103.8	4.5
02	M	103.5	_	3.5	4.0	5.8	4.3	2.5	-0.1	4.6	3.7	99.5	-4.1
02 *J-M*	M	101.6	0.3	3.1	0.2	4.6	4.2	2.4	-2.4	4.4	3.6	107.6	2.2
03 *J-M*	M	105.4	0.2	3.8	-0.0	6.3	4.0	2.1	6.1	3.8	3.2	...	...
01 *Dec*	R	101.4	0.4	2.7	2.7	6.1	5.3	2.6	-10.0	4.2	3.8	107.3	-4.0
02 *Jan*		101.3	-0.1	3.1	-0.1	4.5	4.2	2.8	-2.9	4.0	3.6	107.1	6.0
Feb		101.3	0.1	3.1	-0.1	5.0	4.1	2.7	-3.2	4.4	3.7	105.8	0.2
Mar		102.2	0.8	3.1	0.8	4.2	4.2	1.9	-1.2	4.7	3.5	109.7	0.1
Apr		103.6	1.4	3.6	2.1	5.3	5.0	2.7	-0.4	4.5	3.9	108.1	-2.9
May		103.9	0.4	3.6	2.5	5.4	4.9	2.8	-1.9	4.8	4.1	102.5	-10.5
Jun		104.0	0.0	3.4	2.5	5.5	4.8	3.0	-4.4	4.8	4.1	100.4	-8.4
Jul		103.2	-0.7	3.4	1.8	5.3	4.8	2.3	-1.6	4.7	3.8	94.9	-6.6
Aug		103.5	0.3	3.6	2.1	5.6	4.6	2.4	0.2	4.7	3.8	91.0	-5.6
Sep		103.9	0.4	3.5	2.5	6.2	4.3	1.8	0.9	4.7	3.5	91.4	-5.3
Oct		104.9	1.0	4.0	3.5	7.5	3.8	2.5	3.7	4.7	3.7	95.9	-0.9
Nov		105.1	0.2	3.9	3.7	7.8	3.5	2.7	3.5	4.5	3.6	97.7	-4.6
Dec		105.5	0.3	4.0	4.0	7.0	3.4	2.6	5.7	4.4	3.5	98.6	-8.1
03 *Jan*		105.0	-0.4	3.7	-0.4	7.2	3.7	2.0	5.5	4.0	3.2	96.1	-10.3
Feb		105.2	0.2	3.8	-0.2	5.9	4.2	2.2	6.7	3.9	3.3	...	...
Mar		106.0	0.7	3.7	0.5	5.6	4.1	2.3	6.1	3.6	3.2	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS
Annual percentage changes



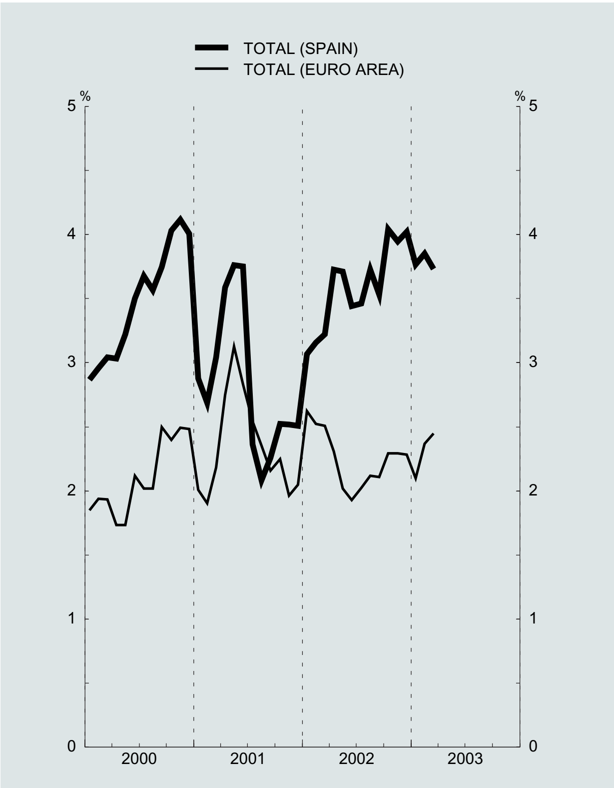
Sources: INE, Ministerio de Agricultura, Pesca y Alimentación and BE.
Note: The underlying series for this indicator are in Tables 25.2 and 25.8 of the BE Boletín estadístico.
(a) There is a break in January 2002 owing to the 2001 re-basing. There is no solution to this via the habitual legal links. Consequently, for the year 2002, the official rates of change cannot be obtained from the indices. The detailed methodological notes can be consulted on the INE Internet site (www.ine.es).
(b) For annual periods: average growth for each year on the previous year. (c) For annual periods: December-on-December growth rate.
(d) Index of non-energy processed goods and service prices. (e) Official INE series from January 2002

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

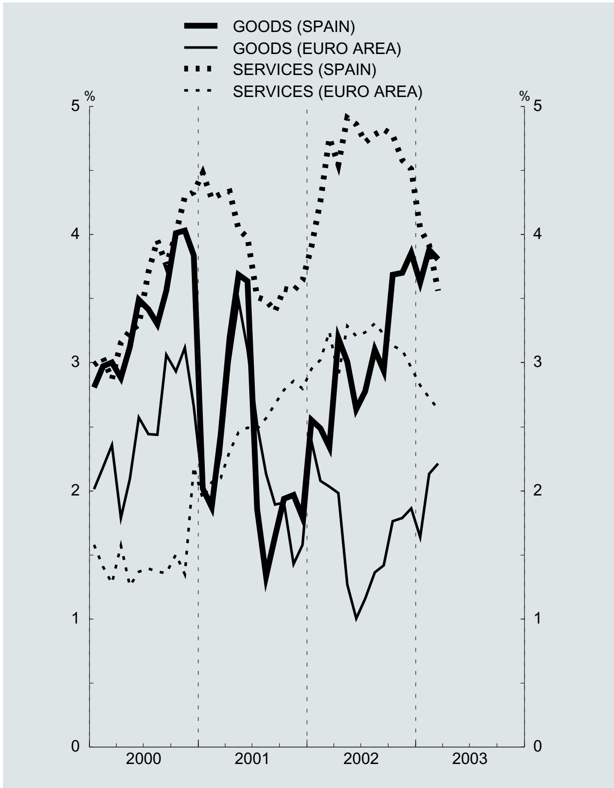
■ Series depicted in chart. *Annual percentage changes*

		Total		Goods														Services	
						Food						Industrial							
						Total		Processed		Unprocessed				Non-energy		Energy			
		Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area
		1 ■	2 ■	3 ■	4 ■	5	6	7	8	9	10	11	12	13	14	15	16	17 ■	18 ■
00	M	3.5	2.1	3.4	2.5	2.4	1.4	0.9	1.2	3.8	1.8	4.1	3.0	2.0	0.5	13.4	13.0	3.6	1.5
01	M	2.8	2.3	2.3	2.3	5.1	4.5	2.7	2.9	7.2	7.0	0.6	1.2	1.0	0.9	-0.7	2.2	3.9	2.5
02	M	3.6	2.3	3.0	1.7	4.8	3.1	4.9	3.1	4.7	3.1	1.9	1.0	2.6	1.5	-0.2	-0.6	4.6	3.1
02 *J-M*	M	3.2	2.5	2.5	2.2	4.3	4.9	4.3	3.5	4.3	7.0	1.3	0.8	2.5	1.7	-2.4	-2.1	4.3	3.1
03 *J-M*	M	3.8	2.3	3.8	2.0	4.8	2.0	4.6	3.2	4.9	0.2	3.2	2.0	2.2	0.7	6.1	7.0	3.8	2.7
01 *Dec*		2.5	2.1	1.8	1.6	4.8	4.5	4.6	3.4	5.0	6.3	-	0.2	2.9	1.5	-9.2	-4.7	3.6	2.8
02 *Jan*		3.1	2.6	2.6	2.4	4.3	5.6	4.2	3.8	4.4	8.4	1.5	0.8	2.8	1.6	-2.9	-1.9	3.9	3.0
Feb		3.2	2.5	2.5	2.1	4.4	4.9	4.2	3.4	4.6	7.1	1.3	0.7	2.7	1.8	-3.1	-2.9	4.3	3.0
Mar		3.2	2.5	2.3	2.0	4.2	4.2	4.4	3.3	4.0	5.6	1.2	1.0	1.9	1.7	-1.2	-1.5	4.8	3.2
Apr		3.7	2.3	3.2	2.0	5.1	3.6	5.8	3.3	4.4	4.2	2.0	1.2	2.7	1.7	-0.4	-0.5	4.5	2.9
May		3.7	2.0	3.0	1.3	5.1	2.7	5.7	3.2	4.4	2.1	1.8	0.6	2.9	1.6	-1.8	-2.8	4.9	3.3
Jun		3.4	1.9	2.6	1.0	5.0	2.3	5.7	3.1	4.3	1.2	1.2	0.4	2.9	1.5	-4.4	-3.6	4.9	3.2
Jul		3.5	2.0	2.8	1.2	4.9	2.2	5.7	3.0	4.1	1.0	1.4	0.7	2.4	1.3	-1.5	-1.6	4.7	3.2
Aug		3.7	2.1	3.1	1.4	4.9	2.3	5.6	3.0	4.3	1.4	2.0	0.9	2.5	1.3	0.3	-0.3	4.8	3.3
Sep		3.5	2.1	2.9	1.4	5.0	2.4	5.2	2.8	4.7	1.7	1.7	0.9	1.9	1.3	0.9	-0.2	4.8	3.2
Oct		4.0	2.3	3.7	1.8	5.0	2.3	4.5	2.7	5.6	1.7	2.9	1.5	2.6	1.2	3.7	2.6	4.8	3.1
Nov		3.9	2.3	3.7	1.8	4.9	2.4	4.0	2.6	5.8	2.0	3.0	1.5	2.8	1.3	3.5	2.4	4.6	3.1
Dec		4.0	2.3	3.9	1.9	4.6	2.2	3.9	2.7	5.4	1.3	3.4	1.7	2.7	1.2	5.8	3.8	4.5	3.0
03 *Jan*		3.8	2.1	3.6	1.6	4.9	1.5	4.2	2.9	5.5	-0.6	2.9	1.7	2.1	0.6	5.5	6.0	4.0	2.8
Feb		3.8	2.4	3.9	2.1	4.8	2.1	4.8	3.3	4.8	0.3	3.3	2.2	2.3	0.7	6.7	7.7	3.9	2.7
Mar		3.7	2.4	3.8	2.2	4.6	2.3	4.7	3.3	4.5	0.8	3.3	2.2	2.4	0.8	6.1	7.4	3.6	2.6

HARMONISED INDEX OF CONSUMER PRICES. TOTAL
Annual percentage changes



HARMONISED INDEX OF CONSUMER PRICES. COMPONENTS
Annual percentage changes



Source: Eurostat.

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

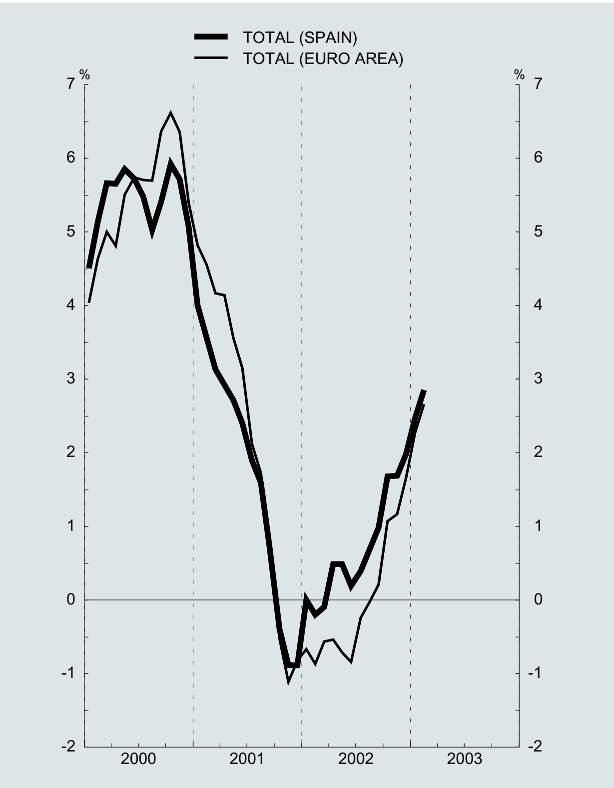
5.3. Producer price index. Spain and euro area (a)

■ Series depicted in chart.

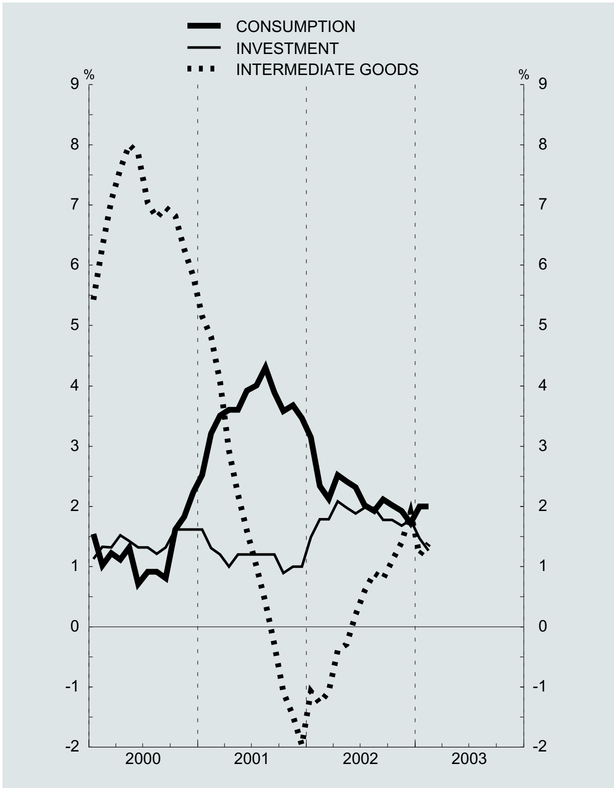
Annual percentage changes

	Total (100%)			Consumption (32.1 %)		Investment (18.3 %)		Intermediate (31.6 %)		Energy (18.0%)		Memorandum item: euro area				
	Original series	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Total 12-month % change	Consumption 12-month % change	Investment 12-month % change	Intermediate 12-month % change	Energy 12-month % change
	1	2	3 ■	4	5 ■	6	7 ■	8	9 ■	10	11	12 ■	13	14	15	16
00 M	100.0	_	5.4	_	1.3	_	1.4	_	6.8	_	22.7	5.5	1.6	0.6	5.0	19.0
01 M	101.7	_	1.7	_	3.6	_	1.2	_	1.4	_	-2.0	2.2	2.9	1.1	1.3	3.1
02 M	102.4	_	0.7	_	2.2	_	1.8	_	0.2	_	-1.3	-0.0	1.1	1.1	-0.2	-2.1
02 *J-F* M	101.4	_	-0.1	_	2.7	_	1.6	_	-1.2	_	-4.4	-0.8	1.7	1.2	-1.6	-4.9
03 *J-F* M	104.1	_	2.7	_	2.0	_	1.4	_	1.3	_	8.2	2.5	1.1	0.5	1.5	7.8
01 *Nov*	100.9	-0.6	-0.9	-	3.7	0.1	1.0	-0.4	-1.5	-2.9	-13.3	-1.1	2.2	1.1	-1.3	-9.0
Dec	100.7	-0.2	-0.9	0.2	3.5	-	1.0	-0.5	-2.0	-1.6	-11.8	-0.8	1.9	1.1	-1.4	-6.8
02 *Jan*	101.3	0.6	-	0.5	3.1	0.8	1.5	1.2	-1.1	2.6	-4.5	-0.7	1.9	1.2	-1.6	-4.8
Feb	101.5	0.2	-0.2	0.3	2.3	0.4	1.8	0.2	-1.3	-0.1	-4.3	-0.9	1.4	1.2	-1.6	-5.0
Mar	101.9	0.4	-0.1	0.4	2.1	0.2	1.8	0.2	-1.1	1.2	-3.4	-0.6	1.1	1.3	-1.3	-3.2
Apr	102.5	0.6	0.5	0.4	2.5	0.2	2.1	0.3	-0.4	2.1	-1.9	-0.5	1.0	1.2	-0.9	-3.4
May	102.7	0.2	0.5	-	2.4	0.1	2.0	0.2	-0.3	0.2	-2.9	-0.7	0.8	1.2	-0.8	-4.6
Jun	102.4	-0.3	0.2	-0.1	2.3	-0.1	1.9	0.2	0.2	-1.5	-5.1	-0.8	0.7	1.0	-0.4	-5.4
Jul	102.4	-	0.4	0.1	2.0	0.1	2.0	-	0.6	-0.4	-4.1	-0.2	0.9	0.9	0.1	-3.3
Aug	102.6	0.2	0.7	0.2	1.9	-	2.0	-	0.9	1.0	-1.7	-0.0	0.9	0.9	0.3	-2.4
Sep	103.0	0.4	1.0	0.2	2.1	-0.1	1.8	-0.1	0.8	2.0	-0.3	0.2	1.0	0.9	0.5	-1.8
Oct	103.2	0.2	1.7	-0.1	2.0	0.1	1.8	-0.2	1.1	1.4	3.8	1.1	1.1	0.9	0.8	2.2
Nov	102.6	-0.6	1.7	-0.1	1.9	-	1.7	-0.1	1.4	-2.7	4.1	1.2	1.2	0.9	1.1	2.3
Dec	102.7	0.1	2.0	-	1.7	0.1	1.8	-	1.9	0.4	6.2	1.7	1.2	1.0	1.2	4.2
03 *Jan*	103.8	1.1	2.5	0.8	2.0	0.5	1.5	0.5	1.2	3.8	7.4	2.3	1.0	0.6	1.4	6.9
Feb	104.4	0.6	2.9	0.3	2.0	0.2	1.3	0.4	1.4	1.3	8.9	2.7	1.1	0.5	1.6	8.8

PRODUCER PRICE INDEX. TOTAL
Annual percentage changes



PRODUCER PRICE INDEX. COMPONENTS
Annual percentage changes



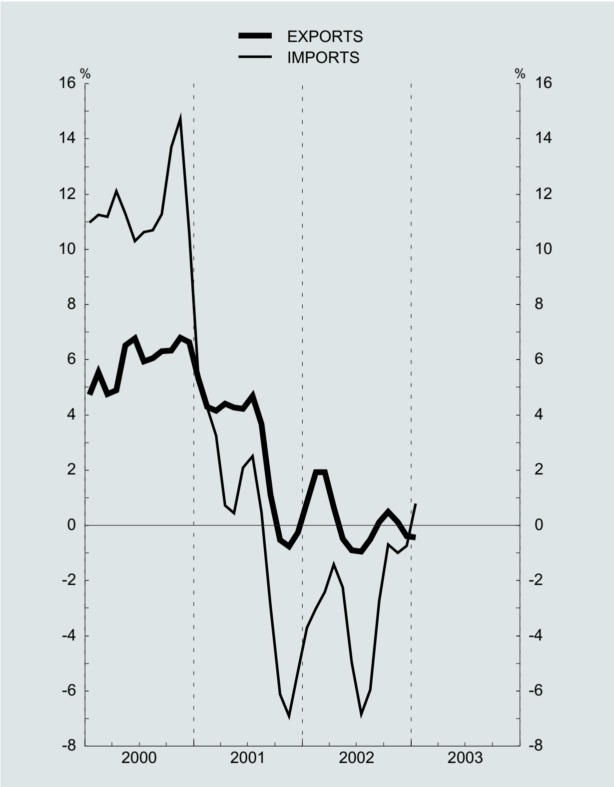
Sources: INE and ECB.
Note: The underlying series for this indicator, for Spain, are in Table 25.3 of the BE Boletín estadístico.
(a) Spain: 2000=100; euro area: 1995=100.

5.4 Unit value indices for Spanish foreign trade

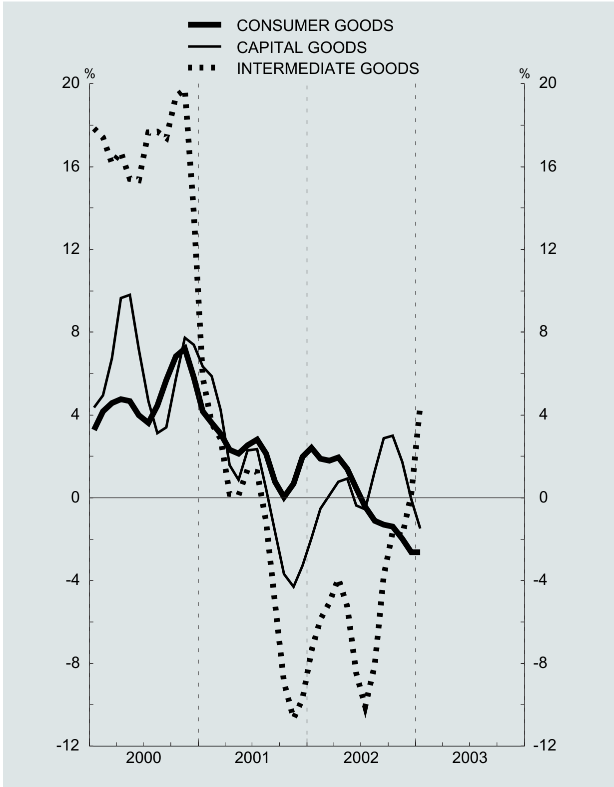
■ Series depicted in chart. *Annual percentage changes*

	Exports/dispatches						Imports/arrivals					
	Total	Consumer goods	Capital goods	Intermediate goods			Total	Consumer goods	Capital goods	Intermediate goods		
				Total	Energy	Non-energy				Total	Energy	Non-energy
	1 ■	2	3	4	5	6	7 ■	8 ■	9 ■	10 ■	11	12
00	6.2	6.1	-0.9	8.9	80.1	6.6	13.0	5.6	6.9	18.8	94.6	8.0
01	2.7	4.1	6.2	-0.2	2.6	1.0	-0.4	1.7	0.9	-1.9	-7.9	0.1
02	0.2	-0.8	12.2	-2.4	-6.4	-1.8	-3.1	-0.5	0.6	-5.3	-5.3	-4.2
02 *J-J*	0.6	-4.7	33.8	-5.6	-28.0	-3.3	-4.6	6.5	-8.0	-8.1	-21.8	-5.3
03 *J-J*	0.8	4.7	-8.0	0.5	18.1	-1.3	3.6	-4.0	2.0	7.4	36.6	2.8
01 *Aug*	6.0	2.0	19.3	2.7	6.9	4.0	-0.2	3.3	-3.6	-1.6	-9.8	1.1
Sep	-1.2	-1.7	12.3	-4.4	-15.3	-2.2	-1.8	0.3	2.2	-4.5	-15.5	-2.9
Oct	-0.5	0.4	7.3	-5.5	-22.5	-4.0	-7.5	-4.1	-6.9	-9.5	-29.8	-4.1
Nov	-1.4	0.5	11.6	-8.6	-28.4	-5.6	-8.7	-0.4	-9.9	-11.8	-36.2	-4.1
Dec	-0.4	2.7	16.3	-8.3	-30.7	-5.7	-3.8	3.8	1.8	-9.4	-35.5	-2.4
02 *Jan*	0.6	-4.7	33.8	-5.6	-28.0	-3.3	-4.6	6.5	-8.0	-8.1	-21.8	-5.3
Feb	2.4	3.3	25.3	-4.5	-13.8	-3.4	-1.2	-0.8	7.1	-3.8	-20.3	0.8
Mar	3.3	4.1	20.1	-2.3	-11.3	-1.3	-4.9	0.4	-3.5	-7.6	-11.2	-5.7
Apr	0.3	1.4	13.0	-4.1	-1.3	-3.7	1.1	5.5	1.0	-1.0	-1.0	-0.8
May	-1.4	-2.2	20.3	-6.3	-13.4	-5.5	-1.7	1.4	7.3	-5.7	-4.5	-5.3
Jun	-0.1	-3.3	11.1	-0.4	-6.7	-0.2	-5.4	-0.1	-3.9	-8.3	-18.8	-6.5
Jul	-2.1	-3.1	4.0	-3.3	-18.0	-2.5	-7.5	0.3	-6.0	-11.3	-15.4	-9.8
Aug	0.2	0.9	8.1	-2.2	-13.0	-1.4	-8.2	-12.3	3.9	-9.2	-9.1	-6.1
Sep	-0.4	1.1	-2.1	-1.6	-2.3	-1.2	-0.9	-1.1	5.5	-2.3	-1.5	-0.2
Oct	1.1	-1.0	9.5	0.1	4.0	0.1	-0.0	-0.2	4.2	-1.1	14.3	-2.6
Nov	0.6	-0.6	4.6	1.1	4.5	1.3	-0.5	-1.3	5.2	-2.0	12.0	-3.6
Dec	-1.9	-4.8	-0.2	-0.2	22.6	-0.2	-3.3	-4.4	-4.4	-2.2	12.9	-4.3
03 *Jan*	0.8	4.7	-8.0	0.5	18.1	-1.3	3.6	-4.0	2.0	7.4	36.6	2.8

EXPORT AND IMPORT UNIT VALUE INDICES (a)



IMPORT UNIT VALUE INDICES BY PRODUCT GROUP (a)



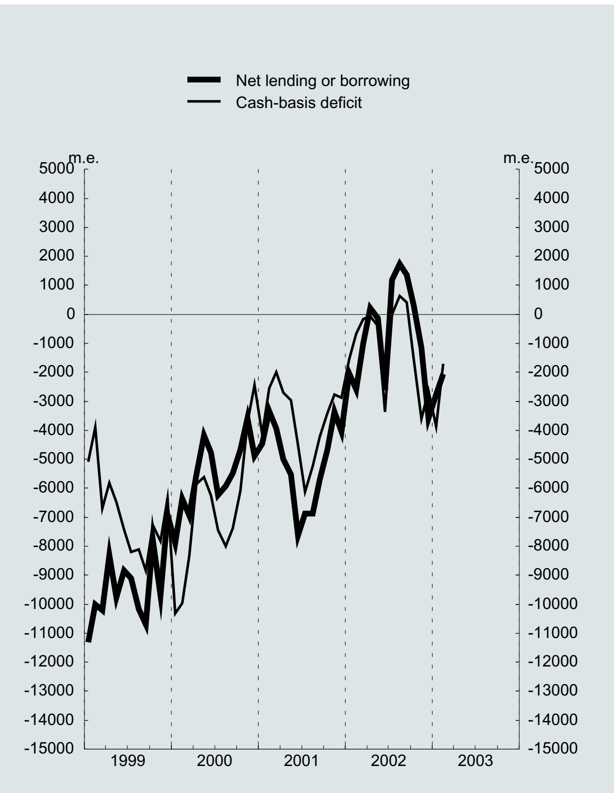
Sources: ME and BE.
Note: The underlying series for this indicator are in the Tables 17.6 and 17.7 of the Boletín estadístico.
(a) Annual percentage changes (trend obteined with TRAMO-SEATS).

