

BANCO DE ESPAÑA

economic bulletin

July 2003

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Abbreviations

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

<i>Countries</i>		<i>Currencies</i>	
BE	Belgium	ESP	Peseta
DK	Denmark	EUR	Euro
DE	Germany	JPY	Japanese yen
GR	Greece	USD	United States dollar
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		

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

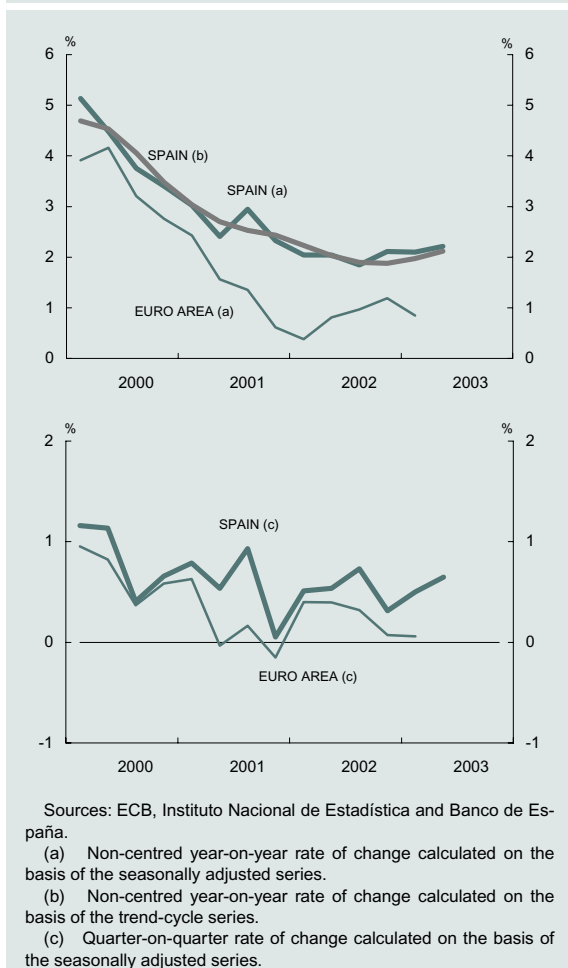
In recent months and following the conclusion of the war in Iraq, some of the uncertainties bearing on the international economic situation have begun to clear, although certain geopolitical tensions remain in place. The impact of the expansionary macroeconomic policies implemented in several regions means that the envisaged scenario of a moderate recovery in the world economy in the second half of 2003 is looking increasingly realistic. The outlook, however, is not free from risk, as there are doubts over whether some of the most dynamic economies are in a position to move firmly onto a sustained growth path. Against this backdrop, growth in the Spanish economy has been rekindled to some extent during 2003 Q2, while its inflation rate has dipped appreciably. On seasonally adjusted series, the real year-on-year rate of change of GDP in this period is estimated to have been around 2.2%, and the quarter-on-quarter rate 0.6%, both 0.1 pp higher than the rates reported by INE for Q1. If current forecasts are met and growth in the euro area in Q2 proves similar to that of the previous quarter, then the divergence between the growth rates of Spain and the euro area as a whole will have been maintained, as will the process of real convergence (see Box 1). The inflation differential with the euro area countries fell to 0.8 pp in June (from 1.3 pp three months earlier), as the rate of increase of the HICP in June was 2.8%, almost 1 pp down on March.

The prospects of growth in the US economy have improved in recent months. The cumulative decline in interest rates, the persistent increase in public spending and the bringing forward of the previously announced tax cuts are expected to contribute to spending expanding in the second half of the year. The financial position of households has already improved appreciably (thanks, above all, to lower interest rates) and consumption may be given fresh momentum by the impact of the tax cuts on disposable income, despite the fact confidence indicators remain negative and the unemployment rate high. Turning to companies, expectations remain hesitant and the low rate of capacity utilisation means that investment spending has yet to take off. In any event, productivity growth is high and the trend of unit wage costs very contained. And this, combined with favourable financial conditions, means there are expectations of a considerable pick-up in corporate earnings.

The US economy might therefore grow in the coming months at a considerable pace, essentially as a result of the strongly expansionary policies implemented. That said, sufficient progress has not been made in correcting the economy's imbalances, which might affect and detract from the intensity of the recovery.

CHART 1

Gross domestic product

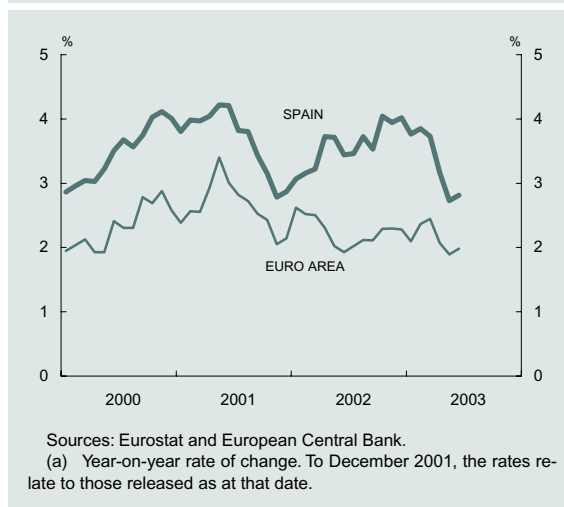


In other regions outside the euro area the outlook remains uncertain although generally better than a few months back. It would not seem that the recent surge in oil prices will firm, since this is in response above all to the supply difficulties with Iraqi crude, to the interruptions in supplies from certain key regions and to the low level of stocks. In these circumstances, the expected benefits from a sharper fall in crude prices are being deferred.

In Japan, the latest data are more favourable; domestic demand has picked up somewhat and employment has ceased to trend negatively. In the coming months, once it is confirmed that the effects of SARS on the markets in the region are behind, external demand might once again contribute positively to growth. The situation in Latin America and in the European countries poised for EU membership is not substantially different from that set out in the last Report. The improvement previously discernible in the main Latin American financial markets,

CHART 2

Harmonised indices of consumer prices (a)



while it has not reversed, does appear to have come to a halt recently. The countries which had posted increases in their inflation rates have seen an improvement in their results thanks to the greater firmness of exchange rates, which has allowed monetary policies to be eased to some extent. The growth rate of the EU accession candidates has been slightly checked on the whole, although the results differ widely from one country to the next.

The euro area economy has maintained a sluggish pace of growth in recent months, following the situation of virtual stagnation reflected by the National Accounts data for Q1. The only signs of momentum have been in certain consumption indicators, more in response to the favourable financing conditions in the area and to the stabilising impact of fiscal policy than to the behaviour of employment, which remains lacklustre. The inflation rate has eased as a result of the performance of the energy component, since the index measuring underlying inflation has virtually stabilised in recent months. There are favourable expectations that the inflation rate will dip below 2% in the coming months, supported by the foreseeable moderation of other core components of the HICP further to the pass-through of the appreciation of the euro and to the expected normalisation of the oil market. Moreover, productivity gains – derived basically from the deterioration in employment – are containing the increase in unit labour costs.

The ECB Council decision to cut official rates by 50 bp on 5 June, taking the key rate to 2%, fed through to money-market interest rates. This, along with the interruption of the appreciation of the euro, the low level of long-term inter-

Some thoughts on the calculation of per capita GDP

Per capita GDP is a variable that attempts to summarise the level of well-being attained by an economy. As a result, its comparison with the per capita GDP figures of other benchmark countries or regions is the convergence indicator *par excellence*. However, besides the difficulties of correctly measuring it, per capita GDP is not very informative when it comes to examining the underlying factors of convergence processes. Accordingly, analysis is usually enriched by decomposing it into its three constituent variables: the rate of employment, labour productivity and the proportion of the labour force of working age (see the article in the July/August edition of the *Boletín económico* on the monitoring of real convergence on the basis of indicators). This decomposition enables per capita GDP growth to be related to the workings of the labour market, productive efficiency and demographic variables.

To make comparisons between different economic areas homogeneous, the use of purchasing power parities (PPP) has become widespread. PPP adjust the level of GDP for the structure of relative prices. Moreover, it should be considered whether the valuation is to be at current or constant prices and, in this latter case, which base year is to be used. Measuring GDP in one of these two ways yields results that may differ significantly, without it being possible to determine whether one criterion is better than the other, since it will depend in each case on the aspect it is wished to highlight. Thus, in international comparisons, per capita GDP is frequently valued at current prices and in PPP. This is the method Eurostat uses, which enables Spain's relative position vis-à-vis the EU to be obtained, for each year, with the relative prices of that year. However, this method poses disadvantages when it is wished to decompose per capita GDP into the three aforementioned variables or when it is wished to make comparisons over time, as these are distorted by changes in relative prices.

The use of constant prices for a specific year, valued too in terms of PPP, to measure per capita GDP entails worsening the comparability of the estimates in contemporaneous terms in exchange for obtaining better comparability over time. In this case, a decision must be made on the base year to be taken as a reference. An initial option is to use the latest year presented in the estimates as a base, the advantage of this being that it provides for contemporaneous comparison and uses the most up-to-date relative prices. But there are drawbacks to this option. Firstly, it involves changing the base year each time a new year is incorporated, which involves changing in each update the level of all the series expressed in constant prices. Secondly, it entails using highly provisional series (the deflator and PPP for the latest year) as reference values.

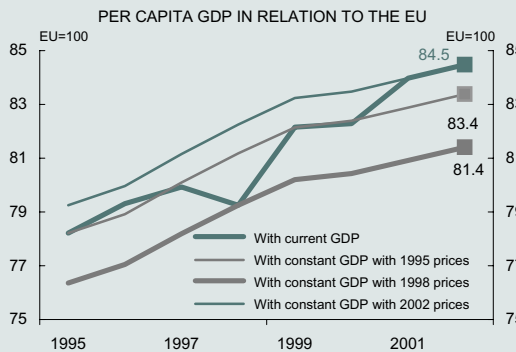
A third option is to take the National Accounts base year, which in Spain's case is 1995. The advantage of this option is that real variables are referenced to the year for which the estimation of the structure of relative prices in each country has been obtained with most accuracy.

The two adjoining charts illustrate the consequences of each of these options. The top chart depicts Spain's per capita GDP relative to the EU, calculated in one case at current prices for each year (and in PPP), and in the other expressed in constant prices, with the base in different years. As can be seen, the relationship between Spanish and EU per capita GDP depends on the year selected as a base for the prices, given that in each of these years the structure of relative prices in the benchmark economy (in this case the EU) has progressively changed.

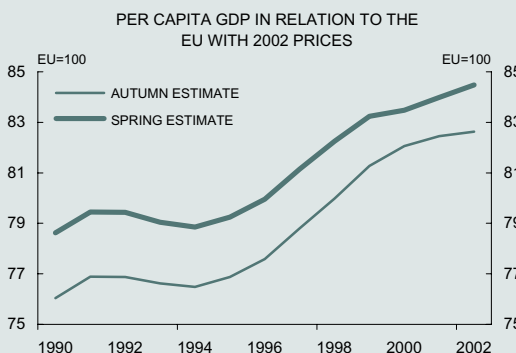
The lower chart shows the scale of revised estimates of per capita GDP depending on whether the latest available year (2002) or an alternative base year (1995) is used as a base. Note that if the series are expressed in latest-year prices, a bigger revision arises which, moreover, affects the entire series owing to the greater degree of provisionality of the figure taken as a reference.

To resolve all these alternative cases, the Banco de España has, in addition to publishing the series of per capita GDP at current prices (which allows analysis of the position each year with the prices for that year and, in particular, the latest year offered with the most up-to-date structure of relative prices), decided to incorporate the per capita GDP of Spain and the EU-15 with 1995 constant prices into the convergence indicators, with the corresponding decomposition into its determinants, which allows for uniform comparisons over time.