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

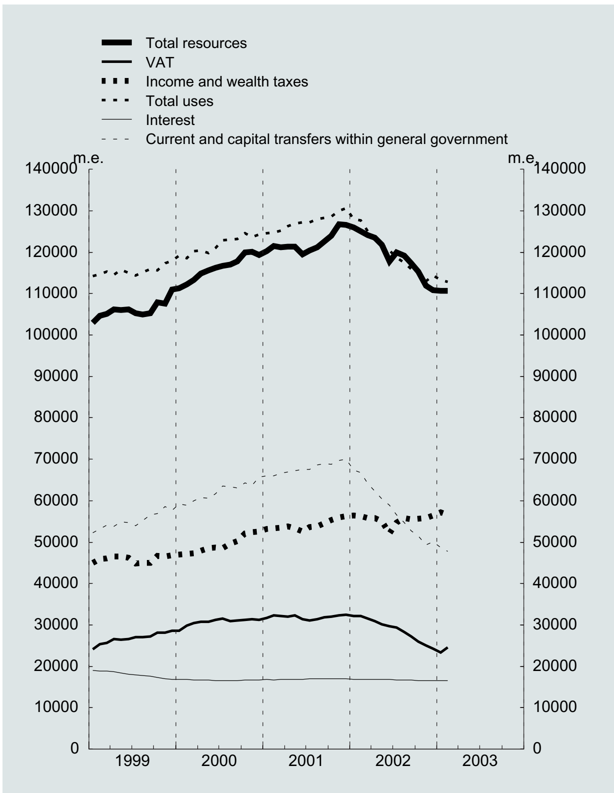
■ Series depicted in chart. *EUR millions*

		Net lending (+) or borrowing (-)	Current and capital resources						Current and capital uses						Memorandum item: cash-basis deficit		
			Total	Value added tax (VAT)	Other taxes on products and imports	Interest and other income on property	Income and wealth taxes	Other	Total	Compensation of employees	Interest	Current and capital transfers within general government	Investment grants and other capital transfers	Other	Cash-basis deficit	Revenue	Expenditure
		1=2-8 ■	2=3 a 7 ■	3 ■	4	5	6 ■	7	8=9 a13 ■	9	10 ■	11 ■	12	13	14=15-16 ■	15	16
99	P	-6 916	111 009	28 574	16 408	5 877	46 887	13 263	117 925	17 363	16 912	57 722	5 412	20 516	-6 354	110 370	116 724
00	P	-4 888	119 346	31 262	17 171	5 210	52 526	13 177	124 234	15 806	16 726	65 636	5 001	21 065	-2 431	118 693	121 124
01	P	-4 038	126 611	32 437	17 836	6 712	56 268	13 358	130 649	16 082	16 940	69 982	5 446	22 199	-2 884	125 193	128 077
02	A	-3 576	110 819	24 262	11 426	5 327	56 355	13 449	114 395	17 011	16 550	50 064	5 850	24 920	-2 626	108 456	111 082
02 *J-F*	A	7 253	23 752	9 370	2 220	1 312	9 928	922	16 499	2 419	2 740	9 131	190	2 019	974	24 701	23 727
03 *J-F*	A	8 760	23 674	9 676	1 719	976	10 164	1 139	14 914	2 553	2 676	6 798	287	2 600	1 903	23 595	21 692
02 *Feb*	A	6 467	15 063	9 465	1 018	1 019	3 067	494	8 596	1 272	1 294	4 645	188	1 197	5 690	15 275	9 585
Mar	A	-3 587	4 724	927	867	241	1 313	1 376	8 311	1 248	1 400	3 576	335	1 752	-3 820	3 247	7 067
Apr	A	6 721	14 989	4 192	1 173	417	8 359	848	8 268	1 263	1 369	3 753	229	1 654	5 633	14 606	8 973
May	A	-4 534	3 979	328	687	641	1 169	1 154	8 513	1 356	1 429	3 643	265	1 820	-3 810	3 629	7 438
Jun	A	-8 309	1 904	-207	900	182	-298	1 327	10 213	2 075	1 328	4 550	234	2 026	-7 462	1 521	8 982
Jul	A	5 435	14 102	3 961	977	495	7 836	833	8 667	1 223	1 415	3 889	112	2 028	2 272	14 122	11 850
Aug	A	-927	6 979	-1 908	939	150	6 909	889	7 906	1 236	1 380	3 456	522	1 312	-874	6 486	7 360
Sep	A	-739	7 570	2 342	981	148	2 999	1 100	8 309	1 314	1 350	3 532	403	1 710	481	7 046	6 566
Oct	A	7 282	16 697	4 152	874	234	10 471	966	9 415	1 275	1 395	4 360	498	1 887	6 693	16 467	9 774
Nov	A	-1 734	7 947	672	958	1 046	4 058	1 213	9 681	1 327	1 376	4 320	373	2 285	-418	7 761	8 178
Dec	A	-10 437	8 176	433	850	461	3 611	2 821	18 613	2 275	1 368	5 854	2 689	6 427	-2 295	8 870	11 165
03 *Jan*	A	1 599	8 489	-967	843	290	7 747	576	6 890	1 191	1 430	3 070	68	1 131	-5 961	8 638	14 599
Feb	A	7 161	15 185	10 643	876	686	2 417	563	8 024	1 362	1 246	3 728	219	1 469	7 864	14 957	7 093

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



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



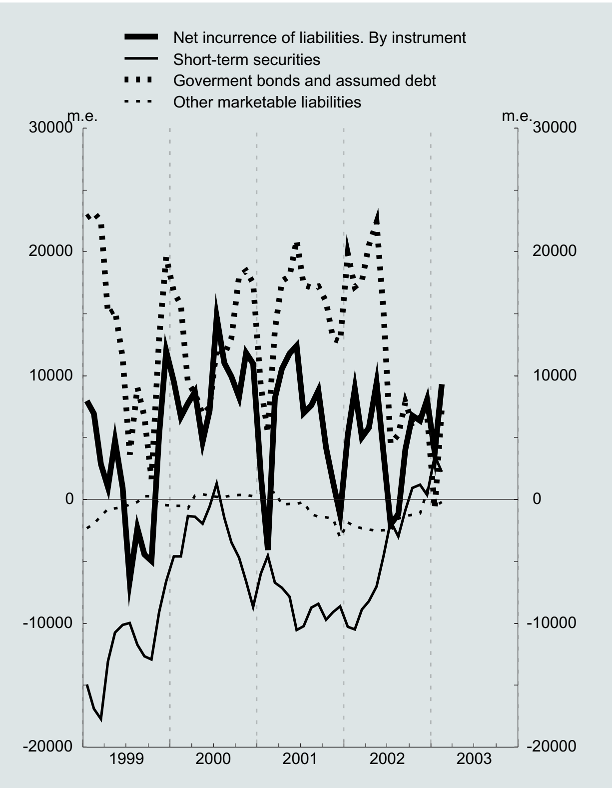
Source: Ministerio de Hacienda (IGAE).

6.2. State financial transactions (ESA 95). Spain

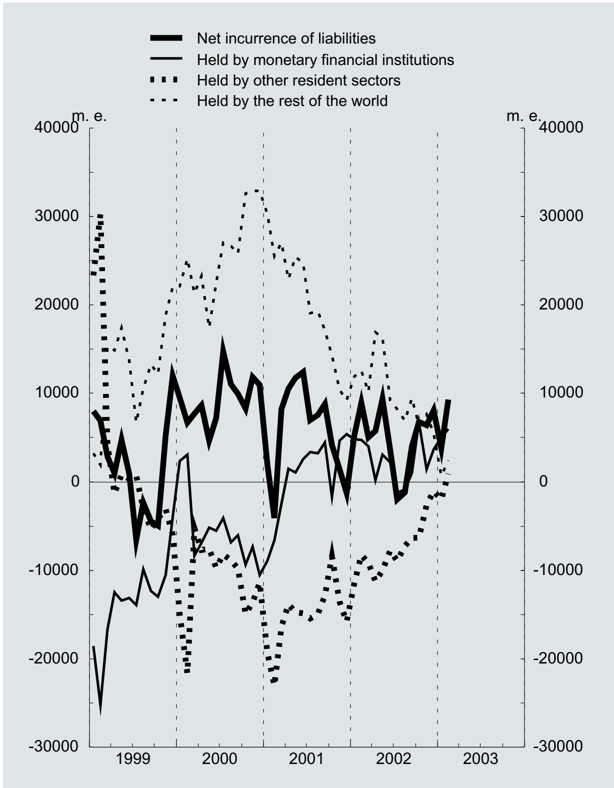
■ Series depicted in chart. EUR billions

		Net lending (+) or net borrowing(-)	Net acquisition of financial assets: Total	Net acquisition of financial assets: Of which: Deposits at the Banco de España	Net incurrence of liabilities: Total	Net incurrence of liabilities: Of which: In currencies other than the peseta/ euro	By instrument: Short-term securities	By instrument: Goverment bonds and assumed debt	By instrument: Banco de España loans	By instrument: Other marketable liabilities (a)	By instrument: Other accounts payable	By counterpart sector: Held by resident sectors: Total	By counterpart sector: Held by resident sectors: Monetary financial institutions	By counterpart sector: Held by resident sectors: Other resident sectors	By counterpart sector: Rest of the world	Net incurrence of liabilities (excluding other accounts payable)
		1	2	3	4 ■	5	6 ■	7 ■	8	9 ■	10	11	12 ■	13 ■	14 ■	15
99	P	-6 916	5 077	4 574	11 993	-577	-6 629	19 581	-499	-446	-15	-10 033	-4 030	-6 002	22 026	12 008
00	P	-4 888	6 062	5 690	10 950	645	-8 683	17 506	-499	283	2 343	-21 973	-10 554	-11 419	32 923	8 607
01	P	-4 038	-5 295	-20 141	-1 257	452	-8 616	12 762	-499	-3 101	-1 804	-10 464	5 386	-15 849	9 206	547
02	A	-3 576	4 514	-95	8 090	-1 029	346	6 755	-486	699	775	2 622	3 671	-1 050	5 468	7 314
02 *J-F*	A	7 253	-373	-99	-7 626	-55	134	-8 394	-	879	-245	-5 821	88	-5 909	-1 805	-7 381
03 *J-F*	A	8 760	2 371	0	-6 389	-25	2 038	-7 754	-	-27	-645	-1 571	2 365	-3 935	-4 818	-5 744
02 *Feb*	A	6 467	2 898	-163	-3 569	-19	343	-4 926	-	-377	1 391	-2 031	87	-2 118	-1 539	-4 960
Mar	A	-3 587	1 836	14	5 423	-1 138	-305	6 207	-	-182	-297	2 147	-151	2 298	3 275	5 720
Apr	A	6 721	8 056	-10	1 335	36	147	2 672	-	-110	-1 374	-689	534	-1 223	2 024	2 709
May	A	-4 534	1 917	0	6 451	37	-52	5 515	-	-7	995	5 152	3 054	2 098	1 299	5 456
Jun	A	-8 309	-8 921	15	-612	7	-18	-1 123	-	-0	529	2 149	410	1 739	-2 761	-1 141
Jul	A	5 435	-3 882	-12	-9 317	-84	1 926	-10 858	-	26	-410	-7 434	-4 780	-2 654	-1 883	-8 906
Aug	A	-927	-1 152	-3	-225	39	-2 439	2 461	-	-13	-234	-950	-1 473	524	725	10
Sep	A	-739	7 662	5	8 401	-21	1 133	6 080	-	-11	1 199	3 513	3 180	333	4 888	7 202
Oct	A	7 282	8 008	-5	726	34	171	0	-	27	527	746	-938	1 685	-21	199
Nov	A	-1 734	-1 279	-1	455	33	88	1 536	-	3	-1 172	1 238	1 135	103	-783	1 627
Dec	A	-10 437	-7 358	0	3 079	84	-439	2 659	-486	87	1 258	2 570	2 614	-43	509	1 821
03 *Jan*	A	1 599	-6 759	-0	-8 358	-45	2 994	-10 925	-	19	-446	-3 338	1 371	-4 710	-5 020	-7 912
Feb	A	7 161	9 131	0	1 970	20	-956	3 171	-	-46	-199	1 768	993	774	202	2 169

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



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



Source: BE.

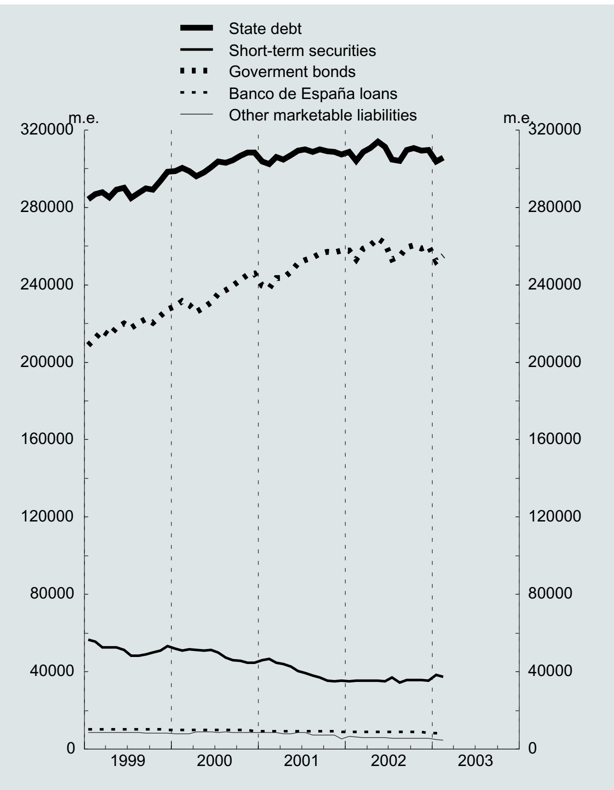
(a) Includes other loans, non-negotiable securities, coined money and Caja General de Depósitos (General Deposit Fund)

6.3. State: Liabilities outstanding. Spain

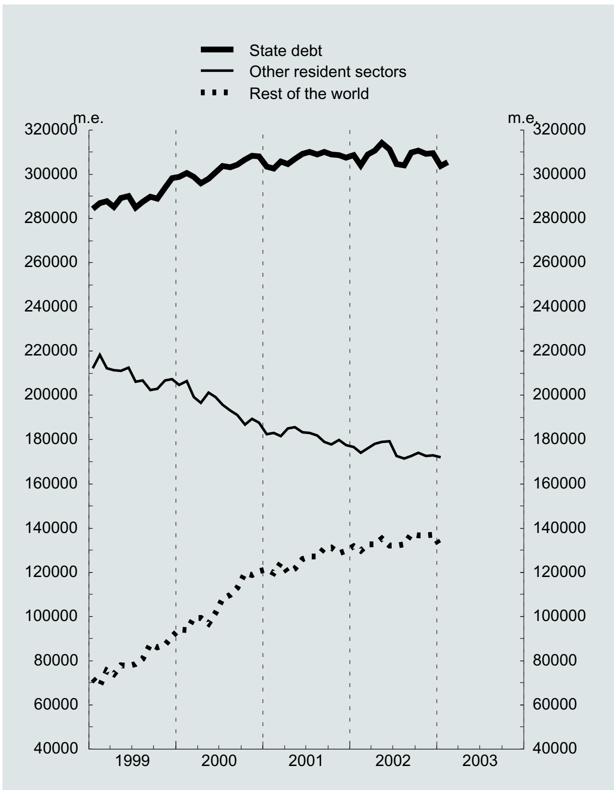
■ Series depicted in chart. *EUR millions*

		Liabilities outstanding (excluding other accounts payable)										Memorandum item:	
		State debt according to the metodology of the excessive deficit procedure	of which: In currencies other than the peseta/euro	By instrument: Short-term securities	By instrument: Government bonds and assumed debt	By instrument: Banco de España loans	By instrument: Other marketable liabilities (a)	By counterpart sector: Held by resident sectors: Total	By counterpart sector: Held by resident sectors: General government	By counterpart sector: Held by resident sectors: Other resident sectors	By counterpart sector: Rest of the world	Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level
		1 ■	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10 ■	11	12
96		263 963	20 434	81 084	152 293	10 814	19 772	210 489	529	209 960	54 003	15 195	8 185
97		274 168	23 270	71 730	180 558	10 578	11 303	211 530	445	211 085	63 083	9 829	7 251
98		284 153	30 048	59 939	205 182	10 341	8 691	215 202	305	214 897	69 256	10 273	6 412
99	P	298 378	7 189	53 142	227 151	9 843	8 243	207 436	150	207 286	91 092	14 846	5 310
00	P	308 212	8 197	44 605	245 711	9 344	8 552	188 474	695	187 780	120 432	20 536	5 430
01 *Dec*	P	307 434	7 611	35 428	257 716	8 845	5 445	179 099	1 474	177 625	129 809	395	5 460
02 *Jan*	P	308 553	7 678	35 190	257 821	8 845	6 696	178 116	1 474	176 641	131 912	459	5 500
Feb	P	303 943	7 607	35 538	253 246	8 845	6 314	175 581	1 474	174 106	129 837	296	5 639
Mar	P	308 823	6 506	35 271	258 629	8 845	6 078	177 562	1 474	176 088	132 735	310	6 100
Apr	P	310 676	6 431	35 423	260 449	8 845	5 958	179 451	1 474	177 976	132 699	300	6 057
May	P	314 034	6 309	35 270	264 047	8 845	5 872	181 653	2 788	178 865	135 169	300	5 984
Jun	P	311 321	6 128	35 132	261 495	8 845	5 848	182 522	3 257	179 265	132 056	315	6 071
Jul	P	304 755	6 187	37 019	253 117	8 845	5 775	176 619	3 970	172 650	132 106	303	7 099
Aug	P	304 007	6 206	34 546	254 851	8 845	5 765	175 421	3 970	171 451	132 556	300	7 092
Sep	P	309 802	6 089	35 666	259 554	8 845	5 737	176 486	3 970	172 516	137 286	305	7 063
Oct	A	310 732	6 044	35 795	260 332	8 845	5 760	177 940	3 970	173 971	136 761	300	7 046
Nov	A	309 294	6 011	35 847	258 843	8 845	5 759	178 318	5 713	172 605	136 688	299	6 920
Dec	A	309 652	5 823	35 459	260 060	8 359	5 773	178 422	5 648	172 774	136 878	300	6 819
03 *Jan*	A	303 668	5 633	38 508	251 959	8 359	4 842	177 631	5 563	172 068	131 600	300	...
Feb	A	305 627	5 664	37 525	254 987	8 359	4 755	...	5 563	...	...	300	...

STATE. LIABILITIES OUTSTANDING
By instrument



STATE. LIABILITIES OUTSTANDING
By counterpart sector



Source: BE.

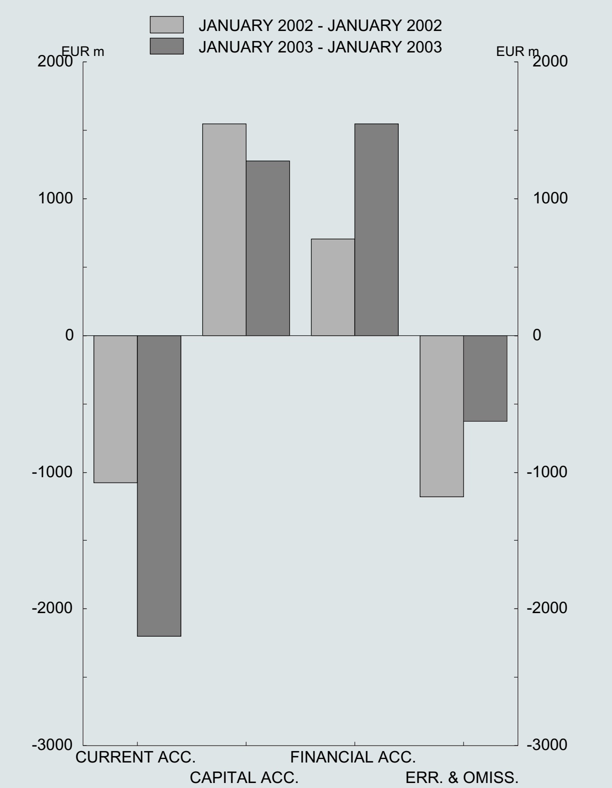
(a) Includes other loans, non-negotiable securities, coined money and Caja General de Depósitos (General Deposit Fund)

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

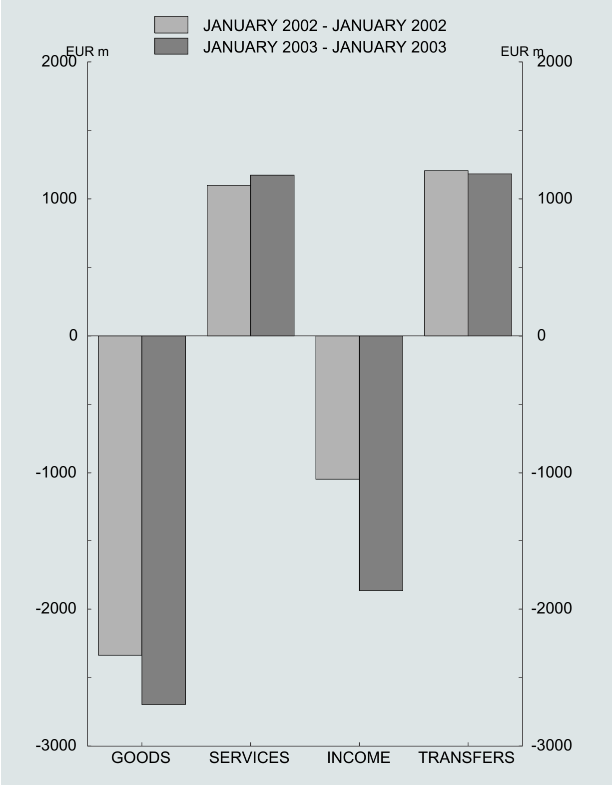
■ Series depicted in chart. *EUR millions*