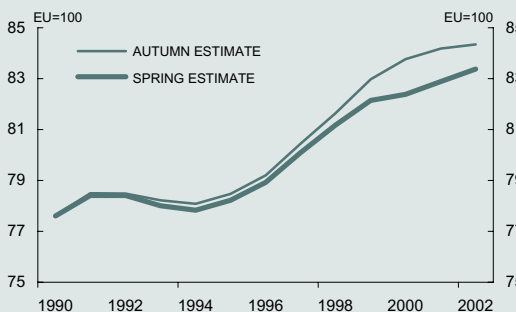
Comparison of per capita GDP estimated under different assumptions as to the prices used



Revised per capita GDP



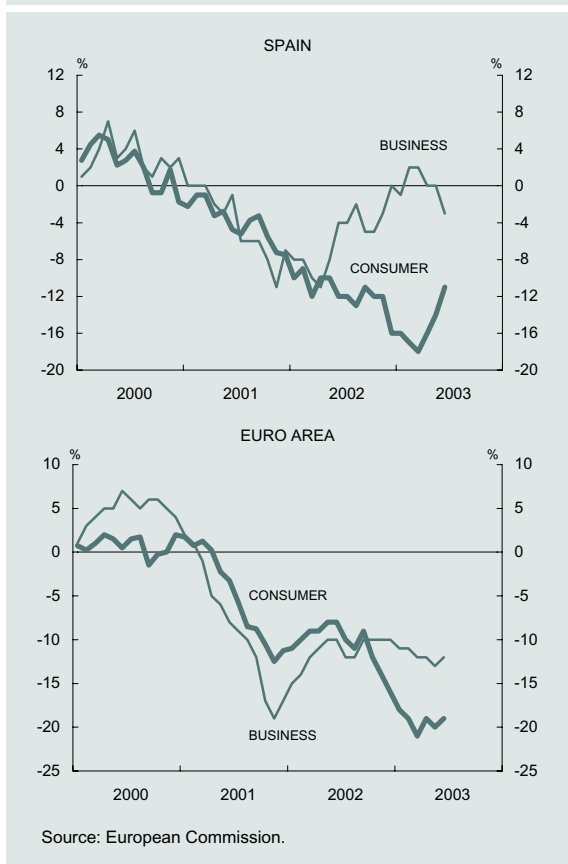
PER CAPITA GDP IN RELATION TO THE EU WITH 1995 PRICES



Sources: Ameco and Banco de España.

CHART 3

Confidence indicators



est rates, the rise in stock market prices and the narrowing of the spread on corporate bond yields, has set in place monetary and financial conditions conducive to an increase in investment in the coming months, once the ongoing restructuring of balance sheets in certain sectors has been concluded.

This phase of cyclical weakness has prompted a notable increase in the budget deficits of the countries most affected by the diminished buoyancy of activity. In those economies where the budgetary position was furthest off balance, the economic slowdown has placed deficits above the level of 3% established in the Treaty on European Union. The attempt by some of these governments to foment recovery through the adoption of expansion-geared discretionary policies might prolong the excessive deficit procedures initiated at present. At this difficult juncture, it is important that the various countries and European authorities should maintain the consensus on the rules agreed under the Stability and Growth Pact, and on the most appropriate way of applying them in the current situation. In any event, headway in structural reforms, along the lines of the measures recently under-

taken in France and, above all, in Germany, would seem a particularly necessary course to follow in the medium term so as to overcome the problems besetting the area and to restore its growth capacity.

All the domestic demand components have contributed to the growth of the Spanish economy during 2003 Q2. If movements in stockbuilding are excluded, the estimated year-on-year growth rate for this aggregate in Q2 is 2.9% (over 3% if the aforementioned movements are included), 0.2 pp up on the previous quarter. In addition to the continuing buoyancy of household and general government expenditure, and that of non-residential construction investment, the latest data are prominent – as well as for employment growth and the slowdown in the inflation rate – for the recovery in investment in equipment and the sustained vigour of goods exports. However, in this latter case, the parallel growth of imports has meant that the contribution of net external demand to real GDP growth has been substantially negative, by a similar amount to that in Q1.

The growth of household income, the loose monetary and financial conditions in which the Spanish economy is moving and, more recently, the increase in net wealth (the combination of the stock market pick-up and the growth of house prices) are other factors that have most contributed to the increase in household expenditure. The rise in consumption is expected to have exceeded the figure for Q1, and most of the leading indicators in the residential construction sector have been showing renewed robustness, which would naturally be indicative of growth in demand.

A series of factors have contributed to the growth of disposable income in the first half of the year, including most notably cuts in income tax rates and the application of wage indexation clauses owing to the deviation of the inflation rate from the official forecast. But it is the buoyancy of employment that provides the soundest and most lasting basis for sustaining disposable income, as reflected by the recently released EPA (Labour Force Survey) figures.

Financing received by households has continued to grow during the first half of the year at a rate of close to 15% year-on-year, slightly up on the related figure last December. While credit for house purchases has continued to show the highest rate of increase (15.6% in May), the latest figures show a slight slowdown. Meanwhile, financing for consumption and other purposes has quickened to 14.6% in May. The provisional data for June confirm these trends. Household debt ratios in respect of their dispos-

able income have continued to increase, although their financial position has been strengthened by the aforementioned increase in their net wealth. Nonetheless, it should be borne in mind that a situation such as the present one, in which saving levels are low and debt ratios are increasing appreciably, entails greater vulnerability to the sharp changes that might arise in one or more of the variables that determine households' ability to meet their debts, such as employment, borrowing costs or the value of their real or financial assets.

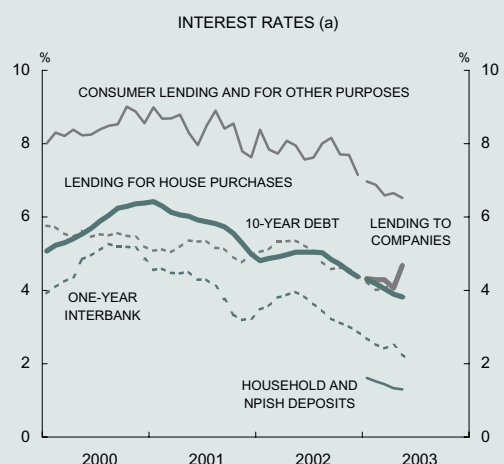
The situation of companies is also proving favourable for a recovery in investment, which had hitherto been confined to activities relating to private and infrastructure construction and to public investment. The latest indicators have offered clearer signs of the recovery perceived in investment in equipment since the start of the year, to the extent that the related year-on-year growth rate is clearly positive in Q2 at around 2.5%. Financing received by companies has held at a high growth rate (14.3% in May), and financing to activities outside the construction sector extended by resident credit institutions has visibly been more buoyant. In any event, corporate debt ratios have continued to increase, albeit at differing rates according to the type of company: while large corporations are restructuring their balance sheets by reducing their relative levels of debt, small and medium-sized companies continue to increase theirs. According to data provided by the companies reporting to the Banco de España Central Balance Sheet Data Office, earnings and profitability and financial-burden ratios in the period to the end of Q1 are at comfortable levels, paving the way for the gradual expansion of productive investment in the near future.

As highlighted, another significant feature of the data for 2003 Q2 is the sustained vigour of goods exports, whose increases in real terms are outgrowing those of their target markets. Most notable has been the performance of exports in several Community countries, since the losses in competitiveness arising from the course of the euro are being felt outside the euro area and the results have been poorer. Although the tourist industry indicators are also looking somewhat livelier, the estimated real increase for exports of goods and services in this period does not differ significantly from that offered for Q1.

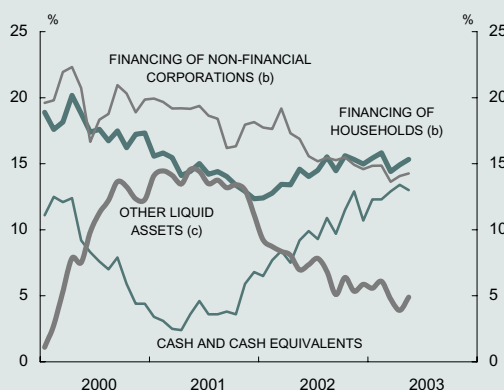
The overall growth of domestic demand and exports, comprising final demand in the economy, has fed through in part to imports, which were also boosted by the loss of competitiveness of the domestic market compared with certain foreign regions, as a consequence of

CHART 4

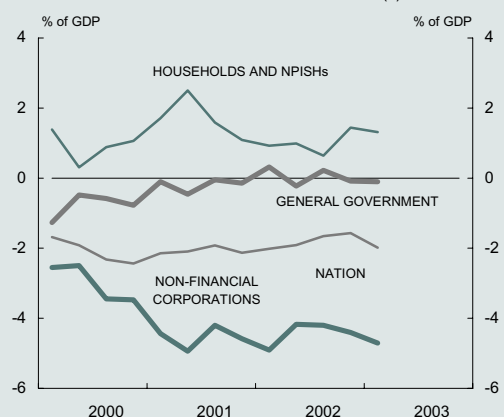
Financial indicators of the Spanish economy



FINANCIAL ASSETS AND FINANCING OF NON-FINANCIAL CORPORATIONS AND OF HOUSEHOLDS AND NPISHs



NET FINANCIAL TRANSACTIONS (d)



Source: Banco de España.

(a) There is a break, in January 2003, in the series of banking rates owing to changes in the data compilation statistical requirements.

(b) Includes bank lending extended by resident credit institutions, foreign loans and financing through securitisation funds. Financing to non-financial corporations also includes fixed-income securities.

(c) Includes deposits with agreed maturity, repos, bank securities, residents' cross-border deposits and shares in money-market funds.

(d) Cumulative four-quarter data.

the appreciation of the euro. Indeed, the imports/final demand ratio, which had stabilised in recent years owing partly to the structure of demand growth, is picking up once again.

As earlier discussed, the role of general government activity in the growth of the economy in the first half of the year was telling. In addition to its contribution to increasing household disposable income, consumption and public investment have increased at a notable pace. That the financial balance on State accounts should have proven more favourable than the same period a year earlier is logically due to the sound performance of the main taxes, chiefly personal income tax and VAT.

The growth of the Spanish economy has been distributed fairly uniformly across the different productive branches, with the negative exception of agriculture. Naturally, however, it is the construction and non-market services branches which have been most buoyant, while the recovery in industrial activity has been slowing. The employment figures conform to this pattern, and although some of the indicators for June have shown the increase in this variable to have been checked somewhat, the recently released EPA data have confirmed the robustness of job creation.

On EPA figures, employment increased by 2.6% in 2003 Q2, on the same recovering path as the previous quarter. The labour force has also remained notably vigorous and the unemployment rate has slowed once again. Across the different sectors, there was significant employment growth in construction and in services, while it tended to fall and even turn negative in industry, as was already the case in agriculture.

The information on labour costs for Q1 shows the impact of the indexation clauses on wage costs, together with the notable continuing in-

crease in non-wage costs. The pattern of collective bargaining has not varied significantly during Q2 whereby, given the low growth of apparent productivity, the pressure of unit wage costs will have remained high. This pressure has fed through unevenly to the different branches, and while in construction the increase in business margins has remained very high, in industry – and especially in its associated export activity – the trend has been negative. It should be borne in mind that, for several months, export prices have been posting growth rates of virtually zero, so as to lessen the losses in competitiveness in non-Community markets and to hold their ground against the euro area countries.

The decline in the inflation rate in Q2 was, as mentioned, notable. In terms of the CPI, the twelve-month growth rate fell by 1 pp from April to June, having stood at 2.7% in the former month. Although the slowdown in energy prices was the key factor behind this performance, the growth rates of other more stable components of the index also fell, especially processed food and, to a lesser extent, services. The reduction in the inflation differential with the euro area countries, calculated using the respective harmonised indices, is due above all to the behaviour of food prices, which have practically bridged the notable gap that had been in place for over a year, while the differential in respect of non-energy industrial goods has tended to widen.

The Spanish economy should further moderate its inflation rate so that, as international activity recovers, net foreign trade flows do not detract from growth potential but provide rather a boost that passes through to business activity and corporate investment. In this respect, the recent behaviour of labour costs (wage and non-wage alike) and the persistence of muted rates of increase in productivity might act as a brake on the entrenchment of this process.