	Current account (a): Total (balance)	Goods: Balance	Goods: Receipts	Goods: Payments	Services: Balance	Services: Receipts: Total	Services: Receipts: Of which Tourism and travel	Services: Payments: Total	Services: Payments: Of which Tourism and travel	Income: Balance	Income: Receipts	Income: Payments	Current transfers (balance)	Capital account (balance)	Current account plus Capital account	Financial account (balance) (b)	Errors and omissions
	1=2+5+10+13 ■	2=3-4 ■	3	4	5=6-8 ■	6	7	8	9	10=11-12 ■	11	12	13 ■	14 ■	15=1+14	16 ■	17=-(15+16)
00	-20 991	-37 778	126 070	163 848	24 243	58 407	33 750	34 163	5 967	-8 985	16 321	25 306	1 528	5 181	-15 811	21 300	-5 489
01	-18 346	-36 396	131 703	168 099	27 131	65 111	36 602	37 980	6 661	-10 878	22 156	33 034	1 798	5 566	-12 780	20 072	-7 293
02	-16 627	-34 712	133 218	167 931	26 128	66 153	35 543	40 025	7 020	-10 466	21 321	31 787	2 424	7 498	-9 129	16 179	-7 050
02 *J-J*	-1 075	-2 334	10 385	12 718	1 099	4 431	2 094	3 332	553	-1 048	2 025	3 072	1 207	1 547	472	707	-1 179
03 *J-J* P	-2 199	-2 694	10 592	13 286	1 176	4 751	2 121	3 575	578	-1 864	1 953	3 816	1 183	1 276	-923	1 549	-626
01 *Oct*	-2 471	-2 927	11 977	14 904	2 524	6 103	3 499	3 580	655	-1 989	1 456	3 444	-79	48	-2 423	3 723	-1 301
Nov	-661	-2 471	11 566	14 037	2 343	5 431	3 023	3 088	560	-428	1 458	1 887	-104	295	-366	2 024	-1 657
Dec	-2 209	-2 885	9 649	12 535	1 470	4 600	1 938	3 130	473	-636	2 501	3 137	-158	702	-1 507	2 059	-551
02 *Jan*	-1 075	-2 334	10 385	12 718	1 099	4 431	2 094	3 332	553	-1 048	2 025	3 072	1 207	1 547	472	707	-1 179
Feb	-203	-2 056	10 970	13 026	1 534	4 482	2 185	2 948	482	-739	1 354	2 094	1 057	101	-102	1 864	-1 762
Mar	-1 153	-1 822	11 245	13 067	1 700	4 689	2 358	2 989	508	-984	1 560	2 544	-47	41	-1 113	2 378	-1 265
Apr	-2 391	-2 505	11 558	14 063	1 612	4 932	2 435	3 320	459	-1 064	1 582	2 646	-434	903	-1 488	1 522	-34
May	-511	-2 784	11 343	14 126	2 636	5 812	3 190	3 176	505	-477	1 645	2 122	113	715	204	580	-784
Jun	-976	-2 790	10 876	13 666	2 545	5 698	3 197	3 153	577	-475	1 836	2 311	-256	615	-361	-169	530
Jul	-857	-2 697	11 348	14 045	3 405	7 260	4 356	3 854	772	-2 068	2 367	4 434	502	343	-515	1 632	-1 117
Aug	396	-2 605	9 002	11 607	3 463	6 515	4 044	3 052	736	-687	1 035	1 722	225	837	1 233	-458	-774
Sep	-2 493	-3 774	10 728	14 502	2 154	5 606	3 140	3 451	655	-1 412	1 450	2 862	538	784	-1 710	1 730	-20
Oct	-1 073	-3 617	12 826	16 443	2 570	6 330	3 541	3 760	707	38	2 426	2 388	-65	1 232	159	998	-1 157
Nov	-1 823	-3 279	12 049	15 327	2 175	5 541	2 994	3 366	568	-482	1 471	1 953	-238	82	-1 741	2 622	-881
Dec	-4 466	-4 450	10 889	15 339	1 233	4 858	2 010	3 625	498	-1 069	2 570	3 639	-179	300	-4 166	2 773	1 393
03 *Jan* P	-2 199	-2 694	10 592	13 286	1 176	4 751	2 121	3 575	578	-1 864	1 953	3 816	1 183	1 276	-923	1 549	-626

SUMMARY



CURRENT ACCOUNT



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

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

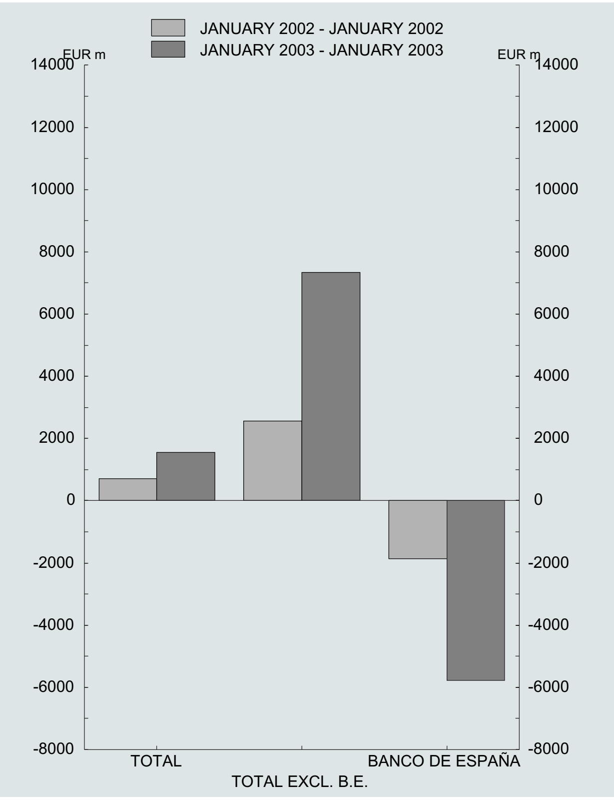
(b) A positive sign for the financial account balance (the net change in liabilities exceeds the net change in financial assets) means a net credit inflow, i.e. a net foreign loan to Spain (increase in the debtor position or decrease in the creditor position)

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

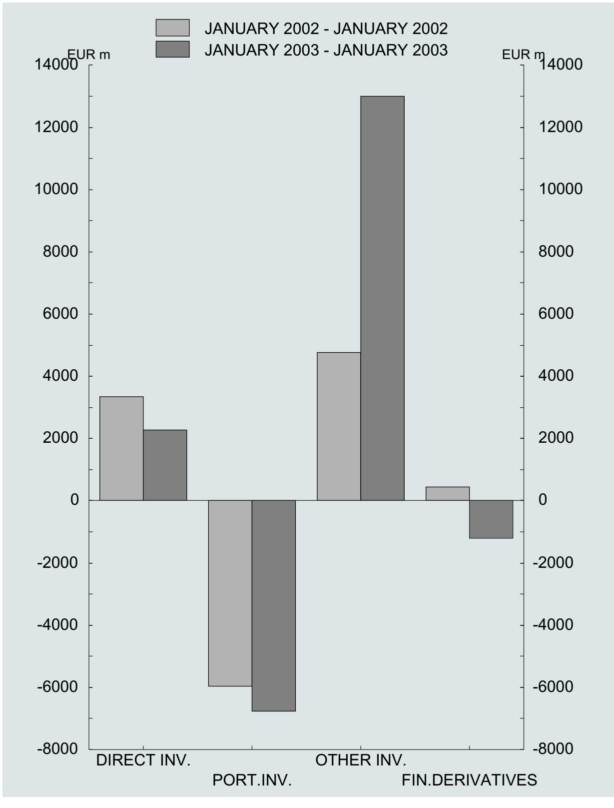
■ Series depicted in chart. *EUR millions*

	Financial account (NCL-NCA) 1=2+13 ■	Total, excluding Banco de España: Total (NCL-NCA) 2=3+6+9+12 ■	Direct investment: Balance (NCL-NCA) 3=5-4 ■	Direct investment: Spanish investment abroad (NCA) 4	Direct investment: Foreign investment in Spain (NCL) (b) 5	Portfolio investment: Balance (NCL-NCA) 6=8-7 ■	Portfolio investment: Spanish investment abroad (NCA) 7	Portfolio investment: Foreign investment in Spain (NCL) (c) 8	Other investment (d): Balance (NCL-NCA) 9=11-10 ■	Other investment (d): Spanish investment abroad (NCA) 10	Other investment (d): Foreign investment in Spain (NCL) 11	Net financial derivatives (NCL-NCA) 12 ■	Banco de España: Balance (NCL-NCA) 13=14+15+16 ■	Banco de España: Reserves (e) 14	Banco de España: Claims with the Eurosystem (e) 15	Banco de España: Other net assets (NCL-NCA) 16	Memorandum item: Other investment including Banco de España (d): Spanish investment abroad 17	Memorandum item: Other investment including Banco de España (d): Foreign investment in Spain 18
00	21 300	27 444	-18 616	59 344	40 728	-1 385	65 030	63 644	45 441	11 419	56 860	2 004	-6 144	3 302	-9 250	-195	20 665	56 659
01	20 072	2 597	-5 686	36 982	31 296	-19 813	50 284	30 471	28 498	4 043	32 541	-401	17 475	1 581	16 122	-228	-12 128	32 264
02	16 179	12 618	2 909	19 610	22 519	6 510	30 531	37 040	7 912	30 277	38 189	-4 712	3 561	-3 630	6 506	685	23 792	39 380
02 *J-J*	707	2 569	3 346	1 215	4 562	-5 965	5 994	29	4 755	1 445	6 200	432	-1 861	-1 748	-1 783	1 669	3 235	7 876
03 *J-J* P	1 549	7 329	2 279	215	2 494	-6 758	2 690	-4 068	13 007	-2 719	10 288	-1 199	-5 780	600	-5 834	-546	3 103	9 730
01 *Oct*	3 723	8 007	1 703	-160	1 543	-290	5 237	4 947	5 878	-790	5 088	715	-4 284	583	-4 331	-536	3 540	4 552
Nov	2 024	-874	111	1 642	1 753	-3 898	6 095	2 197	3 399	-878	2 521	-486	2 897	-1 196	2 920	1 173	-3 788	3 704
Dec	2 059	1 909	-1 117	3 731	2 615	-2 850	6 177	3 327	5 454	-5 185	269	422	149	2 231	17	-2 099	-5 230	-1 858
02 *Jan*	707	2 569	3 346	1 215	4 562	-5 965	5 994	29	4 755	1 445	6 200	432	-1 861	-1 748	-1 783	1 669	3 235	7 876
Feb	1 864	-4 229	883	466	1 348	-4 032	3 307	-726	-1 095	-2 972	-4 068	15	6 093	544	6 152	-603	-9 108	-4 654
Mar	2 378	3 870	-298	1 251	953	6 502	2 691	9 194	-2 330	6 125	3 795	-4	-1 492	-246	-1 386	140	7 516	3 940
Apr	1 522	1 762	736	1 903	2 638	2 166	2 002	4 169	-735	10 893	10 158	-404	-240	616	-250	-606	11 126	9 535
May	580	1 977	-1 663	2 485	822	-2 212	6 925	4 713	6 541	3 427	9 968	-689	-1 397	263	-1 385	-274	4 807	9 689
Jun	-169	-1 898	-1 300	1 566	266	-3 868	2 892	-977	5 011	-2 140	2 871	-1 741	1 728	157	1 803	-231	-3 921	2 662
Jul	1 632	286	1 200	983	2 183	-3 484	3 817	334	3 548	-2 669	879	-977	1 346	-544	1 309	581	-4 018	1 419
Aug	-458	-1 490	-2 256	1 097	-1 159	1 785	-156	1 629	-1 306	-2 776	-4 082	286	1 032	47	1 081	-96	-3 836	-4 157
Sep	1 730	6 341	-698	2 940	2 242	9 530	-1 036	8 493	-1 935	9 036	7 101	-555	-4 611	-593	-4 042	24	13 071	7 118
Oct	998	1 662	2 494	2 552	5 047	5 341	-755	4 586	-6 677	11 027	4 350	505	-664	1	-514	-151	11 556	4 214
Nov	2 622	3 766	1 275	219	1 494	2 543	2 814	5 358	305	647	952	-358	-1 144	-1 761	61	556	552	1 475
Dec	2 773	-1 999	-810	2 933	2 123	-1 797	2 035	238	1 831	-1 766	65	-1 222	4 771	-365	5 460	-324	-7 188	265
03 *Jan* P	1 549	7 329	2 279	215	2 494	-6 758	2 690	-4 068	13 007	-2 719	10 288	-1 199	-5 780	600	-5 834	-546	3 103	9 730

FINANCIAL ACCOUNT



FINANCIAL ACCOUNT, EXCLUDING BANCO DE ESPAÑA
Breakdown



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

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

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

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

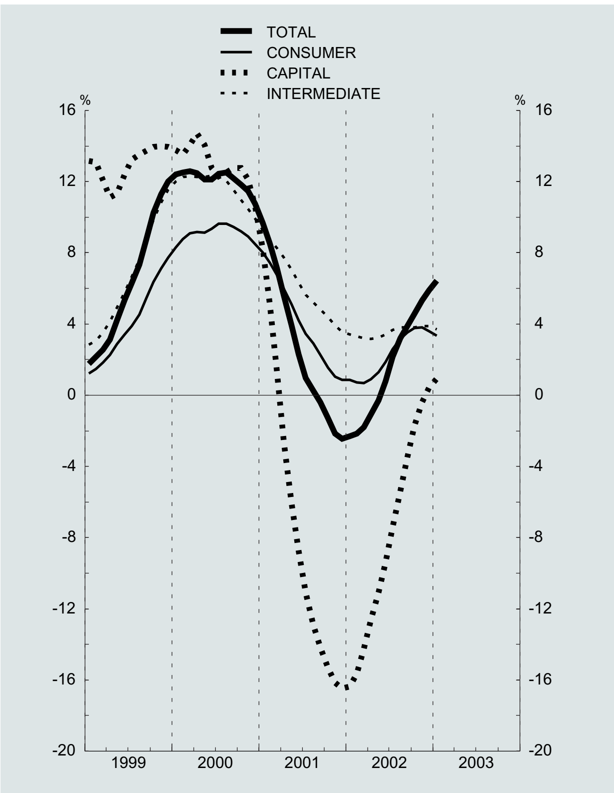
(e) A positive (negative) sign indicates a decrease (increase) in the reserves and/or claims of the BE with the Eurosystem

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

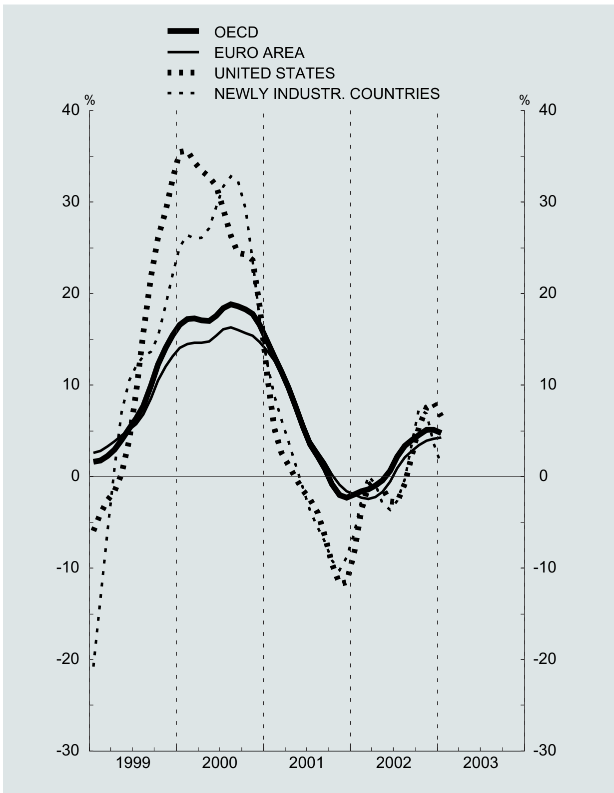
■ Series depicted in chart. *EUR millions and annual percentage changes*

	Total: EUR millions 1	Total: Nominal 2	Total: Deflated 3 ■	By product (deflated data)(a): Consumer 4 ■	By product: Capital 5 ■	By product: Intermediate: Total 6 ■	Intermediate: Energy 7	Intermediate: Non-energy 8	By geographical area (nominal data): OECD: Total 9 ■	OECD: European Union 10	OECD: of which: Euro area 11 ■	OECD: United States of America 12 ■	OECD: Other OECD members 13	OPEC 14	Other American countries 15	Newly industrialised countries 16 ■	Other 17
98	99 849	6.9	6.8	5.2	8.2	7.5	-0.2	7.8	8.4	13.9	9.2	2.5	7.2	8.2	7.1	-35.2	2.1
99	104 789	4.9	5.7	3.1	16.5	4.4	-4.9	4.8	6.4	5.2	5.8	9.8	6.5	-8.2	-4.7	4.8	1.8
00	124 177	18.5	11.7	8.9	13.7	13.1	9.2	13.2	17.5	18.1	15.4	31.6	16.2	21.7	13.0	32.4	28.0
01	129 771	4.5	2.0	4.1	-9.1	4.5	-19.8	5.4	4.2	5.0	5.1	-6.6	4.9	8.3	-6.1	-6.6	12.1
02 P	130 814	2.0	1.5	3.0	-9.1	3.9	-6.8	4.5	2.5	1.0	1.0	1.8	3.2	7.7	-19.8	3.6	6.0
01 *Dec*	9 655	-9.1	-8.7	-6.6	-13.2	-8.6	-34.9	-7.6	-9.6	-10.1	-8.6	-21.0	-8.4	-2.2	-22.8	-2.8	-1.6
02 *Jan*	10 139	2.5	1.8	11.9	-30.6	8.9	-21.2	7.9	3.3	0.9	3.9	-16.5	5.7	7.1	-13.5	-13.5	2.5
Feb	10 802	-1.4	-3.8	-4.9	-19.8	3.0	-31.9	3.7	-1.2	-1.5	-4.3	12.4	-2.0	8.2	-23.3	-8.0	3.6
Mar	11 061	-7.8	-10.8	-12.0	-24.7	-4.7	-12.2	-4.8	-8.4	-11.7	-10.0	-0.5	-7.7	1.1	-29.0	38.3	-2.3
Apr	11 410	7.3	7.0	9.3	2.8	6.7	-20.5	7.6	7.7	7.7	3.1	9.7	7.5	12.2	-19.8	-4.9	15.8
May	11 151	-5.5	-4.2	-3.0	-19.0	-0.3	-18.0	0.2	-7.0	-11.7	-9.5	4.4	-6.2	13.0	-11.8	-1.9	4.5
Jun	10 700	-6.7	-6.6	-5.1	-14.3	-5.6	-7.6	-5.5	-5.7	-6.4	-8.6	-14.6	-4.8	7.6	-42.3	-21.2	0.4
Jul	11 160	7.0	9.3	10.6	-6.3	13.1	11.3	13.2	7.8	9.9	9.5	-7.3	8.6	23.4	-20.8	1.8	9.5
Aug	8 777	5.8	5.6	5.8	-3.8	7.9	-19.6	8.9	8.8	9.4	7.6	-7.7	10.1	-0.1	-18.6	-10.6	-1.2
Sep	10 521	3.1	3.5	6.0	0.6	2.7	-3.4	2.8	1.7	-5.8	1.7	8.6	4.0	15.8	-8.1	-4.0	16.3
Oct	12 610	6.6	5.4	9.1	2.2	3.9	-2.8	4.1	6.5	9.3	6.4	6.0	5.6	-2.7	-12.4	55.3	11.0
Nov	11 864	3.2	2.5	2.8	11.3	-0.3	21.5	-0.9	3.4	-3.3	1.1	13.6	5.0	7.6	-19.9	8.4	8.5
Dec	10 619	10.0	12.1	11.7	1.0	16.9	20.9	16.8	12.9	15.1	10.7	14.9	12.1	0.1	-18.8	1.1	3.7
03 *Jan*	10 320	1.8	1.0	-5.3	7.0	4.7	55.9	4.0	2.1	3.3	1.6	17.1	0.7	-13.5	-24.4	-3.5	12.1

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



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



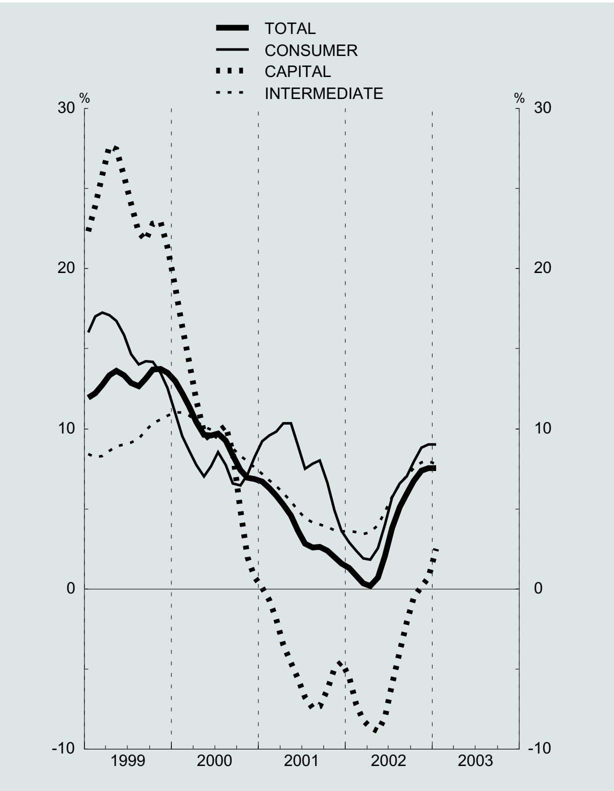
Sources: ME and BE.
Note: The underlying series for this indicator are in Tables 17.4 and 17.5 of the Boletín estadístico.
(a) Series deflated by unit value indices.

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

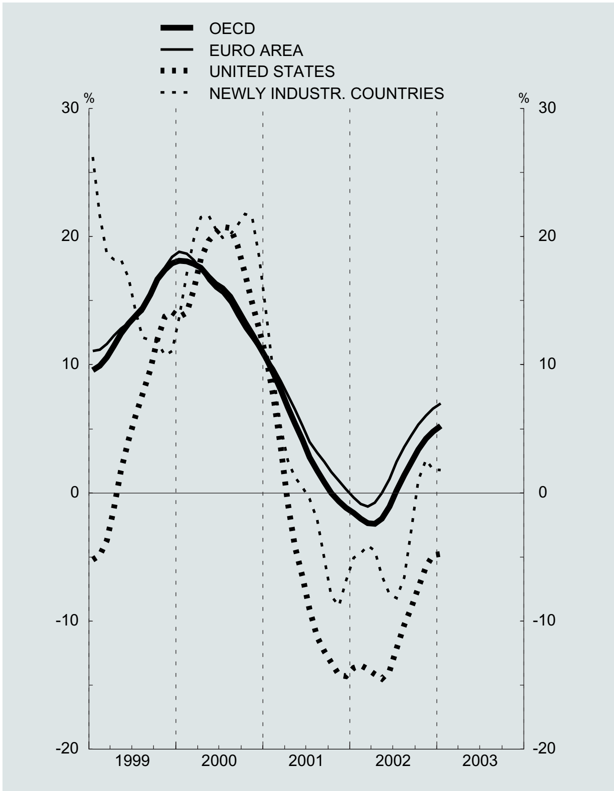
■ Series depicted in chart. *EUR millions and annual percentage changes*

	Total			By product (deflated data)(a)					By geographical area (nominal data)								
						Intermediate			OECD								
	EUR millions	Nominal	Deflated	Consumer	Capital	Total	Energy	Non-energy	Total	European Union	of which: Euro area	United States of America	Other OECD member	OPEC	Other American countries	Newly industrialised countries	Other
	1	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10	11 ■	12 ■	13	14	15	16 ■	17
98	122 856	12.2	15.0	16.3	21.9	12.5	13.8	12.2	14.7	17.4	17.5	2.6	15.2	-15.2	3.6	30.6	10.3
99	139 094	13.2	13.2	14.8	22.6	9.7	-0.6	11.0	12.4	10.3	11.7	8.9	13.5	15.8	12.6	16.4	18.1
00	169 468	21.8	7.9	6.3	7.1	8.8	9.5	8.9	15.7	16.5	15.6	14.4	15.5	95.1	14.6	19.6	36.1
01	173 210	2.2	2.9	9.1	-6.6	3.5	5.4	3.1	2.1	0.0	3.7	-10.1	3.9	-8.1	3.7	-2.2	11.3
02 P	172 789	0.8	3.9	4.9	-5.7	6.7	5.0	7.0	0.3	-0.6	1.8	-8.1	1.5	-10.3	6.6	2.5	10.8
01 *Dec*	14 001	-6.0	-2.3	2.0	-1.1	-4.6	4.9	-5.7	-3.0	2.1	-0.3	-32.3	-1.6	-29.4	-29.1	-3.9	-1.8
02 *Jan*	13 088	1.8	6.8	0.6	7.0	13.8	21.5	7.5	2.1	0.1	-0.4	6.4	2.2	-16.7	31.3	12.3	5.7
Feb	13 436	-2.8	-1.6	5.1	-16.1	-0.1	15.7	-2.2	-5.0	-3.5	-3.2	-7.3	-5.3	-4.3	20.0	-18.0	10.4
Mar	13 472	-11.4	-6.9	-5.4	-14.0	-5.3	-9.8	-4.9	-11.3	-14.1	-10.0	-23.8	-9.2	-32.5	-1.6	-8.8	-0.8
Apr	14 536	2.8	1.7	2.0	-0.5	2.3	12.1	1.2	-1.5	6.0	-1.5	1.2	-4.0	0.7	8.3	21.9	27.5
May	14 597	-4.3	-2.7	-0.4	-20.2	2.1	3.4	2.0	-5.6	-8.0	-3.8	-28.7	-2.8	-20.6	10.0	-11.2	10.4
Jun	14 056	-11.3	-6.2	-2.1	-15.3	-5.2	5.7	-6.4	-10.1	2.4	-4.6	-35.8	-11.2	-30.4	-6.4	-15.8	-6.9
Jul	14 455	4.0	12.5	14.8	-4.4	16.2	10.8	16.9	6.3	8.0	7.4	-5.2	6.7	-13.8	5.5	-7.4	3.2
Aug	11 870	-1.0	7.8	8.7	0.2	9.7	-6.5	12.5	2.6	16.5	6.9	0.4	-0.6	-16.5	-13.7	-24.0	-1.3
Sep	14 835	4.2	5.1	4.7	-5.8	8.3	-0.0	9.3	3.3	-3.5	4.3	-12.7	6.8	-3.4	-4.7	7.3	16.3
Oct	16 891	8.9	9.0	9.4	12.0	8.0	-1.6	9.2	5.8	-0.6	8.4	-12.4	9.6	0.4	11.8	58.6	25.2
Nov	15 827	6.0	6.6	9.4	-2.7	8.4	-2.4	9.7	3.3	-9.5	4.5	4.7	7.4	8.0	-6.3	20.0	25.2
Dec	15 725	12.3	16.2	13.2	-4.3	26.1	11.7	28.0	12.6	-1.2	12.7	16.4	17.0	6.6	24.9	-6.1	14.7
03 *Jan*	13 541	3.5	-0.1	7.1	0.3	-3.1	-17.7	-0.7	1.8	7.3	4.4	-10.2	1.3	18.1	-12.0	-2.8	9.1

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



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



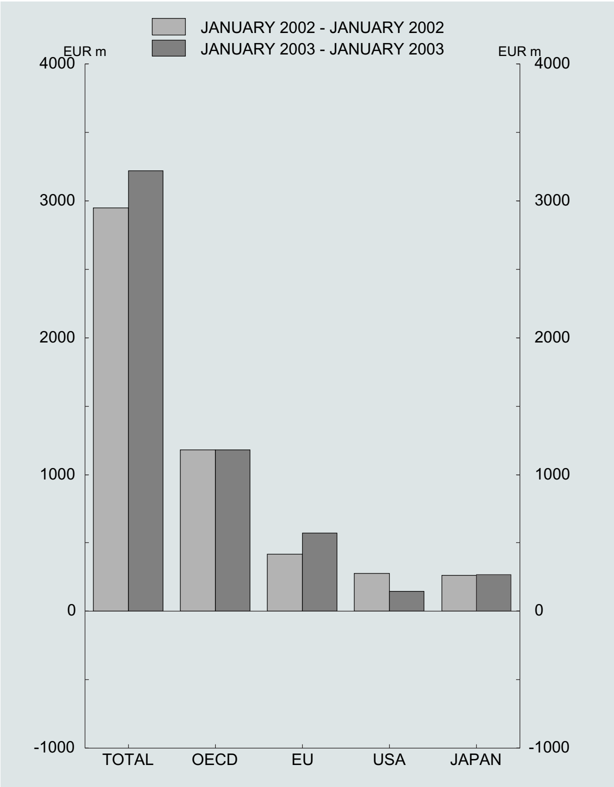
Sources: ME and BE.
Note: The underlying series for this indicator are in Tables 17.2 and 17.3 of the Boletín estadístico.
(a) Series deflated by unit value indices.