2. The external environment of the euro area

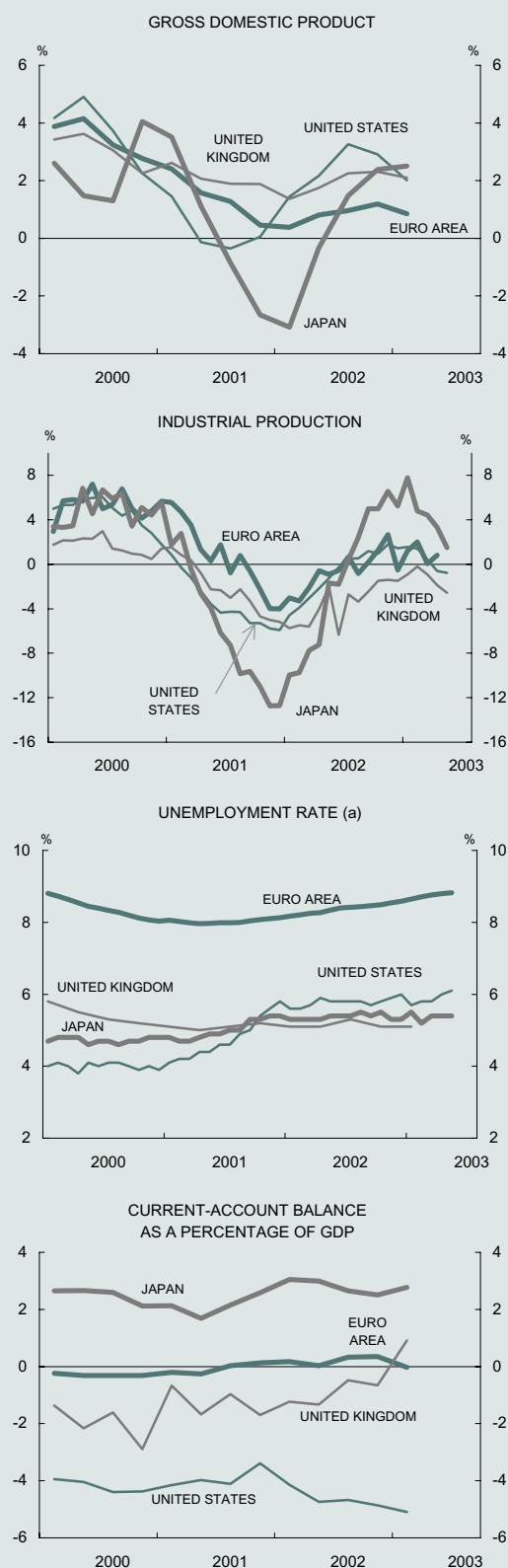
In 2003 Q2 the main economies of the external environment of the euro area maintained a slow pace of recovery, similar to that in Q1. However, the gradual improvement in underlying conditions, combined with expansionary demand-side policies, gave rise to a moderately optimistic outlook for the second half of the year.

Developments on international financial markets largely reflected this optimism. During 2003 Q2, the equity markets performed favourably and financing conditions for business improved as the spreads on corporate bonds narrowed. Against this background, the dollar depreciated sharply and reached a low against the euro since the inception of the European currency. However, this trend reversed partially in June and July. Interest rates on government debt in the industrialised countries initially declined – despite the deterioration in public finances – supported by expectations of a reduction in official interest rates, among other factors. As the materialisation of these expectations proved more moderate than foreseen, a rapid and significant increase in long-term interest rates ensued as from mid-June, especially in Japan.

In the United States, GDP grew by 1.4% (in annualised quarterly terms) during 2003 Q1. Consumption grew by 2%, while corporate investment resumed a negative rate. The economic indicators released showed ambiguous signs, pointing to growth during Q2 having remained at a moderate pace. The positive retail sales figures in May and June confirmed the gradual pick-up in private consumption, despite consumer confidence falling after posting a notable improvement on the end of the military conflict in Iraq. Corporations showed no signs of harnessing their improved financial position to increase investment and employment, despite the strength of earnings in Q1. The decline in new orders of durable goods in May and the modest monthly increases in industrial production in May and June reflected the slackness of investment. As regards business confidence indicators, the performance across sectors clearly diverged: in manufacturing there was a very gradual increase while in services there was a forceful expansion. As in the previous quarter, the economic recovery occurred against the background of a weak labour market: numbers employed fell by 100,000 between May and June, placing the unemployment rate at 6.4%, the highest in nine years. As for inflation, the monthly rates of the headline indices of consumer prices, production and imports increased slightly in June, in step with the rise in oil prices. The 12-month rate of change of the CPI stood at 2.1%, but the underlying rate dipped to 1.5%, the lowest rate since the sixties. At its meeting

CHART 5

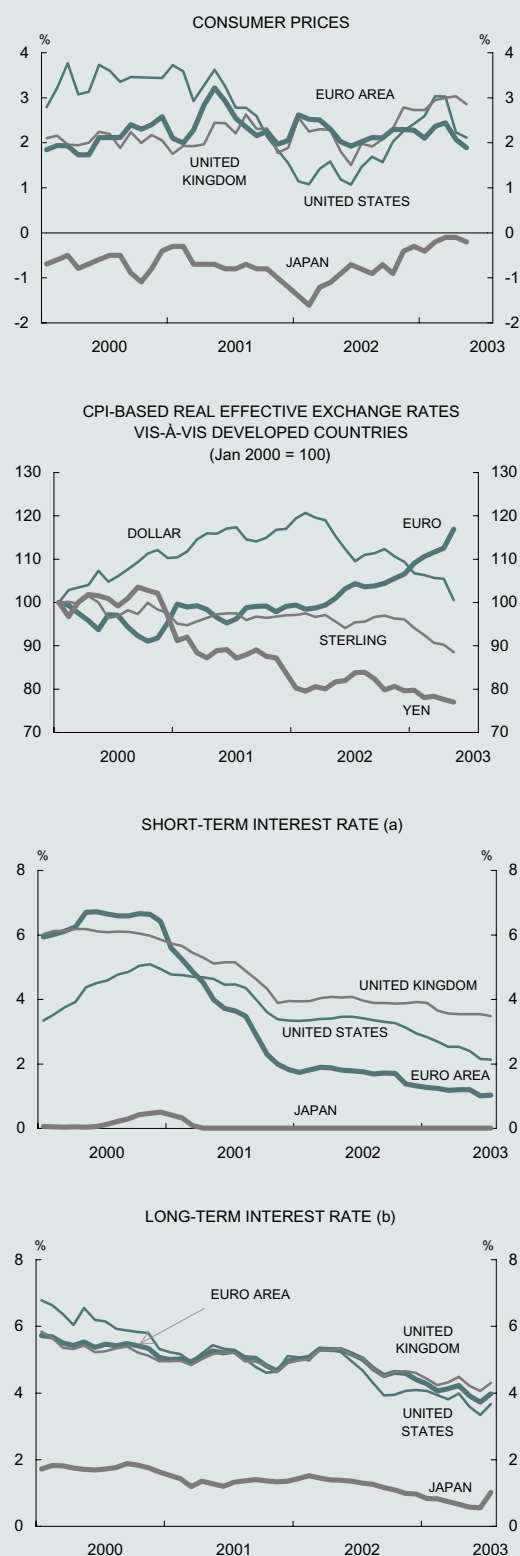
Main macroeconomic indicators Annual rates of change



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

CHART 6

Prices, real exchange rate and interest rates



Source: Banco de España.
(a) Three-month interbank market interest rates.
(b) Ten-year government debt yields.

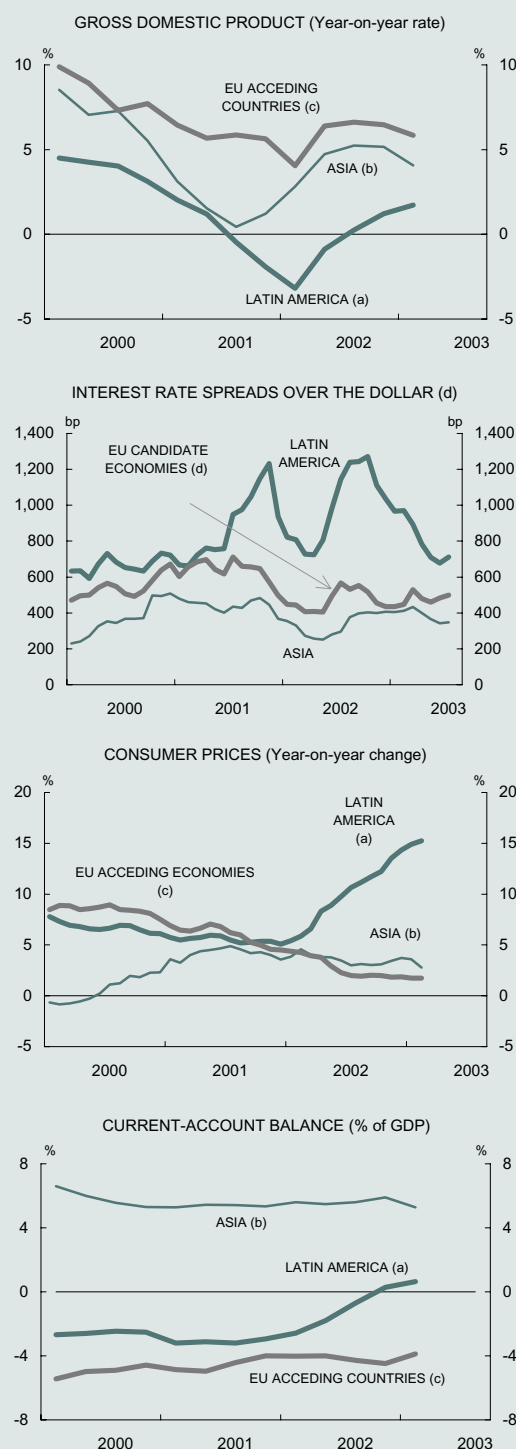
on 25 June, the Federal Reserve cut official interest rates to 1%. In its assessment of risks, the Federal Reserve continued to set great store by those associated with an excessive reduction in the inflation rate. It ratified its commitment to keep official interest rates low so as to stave off any risk of deflation. And it emphasised the favourable prospects of a firmer pick-up in activity in the second half of the year, underpinned by the favourable trend of productivity, the partial correction of households' and firms' financial imbalances and the boost to activity stemming from monetary and fiscal policies.

In Japan, economic activity remained virtually flat during Q1. On National Accounts figures, GDP grew at a non-annualised quarterly rate of 0.1%, driven by a slight rise in consumption and despite the fall in investment. The foreign sector held back Japanese growth, contrary to what was the case in 2002 Q4, owing partly to the adverse effect of SARS on the south-east Asian countries. The indicators available for Q2 showed moderately positive signs, especially on the supply side, such as the increase in industrial output in May. Likewise, the Tankan business sentiment survey posted an increase, while the labour market data showed the rate of job destruction to be stabilising, a somewhat more favourable situation than that in previous quarters. Once the effects of SARS on the region were apparently behind, external demand moved into more favourable territory. Deflationary tendencies, however, remained clearly present in the Japanese economy: the year-on-year fall in the GDP deflator rate was a record one (3.3%) and consumer prices fell in May by 0.2% on 12 months earlier (overall index), with the underlying rate declining by 0.4%. In this setting, the Bank of Japan maintained its strategy and pursued a quantitative expansion of base money.

In the United Kingdom, the year-on-year growth of GDP in Q1 fell by 0.2 pp to 2.1%, owing to the slowdown in private consumption and the fall in investment. During Q2, and on preliminary National Accounts data, this rate fell once more, although the quarterly growth rate accelerated moderately. The partial indicators for this period confirmed a degree of sluggishness in consumption and in industrial activity, while construction and services showed signs of greater strength. The labour market continued to perform favourably, with the unemployment rate falling in May to 5%. The retail price index excluding mortgage interest payments (RPIX) fell by 0.1 pp in both May and June to 2.8% year-on-year, and the harmonised index of consumer prices also dipped to 1.1%. The growth of house prices eased to a year-on-year

CHART 7

Emerging economies: main macroeconomic indicators



Sources: National statistics and JP Morgan.

(a) Argentina, Brazil, Chile, Mexico, Colombia, Venezuela, Peru.
(b) Malaysia, Korea, Indonesia, Thailand, Hong Kong, Singapore and Taiwan.

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

(d) JP Morgan EMBI spreads. For the EU candidate economies, an in-house estimate drawing on data from Bulgaria, Hungary, Croatia, Turkey and Poland has been made.

rate of close to 20%, which is still very high. Faced with signs of weakness in growth and the prospect of diminishing inflationary pressures, the Bank of England decided to lower the official interest rate in July by one quarter of a point to 3.5%.

In the EU acceding countries, GDP growth in Q1 diverged from country to country. While the Baltic countries posted year-on-year growth of between 5% and 9%, the figures for the central European countries were generally below 3%. Growth was particularly low – at 2.7% – in Hungary, the lowest figure for six years. The inflation rates of these countries generally held at moderate levels, which enabled them to cut their official interest rates. The only exceptions to this trend were Slovakia, whose inflation exceeded 8%, and Hungary, owing to the depreciation of the forint following the devaluation in June of the currency's central parity by 2.2%. In the central European countries, the outlook regarding compliance with the fiscal consolidation targets for 2003 was marred by the scale of the budget deficits built up during the first half of the year. On the political front, EU accession was sanctioned by referendum in four countries: Lithuania, Slovakia, Poland and the Czech Republic.

In Latin America, the favourable trend of financial markets embarked upon in Q1 continued. Sovereign debt spreads narrowed across the board and several local currencies appreciated against the dollar. Several countries, such as Brazil, Mexico and Colombia, took advan-

tage of these circumstances to return to international markets with new debt issues. From June, however, there was a partial reversal in this trend and, in certain countries, spreads widened somewhat. As regards activity, there were differences from country to country: Brazil and Mexico saw a clear slowdown in growth, while other economies benefited from more favourable trends. The generalised moderation of inflationary pressures across the region has allowed for a less restrictive monetary policy stance.

In Argentina the economic recovery continued apace, with growth of 5.4% year-on-year in Q1. Prices held stable and financial variables trended favourably, although uncertainty over the course of economic policy and how to settle some of the serious unresolved problems continued to bear down on the country's situation. In Brazil activity was seen to slow in a setting marked by the restrictiveness of monetary and fiscal policies. The external and fiscal adjustment continued, and the primary surplus reached 4.5% of GDP. The slackness of activity and the moderation of inflation expectations provided, as from June, for a cut of 50 bp in the intervention interest rate (SELIC), which was reinforced with a further cut of 150 bp in July, placing the rate at 24.5%. In Mexico concerns over inflation and peso depreciation were overcome, but a decline in activity was recorded. The Venezuelan economy remained in recession, though high oil prices contributed to reducing the shortfall on public finances. Uruguay successfully completed a swap of its public debt.

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

In the second quarter of 2003, economic growth in the euro area was weak. According to the available indicators, this was a result of slack domestic spending and subdued external sales. Inflation moderated, mainly because of the behaviour of the energy component, given the fall in the oil price stemming from a return to normal on the oil market and from the appreciation of the euro. Developments on the financial markets were more favourable than in preceding quarters, possibly indicating increased optimism on the part of economic agents over growth prospects. In addition, the foreseeable recovery in external demand, the low level of interest rates and the moderation in inflation support a scenario in which activity picks up gradually in the second half of the year. That said, there remain certain downside risks. These are linked to a possible continuation of balance sheet rebuilding by companies, with contractionary effects on investment and employment, and to the uncertainty over global economic activity and developments on international financial and foreign exchange markets stemming from the build-up of macroeconomic imbalances in the United States.

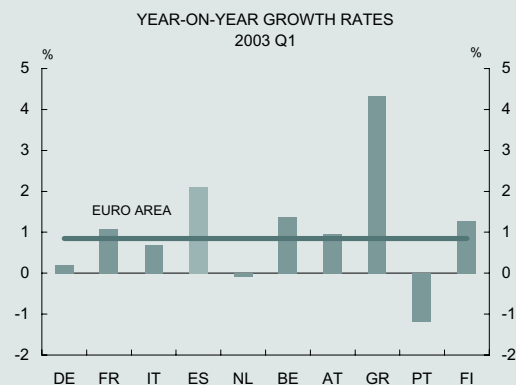
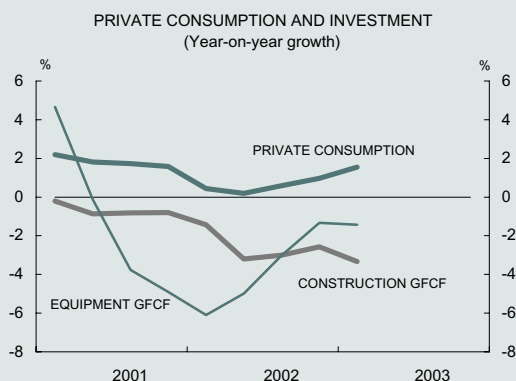
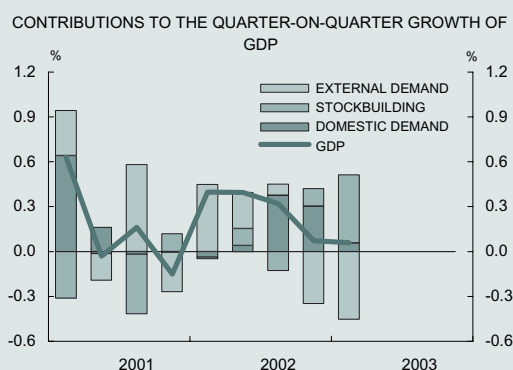
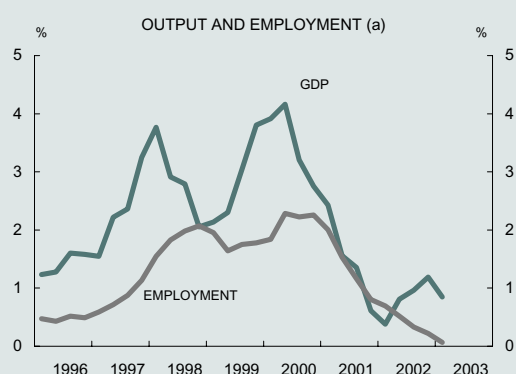
At the beginning of June, given this background of controlled inflation and faltering growth, the ECB reduced interest rates by 50 basis points, taking the interest rate on the Eurosystem's main refinancing operations to 2%, the lowest level of official rates since the introduction of the single currency. As regards fiscal policies, the impact of the operation of automatic stabilisers has aggravated the deterioration already undergone by the budgetary positions of some member countries. This makes it all the more necessary to stress the binding nature of the rules agreed within the framework of the Stability and Growth Pact and to maintain consensus over the best way of applying them in the present situation.

3.1. Economic developments

According to the second National Accounts estimate, the euro area economy grew by 0.1% in 2003 Q1, the same rate as in the previous quarter. This took the year-on-year GDP growth rate to 0.8%, 0.4 pp down from the preceding quarter (see Table 1). The contribution of domestic demand (excluding stocks) to quarter-on-quarter GDP growth fell from 0.3 pp in 2002 Q4 to 0.1 pp in 2003 Q1, as a consequence of the notable deterioration in gross fixed capital formation, which fell by 1.2% (see Chart 8). The sharp contraction in investment is explained by the worsening of its two main components, which suffered quarter-on-quarter falls of 1.5% in the case of capital equipment, and of 1.2% in

CHART 8

Euro area national accounts



Sources: Eurostat and national statistics.
(a) Annual rates of change.

that of construction. It should be stressed that this negative figure is largely a consequence of the anomalous increase in this variable during 2002 Q4 which, as mentioned in the April edition of this bulletin, is related to the atypical data for Germany and Italy. In fact, if we exclude these two countries from the total investment figures, then investment fell by around 0.1% in the quarter, an improvement on its behaviour in late 2002. Private and government consumption, for their part, grew by 0.4% and 0.3% respectively, the same rates as in the previous quarter. The contribution of stockbuilding to quarter-on-quarter GDP growth was 0.5 pp, as against 0.1 pp in the previous quarter. Finally, net external demand trimmed the quarter-on-quarter increase in output by 0.5 pp, owing to the sharp fall in exports (−0.6%) and to the relative strength of imports.

The country breakdown of the National Accounts for the first quarter shows a widening of the national growth differentials. Quarter-on-quarter GDP growth fell in Q1 in Germany (−0.2%), Italy (−0.1%), the Netherlands (−0.1%) and Finland (−1.3%), while in the other countries for which information is available it either held at the same rate as in the preceding quarter or quickened. In all cases the contribution of the external sector to output growth was negative and consumption held relatively strong. Also, in those countries in which GDP fell, gross fixed capital formation and construction investment, in particular, showed pronounced falls. Investment in construction in the euro area and in each of the member countries is broken down into its main components in Box 2.

On the supply side, the weakness of gross value added in Q1 stemmed from the notable contraction in construction (−1.8% quarter-on-quarter) and from the slowdown in services activity, since developments in other industries were more favourable. As regards the labour market, employment was flat for the third consecutive quarter, giving rise to a year-on-year growth rate of 0.1%, the lowest level since 1995. The fact that output decelerated by more than employment relative to 2002 Q1 meant that apparent labour productivity grew more slowly, its rate declining to 0.7%.

The information available on activity indicators in 2003 Q2 points to sustained growth weakness in the euro area. Consequently, the quarter-on-quarter GDP growth rate may lie in the lower half of the 0%-0.4% range estimated by the European Commission (EC) for the quarter (see Table 1). If this estimate is confirmed, the achievement of an average GDP growth rate for 2003 within the interval of 0.4%-1% estimated by the ECB for 2003, which was pub-

The behaviour of construction in the euro area

Despite its moderate weight in output, gross fixed capital formation (GFCF) plays a very important role in its determination, since it is characterised by more intense phases of expansion and contraction than other components of spending, such as private consumption. Since peaking in 1999, GFCF has progressively decelerated, leading the slowdown in GDP by three quarters. As can be seen in the top chart, it reached a smooth turning point last year.

Since mid-2000, when the most recent downturn began, the equipment component of GFCF has lost much more momentum than the rest of GFCF and, moreover, this loss has been contemporaneous with the slowdown in GDP. Construction growth, by contrast, began to fall ahead of output, although from more moderate rates and at a slower pace. Also, while equipment investment seems to have passed its trough already, the annual rate of change of investment in construction has still to pick up. In fact, in 2003 Q1 it was the component of investment with the most negative annual rate of growth, taking 0.3 pp off GDP growth.

As seen in the second chart, residential investment has been growing at negative rates for the last nine quarters, whereas non-residential construction has only recently begun to contract. Given that within this component the determinants of private-sector construction are similar to those of equipment investment, which is recovering, the recent contraction in investment in non-residential construction may be related to the behaviour of its public works component. The latter has possibly been constrained by the budgetary difficulties affecting the Member States as a result of the general economic slowdown.

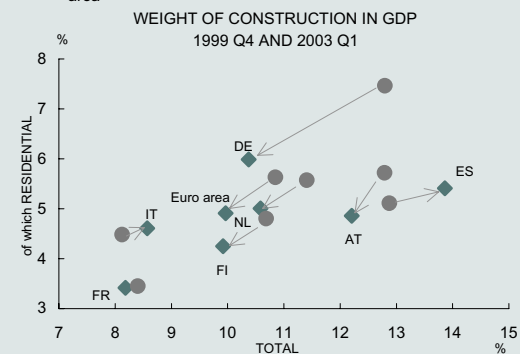
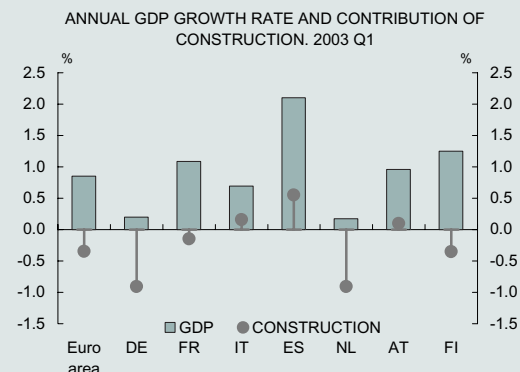
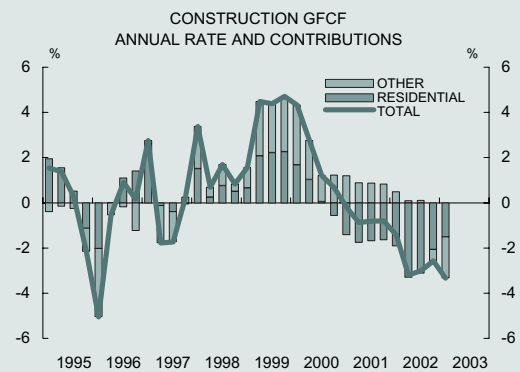
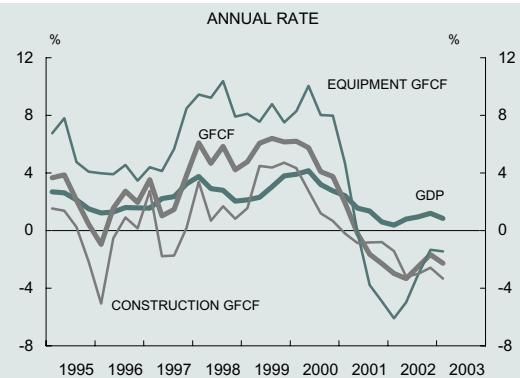
The behaviour of aggregate euro area construction masks significant disparities across the Member States. In particular, as seen in the third chart, construction has been responsible for significant contraction in output growth in Germany and the Netherlands, while in Spain, by contrast, construction added 0.6 pp to GDP growth in Q1.