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

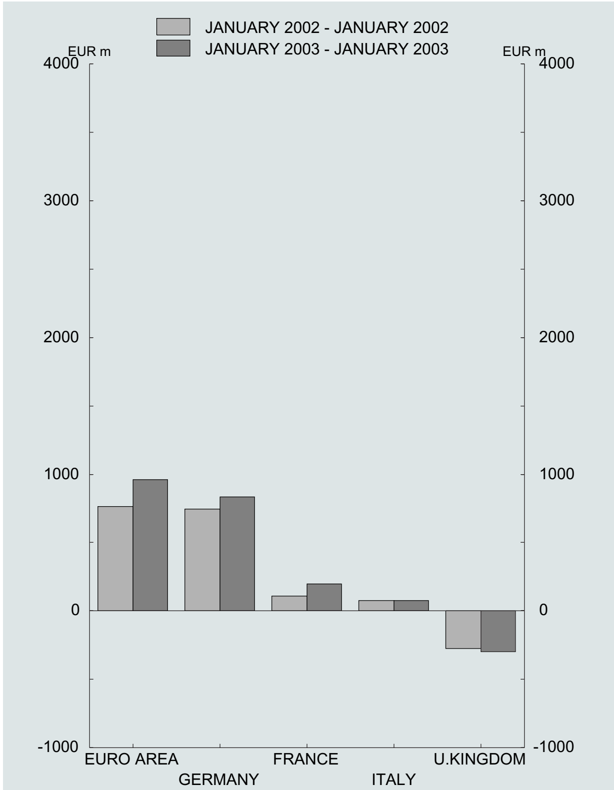
■ Series depicted in chart. *EUR millions*

	World total	OECD											OPEC	Other American countries	Newly industrialised countries	Other
		Total	European Union							United States of America	Japan	Other OECD members				
			Total	Euro area				United Kingdom	Other EU members							
				Total	of which:											
					Germany	France	Italy									
	1 ■	2 ■	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9	10 ■	11 ■	12	13	14	15	16
99	-34 305	-24 373	-17 970	-4 904	-8 169	-4 448	-3 572	-1 640	-11 425	-3 055	-3 301	-48	-4 642	885	-1 933	-4 243
00	-45 291	-26 645	-20 065	-5 968	-9 828	-4 873	-4 272	-1 861	-12 236	-2 707	-3 616	-258	-10 879	936	-2 151	-6 551
01	-43 439	-24 992	-17 987	-4 974	-11 539	-3 683	-4 283	-462	-12 551	-2 219	-3 159	-1 627	-9 501	420	-2 176	-7 190
02 P	-41 974	-22 719	-17 306	-19 620	-13 191	-3 341	-3 125	1 671	643	-1 376	-3 189	-849	-7 669	-919	-2 163	-8 504
02 *J-J*	-2 949	-1 179	-416	-762	-744	-111	-76	275	71	-279	-261	-223	-684	-92	-248	-746
03 *J-J*	-3 221	-1 182	-572	-962	-836	-196	-76	299	91	-146	-268	-196	-895	-122	-242	-781
02 *Jan*	-2 949	-1 179	-416	-762	-744	-111	-76	275	71	-279	-261	-223	-684	-92	-248	-746
Feb	-2 634	-1 092	-821	-1 095	-854	-226	-154	216	59	-116	-205	50	-637	-37	-159	-708
Mar	-2 411	-1 250	-786	-994	-870	-20	-187	167	41	-149	-261	-54	-507	-29	-77	-548
Apr	-3 126	-1 362	-958	-1 198	-1 002	-212	-138	165	75	-143	-274	13	-571	-108	-242	-843
May	-3 446	-1 937	-1 620	-1 683	-1 093	-217	-272	105	-43	11	-301	-26	-517	-67	-178	-747
Jun	-3 356	-1 952	-1 482	-1 919	-1 143	-382	-295	290	147	-92	-294	-84	-566	-104	-156	-577
Jul	-3 295	-1 929	-1 549	-1 766	-1 087	-264	-421	162	55	-19	-287	-74	-527	-75	-161	-603
Aug	-3 093	-1 517	-1 248	-1 495	-796	-365	-314	190	56	-96	-200	26	-701	-41	-135	-699
Sep	-4 314	-2 438	-1 941	-1 993	-1 232	-386	-267	-4	56	-92	-256	-149	-762	-125	-173	-815
Oct	-4 281	-2 208	-1 717	-1 885	-1 354	-263	-286	82	87	-86	-314	-91	-786	-171	-262	-855
Nov	-3 963	-2 276	-1 796	-1 969	-1 633	-290	-165	95	78	-127	-289	-65	-691	-22	-208	-766
Dec	-5 106	-3 579	-2 973	-2 861	-1 383	-605	-549	-72	-40	-188	-246	-172	-719	-48	-164	-597
03 *Jan*	-3 221	-1 182	-572	-962	-836	-196	-76	299	91	-146	-268	-196	-895	-122	-242	-781

CUMULATIVE TRADE DEFICIT



CUMULATIVE TRADE DEFICIT



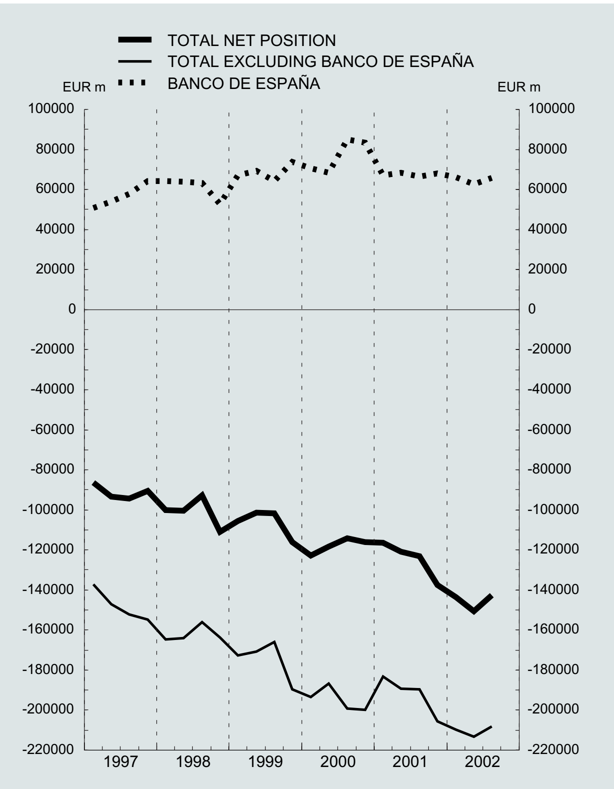
Source: ME.
Note: The underlying series for this indicator are in Tables 17.3 and 17.5 of the Boletin estadistico.

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

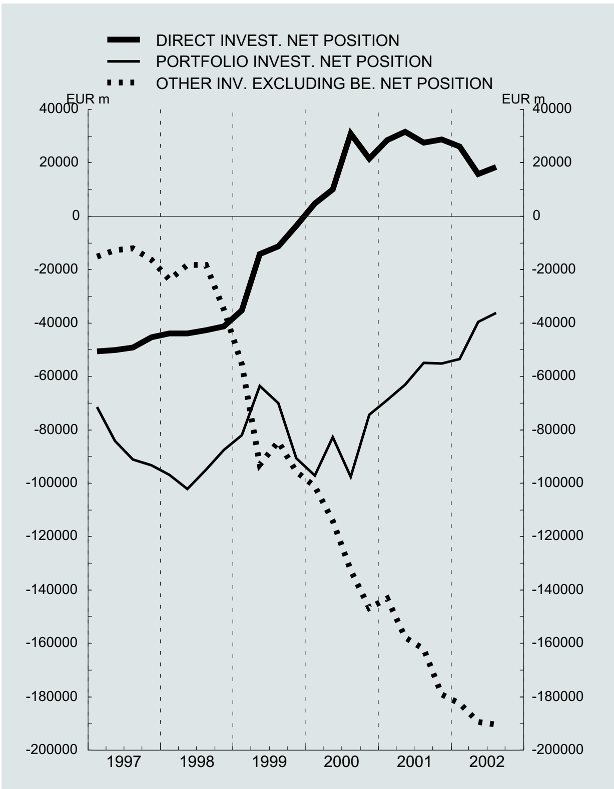
■ Series depicted in chart. *End-of-period stocks in EUR millions*

		Net international investment position (assets-liabil.)	Total excluding Banco de España: Net position excluding Banco de España (assets - liabil.)	Direct investment: Net position (assets-liabil.)	Direct investment: Spanish investment abroad (assets)	Direct investment: Foreign investment in Spain (liabil.)	Portfolio investment: Net position (assets-liabil.)	Portfolio investment: Spanish investment abroad (assets)	Portfolio investment: Foreign investment in Spain (liabil.)	Other investment: Net position (assets-liabil.)	Other investment: Spanish investment abroad (assets)	Other investment: Foreign investment in Spain (liabil.)	Banco de España: Banco de España net position (assets-liabil.)	Banco de España: Reserves	Banco de España: Assets vis-à-vis the Eurosystem	Banco de España: Other net assets (assets-liabil.)
		1=2+12 ■	2=3+6+9 ■	3=4-5 ■	4	5	6=7-8 ■	7	8	9=10-11 ■	10	11	12=13a15 ■	13	14	15
94	P	-79 459	-114 232	-52 461	23 795	76 255	-52 633	13 688	66 321	-9 139	103 351	112 490	34 773	34 708	-	65
95	P	-83 544	-110 910	-53 271	26 434	79 704	-72 944	13 310	86 254	15 304	128 920	113 616	27 366	27 263	-	102
96	P	-87 026	-134 428	-53 177	31 988	85 164	-83 153	16 650	99 802	1 901	132 147	130 245	47 403	47 658	-	-256
97	P	-90 556	-154 867	-45 357	45 882	91 240	-93 277	31 775	125 053	-16 232	141 760	157 993	64 311	64 174	-	137
98	P	-111 133	-163 675	-41 177	60 125	101 303	-87 557	69 993	157 550	-34 941	158 775	193 716	52 542	52 095	-	447
99 *Q3*	P	-101 697	-165 833	-11 400	97 307	108 708	-70 116	112 638	182 754	-84 317	147 062	231 379	64 137	35 903	28 090	143
Q4	P	-116 006	-189 749	-3 530	112 262	115 793	-90 554	118 045	208 599	-95 665	148 074	243 738	73 743	37 288	36 028	427
00 *Q1*	P	-122 942	-193 624	4 800	122 687	117 887	-97 213	131 926	229 139	-101 210	156 580	257 790	70 682	39 763	31 776	-858
Q2	P	-118 438	-186 827	10 094	139 795	129 701	-82 853	144 202	227 055	-114 067	155 048	269 115	68 389	39 354	29 092	-57
Q3	P	-114 050	-199 151	31 007	167 312	136 305	-97 615	158 642	256 257	-132 543	162 484	295 027	85 101	42 750	42 610	-259
Q4	P	-116 235	-199 751	21 523	177 101	155 578	-74 482	186 091	260 572	-146 792	159 493	306 285	83 516	38 234	45 278	4
01 *Q1*	P	-116 369	-183 371	28 519	189 264	160 745	-68 730	200 208	268 937	-143 160	188 311	331 471	67 002	41 380	27 355	-1 732
Q2	P	-120 929	-189 331	31 592	209 506	177 914	-63 114	216 737	279 851	-157 809	178 140	335 949	68 402	40 776	28 376	-751
Q3	P	-123 180	-189 618	27 515	207 788	180 272	-55 026	216 714	271 739	-162 108	170 345	332 452	66 438	39 971	27 762	-1 296
Q4	P	-137 455	-205 599	28 793	215 388	186 595	-55 185	233 593	288 778	-179 207	162 927	342 133	68 144	38 865	29 156	123
02 *Q1*	P	-143 643	-209 693	26 151	219 480	193 330	-53 462	244 012	297 475	-182 381	166 711	349 092	66 049	41 015	26 173	-1 139
Q2	P	-150 639	-213 128	15 896	211 455	195 558	-39 493	252 490	291 982	-189 532	170 575	360 106	62 489	36 400	26 005	83
Q3	P	-142 657	-208 308	18 383	216 779	198 396	-36 252	255 928	292 180	-190 438	173 597	364 035	65 651	38 425	27 657	-431

INTERNATIONAL INVESTMENT POSITION



COMPONENTS OF THE POSITION



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

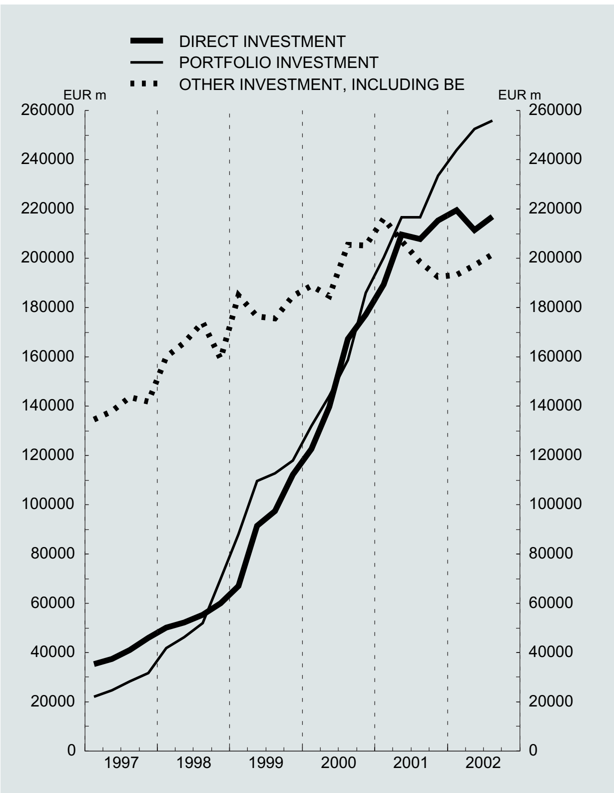
7.7. Spanish international investment position vis-à-vis other euro area residents and the rest of the world. Breakdown by investment

■ Series depicted in chart.

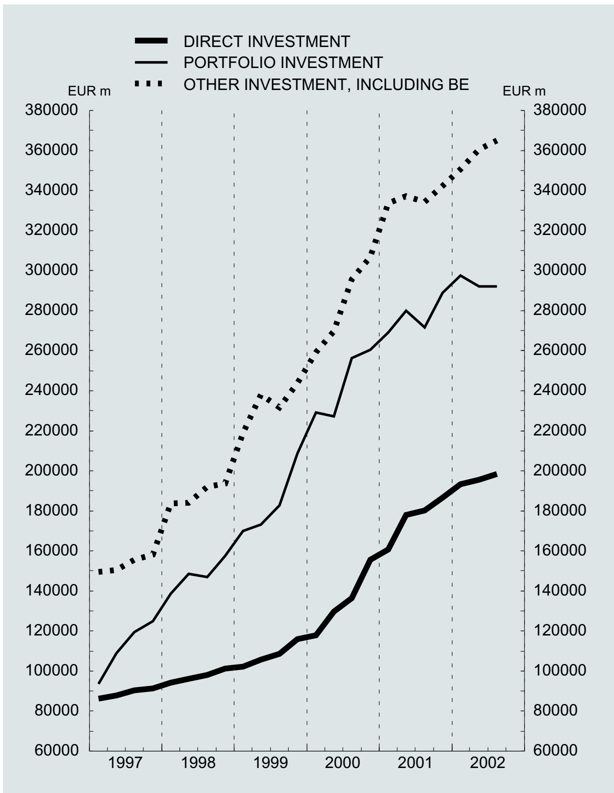
End-of-period stocks in EUR millions

		Direct investment				Portfolio investment				Other investment, including Banco de España	
		Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad	Foreign investment in Spain
		Shares and other equities	Intercompany debt transactions	Shares and other equities	Intercompany debt transactions	Shares and mutual funds	Debt securities	Shares and mutual funds	Debt securities		
		1	2	3	4	5	6	7	8	9 ■	10 ■
94	P	22 247	1 548	63 913	12 342	2 735	10 953	19 115	47 206	103 479	112 552
95	P	24 520	1 913	66 930	12 774	2 748	10 562	23 682	62 572	129 101	113 694
96	P	29 633	2 354	71 683	13 481	3 501	13 149	30 895	68 908	132 328	130 683
97	P	42 705	3 177	78 261	12 979	8 421	23 354	42 827	82 226	141 943	158 039
98	P	54 370	5 755	84 022	17 281	17 122	52 871	64 947	92 603	159 274	193 767
99 *Q3*	P	90 362	6 946	90 361	18 346	28 317	84 321	67 560	115 194	175 470	231 553
Q4	P	104 807	7 455	97 447	18 346	32 910	85 135	86 422	122 177	184 563	243 772
00 *Q1*	P	114 726	7 961	98 359	19 528	45 428	86 498	95 768	133 371	188 822	259 114
Q2	P	131 451	8 343	108 796	20 905	51 679	92 523	90 505	136 549	184 601	269 633
Q3	P	154 516	12 797	111 991	24 314	58 411	100 230	104 888	151 369	205 535	295 727
Q4	P	164 136	12 965	129 955	25 624	76 253	109 838	97 709	162 864	205 229	306 739
01 *Q1*	P	172 422	16 842	132 504	28 241	78 685	121 522	99 517	169 420	216 090	333 627
Q2	P	190 803	18 703	144 530	33 384	77 861	138 876	103 951	175 900	206 950	337 134
Q3	P	187 262	20 526	146 781	33 491	75 136	141 578	88 212	183 527	198 549	334 190
Q4	P	194 856	20 532	150 196	36 399	77 122	156 471	100 065	188 713	192 504	342 432
02 *Q1*	P	198 603	20 878	148 851	44 478	76 825	167 187	103 993	193 482	193 332	350 678
Q2	P	194 516	16 939	151 640	43 919	74 288	178 201	92 458	199 524	197 028	360 471
Q3	P	198 080	18 699	152 980	45 415	74 954	180 974	76 446	215 734	201 674	364 887

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



Source: BE.

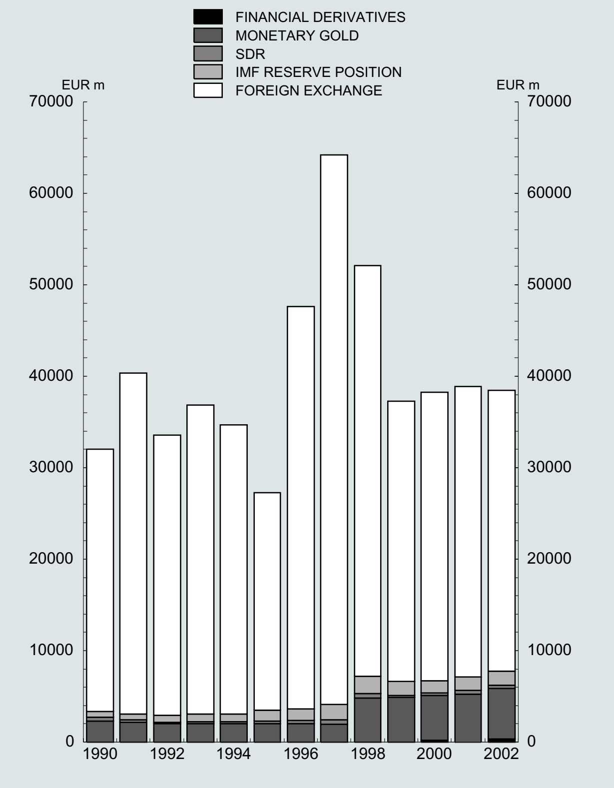
Nota: See footnote to Indicator 7.6

7.8. Spanish reserve assets

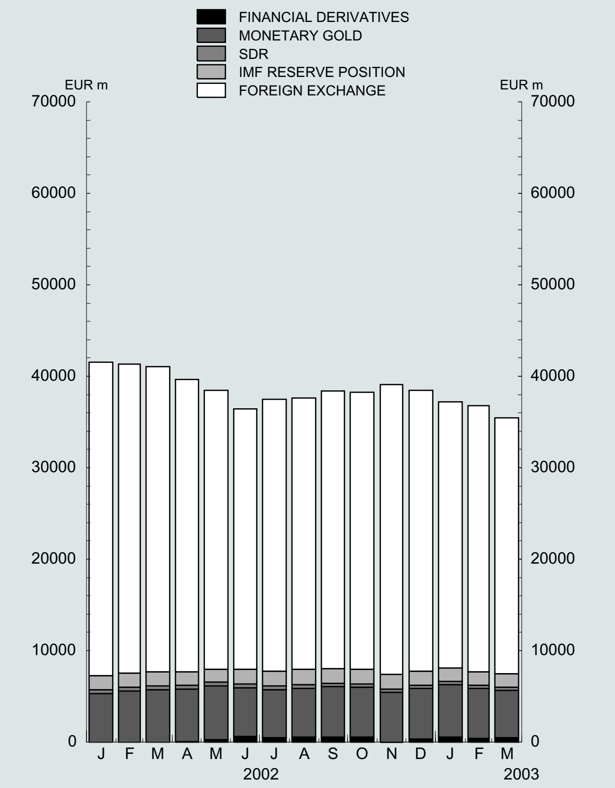
■ Series depicted in chart. *EUR millions*

	Reserve assets						Memorandum item: gold
	Total	Foreign exchange	Reserve position in the IMF	SDRs	Monetary gold	Financial derivatives	Millions of troy ounces
	1	2 ■	3 ■	4 ■	5 ■	6	7
99 R	37 288	30 639	1 517	259	4 873	...	16.8
00	38 234	31 546	1 271	312	4 931	175	16.8
01	38 865	31 727	1 503	398	5 301	-63	16.8
01 *Oct*	39 608	32 639	1 273	386	5 209	100	16.8
Nov	40 895	34 083	1 253	397	5 177	-15	16.8
Dec	38 865	31 727	1 503	398	5 301	-63	16.8
02 *Jan*	41 532	34 272	1 517	401	5 513	-172	16.8
Feb	41 301	33 758	1 514	401	5 785	-157	16.8
Mar	41 015	33 354	1 508	406	5 845	-98	16.8
Apr	39 627	31 913	1 491	400	5 749	74	16.8
May	38 454	30 469	1 423	390	5 875	297	16.8
Jun	36 400	28 418	1 620	385	5 382	594	16.8
Jul	37 479	29 698	1 642	391	5 242	506	16.8
Aug	37 596	29 652	1 645	399	5 361	538	16.8
Sep	38 425	30 351	1 611	397	5 502	563	16.8
Oct	38 268	30 317	1 575	396	5 401	580	16.8
Nov	39 125	31 730	1 568	394	5 401	32	16.8
Dec	38 431	30 695	1 518	337	5 500	382	16.8
03 *Jan*	37 232	29 123	1 468	331	5 747	563	16.8
Feb	36 768	29 100	1 467	337	5 426	439	16.8
Mar	35 436	27 950	1 455	334	5 180	517	16.8

RESERVE ASSETS
END-OF-YEAR POSITIONS



RESERVE ASSETS
END-OF-MONTH POSITIONS



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

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

Average of daily data, EUR millions

	Net lending							Counterparts							
	Total	Open market operations				Standing facilities		Autonomous factors					Other liabilities (net) in euro	Actual reserves of credit institutions	Debt certificates
		Main refinancing operations	Longer-term refinancing operations	Fine-tuning and structural reverse operations (net)	Other	Marginal lending facility	Deposit facility	Total	Banknotes	Net liabilities to general government	Gold and net assets in foreign currency	Other (net)			
	1=2+3+4 +5+6-7	2	3	4	5	6	7	8=9+10 -11+12	9	10	11	12	13	14	15
01 *Oct*	196 978	135 917	60 003	-	29	1 148	119	64 306	322 028	-25 374	386 460	154 112	3 102	125 785	3 784
Nov	191 240	124 123	60 001	7 227	-2	247	356	59 298	306 718	-23 598	384 531	160 709	2 891	126 074	2 977
Dec	193 441	128 151	60 001	5 300	7	435	452	56 970	294 048	-30 379	383 638	176 939	3 512	130 020	2 939
02 *Jan*	179 917	117 364	60 000	2 955	21	210	632	44 718	355 484	-27 578	385 795	102 606	2 438	129 823	2 939
Feb	183 992	123 800	60 000	-	10	245	63	46 973	296 948	-18 284	386 358	154 667	2 676	131 403	2 939
Mar	176 708	116 660	60 001	-	-8	160	105	38 690	283 118	-11 855	386 302	153 728	3 306	131 773	2 939
Apr	169 916	109 681	60 000	-	6	428	199	32 558	286 051	-12 755	398 780	158 042	3 407	131 012	2 939
May	172 171	112 331	59 999	-	7	121	287	33 501	295 732	-19 717	396 937	154 424	3 510	132 221	2 939
Jun	175 940	115 800	60 000	-	2	324	186	37 197	303 333	-22 305	396 259	152 428	3 390	132 415	2 939
Jul	193 447	134 740	58 912	-	-82	96	219	54 768	315 736	-12 367	360 583	111 982	3 998	131 742	2 939
Aug	191 827	137 363	54 545	-	23	42	145	54 764	323 367	-20 170	359 891	111 458	3 847	130 277	2 939
Sep	192 082	142 620	49 285	-	33	196	53	55 990	324 501	-17 630	363 285	112 403	3 995	129 158	2 939
Oct	193 872	148 869	44 998	-	56	75	127	58 134	330 432	-20 587	371 942	120 232	4 177	128 621	2 939
Nov	191 584	146 571	44 999	-	15	112	112	56 627	335 335	-25 028	372 012	118 331	4 581	128 304	2 072
Dec	224 798	176 656	45 000	1 818	22	1 503	201	85 045	359 811	-16 141	371 043	112 418	4 779	132 945	2 029
03 *Jan*	216 134	171 227	45 000	-	44	194	331	78 901	343 292	1 621	357 455	91 443	4 633	130 571	2 029
Feb	214 155	169 101	45 000	-	30	215	190	77 507	341 834	6 205	355 613	85 081	2 911	131 708	2 029
Mar	226 881	181 762	45 000	-	22	176	80	92 269	349 423	16 524	350 769	77 092	3 144	129 438	2 029

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

Average of daily data, EUR millions

	Net lending							Counterparts									
	Total	Open market operations				Standing facilities		Autonomous factors					Other liabilities (net) in euro			Actual reserves of credit institutions	Banco de España certificates
		Main refinancing operations	Longer-term refinancing operations	Fine-tuning and structural reverse operations (net)	Other	Marginal lending facility	Deposit facility	Total	Banknotes	Net liabilities to general government	Gold and net assets in foreign currency	Other (net)	Total	Of euro area residents	Rest		
	1=2+3+4 +5+6-7	2	3	4	5	6	7	8=9+10 -11+12	9	10	11	12	13=14+ +15	14	15	16	17
01 *Oct*	13 202	9 587	3 378	-	26	212	-	31 156	50 469	6 663	41 695	15 719	-28 482	-28 529	47	10 529	-
Nov	11 235	6 763	4 035	434	3	-	1	28 098	48 457	6 924	41 702	14 420	-27 599	-27 644	45	10 736	-
Dec	11 364	8 167	2 873	319	-2	7	0	23 266	47 811	2 655	41 678	14 478	-23 233	-23 281	48	11 331	-
02 *Jan*	12 878	10 712	2 076	95	-0	1	7	28 820	58 296	3 005	42 369	9 888	-26 530	-26 614	84	10 587	-
Feb	14 249	11 997	2 251	-	1	0	0	24 097	50 266	3 674	42 399	12 557	-20 819	-20 925	107	10 970	-
Mar	12 257	9 628	2 632	-	-2	-	0	22 797	48 199	4 312	42 489	12 774	-21 272	-21 319	47	10 733	-
Apr	12 763	9 882	2 882	-	-0	-	1	24 352	48 156	5 648	43 258	13 806	-22 862	-22 921	59	11 272	-
May	13 342	10 599	2 742	-	1	-	-	26 119	48 651	6 692	43 218	13 994	-23 670	-23 770	101	10 892	-
Jun	14 739	11 735	3 000	-	4	-	0	27 211	49 879	6 066	43 273	14 540	-23 610	-23 709	99	11 137	-
Jul	18 075	14 120	3 948	-	7	-	0	26 080	51 385	3 703	39 214	10 205	-19 747	-19 849	102	11 742	-
Aug	17 593	14 232	3 347	-	15	-	1	26 376	51 408	4 153	39 198	10 013	-19 928	-20 029	101	11 145	-
Sep	15 980	13 150	2 816	-	14	-	-	26 238	50 834	4 929	39 782	10 257	-21 508	-21 584	76	11 251	-
Oct	14 989	13 132	1 853	-	4	-	0	27 892	51 039	6 659	40 885	11 079	-24 071	-24 127	55	11 168	-
Nov	15 012	13 603	1 408	-	1	-	-	26 708	51 322	6 683	41 878	10 581	-23 566	-23 634	67	11 870	-
Dec	14 968	13 660	1 106	185	5	21	10	26 241	54 148	3 752	42 276	10 617	-22 641	-22 533	-108	11 368	-
03 *Jan*	15 510	14 845	670	-	8	1	13	25 487	52 831	3 594	40 512	9 574	-21 385	-21 064	-322	11 409	-
Feb	13 802	12 818	982	-	2	-	0	23 953	52 233	3 482	40 161	8 400	-21 027	-20 511	-515	10 875	-
Mar	16 858	15 631	1 228	-	-3	1	0	26 245	53 103	4 618	39 800	8 324	-21 571	-20 738	-834	12 184	-

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

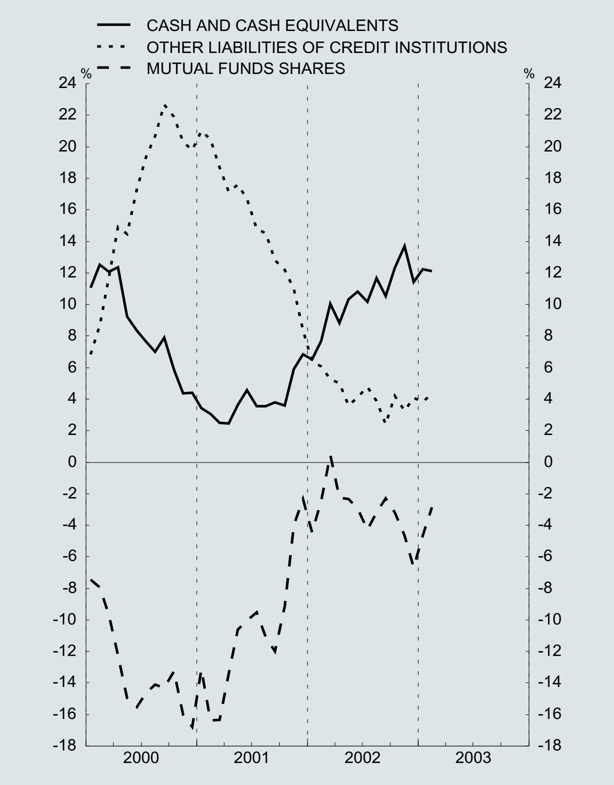
8.2 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of non-financial corporations, households and NPISHs resident in Spain

■ Series depicted in chart.

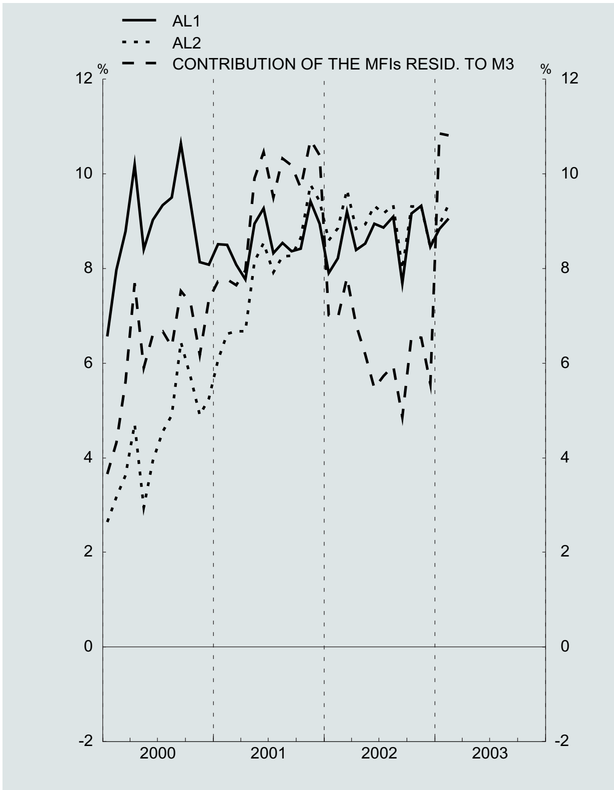
EUR millions and %

	Cash and cash equivalents					Other liabilities of credit institutions					Mutual funds shares					Memorandum items		
	Stocks	12-month % change	12-month % change			Stocks	12 month % change	12-month % change			Stocks	12-month % change	12-month % change			12-month % change		
			Cash	Sight deposits	Savings deposits (b)			Other deposits (c)	Repos + credit institutions' securities	Deposits in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds	AL1 (d)	AL2 (e)	Contribution of the MFIs resid. to M3
	1	2 ■	3	4	5	6	7 ■	8	9	10	11	12 ■	13	14	15	16 ■	17 ■	18 ■
00	272 700	4.4	-0.4	9.1	2.4	221 184	19.8	25.4	11.8	-8.6	157 506	-16.8	-21.8	-33.0	-9.8	8.1	5.2	7.4
01	291 310	6.8	-21.3	16.0	11.8	239 765	8.4	13.0	-0.3	-20.6	153 804	-2.4	31.2	19.7	-18.0	9.0	9.4	10.4
02	324 564	11.4	28.4	10.3	6.5	249 517	4.1	6.9	-10.5	6.0	143 510	-6.7	13.1	8.2	-21.6	8.5	8.4	5.6
01 *Nov*	279 399	5.9	-12.7	10.3	10.8	242 414	11.0	17.2	1.8	-23.3	152 770	-4.0	28.1	17.1	-18.7	9.4	9.8	10.7
Dec	291 310	6.8	-21.3	16.0	11.8	239 765	8.4	13.0	-0.3	-20.6	153 804	-2.4	31.2	19.7	-18.0	9.0	9.4	10.4
02 *Jan*	280 964	6.5	-21.0	13.9	12.6	243 361	6.4	12.0	-0.7	-26.3	151 339	-4.4	30.3	23.8	-21.6	7.9	8.6	7.0
Feb	284 997	7.7	-19.0	15.1	13.2	243 326	6.1	10.2	4.3	-26.2	149 960	-2.5	28.1	22.7	-18.7	8.2	8.8	7.0
Mar	293 961	10.0	-15.4	17.5	14.8	245 075	5.3	8.2	4.9	-21.0	152 652	0.5	30.2	19.6	-14.9	9.2	9.7	7.8
Apr	291 716	8.8	-12.5	14.3	13.5	246 163	5.0	6.9	4.9	-12.8	150 794	-2.3	28.4	18.4	-18.4	8.4	8.8	6.8
May	295 123	10.3	-7.8	16.0	13.1	245 084	3.6	6.2	1.7	-18.1	150 161	-2.3	28.5	17.7	-18.8	8.5	8.9	6.2
Jun	311 036	10.8	-5.6	16.3	12.7	247 157	4.1	6.2	-1.0	-7.8	147 672	-2.9	27.0	17.8	-19.8	8.9	9.3	5.5
Jul	307 088	10.2	-2.8	15.1	11.1	247 956	4.8	7.1	-0.3	-10.7	144 771	-4.3	25.8	15.4	-21.7	8.9	9.2	5.7
Aug	305 859	11.7	-0.5	17.0	11.9	250 134	3.9	6.0	-2.8	-6.6	145 199	-3.2	24.3	14.3	-19.8	9.1	9.3	5.9
Sep	310 766	10.5	2.6	14.5	9.8	247 494	2.4	5.1	-7.5	-7.7	142 743	-2.3	20.3	14.5	-18.2	7.7	8.0	4.9
Oct	307 468	12.3	7.8	16.7	9.8	251 344	4.2	7.1	-8.9	-1.8	144 634	-3.2	17.7	12.3	-18.3	9.2	9.3	6.6
Nov	317 621	13.7	13.3	17.8	9.7	250 362	3.3	6.3	-10.2	-3.6	145 667	-4.6	15.4	9.3	-19.0	9.3	9.3	6.5
Dec	324 564	11.4	28.4	10.3	6.5	249 517	4.1	6.9	-10.5	6.0	143 510	-6.7	13.1	8.2	-21.6	8.5	8.4	5.6
03 *Jan* P	315 393	12.3	25.9	13.3	6.5	252 732	3.9	6.1	-6.0	-1.0	144 285	-4.7	15.0	10.6	-20.3	8.8	8.9	10.8
Feb P	319 548	12.1	25.6	12.8	6.6	253 835	4.3	5.8	-7.6	13.1	145 641	-2.9	15.8	15.1	-19.3	9.1	9.4	10.8

NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Annual percentage change



NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Annual percentage change



Source: BE.

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 10, which includes deposits in Spanish bank branches abroad. The quarterly data are only partially estimated, as full information is not available.

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

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

(d) Defined as cash and cash equivalents, other liabilities of credit institutions and money market fund shares.

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

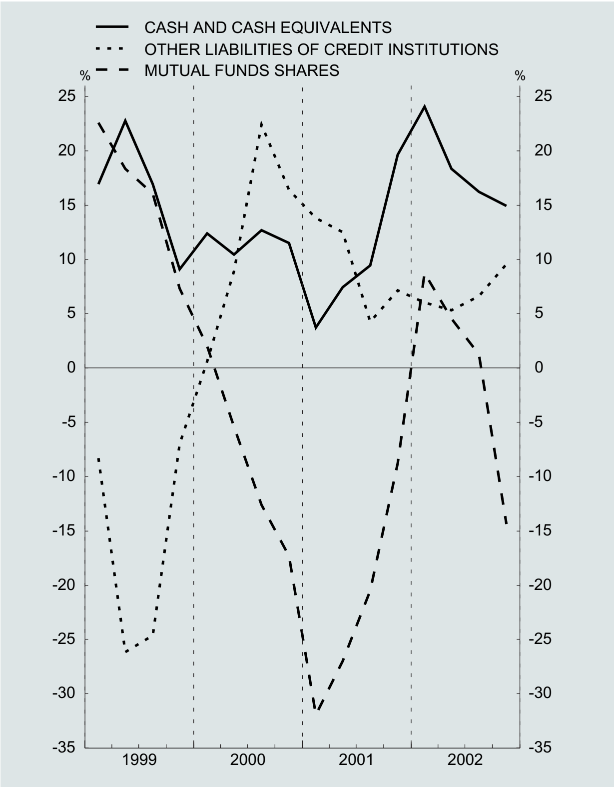
8.3 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of non-financial corporations resident in Spain

■ Series depicted in chart.

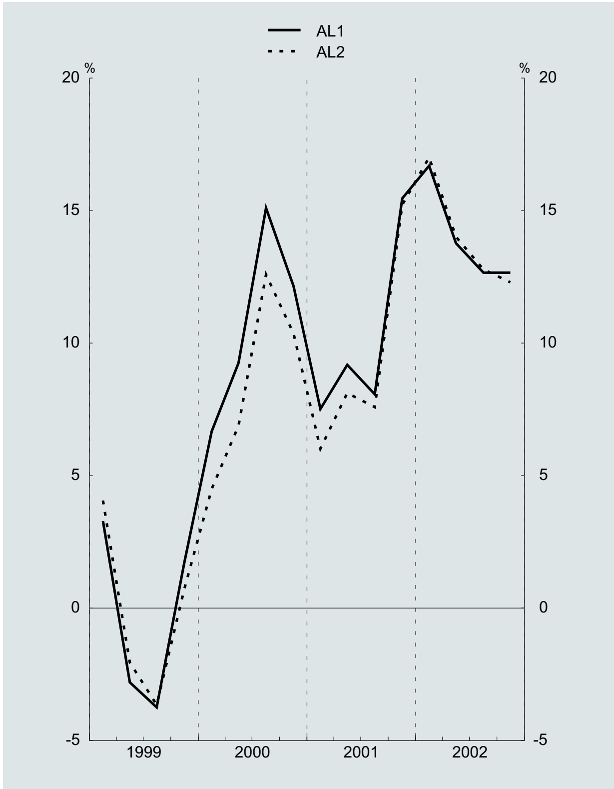
EUR millions and %

	Cash and cash equivalents				Other liabilities of credit institutions				Mutual funds shares					Memorandum items	
	Stocks	4-quarter % change	4-quarter % change		Stocks	4-quarter % change	4-quarter % change		Stocks	4-quarter % change	4-quarter % change			4-quarter % change	
			Cash and shigt deposits	Saving deposits (b)			Other deposits (c)	Repos + credit instit.' securit.+ dep. in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds	AL1 (d)	AL2 (e)
	1	2 ■	3	4	5	6 ■	7	8	9	10 ■	11	12	13	14 ■	15 ■
99	49 756	9.1	9.2	5.2	32 101	-7.0	30.8	-16.4	17 778	7.3	-7.6	-19.2	27.6	1.7	0.7
00	55 494	11.5	11.5	13.1	37 372	16.4	45.5	5.1	14 701	-17.3	-17.0	-34.6	-11.9	12.2	10.4
01	66 405	19.7	20.0	10.7	40 053	7.2	16.7	2.0	13 410	-8.8	40.8	5.2	-27.9	15.5	15.2
99 *Q4*	49 756	9.1	9.2	5.2	32 101	-7.0	30.8	-16.4	17 778	7.3	-7.6	-19.2	27.6	1.7	0.7
00 *Q1*	50 689	12.4	12.6	6.3	33 930	0.6	37.8	-10.1	17 959	2.0	-7.9	-35.2	24.1	6.7	4.5
Q2	55 809	10.5	10.6	6.3	34 426	8.9	55.0	-5.6	16 980	-5.4	-4.6	-39.4	9.3	9.3	6.9
Q3	55 267	12.7	12.8	7.6	36 793	22.4	58.7	9.7	15 537	-12.6	-12.7	-40.7	-1.8	15.1	12.6
Q4	55 494	11.5	11.5	13.1	37 372	16.4	45.5	5.1	14 701	-17.3	-17.0	-34.6	-11.9	12.2	10.4
01 *Q1*	52 582	3.7	3.5	10.6	38 606	13.8	38.7	2.8	12 227	-31.9	1.5	-38.9	-40.1	7.5	6.0
Q2	59 976	7.5	7.4	8.3	38 742	12.5	27.5	4.8	12 399	-27.0	3.3	-29.0	-36.2	9.2	8.1
Q3	60 504	9.5	9.4	12.1	38 367	4.3	22.9	-5.2	12 352	-20.5	27.4	-12.0	-37.8	8.1	7.6
Q4	66 405	19.7	20.0	10.7	40 053	7.2	16.7	2.0	13 410	-8.8	40.8	5.2	-27.9	15.5	15.2
02 *Q1*	65 242	24.1	24.5	13.3	40 945	6.1	13.7	1.5	13 299	8.8	23.1	33.7	-4.9	16.7	17.0
Q2	70 995	18.4	18.3	19.6	40 805	5.3	10.1	2.4	12 963	4.6	28.4	26.6	-13.8	13.8	14.0
Q3	70 323	16.2	16.2	15.6	40 914	6.6	10.8	3.9	12 506	1.3	16.1	19.7	-14.5	12.6	12.8
Q4	76 327	14.9	14.1	39.5	43 882	9.6	19.1	3.7	11 483	-14.4	6.1	-4.2	-30.6	12.7	12.3

NON-FINANCIAL CORPORATIONS
Annual percentage change



NON-FINANCIAL CORPORATIONS
Annual percentage change



Source: BE.

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 8, which includes deposits in Spanish bank branches abroad. The quarterly data are only partially estimated, as full information is not available.

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

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

(d) Defined as cash and cash equivalents, other liabilities of credit institutions and money market fund shares.

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

8.4 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of households and NPISHs resident in Spain

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

	Cash and cash equivalents					Other liabilities of credit institutions				Mutual funds shares					Memorandum items	
	Stocks	4-quarter % change	4-quarter % change: Cash	4-quarter % change: Shigt deposits	4-quarter % change: Saving deposits (b)	Stocks	4-quarter % change	4-quarter % change: Other deposits (c)	4-quarter % change: Repos + credit instit.' securit.+ dep. in branches abroad	Stocks	4-quarter % change	4-quarter % change: Money market funds	4-quarter % change: Fixed income mutual funds in EUR	4-quarter % change: Other mutual funds	4-quarter % change: AL1 (d)	4-quarter % change: AL2 (e)
	1	2 ■	3	4	5	6	7 ■	8	9	10	11 ■	12	13	14	15 ■	16 ■
99	211 429	13.6	7.9	19.0	13.9	152 520	8.6	10.7	-0.1	171 474	-3.6	-18.8	-26.6	15.9	7.8	4.1
00	217 206	2.7	-0.8	7.1	2.2	183 812	20.5	24.0	5.4	142 806	-16.7	-22.3	-32.8	-9.6	7.2	4.2
01	224 905	3.5	-22.4	12.1	11.8	199 712	8.7	12.7	-12.6	140 394	-1.7	30.2	21.2	-16.9	7.5	8.2
99 *Q4*	211 429	13.6	7.9	19.0	13.9	152 520	8.6	10.7	-0.1	171 474	-3.6	-18.8	-26.6	15.9	7.8	4.1
00 *Q1*	209 985	12.0	5.6	17.1	12.7	162 224	14.4	18.7	-1.8	163 706	-10.8	-20.5	-43.0	9.1	9.2	3.4
Q2	212 638	7.8	5.7	9.7	7.8	169 018	19.2	22.7	5.3	152 154	-16.5	-22.0	-45.5	-1.5	9.0	3.3
Q3	215 641	6.7	3.8	11.4	5.8	177 422	22.7	25.1	12.9	150 416	-14.5	-24.1	-40.1	-0.9	9.7	5.2
Q4	217 206	2.7	-0.8	7.1	2.2	183 812	20.5	24.0	5.4	142 806	-16.7	-22.3	-32.8	-9.6	7.2	4.2
01 *Q1*	214 555	2.2	-2.3	7.7	1.4	194 232	19.7	24.3	-0.8	139 728	-14.6	-10.1	-14.4	-16.1	8.2	6.8
Q2	220 710	3.8	-5.3	10.1	5.0	198 675	17.5	22.4	-4.8	139 720	-8.2	1.9	-2.8	-12.6	9.3	8.6
Q3	220 690	2.3	-9.5	5.4	6.5	203 322	14.6	20.1	-10.3	133 718	-11.1	16.0	8.2	-23.5	8.4	8.4
Q4	224 905	3.5	-22.4	12.1	11.8	199 712	8.7	12.7	-12.6	140 394	-1.7	30.2	21.2	-16.9	7.5	8.2
02 *Q1*	228 719	6.6	-16.3	11.4	14.9	204 130	5.1	7.7	-9.5	139 353	-0.3	31.0	18.4	-15.7	7.6	8.1
Q2	240 041	8.8	-6.2	14.1	12.5	206 352	3.9	5.9	-8.1	134 708	-3.6	26.8	17.1	-20.3	7.8	8.3
Q3	240 443	9.0	2.4	12.6	9.7	206 581	1.6	4.6	-16.7	130 237	-2.6	20.9	14.0	-18.5	6.6	6.9
Q4	248 237	10.4	28.7	6.9	5.9	205 635	3.0	5.8	-16.3	132 028	-6.0	13.9	9.3	-20.8	7.5	7.6

HOUSEHOLDS AND NPISHS
Annual percentage change

HOUSEHOLDS AND NPISHs
Annual percentage change

Source: BE.