It should be noted that in Germany these developments are part of a long process of correction of the overinvestment of the first half of the 1990s, a phenomenon that held back the growth of this component in the second half of the decade. As seen in the bottom chart, the weight of construction in GDP has fallen very significantly during the latest downturn, from 12.8% (one of the highest levels in the euro area) to 10.4%. Somewhat more than half of this loss of weight derived from the behaviour of residential investment.

The Netherlands, Austria and Finland have also seen construction investment lose weight in output in recent years. In the Netherlands this phenomenon is relatively recent, since investment in construction only began to display negative growth rates at the beginning of 2002, a year later than on average in the euro area and in countries such as Austria and Finland. In these three countries it is the residential component that accounts for most of this loss of weight.

Finally, the strong dynamics of investment in construction in Spain in recent years, boosted by the low levels of real interest rates, the notable increase in mortgage credit and a relative loosening of the budgetary position, have led to an increase of one percentage point in its weight in GDP, between 2000 and early 2003, to 13.9%, the highest level in the euro area. Most of this increase in its weight in output has been due to the gain by the non-residential component which currently accounts for 8.5% of GDP.

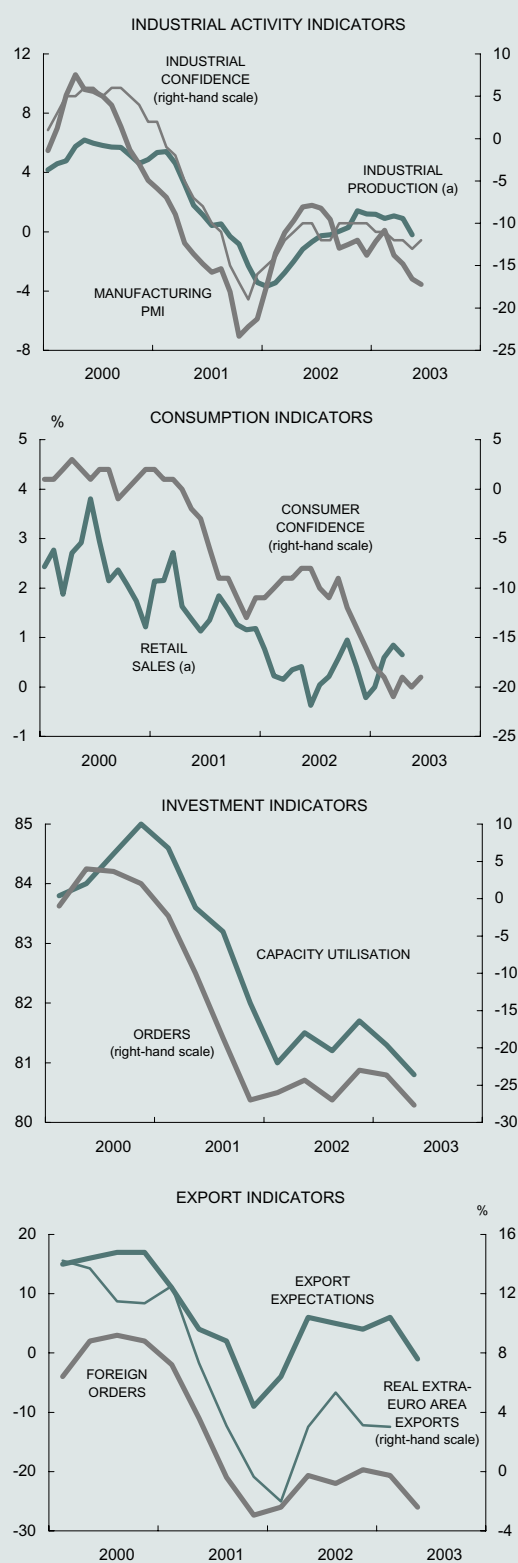
GFCF in construction



Source: European Central Bank and Banco de España.

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.

lished in its June bulletin, would require a moderate pick-up in activity in the second half of the year.

As regards the supply indicators in 2003 Q2, the industrial production index (excluding construction) fell by an average of 0.5% in April and May, relative to Q1, and both the European Commission industrial confidence indicator and the manufacturing purchasing managers index deteriorated relative to 2003 Q1 (see Chart 9). The EC construction confidence indicator also fell. As for services activity, the information available is sending mixed signals; whereas the EC sentiment indicator improved significantly, the services purchasing managers index fell.

From the viewpoint of demand, the trend in private consumption indicators was somewhat more favourable than that in the investment and exports indicators. The EC consumer confidence indicator stood on average in Q2 at the same level as in Q1 and the readiness of consumers to buy consumer durables, an indicator that tends to lead total consumption, improved slightly during the quarter (see Chart 9). Retail sales grew by 1.5% in April relative to the previous month, in contrast to the average quarter-on-quarter fall in car registrations of 3.2% in Q2. Finally, the EC retail confidence indicator improved in Q2 relative to Q1. As regards the demand for capital equipment, according to the EC's six-monthly survey carried out in April, industrial firms estimate that their investment spending will grow by -1% in 2003, which is similar to their November 2002 estimate. Although negative, this estimate for 2003 is much larger than the final figure for 2002. As for the foreseeable trend in investment in Q2, both the assessment of industrial order books and capacity utilisation worsened during the period. In relation to external demand, industrial export expectations were negative for the first time since the beginning of 2002, and the indicator of the assessment of foreign order books deteriorated significantly in that same period (see Chart 9). Finally, the employment indicators, also obtained from opinion surveys, show a further worsening of this variable in most industries (see Chart 10). The slowdown in the rate of generation of employment has led to a slight rise in the rate of unemployment, which stood in May at 8.8%, 0.1 pp above its Q1 level.

Thus, according to the trends in the available indicators, it is foreseeable that the pattern of weak growth in Q2 will not display significant changes with respect to Q1, with growth supported more by consumption than by exports or investment.

TABLE 1

Euro area economic indicators

	2001	2002				2003		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2 (a)	Q3 (b)
GDP								
Year-on-year growth	0.6	0.4	0.8	1.0	1.2	0.8		
Quarter-on-quarter growth	-0.2	0.4	0.4	0.3	0.1	0.1		
European Commission forecasts (c)							(0.0 ; 0.4)	(0.0 ; 0.4)
IPI (d)	-2.9	-2.7	-0.7	-0.2	1.2	1.0	-0.2	
Economic sentiment	98.8	99.2	99.5	99.0	98.7	98.2	98.1	
Industrial confidence	-17.3	-13.0	-10.0	-11.3	-10.0	-11.3	-12.3	
Manufacturing PMI	43.6	48.3	51.4	50.5	49.0	49.3	47.0	
Services confidence	-5.3	3.4	5.3	-0.7	-4.3	-5.0	-2.3	
Services PMI	47.9	52.1	52.9	50.9	50.5	48.9	47.9	
Unemployment rate	8.1	8.2	8.3	8.4	8.5	8.7	8.8	
Consumer confidence	-11.7	-10.0	-8.3	-10.0	-14.0	-19.3	-19.3	
HICP (d) (e)	2.1	2.5	1.9	2.1	2.3	2.4	2.0	
PPI (d) (e)	-0.7	-0.6	-0.8	0.3	1.6	2.4	1.4	
Oil price in USD (e)	18.7	23.7	24.1	28.4	28.2	30.3	27.6	28.5
Loans to the private sector (d) (e)	6.0	5.5	5.4	5.1	4.7	4.7	4.5	
Euro area 10-year bond yield	4.8	5.1	5.3	4.8	4.5	4.2	4.0	4.0
US-euro area 10-year bond spread	-0.02	-0.01	-0.10	-0.46	-0.51	-0.22	-0.32	-0.23
Dollar/euro exchange rate (e)	0.881	0.872	0.998	0.986	1.049	1.090	1.143	1.140
Appreciation/depreciation of the euro (e)	-5.3	-1.0	13.2	11.9	19.0	3.9	9.0	8.7
Dow Jones EURO STOXX Broad index (e)	-19.7	1.6	-15.2	-39.1	-34.5	-12.9	2.9	4.1

Sources: Eurostat, ECB and Banco de España.

(a) The information in *italics* is for only part of the quarter.

(b) Information available to 23 July 2003.

(c) Forecasts of quarter-on-quarter growth.

(d) Year-on-year growth.

(e) End-period data. Figures for exchange rates and the stock market are percentage changes over the year.

Price indicators in the euro area have decelerated in recent months. As regards the determination of domestic prices, unit labour costs increased in Q1 by somewhat more than in the previous period, owing to a slightly larger increase in compensation per employee and a smaller increase in productivity. However, the rate of growth of the GDP deflator was similar to the previous quarter and faster than that of unit labour costs, so that a further increase in margins is foreseeable (see Chart 10).

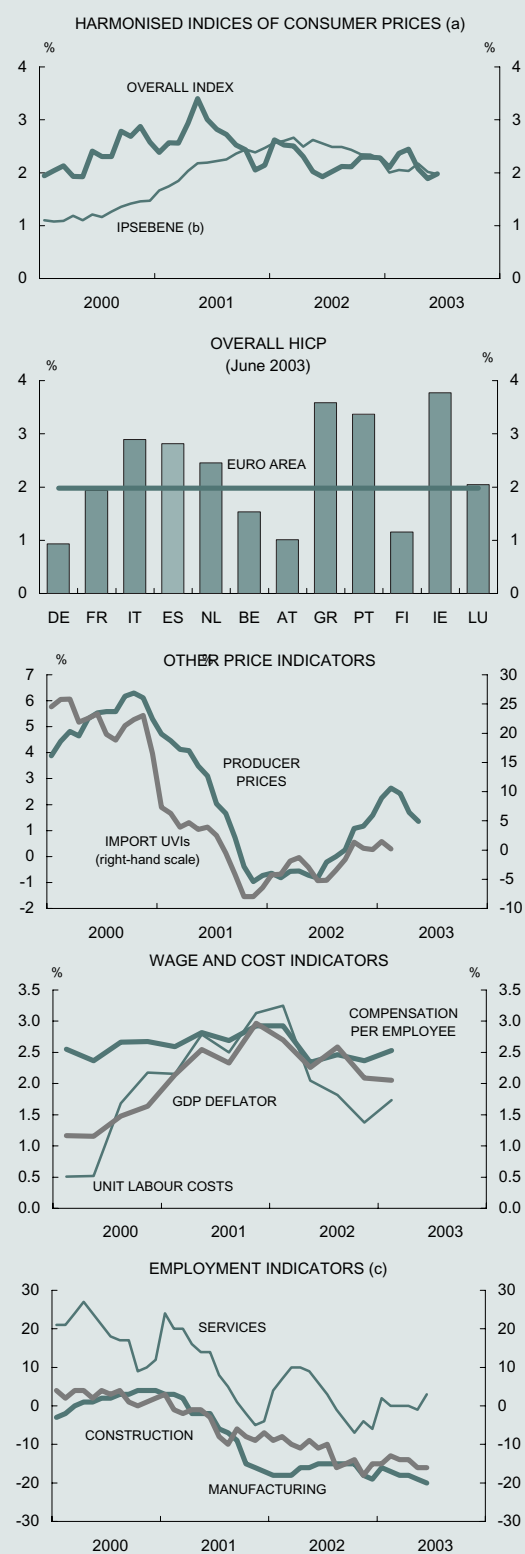
Consumer price developments in the euro area in Q2 were marked by a moderation in the rate of change of the Harmonised Index of Consumer Prices (HICP), which fell from 2.4% in March to 2% in June (see Chart 10 and Table 1). However, these developments were basically driven by the behaviour of the energy component, whose rate of growth declined significantly over the period April to June, since the rate of increase in the prices of other groups of goods hardly dipped. Thus, the growth rate of the indicator that includes the prices of services and

non-energy goods (IPSEBENE) held steady at 2% between April and June. Meanwhile, the producer prices index rose by 1.4% year-on-year in May, one point less than in March. At the components level, the smooth slowdown in the prices of industrial consumer goods since the beginning of the year was noteworthy.

Despite the downward stickiness of the most stable core of inflation, the medium-term price outlook is favourable. The progressive pass-through of the recent appreciation of the euro to the prices of the less volatile components, the fact that the oil price will foreseeably remain within the price bands set by OPEC and the existence of excess productive capacity should help to contain inflationary pressures. Moreover, wage developments are consistent with inflation levels close to the ECB's definition of price stability, although their current rate of growth (close to 2.5%) does not seem conducive to a rapid pick-up in the rate of growth of employment. As for HICP developments across countries, inflation rates are still showing considerable diver-

CHART 10

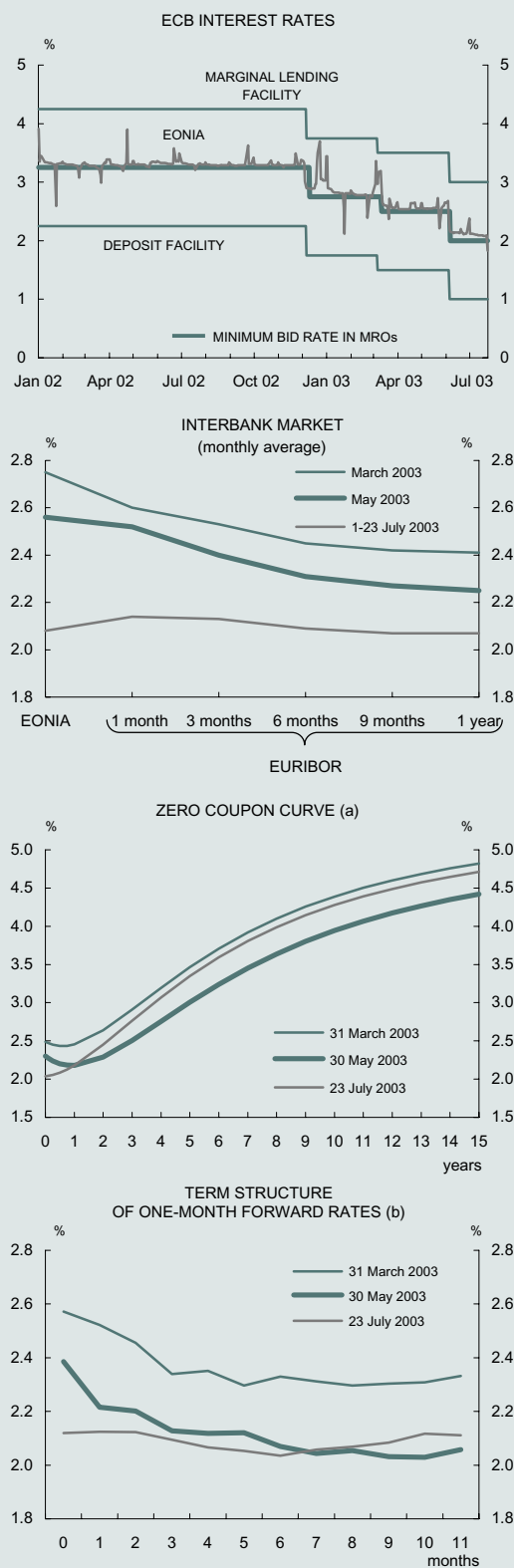
Euro area. Price, wage and employment indicators
Year-on-year percentage changes



Sources: Eurostat and European Central Bank.
(a) There is a break in the series in January 2002 when they were rebased to 2001.
(b) Index of non-energy processed goods and services prices.
(c) Expectations based on European Commission sentiment indicators.

CHART 11

Euro area interest rates



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

TABLE 2

General government budget balances of euro area countries (a)

% 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
Netherlands	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 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.

gence (see the second panel of Chart 10), although the differential between the highest and lowest country rates tended to narrow in Q2.

According to estimates published by the ECB, in 2003 Q1 there was a current account deficit of €1.9 billion, in contrast to the surplus of €24.5 billion in the previous quarter and of €12 billion in the same period a year earlier. Although all the sub-balances deteriorated, it was the trade and income balances that drove the overall deterioration, which is basically explained by the notable weakness of the volume of exports, due to the increase in the real terms of trade in Q1. Considering, moreover, that there were net capital inflows in the form of direct and portfolio investment, of €6 billion (in contrast to the net outflows of the other investment item of the financial account), the basic balance, which approximates an economy's financing requirements of a more permanent nature, stood at €4.6 billion in Q1, a significant reduction on the previous quarter (see Chart 13).

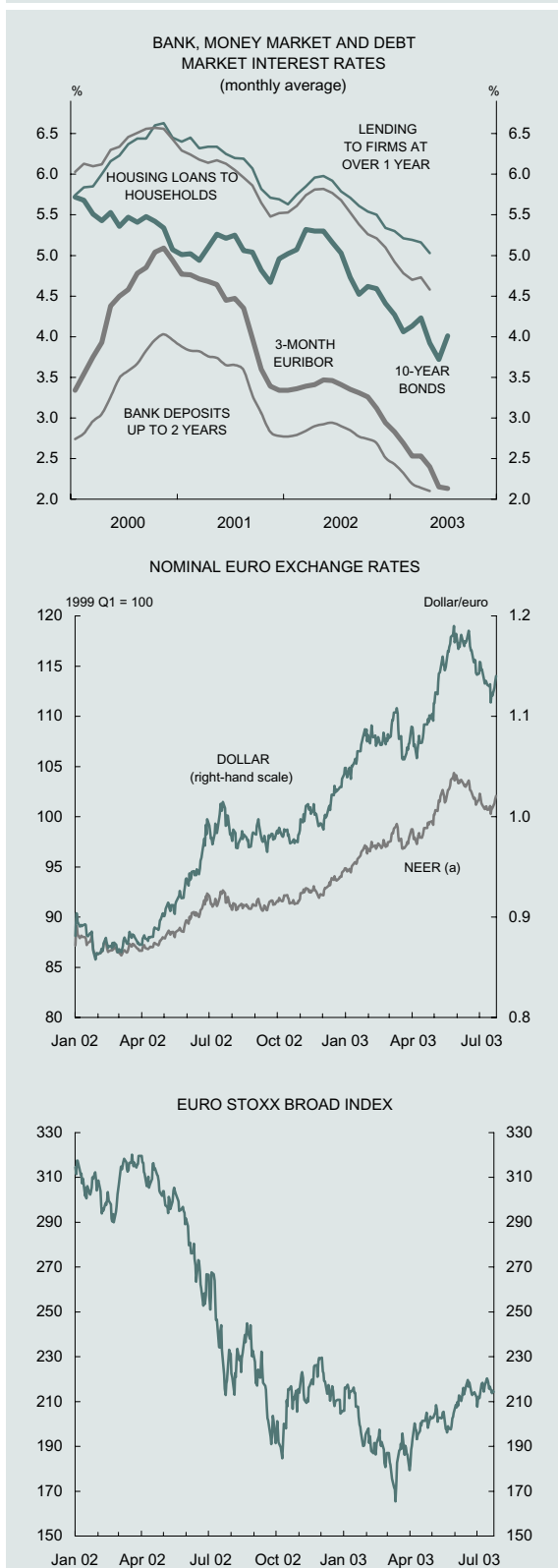
The fiscal outlook deteriorated in numerous countries of the euro area in the first half of the year, so that it is very likely that a large majority of Member States will fail to meet the targets set in their stability programmes for 2003 (see

Table 2). The expected worsening of the balances can basically be attributed to the direct impact of the weakening of macroeconomic activity on the income and spending components most sensitive to the economies' cyclical position. In particular, for countries in an excessive deficit situation, the action of automatic stabilisers has exacerbated the difficulty involved in correcting the situation promptly. There are currently three countries in this situation, since 3 June, when the ECOFIN Council ratified the existence of an excessive deficit in France, the procedure previously having been set in motion for Germany and Portugal. The Council has given the French authorities a period of four months to take corrective measures, i.e. involving a significantly greater improvement in the cyclically adjusted balance than that planned until now. In addition, in 2004, this country must correct its cyclically adjusted deficit by at least 0.5% of GDP, to ensure that its actual deficit is below 3% of GDP that year.

In response to the persistent weakness in their respective economies, some governments, such as the German and French, are attempting to use the scant leeway available, announcing their intention to introduce tax cuts to stimulate activity. In Germany, the government has proposed bringing forward by one year tax cuts

CHART 12

Euro area interest rates, exchange rate and stock market



Sources: Banco de España and European Central Bank
(a) Nominal effective exchange rate index. Narrow group of currencies defined by the ECB.

initially planned for 2005. For the moment, the details of the ways in which the budgetary cost of the measure (estimated as around 0.9% of GDP) may be financed are not known, with the exception of the elimination of certain transfers to households (such as the tax incentives to purchase first homes). Also, the uncertainty regarding the final content of the proposal is added to by the need to agree it with the opposition and with the federal states. In France, the authorities have also announced their intention of introducing some type of reduction in the tax burden, yet to be specified, some time around the autumn, although they have also advised that the margin available is small, given the unfavourable trend in receipts from corporate income tax and the slippage in health spending.

These fiscal expansion strategies at a time of cyclical weakness may delay the process of correcting the imbalances in the countries concerned, which would prolong the excessive deficit procedures currently open. In this environment, it is important that the commitment to the rules of the Stability and Growth Pact be strengthened, at the same time as the margin of flexibility incorporated therein is used, in line with the Major Economic Policy Guidelines recently adopted by the European Council and the recommendations made in each specific case by the ECOFIN Council.

In any case, a sustained increase in economic growth requires the adoption of ambitious structural reforms. Promising here have been the reforms being made in Germany, where the main political forces have reached a preliminary consensus based on the so-called Agenda 2010, a broad raft of measures that includes reforms to health systems, unemployment benefits and the dismissal legislation applicable to small firms. In France, likewise, a reform of the pension system is in the process of being approved. Among other elements this lengthens the contribution period giving entitlement to a full pension in general government to bring it into line with the private sector. It also provides incentives to delay the age of early retirement, which may help to mitigate the long-term impact of population ageing on the public finances.

3.2. Monetary and financial developments

At its meeting of 5 June 2003, the Governing Council of the ECB, after assessing the inflationary outlook, the absence of signs of significant recovery in activity and the scaling down of expectations for growth in the area, decided to reduce official interest rates again, this time by 50 basis points. The reductions made this year have taken the minimum bid rate on the main

Developments in effective euro exchange rates

Developments in the competitiveness of the euro area with respect to the main countries with which it trades can be assessed by analysing the behaviour of the real effective exchange rate (REER) of the euro. Competitiveness is a very broad concept, referring to the ability of an economy to maintain or increase its share in different markets (including the domestic market). Analysing the path of the REER only gives a partial view of competitiveness developments, since firms may compete through strategies other than price reductions. Although part of any change in the REER is explained by the changes in its basic determinants (ultimately those variables that generate current and expected yield differentials), the levels of the NEER and the REER observed from time to time frequently display significant deviations from those suggested by their basic long-run determinants.

The REER is constructed using two elements: an indicator of relative prices and costs and the nominal effective exchange rate (NEER). The latter is a measure of the external value of the currency against those of the country's trading partners and, in practice, its movements explain most of the changes in the REER. The price and cost measures commonly used to construct the REER include consumer prices (CPIs), producer prices (PPIs), unit labour costs in manufacturing (ULCM) and in the total economy (ULCT) and GDP. The ECB currently calculates these five measures of the REER (the latter two only since August 2003) vis-à-vis a narrow group of currencies corresponding to 12 countries, most of which belong to the OECD. In addition, it also calculates the REER using the CPI vis-à-vis another broader group of countries, which also includes the currencies of 26 emerging and transition economies. The use of this second grouping is justified by the increasing importance of these countries in world trade. These two groupings represented, on average, 62% and 89%, respectively, of the area's foreign manufacturing trade during the period 1995-1997.

The appreciation of the euro exchange rate against the dollar has been one of the basic features of recent developments on international financial markets. In fact, since October 2000, the European single currency has risen against the US one by approximately 35%, in nominal terms. It is true that during this period (and, in particular, since the beginning of 2002) the euro has tended to strengthen against the main currencies, but its appreciation against the US currency has been greater. Compared with its movement against the dollar, the cumulative appreciation since October 2000 against both groupings of countries, in nominal terms, has been more moderate. Specifically, it was 26%, in the case of the narrow group, and 29%, in that of the broad one (see top chart). The somewhat greater appreciation of the nominal rate against the broad group is explained by the inclusion of economies with a higher inflation rate, which tends to cause their currencies to depreciate.