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 9, which includes deposits in Spanish bank branches abroad. The quarterly data are only partially estimated, as full information is not available.

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

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

(d) Defined as cash and cash equivalents, other liabilities of credit institutions and money market fund shares.

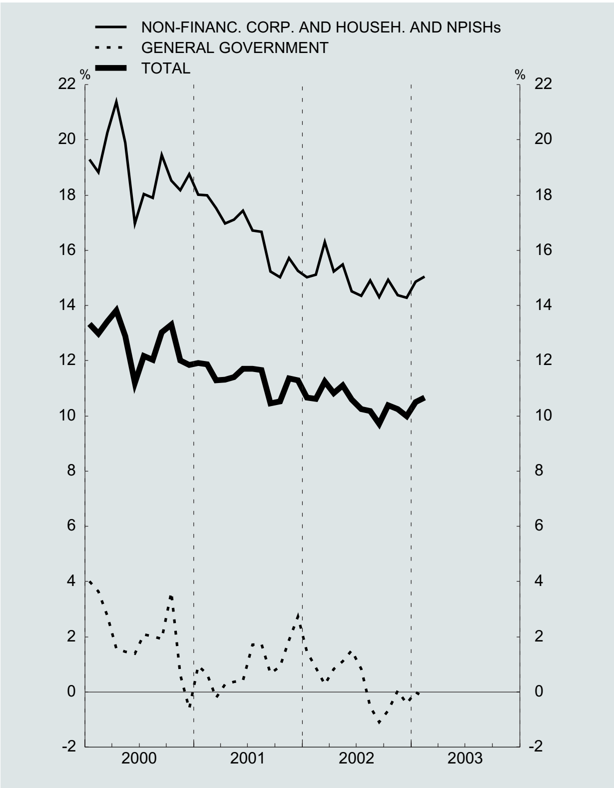
(e) Defined as AL1 plus fixed income mutual fund shares in euro.

8.5 Financing of non-financial sectors resident in Spain (a)

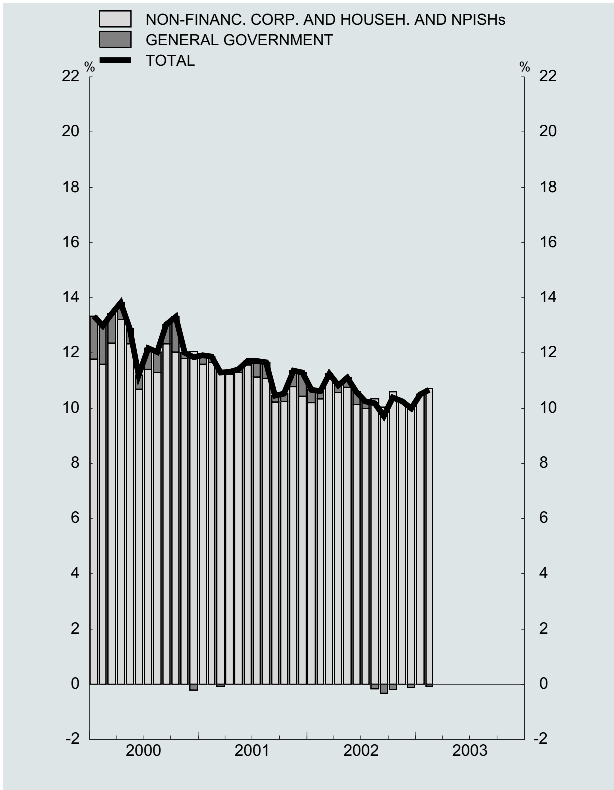
■ Series depicted in chart. *EUR millions and %*

	Total			12-month % change						Contributions to col. 3					
	Stocks	Effective flow	12-month % change	General government (b)	Non-financial corporations and households and NPISHs					General government (b)	Non-financial corporations and households and NPISHs				
						Resident credit institutions' loans	Securitisation funds	Securities other than shares	External loans			Resident credit institutions' loans	Securitisation funds	Securities other than shares	External loans
	1	2	3 ■	4 ■	5 ■	6	7	8	9	10 ■	11 ■	12	13	14	15
00	982 319	17 939	11.8	-0.6	18.8	18.0	34.3	-18.5	31.7	-0.2	12.1	9.4	0.6	-0.4	2.5
01	1 097 135	19 230	11.3	2.7	15.2	13.5	21.7	8.1	25.2	0.9	10.4	7.5	0.4	0.1	2.4
02	1 204 378	18 676	10.0	-0.4	14.3	12.6	53.1	-9.7	18.4	-0.1	10.1	7.1	1.2	-0.2	2.0
01 *Nov*	1 074 932	11 749	11.4	1.9	15.7	13.6	28.0	12.2	26.2	0.6	10.8	7.5	0.6	0.2	2.5
Dec	1 097 135	19 230	11.3	2.7	15.2	13.5	21.7	8.1	25.2	0.9	10.4	7.5	0.4	0.1	2.4
02 *Jan*	1 104 479	7 634	10.7	1.5	15.0	13.6	24.5	6.2	22.6	0.5	10.2	7.4	0.5	0.1	2.2
Feb	1 102 696	-1 841	10.6	0.9	15.1	14.1	18.0	7.5	21.3	0.3	10.3	7.7	0.4	0.1	2.1
Mar	1 124 222	20 586	11.2	0.3	16.3	14.9	23.6	7.8	23.7	0.1	11.2	8.1	0.5	0.1	2.4
Apr	1 125 761	2 855	10.8	0.8	15.2	14.2	23.5	9.2	19.7	0.3	10.6	7.8	0.5	0.2	2.1
May	1 136 119	10 968	11.1	1.1	15.5	14.7	22.5	3.8	20.0	0.3	10.8	8.1	0.5	0.1	2.1
Jun	1 153 407	16 897	10.6	1.5	14.5	13.4	36.6	2.4	17.7	0.5	10.1	7.4	0.8	0.0	1.9
Jul	1 166 424	13 304	10.3	0.8	14.3	14.4	20.0	-1.6	15.1	0.3	10.0	7.9	0.5	-0.0	1.6
Aug	1 163 714	-3 664	10.2	-0.5	14.9	15.4	21.2	-3.9	14.1	-0.2	10.3	8.4	0.5	-0.1	1.5
Sep	1 169 407	5 076	9.7	-1.1	14.3	13.9	26.2	-2.8	16.7	-0.3	10.0	7.7	0.6	-0.0	1.8
Oct	1 174 349	7 646	10.4	-0.7	14.9	14.9	18.8	-3.8	17.3	-0.2	10.6	8.3	0.5	-0.1	1.9
Nov	1 186 644	11 546	10.3	0.0	14.4	13.7	39.6	-10.0	16.5	0.0	10.2	7.7	0.9	-0.2	1.8
Dec	1 204 378	18 676	10.0	-0.4	14.3	12.6	53.1	-9.7	18.4	-0.1	10.1	7.1	1.2	-0.2	2.0
03 *Jan*	P 1 218 345	14 011	10.5	0.0	14.9	14.0	44.2	-10.4	17.0	0.0	10.5	7.7	1.0	-0.2	1.9
Feb	P 1 217 874	-429	10.7	-0.2	15.0	14.2	42.1	-10.8	17.6	-0.1	10.7	7.9	1.0	-0.2	2.0

FINANCING OF NON-FINANCIAL SECTORS
Annual percentage change



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



Source: BE.

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

(a) The 12-month % changes are calculated as the effective flow of the period / the stock at the beginning of the period. As full information is only available for the end of each calendar quarter, the data for the intervening months are partially estimated and revised when final quarterly data become available.

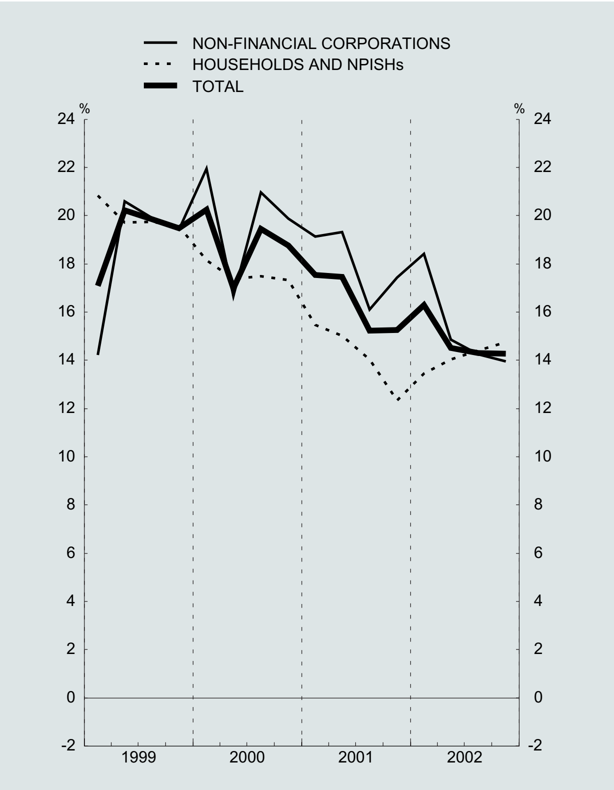
(b) Total liabilities less deposits.

8.6. Financing of non-financial corporations, households and NPISHs resident in Spain (a)

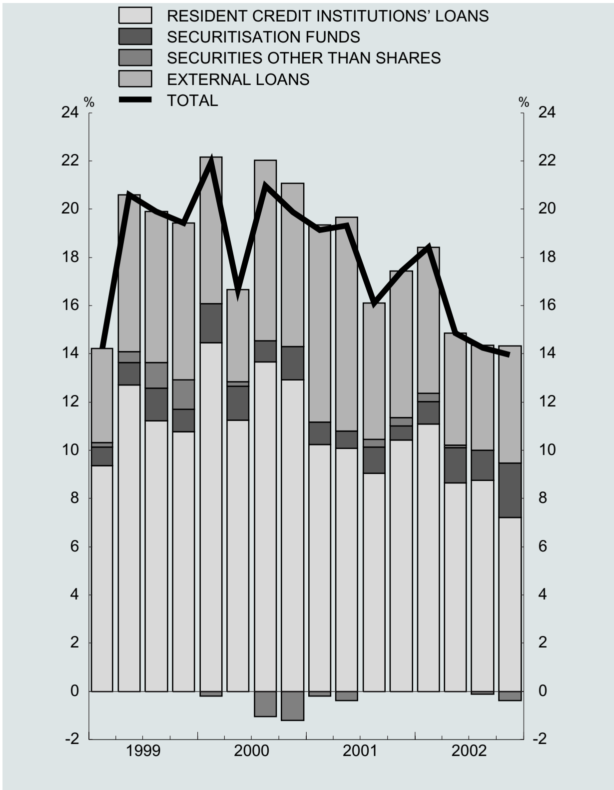
■ Series depicted in chart. *EUR millions and %*

	Non-financial corporations														Households and NPISHs		
	Total			Resident credit institutions' loans			Financing by securitisation funds		Securities other than shares			External loans			Stocks	Effective flow	4-quarter % change
	Stocks	Effective flow	4-quarter % change	Stocks	4-quarter % change	Contribution to col.3	Stocks (b)	4-quarter % change	Stocks	4-quarter % change	Contribution to col.3	Stocks	4-quarter % change	Contribution to col.3			
	1	2	3 ■	4	5	6 ■	7	8	9	10	11 ■	12	13	14 ■	15	16	17 ■
99	318 333	51 188	19.4	222 072	14.6	10.8	8 052	43.5	20 579	18.8	1.2	67 630	37.0	6.5	245 453	40 289	19.6
00	384 131	63 228	19.9	262 564	18.5	12.9	12 419	54.2	16 780	-18.5	-1.2	92 368	31.8	6.8	287 430	42 525	17.3
01	455 427	66 926	17.4	302 122	15.3	10.4	14 579	17.4	18 142	8.1	0.4	120 584	25.3	6.1	322 472	35 487	12.3
99 *Q4*	318 333	13 008	19.4	222 072	14.6	10.8	8 052	43.5	20 579	18.8	1.2	67 630	37.0	6.5	245 453	11 521	19.6
00 *Q1*	329 992	10 920	22.0	230 275	20.1	14.5	10 871	65.8	17 692	-3.0	-0.2	71 153	32.3	6.1	255 138	9 776	18.2
Q2	349 494	19 216	16.7	243 878	15.8	11.2	11 417	59.0	18 727	3.2	0.2	75 471	18.6	3.8	267 121	12 168	17.4
Q3	371 983	20 435	21.0	254 012	19.4	13.6	10 881	32.6	16 825	-16.0	-1.1	90 264	36.7	7.5	274 464	7 484	17.5
Q4	384 131	12 657	19.9	262 564	18.5	12.9	12 419	54.2	16 780	-18.5	-1.2	92 368	31.8	6.8	287 430	13 096	17.3
01 *Q1*	395 608	10 849	19.1	263 476	14.7	10.2	13 893	27.8	17 037	-3.7	-0.2	101 202	37.9	8.2	294 072	6 703	15.5
Q2	420 293	23 533	19.3	278 546	14.4	10.1	13 903	21.8	17 442	-6.9	-0.4	110 402	41.2	8.9	306 757	12 818	15.0
Q3	433 113	12 865	16.1	287 139	13.2	9.0	14 932	37.2	18 045	7.3	0.3	112 996	23.3	5.6	312 564	5 907	14.0
Q4	455 427	19 679	17.4	302 122	15.3	10.4	14 579	17.4	18 142	8.1	0.4	120 584	25.3	6.1	322 472	10 059	12.3
02 *Q1*	472 974	16 773	18.4	306 769	16.6	11.1	17 608	26.7	18 374	7.8	0.3	130 224	23.7	6.1	333 159	10 753	13.4
Q2	484 691	13 152	14.9	314 414	13.1	8.6	20 041	44.1	17 854	2.4	0.1	132 383	17.7	4.7	349 389	16 329	14.0
Q3	498 162	12 051	14.2	324 470	13.2	8.7	20 417	36.7	17 547	-2.8	-0.1	135 727	16.6	4.3	357 126	7 873	14.4
Q4	517 170	21 525	13.9	334 170	10.9	7.2	24 897	70.8	16 386	-9.7	-0.4	141 717	18.3	4.8	369 345	12 600	14.7

FINANCING OF NON-FINANCIAL CORP. HOUSEHOLDS AND NPISHs
Annual percentage change



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



Source: BE.

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

(a) The 4-quarter % changes are calculated as the effective flow of the period / the stock at the beginning of the period.

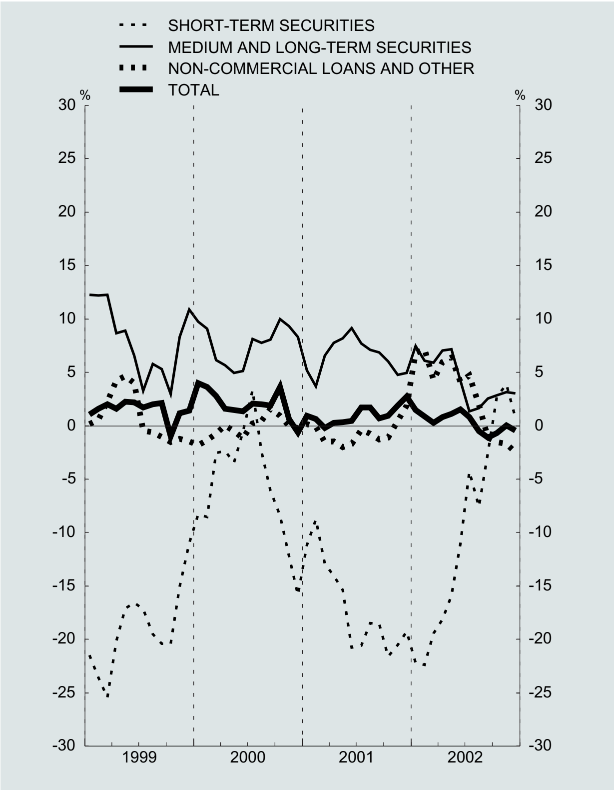
(b) Provisional data.

8.8. Net financing of Spain's general government

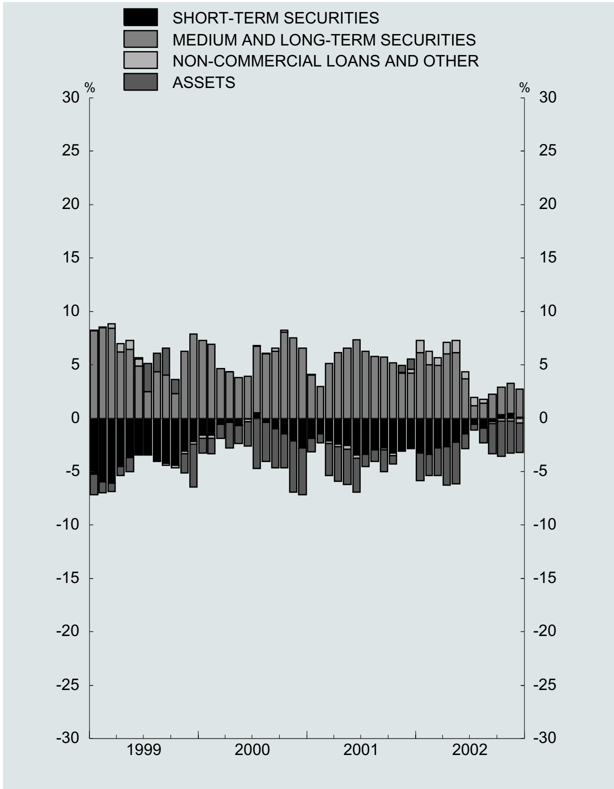
■ Series depicted in chart. *EUR millions and %*

		Net financing: Net stock of liabilities	Net financing: Monthly change (columns 4-8-9)	Net financing: 12-month % change of col. 1 ■	Monthly change in stocks: Liabilities: Total	Monthly change in stocks: Liabilities: Securities: Short-term	Monthly change in stocks: Liabilities: Securities: Medium and long-term	Monthly change in stocks: Liabilities: Non-commercial loans and other (a)	Monthly change in stocks: Assets: Deposits at the Banco de Espana	Monthly change in stocks: Assets: Other deposits (b)	12-month % change in stocks: Liabilities: Total	12-month % change in stocks: Liabilities: Securities: Short-term ■	12-month % change in stocks: Liabilities: Securities: Medium and long-term ■	12-month % change in stocks: Liabilities: Non-commercial loans and other (a) ■	12-month % change in stocks: Assets	Contribution to 12-month % change in net stocks of liabilities: Liabilities: Securities: Short-term ■	Contribution: Liabilities: Securities: Medium and long-term ■	Contribution: Liabilities: Non-commercial loans and other (a) ■	Contribution: Assets ■
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
00	P	310 759	-1 913	-0.6	11 825	-8 605	20 558	-128	8 319	5 419	3.3	-15.8	8.3	-0.2	32.2	-2.8	6.6	-0.0	-4.4
01	P	319 236	8 478	2.7	5 421	-8 804	13 224	1 001	-17 158	14 101	1.5	-19.3	4.9	1.9	-5.4	-2.8	4.3	0.3	1.0
02	A	317 862	-1 374	-0.4	7 431	275	8 510	-1 354	1 854	6 950	2.0	0.7	3.0	-2.5	16.5	0.1	2.7	-0.4	-2.8
01 *Sep*	P	317 624	-3 989	0.7	791	-966	2 331	-574	2 264	2 517	2.4	-18.5	6.9	-1.3	13.7	-2.8	5.7	-0.2	-2.0
Oct	P	309 477	-8 148	0.9	-582	-1 690	1 049	59	829	6 737	1.4	-21.6	6.0	-1.1	4.1	-3.3	5.2	-0.2	-0.8
Nov	P	308 704	-773	1.9	-293	-203	-362	273	-950	1 430	1.0	-20.5	4.8	0.4	-3.3	-3.1	4.2	0.1	0.7
Dec	P	319 236	10 533	2.7	2 613	484	1 129	1 000	-3 480	-4 439	1.5	-19.3	4.9	1.9	-5.4	-2.8	4.3	0.3	1.0
02 *Jan*	A	323 921	4 684	1.5	2 699	-282	219	2 761	1 225	-3 211	3.5	-22.2	7.5	6.8	18.8	-3.3	6.1	1.1	-2.5
Feb	A	316 747	-7 174	0.9	-4 387	259	-4 796	150	224	2 563	2.5	-22.4	6.1	7.1	13.1	-3.4	5.0	1.2	-2.0
Mar	A	318 088	1 342	0.3	3 256	-60	5 350	-2 034	1 132	783	2.5	-19.5	5.9	4.3	17.2	-2.8	4.9	0.7	-2.6
Apr	A	311 708	-6 381	0.8	4 022	134	2 141	1 747	1 791	8 613	3.8	-18.1	7.1	6.0	20.2	-2.7	6.0	1.0	-3.6
May	A	315 685	3 978	1.1	4 116	21	4 354	-259	-1 179	1 317	4.3	-15.9	7.1	6.4	22.5	-2.2	6.2	1.1	-3.9
Jun	A	319 327	3 642	1.5	-3 674	-157	-2 466	-1 050	970	-8 286	2.5	-11.0	4.2	4.1	8.1	-1.5	3.7	0.7	-1.4
Jul	A	322 762	3 435	0.8	-2 829	1 972	-6 066	1 265	-2 005	-4 259	1.2	-4.3	1.4	4.7	3.7	-0.5	1.2	0.8	-0.6
Aug	A	319 891	-2 871	-0.5	-3 045	-2 490	1 724	-2 279	215	-388	0.7	-7.6	1.7	2.0	9.1	-0.9	1.4	0.3	-1.4
Sep	A	314 119	-5 772	-1.1	3 688	1 039	4 862	-2 213	1 286	8 174	1.5	-2.5	2.6	-1.1	17.1	-0.3	2.2	-0.2	-2.9
Oct	A	307 379	-6 740	-0.7	1 958	275	1 865	-182	-584	9 283	2.2	2.7	2.8	-1.5	16.8	0.3	2.6	-0.3	-3.3
Nov	A	308 821	1 442	0.0	829	219	431	180	1 136	-1 749	2.5	3.9	3.1	-1.7	14.9	0.5	2.8	-0.3	-3.0
Dec	A	317 862	9 042	-0.4	796	-656	893	559	-2 356	-5 890	2.0	0.7	3.0	-2.5	16.5	0.1	2.7	-0.4	-2.8
03 *Jan*	A	323 936	6 073	0.0	-5 036	3 009	-8 365	320	-1 005	-10 104	-0.1	9.7	-0.0	-6.6	-0.6	1.1	-0.0	-1.2	0.1
Feb	A	316 034	-7 902	-0.2	2 854	-850	3 504	201	-20	10 776	1.9	6.7	3.0	-6.5	14.1	0.8	2.6	-1.2	-2.4

NET FINANCING OF GENERAL GOVERNMENT
Annual percentage changes



NET FINANCING OF GENERAL GOVERNMENT
Contributions to the annual percentage change



Source: BE.

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

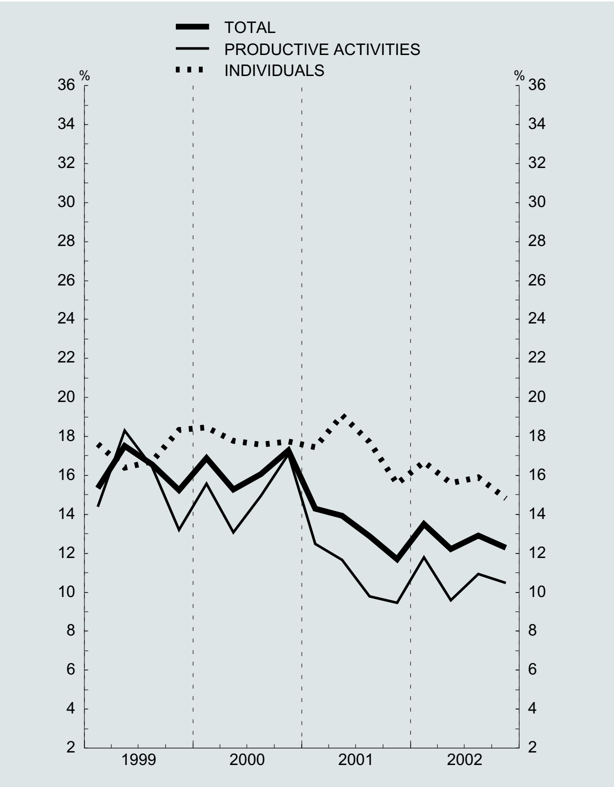
(b) Tax collection accounts are not included.

8.9 Lending by credit institutions to other resident sectors. Breakdown by end-use.

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

	Total (a)	Financing of productive activities: Total	Agricul-ture and fish-eries	Industry excluding construc-tion	Cons-truc-tion	Services	Financing of individuals: Total	Home purchases and improvements: Total	Purchases	Improve-ments	Pur-chases of consumer durables	Other (b)	Finan-cing of private non-profit entities	Unclas-sified
	1 ■	2 ■	3	4	5	6	7 ■	8	9 ■	10	11 ■	12	13	14
99	476 966	257 974	11 887	71 187	35 112	139 788	207 090	145 184	138 713	6 471	23 371	38 536	2 335	9 566
00	559 407	302 034	13 141	78 588	42 627	167 679	243 837	176 653	169 280	7 372	26 885	40 299	2 342	11 194
01	624 854	330 591	13 320	82 959	46 412	187 901	281 789	205 790	197 192	8 598	33 076	42 922	2 394	10 079
99 *Q4*	476 966	257 974	11 887	71 187	35 112	139 788	207 090	145 184	138 713	6 471	23 371	38 536	2 335	9 566
00 *Q1*	493 604	266 342	11 916	73 035	37 003	144 388	214 327	150 677	143 905	6 771	23 770	39 880	2 449	10 486
Q2	519 659	280 381	12 482	73 280	39 319	155 300	224 163	158 078	151 267	6 811	24 537	41 549	2 477	12 638
Q3	534 332	288 999	12 952	75 408	41 208	159 431	232 114	165 891	158 848	7 044	24 911	41 312	2 525	10 693
Q4	559 407	302 034	13 141	78 588	42 627	167 679	243 837	176 653	169 280	7 372	26 885	40 299	2 342	11 194
01 *Q1*	564 120	299 581	12 764	76 144	42 368	168 306	251 694	183 189	175 505	7 684	28 331	40 175	2 215	10 629
Q2	592 071	313 118	12 946	78 850	44 684	176 638	266 945	193 427	185 449	7 978	31 034	42 483	2 264	9 745
Q3	603 049	317 262	13 215	81 899	44 957	177 191	273 224	198 747	190 559	8 188	31 826	42 651	2 282	10 280
Q4	624 854	330 591	13 320	82 959	46 412	187 901	281 789	205 790	197 192	8 598	33 076	42 922	2 394	10 079
02 *Q1*	640 193	334 865	13 420	82 689	47 487	191 269	293 673	214 354	205 404	8 949	34 671	44 648	2 382	9 273
Q2	664 446	343 191	13 980	81 235	50 770	197 207	308 555	225 521	216 080	9 441	35 466	47 568	2 287	10 413
Q3	680 806	351 950	14 281	82 834	53 777	201 057	316 697	234 668	224 849	9 819	35 072	46 957	2 339	9 820
Q4	701 663	365 204	14 750	85 587	57 002	207 865	323 516	240 139	229 822	10 317	34 684	48 694	2 436	10 508

CREDIT BY END-USE
Annual percentage changes



CREDIT TO INDIVIDUALS BY END-USE
Annual percentage changes

Source: BE.

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

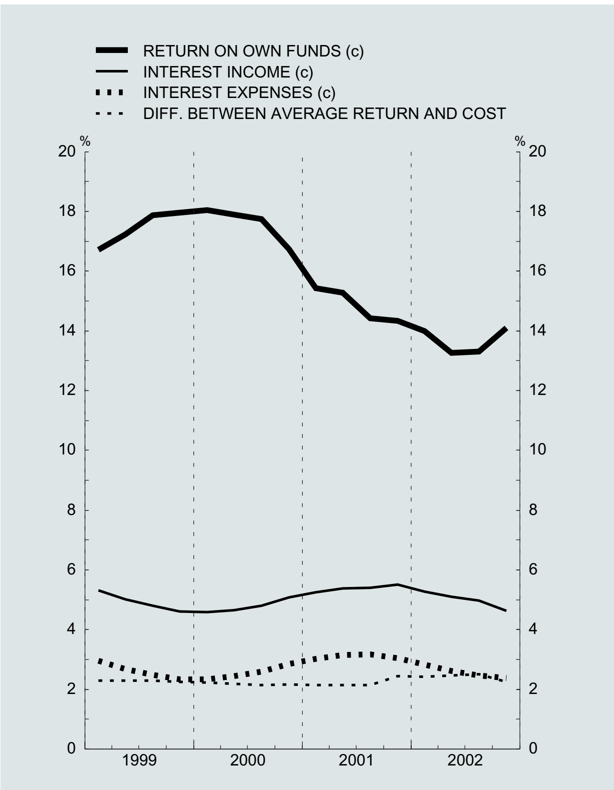
(b) Includes loans and credit to households for the purchase of land and rural property, the purchase of securities, the purchase of current goods and services not considered to be consumer durables (e.g. loans to finance travel expenses) and for various end-uses not included in the foregoing

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

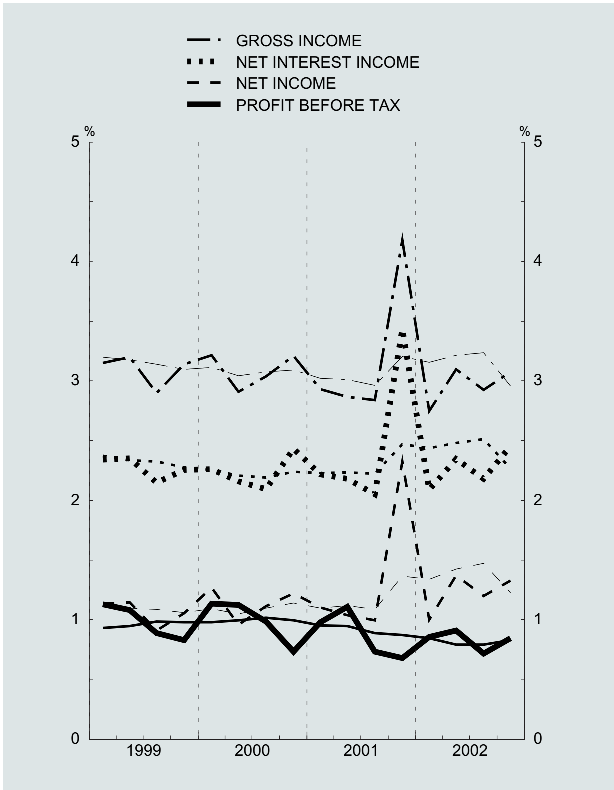
■ Series depicted in chart.

	As a percentage of the adjusted average balance sheet										Percentages			
	Interest income	Interest expenses	Net interest income	Non interest income and expenses	Gross income	Operating expenses:	Of which: Staff costs	Net income	Provisions and other income and expenses	Profit before tax	Return on own funds (a)	Average return on lending operations (b)	Average cost of borrowing operations (b)	Difference (12-13)
	1 ■	2 ■	3 ■	4	5 ■	6	7	8 ■	9	10 ■	11 ■	12	13	14 ■
99	4.6	2.3	2.3	0.9	3.1	2.1	1.2	1.1	-0.3	0.8	15.9	4.9	2.7	2.3
00	5.7	3.3	2.4	0.8	3.2	2.0	1.2	1.2	-0.6	0.7	11.9	5.5	3.3	2.2
01	6.2	2.8	3.4	0.7	4.2	1.9	1.1	2.3	-2.0	0.7	11.5	6.0	3.5	2.4
99 *Q4*	4.6	2.3	2.3	0.9	3.1	2.1	1.2	1.1	-0.2	0.8	15.9	4.9	2.7	2.3
00 *Q1*	4.7	2.5	2.3	1.0	3.2	1.9	1.2	1.3	-0.1	1.1	21.2	4.9	2.7	2.2
Q2	4.9	2.7	2.2	0.7	2.9	2.0	1.2	1.0	0.2	1.1	18.5	5.0	2.8	2.2
Q3	5.0	2.9	2.1	0.9	3.0	1.9	1.2	1.1	-0.1	1.0	15.4	5.2	3.0	2.1
Q4	5.7	3.3	2.4	0.8	3.2	2.0	1.2	1.2	-0.5	0.7	11.9	5.5	3.3	2.2
01 *Q1*	5.4	3.2	2.2	0.7	2.9	1.8	1.1	1.1	-0.1	1.0	15.9	5.7	3.5	2.1
Q2	5.4	3.2	2.2	0.7	2.9	1.8	1.1	1.0	0.1	1.1	17.9	5.8	3.7	2.1
Q3	5.1	3.0	2.1	0.8	2.8	1.8	1.1	1.0	-0.3	0.7	12.0	5.8	3.7	2.1
Q4	6.2	2.8	3.4	0.7	4.2	1.9	1.1	2.3	-1.6	0.7	11.5	6.0	3.5	2.4
02 *Q1*	4.5	2.4	2.1	0.7	2.7	1.7	1.0	1.0	-0.1	0.9	14.5	5.7	3.3	2.4
Q2	4.7	2.4	2.3	0.8	3.1	1.7	1.0	1.4	-0.5	0.9	15.0	5.5	3.0	2.5
Q3	4.6	2.4	2.2	0.7	2.9	1.7	1.0	1.2	-0.5	0.7	12.2	5.3	2.8	2.5
Q4	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-0.5	0.8	14.7	5.0	2.7	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



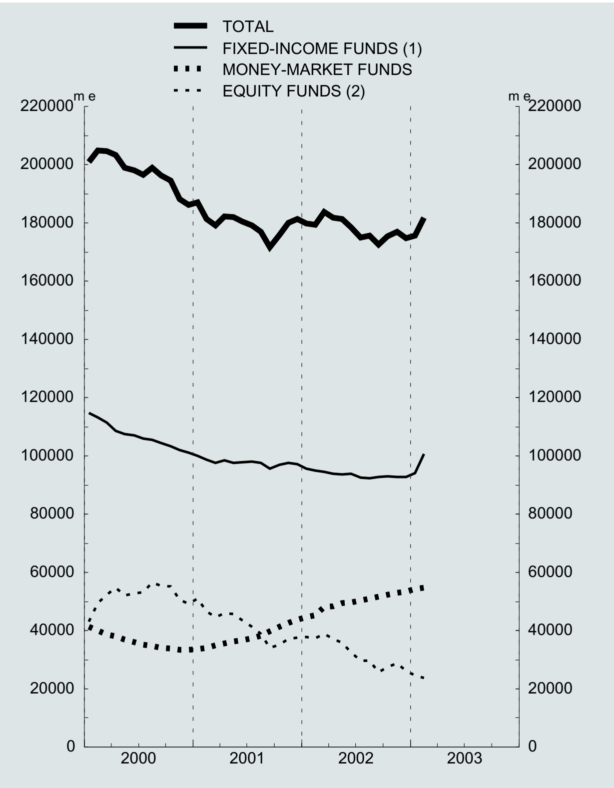
Source: BE.
Note: The underlying series for this indicator are in Table 89.61 of the BE Boletín estadístico.
(a) Profit before tax divided by own funds (capital,reserves, and general risk fund less losses from previous financial years and intangible assets).
(b) Only those financial assets and liabilities which respectively give rise to financial income and costs have been considered to calculate the averge return and cost.
(c) Average of the last four quarters.

8.11. Mutual funds resident in Spain

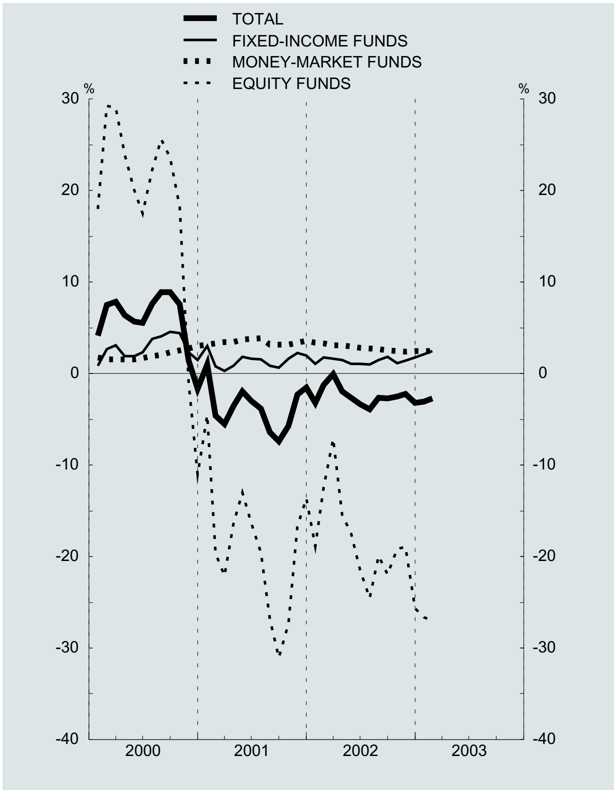
■ Series depicted in chart. *EUR millions*

	Total				Money-market funds				Fixed-income funds (1)				Equity funds (2)				Others funds (3)
	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value
	1 ■	2	3	4 ■	5 ■	6	7	8 ■	9 ■	10	11	12 ■	13 ■	14	15	16 ■	17
00	186 068	-20 225	-15 408	-1.7	33 368	-9 230	-9 558	3.0	101 190	-18 294	-19 692	1.4	49 249	6 534	14 493	-11.1	2 261
01	181 323	-4 746	-194	-1.5	43 830	10 462	9 798	3.5	97 246	-3 944	-47	1.9	37 494	-11 756	-5 053	-13.7	2 753
02	174 733	-6 590	3 345	-3.2	53 366	9 536	8 356	2.4	92 742	-4 504	-5 581	1.7	26 067	-11 427	-1 794	-25.7	2 558
01 *Nov*	179 939	4 209	2 596	-2.3	42 592	1 345	1 662	3.4	97 641	800	669	2.2	37 168	1 895	123	-16.7	2 537
Dec	181 323	1 384	823	-1.5	43 830	1 238	1 295	3.5	97 246	-395	-269	1.9	37 494	325	-203	-13.7	2 753
02 *Jan*	179 703	-1 620	-810	-3.2	44 610	779	704	3.4	95 499	-1 747	-1 523	1.1	37 775	282	-36	-18.9	1 819
Feb	179 303	-400	480	-1.2	45 203	594	514	3.3	95 047	-452	-694	1.7	37 276	-499	-14	-12.4	1 776
Mar	183 849	4 546	4 996	-0.1	48 085	2 882	2 805	3.1	94 434	-613	-412	1.6	38 836	1 560	956	-7.1	2 494
Apr	181 809	-2 040	-650	-2.0	48 433	348	263	3.1	93 902	-532	-677	1.5	37 070	-1 767	-246	-15.5	2 405
May	181 231	-578	472	-2.6	49 455	1 023	912	2.9	93 521	-381	-309	1.0	35 843	-1 227	-135	-17.4	2 412
Jun	178 425	-2 806	352	-3.4	49 692	237	102	2.8	93 824	303	595	1.0	32 531	-3 312	-358	-21.5	2 378
Jul	174 935	-3 490	-1 160	-3.9	50 318	626	534	2.8	92 449	-1 374	-1 326	1.0	29 733	-2 797	-368	-24.5	2 434
Aug	175 573	638	-63	-2.6	51 062	744	640	2.6	92 415	-35	-460	1.5	29 635	-99	-242	-20.0	2 462
Sep	172 639	-2 934	108	-2.7	51 623	561	421	2.5	92 741	326	135	1.8	25 817	-3 817	-447	-21.9	2 458
Oct	175 361	2 721	323	-2.5	52 387	765	672	2.4	92 948	207	-60	1.2	27 492	1 675	-289	-19.2	2 533
Nov	177 027	1 666	-274	-2.3	52 964	577	502	2.4	92 699	-249	-526	1.4	28 758	1 266	-220	-19.0	2 606
Dec	174 733	-2 294	-430	-3.2	53 366	402	290	2.4	92 742	43	-324	1.7	26 067	-2 691	-395	-25.7	2 558
03 *Jan*	175 610	877	1 539	-3.1	54 341	975	869	2.4	94 158	1 415	1 348	2.1	24 521	-1 546	-678	-26.7	2 590
Feb P	181 779	6 169	...	-2.7	54 694	353	...	2.4	100 648	6 491	...	2.4	23 638	-883	...	-27.0	2 798

NET ASSET VALUE



RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

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

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

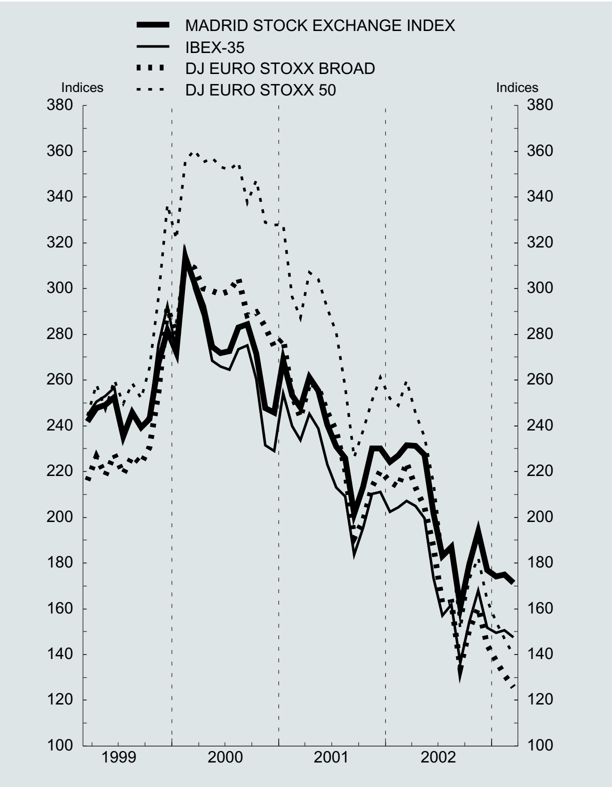
(3) Global funds.

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

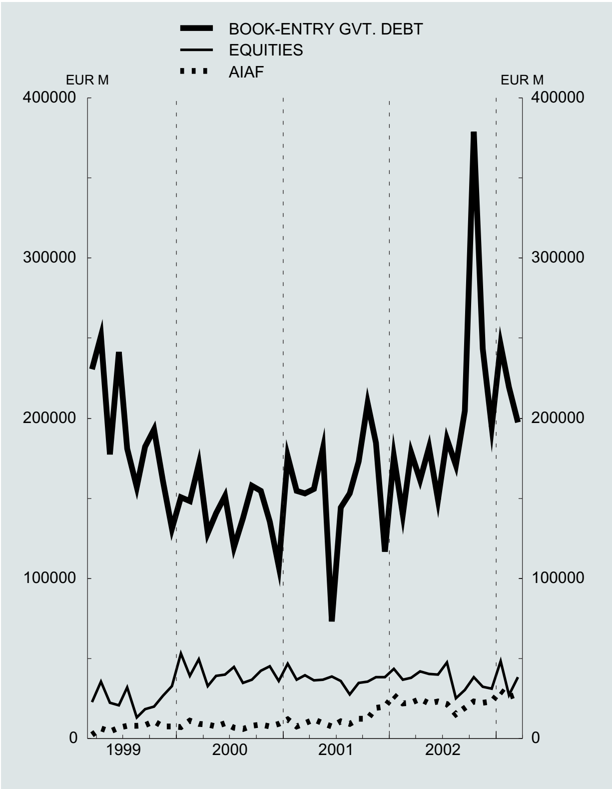
■ Series depicted in chart. *Indices, EUR millions and thousands of contracts*

	Share price indices				Turnover on securities markets							
	General Madrid Stock Exchange	IBEX 35	Dow Jones EURO STOXX indices		Stock market		Book-entry government debt	AIAF fixed-income market	Financial options (thousands of contracts)		Financial futures (thousands of contracts)	
			Broad	50	Equities	Bonds			Fixed-income	Shares and other equities	Fixed-income	Shares and other equities
	1 ■	2 ■	3 ■	4 ■	5 ■	6	7 ■	8 ■	9	10	11	12
00	994.21	10 754.59	420.44	5 038.57	492 981	39 692	1 703 705	99 827	-	17 168	1 095	4 168
01	853.16	8 810.46	335.07	4 039.98	445 380	56 049	1 875 428	142 491	-	23 230	290	7 953
02	723.05	7 029.55	258.10	3 027.83	445 071	69 820	2 365 859	265 754	-	19 151	55	3 955
01 *Dec*	824.40	8 397.60	314.52	3 806.13	38 413	4 372	116 545	20 027	-	2 102	15	311
02 *Jan*	802.92	8 050.40	307.53	3 670.26	43 636	5 250	176 066	27 012	-	1 394	4	362
Feb	813.65	8 135.50	304.52	3 624.74	36 743	5 169	139 996	21 969	-	1 546	3	332
Mar	829.24	8 249.70	319.68	3 784.05	37 959	5 784	178 684	22 568	-	2 390	10	315
Apr	828.00	8 154.40	303.89	3 574.23	41 777	6 508	161 410	24 682	-	1 157	2	316
May	814.45	7 949.90	291.75	3 425.79	40 467	5 627	181 923	21 841	-	1 568	5	320
Jun	722.73	6 913.00	266.84	3 133.39	39 763	5 397	149 077	23 186	-	2 170	11	370
Jul	655.51	6 249.30	231.34	2 685.79	47 539	6 915	187 029	21 400	-	1 527	4	393
Aug	669.63	6 435.70	232.75	2 709.29	25 306	6 052	170 577	14 986	-	968	3	306
Sep	576.17	5 431.70	191.47	2 204.39	30 202	6 104	204 486	19 212	-	2 056	7	320
Oct	643.15	6 139.40	215.58	2 518.99	38 382	6 624	378 742	23 215	-	1 579	1	371
Nov	693.62	6 685.60	229.02	2 656.85	32 218	5 510	243 173	22 415	-	1 022	0	304
Dec	633.99	6 036.90	205.94	2 386.41	31 078	4 882	194 696	23 268	-	1 775	4	246
03 *Jan*	623.96	5 947.70	196.03	2 248.17	48 432	5 511	245 815	29 839	-	888	0	303
Feb	626.46	5 999.40	187.03	2 140.73	27 106	5 236	219 445	25 898	-	932	0	265
Mar P	614.05	5 870.50	179.32	2 036.86	38 412	5 667	197 306	27 789	-	1 713	0	323

SHARE PRICE INDICES
JAN 1994 = 100



TURNOVER ON SECURITIES MARKETS



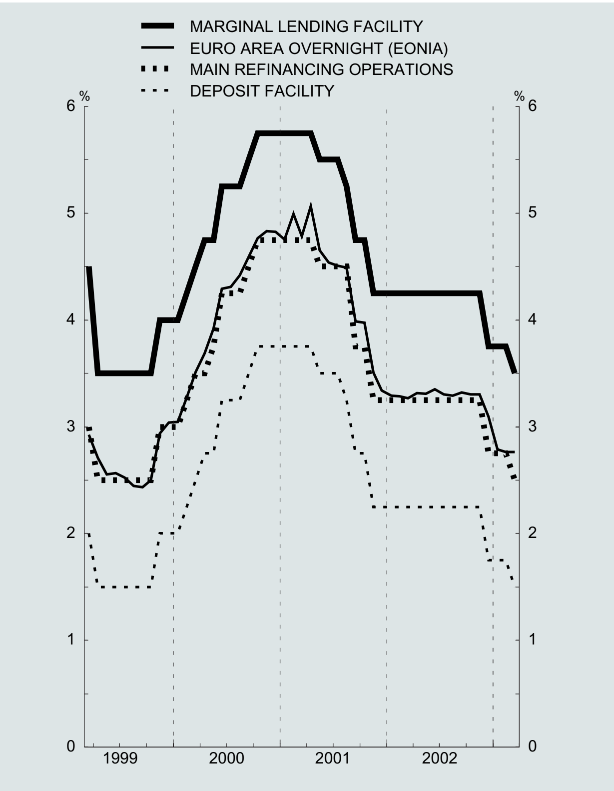
Sources: Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (columns 1, 2, 5 and 6); Reuters (columns 3 and4); AIAF (column 8) and Spanish Financial Futures Market (MEFFSA) (columns 9 to 12)