The recent behaviour of the REER, when the index of relative prices used in its construction is based on the CPI, is very similar to that of the NEER. It is interesting to note, moreover, that although the countries which belong to the broad group but not the narrow group represent around 30% of the area's manufacturing trade, the behaviour of the real effective exchange rate index has been very similar in both cases. In particular, since October 2000, the euro has appreciated by 28.5% against the narrow group and by 26.5% against the broad group (see middle chart). However, if the current appreciation of the euro is viewed from a longer time perspective, the assessment of the current competitiveness situation of the area is less clear. In May 2003, the REER against the narrow group of countries, calculated using consumer prices, was around 4% above its average level since 1990. The results are similar when the PPI and the ULCM are used in its calculation (see bottom chart).

Euro exchange rate

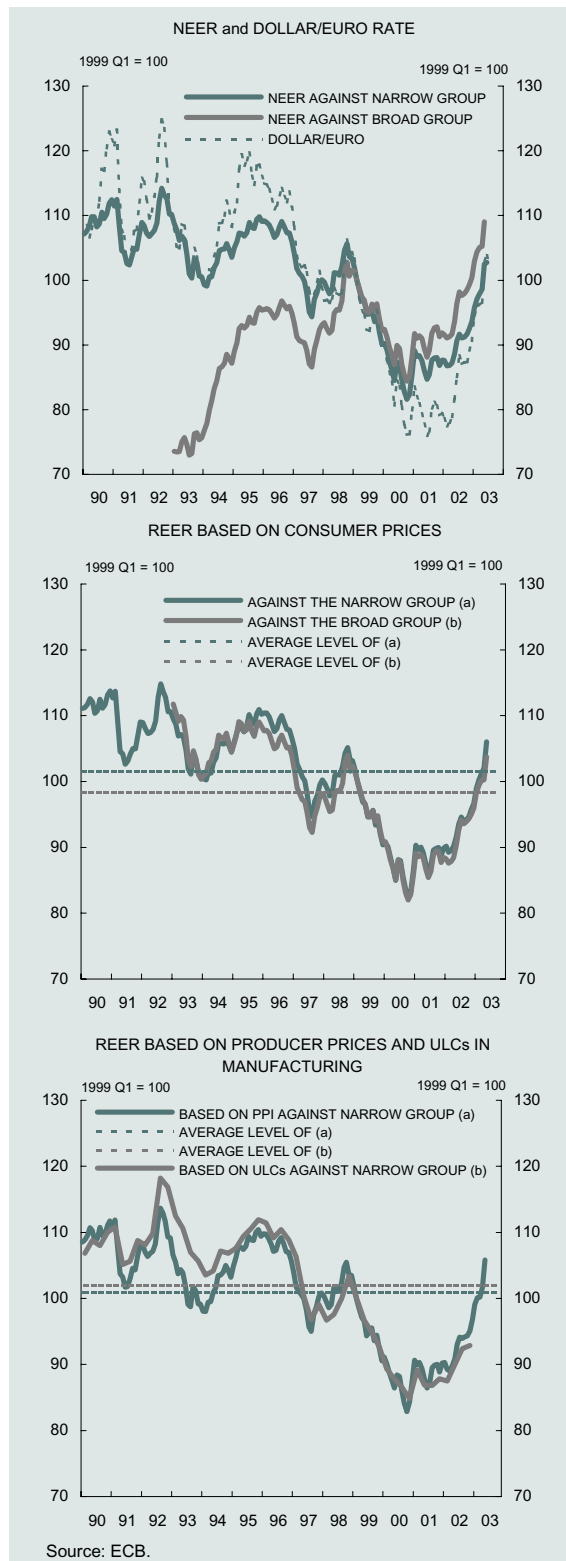
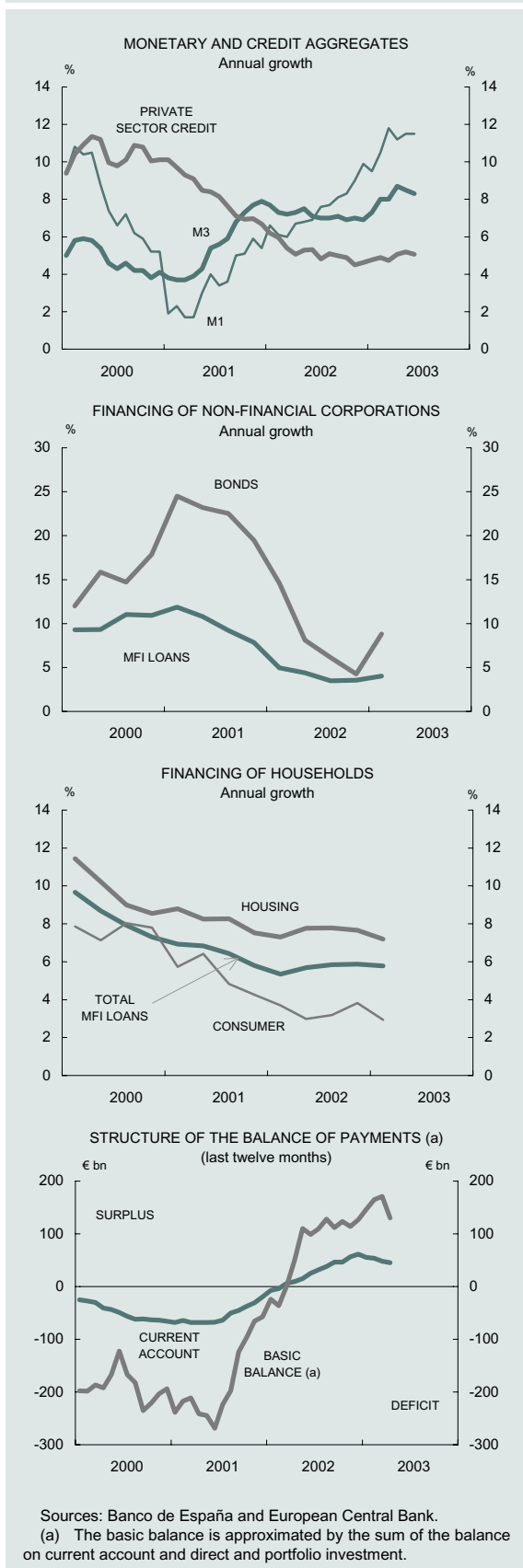


CHART 13

Monetary and credit aggregates and balance of payments



refinancing operations to 2%, and the rates on the deposit and marginal lending facilities to 1% and 3% respectively (see Chart 11).

As already mentioned at the beginning of this chapter, there was a progressive improvement in Q2 in the general financial conditions in the euro area, only restrained by the appreciation of the euro and by a certain hardening in bank lending terms. In particular, developments in interest rates and in the prices of the equity and fixed-income instruments issued by firms were conducive to the financing of productive activity. Meanwhile, lending to the private sector accelerated slightly, although it was also affected by the balance sheet rebuilding currently going on in certain sectors. In any event, the level of buoyancy attained by issuance on fixed-income markets is significant.

Money market interest rates followed a downward trend in Q2, as expectations of an official interest rate cut, confirmed in June, took root. Subsequently, in mid-July, the EURIBOR yield curve displayed average rates of around 2.1% at all maturities, although with a slight downward slope from three months. On end-July data, the shape of the one-month forward rate curve does not point to expectations of any movement in rates in the coming months (see Chart 11).

As at end-July, the euro-area ten-year bond yield stood at a similar level to the end of March. As seen in Chart 12, yields fell to a low in May and increased thereafter. This pattern of declining yields followed by a recovery was more pronounced in the case of US debt, the spread between the euro area and US being practically nil at end-July. Retail bank interest rates in the euro area held, up until May, on the downward trend that commenced in the middle of last year, in line with movements in money market rates up to that month.

On the foreign exchange markets the upward trend in the euro continued to the beginning of June, when the rate reached about USD 1.19. In the following weeks the European currency gradually weakened against the main currencies and, in particular, against the dollar. This weakening might be related to the improvement in growth prospects in the United States, since neither the interest rate differentials between the two areas, nor the open questions regarding the sustainability of the US external imbalance have undergone any significant changes recently (see Chart 13). Thus, as at end-July, the euro was almost 4% higher against the dollar than at end-March and, in nominal effective terms, about 3% higher. Box 3 analyses the recent changes in the nominal and

real effective exchange rate from an historical perspective.

Since mid-March there has been a sustained rise in stock prices, which began in the United States and subsequently spread to other markets. The Euro STOXX broad index has risen by 19% since then (see Chart 12 and Table 1). These developments are in step with the incipient improvement in company profits, which may accelerate the balance sheet rebuilding of listed companies. The low level of interest rates and the general decline in uncertainty on the international political stage may also have contributed to the rise.

In April and May, M3 grew at a higher annual rate than on average in the first quarter. This was conducive to the accumulation of excess liquidity associated with the low level of interest rates and, especially, with agents' preference for highly liquid low risk assets given the uncertainty still prevailing on the markets (see Chart 13). In fact, during these two months the aggregate grew at an average annual rate of 8.6%. Among its components there was still a strong inclination towards the more liquid assets, redeemable deposits were more buoyant, and mutual funds were still the most buoyant component.

As regards financial flows, lending to the private sector strengthened slightly in April and May, to an annual rate of change of 5.1% in May. The breakdown of lending by type of borrower in 2003 Q1 shows that loans to households were somewhat less expansionary (5.4%, as against 5.8% in 2002 Q4), while those to non-financial firms grew by 4.1%, up from 3.5% (see Chart 13). In the case of Spain, financing to the non-financial private sector grew at a strong rate in April and May which, at 13.5%, was therefore well above the euro area rate.

In May, the ECB published for the first time the results of a bank lending survey for the euro area. This makes it easier to monitor and assess credit supply and demand conditions for the non-financial private sector. Although they should be interpreted with great caution owing to the survey's short history, the results of the April survey suggest that in the first few months of 2003 supply conditions continued to harden somewhat, although less strongly than in late 2002, both in the case of lending to firms and to households. As for the demand for loans, the data suggest that loan applications by firms stood at a similar level to January, while household demand for credit increased.

4. The Spanish economy

As mentioned in previous chapters, the Spanish economy's external environment in 2003 Q2 was still dominated by global uncertainty, which meant that the prospects for recovery of the international and, in particular, the European economy receded again. That said, the Spanish economy continued to display notable growth capacity, standing aside from the dominant tide in the euro area. The easy monetary conditions, despite the appreciation of the euro, helped strengthen the trends already apparent in the first quarter. During that period, national demand edged up, growing year-on-year in real terms by 3%. In Q2 it is estimated to have risen further, to 3.2%. As seen in Chart 14, aggregate expenditure in the first half combined a smooth acceleration in private consumption with high growth in general government consumption and a growing stimulus from gross fixed capital formation. The latter was driven by equipment investment, which put behind the negative growth that characterised it from 2001 Q2. The rate of growth of construction, meanwhile, moderated, although it was still notably strong. As for external flows, exports of goods and services sustained relatively high growth rates in the first half as a whole, despite the slackness of tourism. However, the momentum of imports, stemming from the recovery in final demand and the appreciation of the euro, gave net external demand a markedly contractionary complexion. In short, on QNA estimates, the year-on-year growth rate of GDP, which had stabilised in 2003 Q1 at 2.1% (similar to the end-2002 rate), increased slightly in Q2, to 2.2%. This is consistent with also slightly higher quarter-on-quarter growth, of 0.6%.

This GDP growth was the result of uneven behaviour across the productive sectors. In 2003 Q1, the recovery seen in the second half of 2002 in industrial value added continued, while construction decelerated, the value added of market services stabilised at moderate growth rates and in agriculture the contractionary process that continued to hold sway became somewhat less severe. These trends generally continued in Q2 although, given the absence of a firmer improvement in the external outlook, industry's acceleration was checked. Employment growth, measured in terms of the number of full-time equivalent jobs, stepped up significantly in Q1, to a year-on-year rate of 1.5%, 0.4 pp higher than in the previous quarter, and in Q2 it is estimated to have risen somewhat higher. This buoyant job creation in the first half of 2003 led to smaller gains in labour productivity, whose growth fell back below 1%.

Inflation has been receding in Spain during 2003, more sharply than in the rest of the euro

area, thereby reducing the competitiveness losses that the Spanish economy has been accumulating. Falling import prices, helped by the appreciation of the euro (23% in the first half) and by the oil price's return to normal levels, have contributed to these developments, exerting a notably moderating impact. However, unit labour costs tended to accelerate at the beginning of the year, not only as a consequence of the smaller productivity gains, but also owing to the higher wage settlements in the current round of collective bargaining and owing to the payments resulting from the triggering of indexation clauses in the 2002 agreements. This greater pressure from labour costs has been largely offset by a smaller widening of profit margins, primarily in the sectors most exposed to foreign competition, so that the domestic component of prices also began to recede slowly. These factors account for the decline in the inflation rate, as measured by the annual rate of change in the CPI, which fell from 3.7% in March to 2.7% in June.