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

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

	Eurosystem monetary policy operations				Money market												
	Main refinancing operations: weekly tenders	Longer term refinancing operations: monthly tenders	Standing facilities		Euro area: deposits (Euribor) (a)					Spain							
			Marginal lending	Deposit	Overnight (EONIA)	1-month	3-month	6-month	1-year	Non-transferable deposits				Government-securities repos			
										Overnight	1-month	3-month	1-year	Overnight	1-month	3-month	1-year
	1 ■	2	3 ■	4 ■	5 ■	6	7 ■	8	9 ■	10	11	12	13	14	15	16	17
00	4.75	4.75	5.75	3.75	4.12	4.95	4.39	4.92	4.88	4.11	4.22	4.38	4.77	4.05	4.13	4.27	4.63
01	3.25	3.29	4.25	2.25	4.38	3.42	4.26	3.26	3.30	4.36	4.31	4.24	4.07	4.30	4.20	4.11	4.11
02	2.75	2.93	3.75	1.75	3.29	2.98	3.32	2.89	2.87	3.28	3.29	3.31	3.49	3.21	3.21	3.20	3.38
01 *Dec*	3.25	3.29	4.25	2.25	3.34	3.42	3.34	3.26	3.30	3.29	3.41	3.35	3.24	3.28	3.26	3.17	-
02 *Jan*	3.25	3.31	4.25	2.25	3.29	3.35	3.34	3.34	3.48	3.29	3.34	3.33	3.48	3.25	3.25	3.23	3.41
Feb	3.25	3.32	4.25	2.25	3.28	3.34	3.36	3.40	3.59	3.27	3.32	3.34	3.57	3.22	3.25	3.25	3.46
Mar	3.25	3.40	4.25	2.25	3.26	3.35	3.39	3.50	3.82	3.25	3.33	3.38	3.80	3.19	3.24	3.27	3.60
Apr	3.25	3.35	4.25	2.25	3.32	3.34	3.41	3.54	3.86	3.30	3.32	3.40	3.87	3.24	3.25	3.30	3.76
May	3.25	3.45	4.25	2.25	3.31	3.37	3.47	3.63	3.96	3.31	3.36	3.46	3.96	3.19	3.27	3.36	3.88
Jun	3.25	3.38	4.25	2.25	3.35	3.38	3.46	3.59	3.87	3.34	3.37	3.46	3.84	3.30	3.31	3.35	3.83
Jul	3.25	3.35	4.25	2.25	3.30	3.36	3.41	3.48	3.65	3.29	3.35	3.39	3.64	3.26	3.29	3.31	3.51
Aug	3.25	3.33	4.25	2.25	3.29	3.33	3.35	3.38	3.44	3.29	3.31	3.34	3.46	3.25	3.24	3.25	3.34
Sep	3.25	3.23	4.25	2.25	3.32	3.32	3.31	3.27	3.24	3.30	3.30	3.30	3.23	3.26	3.24	3.20	-
Oct	3.25	3.22	4.25	2.25	3.30	3.31	3.26	3.17	3.13	3.29	3.29	3.25	3.12	3.21	3.20	3.11	2.93
Nov	3.25	3.02	4.25	2.25	3.30	3.23	3.12	3.04	3.02	3.30	3.23	3.08	3.02	3.18	3.10	2.97	2.84
Dec	2.75	2.93	3.75	1.75	3.09	2.98	2.94	2.89	2.87	3.07	2.95	2.95	2.88	2.93	2.85	2.79	2.67
03 *Jan*	2.75	2.78	3.75	1.75	2.79	2.85	2.83	2.76	2.71	2.78	2.84	2.83	2.70	2.66	2.73	2.70	2.53
Feb	2.75	2.48	3.75	1.75	2.76	2.77	2.69	2.58	2.50	2.76	2.76	2.71	2.53	2.70	2.66	2.55	2.33
Mar	2.50	2.49	3.50	1.50	2.76	2.60	2.53	2.45	2.41	2.71	2.59	2.52	2.43	2.62	2.48	2.39	2.28

EUROSYSTEM: MONETARY POLICY OPERATIONS AND EURO AREA OVERNIGHT DEPOSITS



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

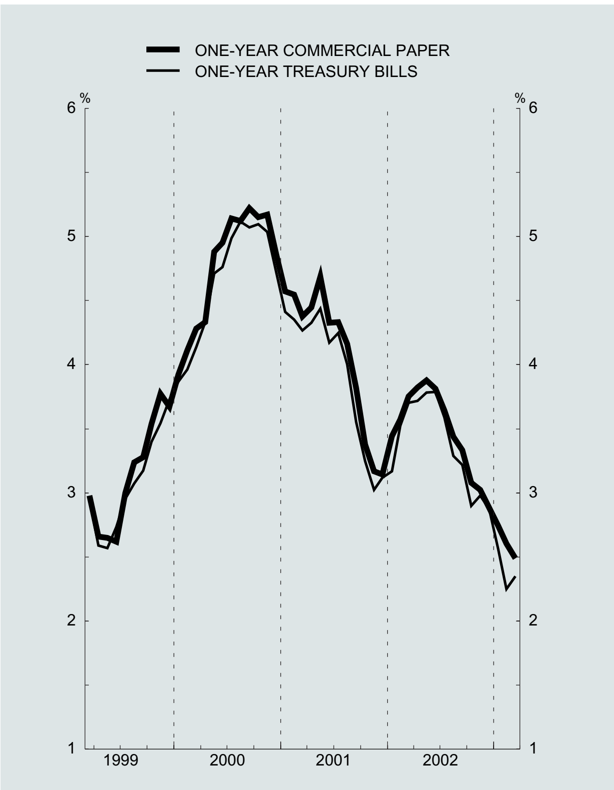
Source: ECB (columns 1 to 8).
(a) To December 1998, synthetic euro area rates have been calculated on the basis of national rates weighted by GDP

9.2. Interest rates: Spanish short-term and long-term securities markets

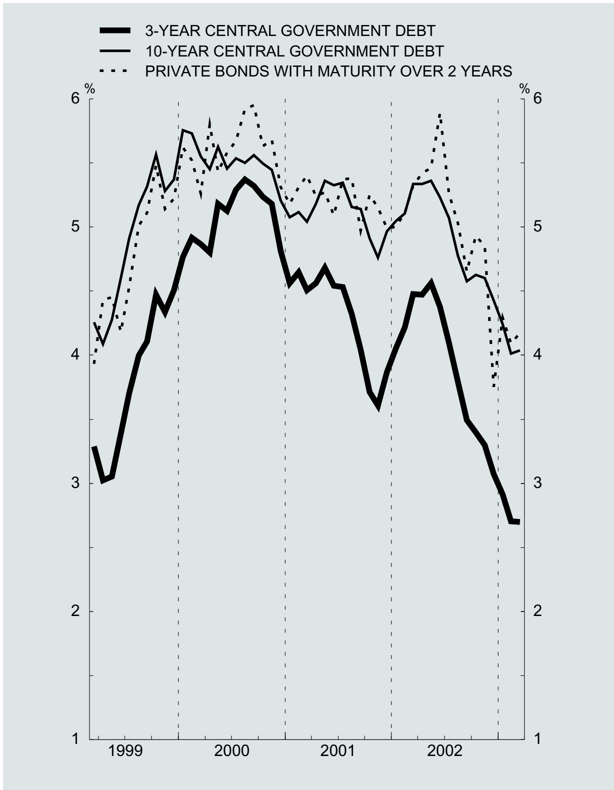
■ Series depicted in chart. *Percentages per annum*

	Short-term securities				Long-term securities							
	One-year Treasury bills		One-year commercial paper		Central Government debt							Private bonds with a maturity of over two years traded on the AIAF
	Marginal rate at issue	Secondary market: outright spot purchases between market members	Rate at issue	Secondary market: outright spot purchases	Marginal rate at issue					Secondary market. Book-entry debt. Outright spot purchases between market members		
					3-year bonds	5-year bonds	10-year bonds	15-year bonds	30-year bonds	At 3-years	At 10-years	
	1 ■	2	3 ■	4	5	6	7	8	9	10 ■	11 ■	12 ■
00	4.65	4.62	4.76	4.79	5.10	5.28	5.56	5.68	5.93	5.07	5.53	5.61
01	3.93	3.91	4.08	4.16	4.35	4.54	5.12	5.28	5.66	4.30	5.12	5.22
02	3.37	3.34	3.47	3.45	4.06	4.40	4.98	5.32	5.22	3.94	4.96	5.05
01 *Dec*	3.12	3.15	3.14	3.28	-	4.12	5.02	4.98	-	3.87	4.97	4.99
02 *Jan*	3.17	3.30	3.44	3.48	3.97	-	5.05	-	5.39	4.05	5.05	5.00
Feb	3.52	3.47	3.57	3.56	-	4.46	5.04	-	-	4.22	5.11	5.11
Mar	3.70	3.66	3.75	3.67	4.30	-	5.32	5.56	-	4.48	5.34	5.32
Apr	3.72	3.71	3.82	3.82	-	4.89	5.35	-	-	4.47	5.34	5.42
May	3.78	3.80	3.88	3.83	-	4.76	5.40	-	-	4.56	5.36	5.46
Jun	3.79	3.70	3.81	3.85	4.36	-	5.34	-	-	4.38	5.23	5.89
Jul	3.59	3.50	3.64	3.60	-	4.45	5.18	5.37	-	4.10	5.07	5.26
Aug	3.29	3.29	3.44	3.45	3.60	-	4.76	-	-	3.79	4.78	5.03
Sep	3.22	3.08	3.33	3.25	-	4.00	4.59	-	5.04	3.49	4.58	4.65
Oct	2.90	2.97	3.08	3.08	-	3.83	4.52	-	-	3.40	4.62	4.93
Nov	2.98	2.89	3.02	3.03	-	-	4.67	5.03	-	3.30	4.60	4.85
Dec	2.87	2.70	2.88	2.75	-	-	4.51	-	-	3.07	4.43	3.75
03 *Jan*	2.56	2.53	2.74	2.67	3.02	-	4.27	-	4.93	2.91	4.24	4.29
Feb	2.25	2.35	2.60	2.56	2.81	-	-	4.48	-	2.70	4.01	4.09
Mar	2.35	2.18	2.49	2.39	-	2.96	3.86	-	4.70	2.70	4.04	4.17

PRIMARY MARKET



SECONDARY MARKET



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

9.3 Interest rates:banks and savings banks resident in Spain

■ Series depicted in chart. *Percentages*

	Banks									Savings banks							
	Lending rates					Borrowing rates				Lending rates				Borrowing rates			
	Synthetic rate	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	Synthecic rate	Credit accounts at 1-3 years	Loans at 3 years and over	Mortgage loans over 3 years	Synthecic 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 ■
00 M	5.84	6.42	5.71	7.24	5.71	2.43	2.07	4.04	3.29	6.03	7.21	8.24	5.82	2.61	2.10	3.94	3.43
01 M	5.64	6.68	5.88	7.27	5.59	2.80	2.42	4.24	2.97	5.90	7.39	8.50	5.92	2.78	2.33	4.13	3.46
02 M	4.74	5.62	4.96	6.84	4.69	2.21	1.99	3.14	2.65	5.04	6.81	7.72	4.90	2.27	1.87	3.15	2.85
01 *Nov*	4.96	6.29	5.49	6.80	5.01	2.28	2.04	3.34	2.10	5.28	7.15	8.22	5.37	2.33	2.04	3.27	2.79
Dec	4.77	5.91	4.91	6.04	4.69	2.18	1.97	3.23	2.14	4.96	6.75	7.20	5.03	2.26	1.90	3.19	2.66
02 *Jan*	4.74	5.83	4.78	6.87	4.56	2.18	1.91	3.20	2.52	5.04	6.71	8.05	4.91	2.24	1.90	3.16	2.71
Feb	4.68	5.80	5.06	6.70	4.65	2.21	1.97	3.17	2.75	5.04	6.70	7.90	4.89	2.28	1.89	3.13	2.78
Mar	4.69	5.66	4.96	6.61	4.70	2.21	1.96	3.14	2.65	5.09	7.05	7.74	4.87	2.27	1.85	3.11	2.84
Apr	4.81	5.70	4.85	6.69	4.80	2.23	1.94	3.16	2.85	5.10	7.00	7.87	4.92	2.33	1.87	3.11	2.98
May	4.93	5.71	4.93	6.88	4.92	2.27	2.04	3.13	2.86	5.25	7.08	7.75	5.05	2.37	1.88	3.17	3.07
Jun	4.86	5.66	5.03	6.66	4.93	2.28	2.06	3.22	3.11	5.18	6.83	7.78	5.06	2.35	1.87	3.24	3.09
Jul	4.98	5.64	5.25	6.85	4.92	2.27	2.02	3.20	2.87	5.26	6.69	7.48	5.10	2.33	1.86	3.23	3.08
Aug	4.92	5.58	5.12	7.15	4.88	2.24	2.03	3.19	2.77	5.22	6.94	7.87	5.10	2.33	1.88	3.23	2.93
Sep	4.73	5.55	5.06	7.31	4.70	2.21	2.02	3.19	2.38	5.14	6.55	7.83	4.93	2.23	1.88	3.22	2.81
Oct	4.63	5.56	4.97	7.13	4.54	2.23	2.03	3.15	2.43	4.83	6.87	7.66	4.82	2.23	1.91	3.13	2.73
Nov	4.55	5.47	4.97	6.92	4.41	2.20	2.06	3.08	2.33	4.79	6.87	7.62	4.61	2.20	1.90	3.11	2.61
Dec	4.32	5.30	4.55	6.28	4.25	2.04	1.88	2.81	2.25	4.49	6.47	7.06	4.49	2.08	1.79	2.91	2.51
03 *Jan*	4.33	5.14	4.47	6.75	4.19	1.94	1.83	2.61	2.00	4.46	6.61	7.70	4.31	2.04	1.69	2.65	2.44
Feb	4.28	5.01	4.53	6.46	4.05	1.92	1.75	2.61	2.00	4.45	6.27	7.41	4.23	1.99	1.68	2.66	2.37

BANKS

SAVINGS BANKS

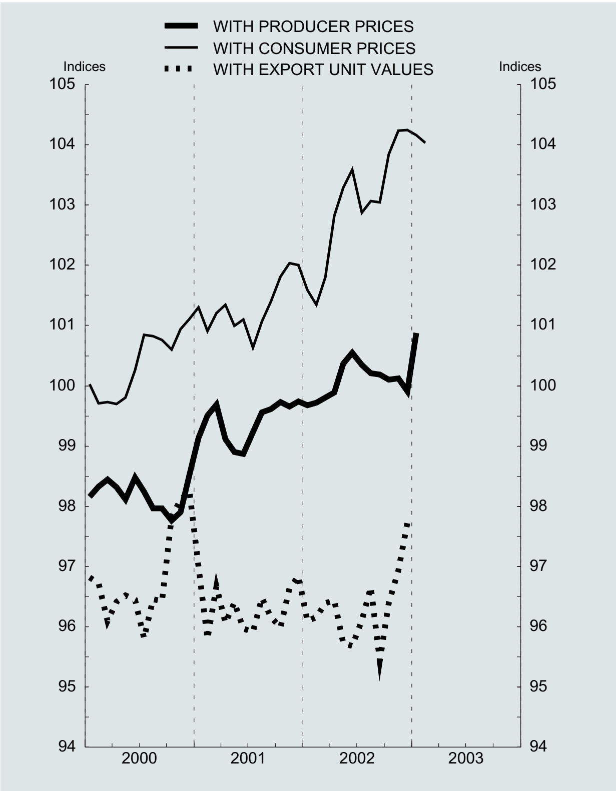
Source: BE.
Note: The underlying series for this indicator are in Tables 18.3 and 18.4 of the BE Boletín estadístico.

9.4 Indices of Spanish competitiveness vis-à-vis the EU and the euro area.

■ Series depicted in chart. *Base 1999 QI = 100*

	Vis-à-vis the EU									Vis-à-vis the euro area			
	Total (a)				Nominal component (b)	Price component (c)				Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Based on export unit values
	Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Based on export unit values		Based on producer prices	Based on consumer prices	Based on manufacturing unit costs	Based on export unit values				
	1 ■	2 ■	3	4 ■	5	6	7	8	9	10 ■	11 ■	12	13 ■
00	98.2	100.4	101.7	96.8	98.5	99.7	101.9	103.3	98.3	99.6	101.7	103.2	98.8
01	99.4	101.3	104.8	96.3	99.0	100.4	102.4	105.9	97.3	100.2	102.1	105.9	98.1
02	100.1	103.0	107.6	96.3	99.1	101.0	104.0	108.6	97.2	100.7	103.6	108.6	98.0
01 *Q1*	99.4	101.1	105.0	96.5	99.1	100.3	102.1	106.0	97.4	100.1	101.8	105.9	98.3
Q2	99.0	101.1	104.5	96.1	98.8	100.2	102.4	105.8	97.3	100.0	102.1	105.8	98.1
Q3	99.5	101.0	104.7	96.2	99.0	100.5	102.1	105.8	97.2	100.4	101.8	105.8	98.0
Q4	99.7	101.9	105.1	96.5	99.0	100.7	103.0	106.1	97.5	100.4	102.7	106.1	98.1
02 *Q1*	99.7	101.6	106.0	96.2	98.8	100.9	102.8	107.3	97.4	100.6	102.4	107.4	97.9
Q2	100.3	103.2	107.3	95.9	99.1	101.2	104.2	108.3	96.8	101.0	103.8	108.5	97.8
Q3	100.2	103.0	108.5	96.1	99.2	101.1	103.8	109.4	96.8	100.8	103.4	109.3	97.8
Q4	100.0	104.1	108.4	97.0	99.2	100.9	105.0	109.3	97.8	100.6	104.6	109.2	98.7
02 *Jun*	100.5	103.6	...	95.7	99.3	101.2	104.3	...	96.3	101.0	103.9	...	97.4
Jul	100.3	102.9	...	96.1	99.3	101.1	103.6	...	96.8	100.8	103.2	...	97.8
Aug	100.2	103.1	...	96.7	99.2	101.0	103.9	...	97.4	100.7	103.5	...	98.4
Sep	100.2	103.1	...	95.4	99.1	101.1	104.0	...	96.3	100.8	103.6	...	97.2
Oct	100.1	103.8	...	96.4	99.1	101.0	104.8	...	97.3	100.8	104.5	...	98.2
Nov	100.1	104.2	...	96.9	99.2	100.9	105.1	...	97.7	100.7	104.7	...	98.6
Dec	99.9	104.2	...	97.7	99.3	100.6	105.0	...	98.4	100.3	104.6	...	99.2
03 *Jan*	100.9	104.2	...	...	99.6	101.3	104.6	...	...	101.0	104.2	...	...
Feb	...	104.0	...	...	99.8	...	104.3	...	...	...	103.8	...	...
Mar	...	...	...	...	100.0	...	...	...	...	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE UE



INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE EURO AREA

Source: BE.

(a) Outcome of multiplying nominal and price components. A decline in the index denotes an improvement in the competitiveness of Spanish products.

(b) Geometric mean calculated using a double weighting system based on 1995-1997 manufacturing foreign trade figures.

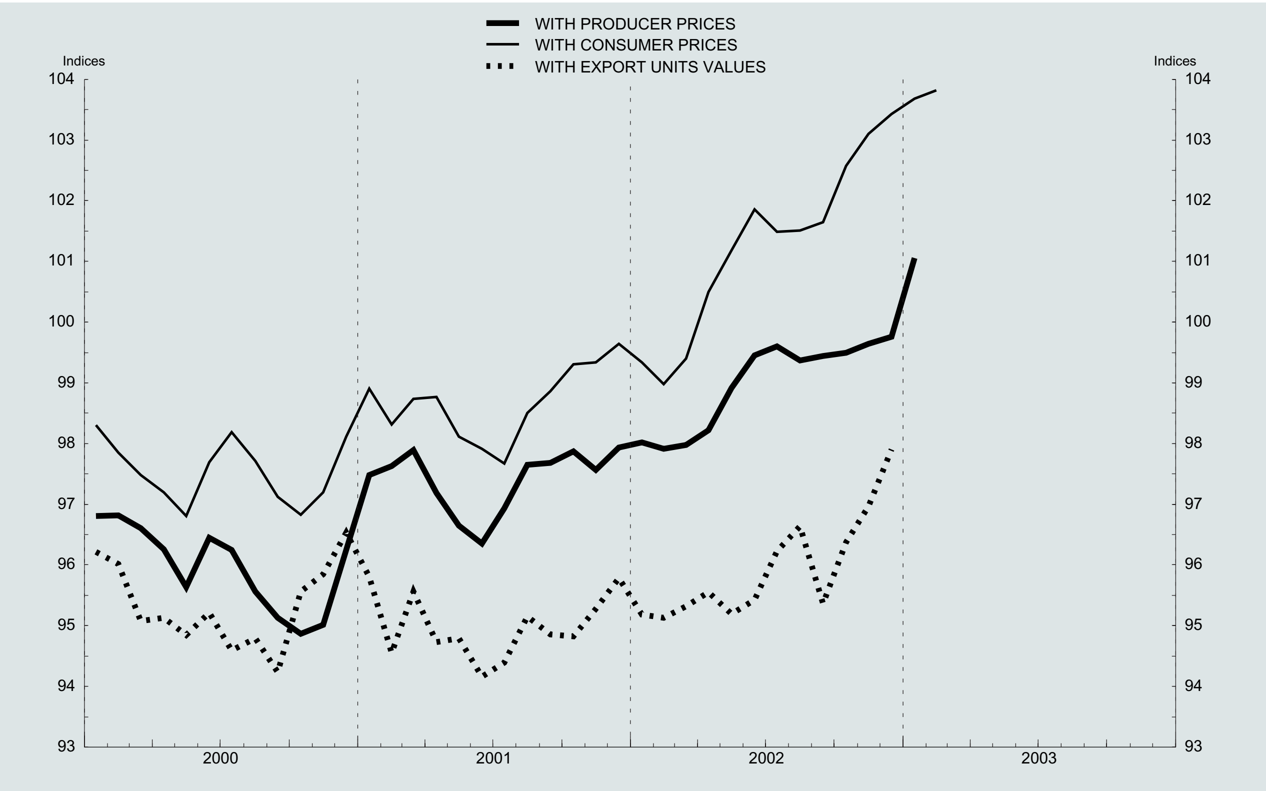
(c) Relationship between the price indices of Spain and of the group.

9.5 Indices of Spanish competitiveness vis-à-vis the developed countries.

■ Series depicted in chart. *Base 1999 QI = 100*

	Total (a)				Nominal component (b)	Price component (c)			
	Based on producer prices	Based on consumer	Based on manufacturing unit labour costs	Based on export unit values		Based on producer prices	Based on consumer prices	Based on manufacturing unit labour cost	Based on export unit values
	1 ■	2 ■	3	4 ■	5	6	7	8	9
00	96.0	97.5	99.1	95.3	95.8	100.2	101.9	103.5	99.6
01	97.4	98.7	102.2	95.0	96.3	101.2	102.5	106.1	98.7
02	99.0	101.3	106.0	95.9	97.1	101.9	104.3	109.2	98.8
01 *Q1*	97.7	98.7	102.5	95.3	96.7	101.0	102.1	106.1	98.6
Q2	96.7	98.3	101.5	94.6	95.9	100.9	102.5	105.9	98.6
Q3	97.4	98.3	102.0	94.8	96.2	101.3	102.2	106.0	98.5
Q4	97.8	99.4	102.6	95.3	96.3	101.5	103.2	106.4	98.9
02 *Q1*	98.0	99.2	103.7	95.2	96.2	101.8	103.1	107.8	98.9
Q2	98.9	101.2	105.4	95.4	96.8	102.1	104.5	108.9	98.6
Q3	99.5	101.5	107.3	96.1	97.5	102.0	104.1	110.1	98.5
Q4	99.6	103.0	107.6	97.1	97.8	101.8	105.3	110.0	99.2
02 *Jun*	99.5	101.9	...	95.4	97.4	102.1	104.6	...	98.0
Jul	99.6	101.5	...	96.2	97.6	102.0	104.0	...	98.6
Aug	99.4	101.5	...	96.6	97.4	102.0	104.2	...	99.2
Sep	99.4	101.7	...	95.4	97.5	102.0	104.3	...	97.8
Oct	99.5	102.6	...	96.4	97.6	102.0	105.1	...	98.8
Nov	99.6	103.1	...	97.0	97.8	101.9	105.4	...	99.1
Dec	99.8	103.4	...	97.9	98.1	101.6	105.4	...	99.8
03 *Jan*	101.1	103.7	...	...	98.8	102.3	105.0	...	...
Feb	...	103.8	...	...	99.2	...	104.7	...	...
Mar	...	...	...	...	99.4	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS-À-VIS THE DEVELOPED COUNTRIES



Source: BE.
(a) Outcome of multiplying nominal and cost/price components. A decline in the index denotes an improvement in the competitiveness of Spanish products.
(b) Geometric mean calculated using a double weighting system based on 1995-1997 manufacturing foreign trade figures.
(c) Relationship between the price indices of Spain and of the group.

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Results of non-financial firms in the first quarter of 1999	Jul	51
Financial regulation: second quarter of 1999	Jul	61
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