4.1. Demand

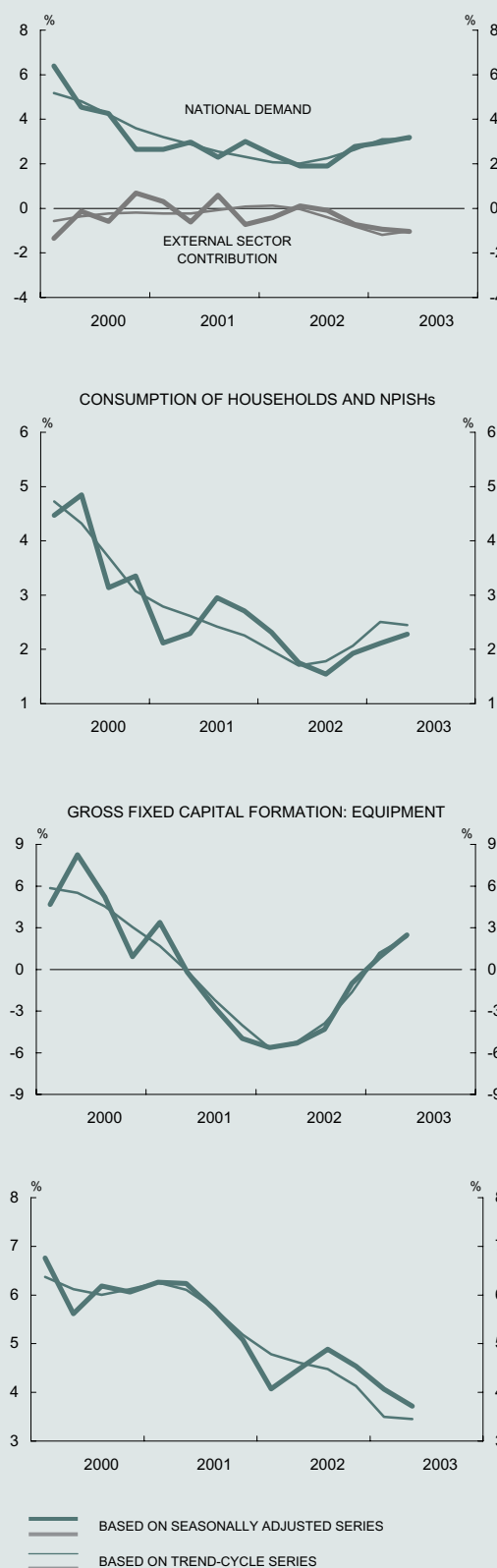
On QNA data, final household consumption accelerated slightly in 2003 Q1, to 2.1%, confirming the change in trend signalled in late 2002. It is estimated on the basis of the latest information that this smooth acceleration continued into Q2. The strength displayed by private consumption was helped by the growth in household disposable income, by the appearance of real net wealth gains in this sector and by the persistence of loose financial conditions. Even so, the growth in consumption is compatible with an improvement in the savings ratio.

The greater buoyancy of consumption involved smooth growth of spending on services, while spending on goods also seems to have accelerated. However, these trends are not discernible in the indicator of apparent consumption of goods in Q2, estimated using incomplete data (see Chart 15). Other indicators directly related to household spending, such as retail sales, show an upward path, which is steeper in the case of sales of non-food goods. Also, new car registrations seem to have abandoned the contractionary path they followed from early 2002. Meanwhile, the consumer confidence indicator improved in 2003 Q2, drawing away from the lows reached in the first few months of the year and reflecting greater optimism in relation to the economic situation of households in the short term.

As regards the determinants of consumer spending, real disposable income seems to have accelerated slightly in the first half of the

CHART 14

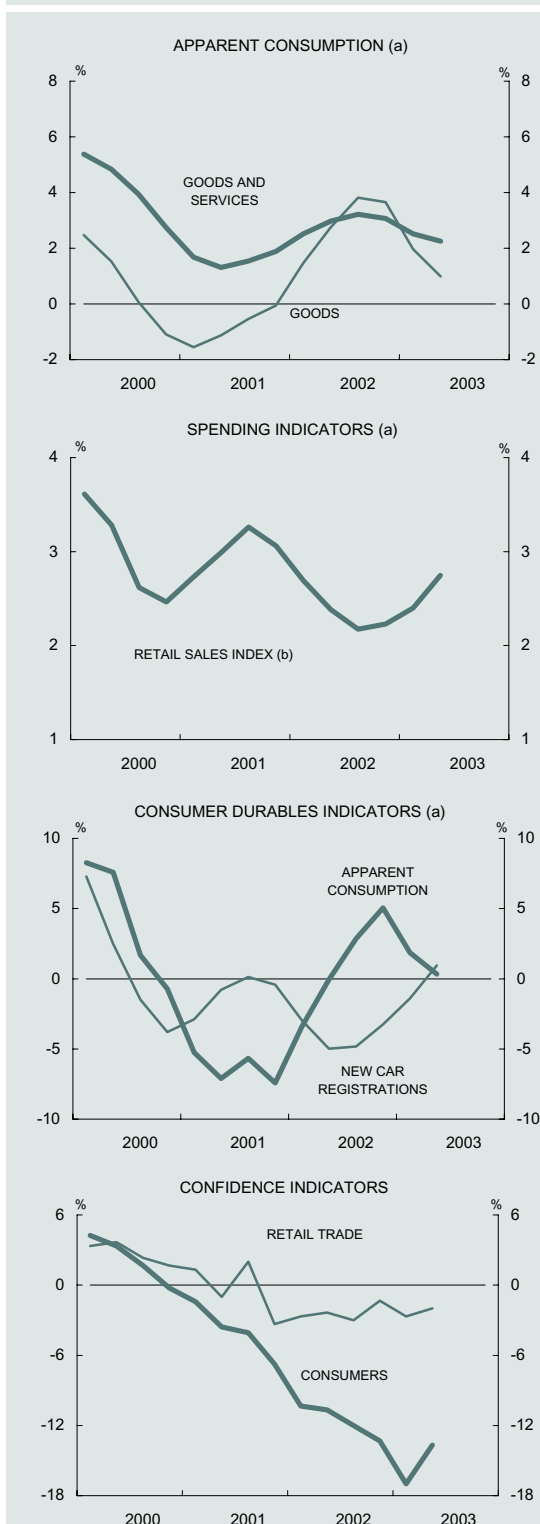
Main demand aggregates Percentage change on year ago



Sources: INE and Banco de España.

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.

year, as a result of the moderation of the inflation rate and the acceleration in labour compensation, which includes the payments arising from application of the indexation clauses in the 2002 collective agreements. In addition, general government made an expansionary contribution to income growth, linked to the impact of the reform of personal income tax. Moreover, against a background of further interest rate cuts, the household debt-service burden held at moderate levels, despite the growth in consumer credit and in lending for house purchase, and the consequent increase in indebtedness. Household wealth, meanwhile, behaved positively, owing to higher property values and, in Q2, to the upward correction in stock prices, which also helped sustain consumption in that period. If these trends continue, the average saving ratio will recover this year, which would enable the net lending of this sector to rise moderately.

In 2003 Q1, general government final consumption increased, in real terms, at an annual rate of 4.3%, in line with its growth in the final quarter of the previous year. This expansion reflects the typical electoral-cycle spending pattern and the allocation of extraordinary funds for various adverse events. The information available for Q2, obtained from State revenue and expenditure data and from the budget plans for the year as a whole, would suggest that there was a mild moderation of spending, although it remained expansionary, as it has been for the past year.

Following an upward trend, gross fixed capital formation grew at a real year-on-year rate of 2.9% in 2003 Q1, 0.5 pp up on the previous three months. The notable pick-up in equipment investment, to a growth rate of 0.9%, following a fall of 1% in 2002 Q4, contributed to this recovery. Construction expenditure, on the other hand, slowed by 0.4 pp to 4.1%. Finally, other investment, primarily made up of spending on construction-related services, grew by 2.7% (see Chart 14).

Equipment investment, according to the behaviour of almost all the available indicators for this aggregate, continued to accelerate in Q2. In particular, the indicator of apparent equipment investment, on the basis of incomplete Q2 data, is showing positive and rising rates of change (see Chart 16). Business survey data on equipment producers also highlighted the growth between January and March 2003, in step with the improvement in total industrial orders. However, the spring 2003 half yearly survey of industrial investment indicated a similar pattern of planned investment spending to that in 2002 when, according to the same

source, such spending fell by 3% in nominal terms. These results provide a note of caution on the continuity and strength of the pick-up in investment, at least in industry.

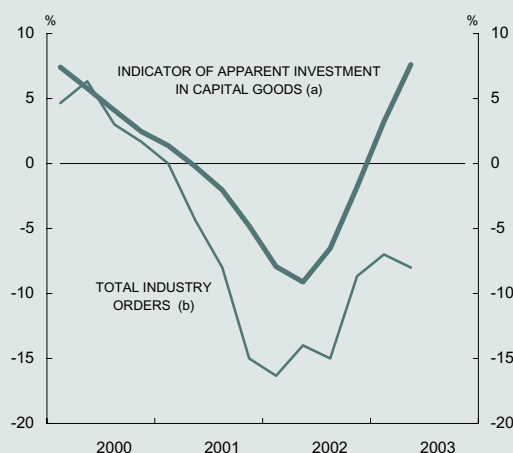
The pick-up in productive investment in the first half of 2003 was consistent with the rising trend of final demand and with the favourable financial conditions. The information on non-financial corporations collected by the Central Balance Sheet Data Office confirms the favourable situation of the respondent firms who increased their activity significantly in 2003 Q1. The ordinary return on equity increased moderately in this period and the spread between the return on investment and the cost of debt remained high. It appears, therefore, that the financial position of firms continues to improve, although their high level of debt may limit the future scope of the investment recovery.

Construction investment is estimated to have followed a trend of mild slowdown in 2003 Q2. Even so, it remained one of the most dynamic components of domestic demand, as confirmed by most of the available indicators. Among the indicators of intermediate consumption, apparent consumption of cement, which is used more intensively in civil engineering, remained on a path of recovery (see Chart 16), like the output of materials used in construction, although the latter grew at a more moderate rate. Among employment indicators, social security registrations were buoyant, but displayed a slight downtrend.

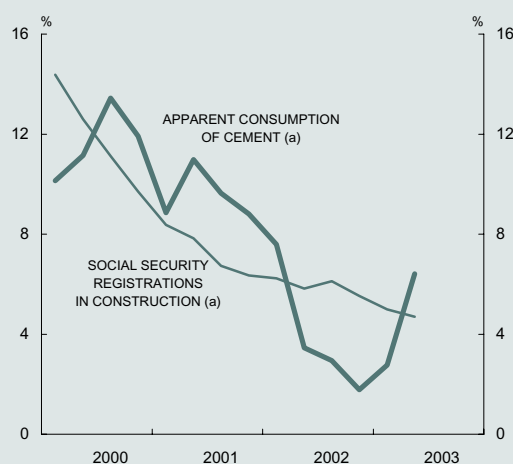
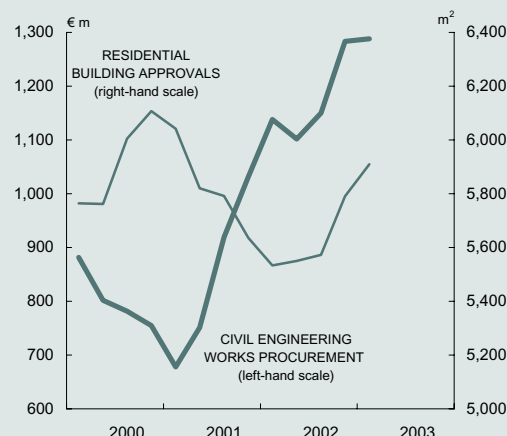
Information from the ECIC construction industry survey for 2003 Q1 shows expansionary behaviour by civil engineering work and, to a greater extent, house building, both of which picked up from the previous quarter, while non-residential building contracted again. The indicators relating to building starts project somewhat different behaviour for civil engineering, residential building and non-residential building in the coming quarters. In the period to March, the strong growth recorded by government civil engineering tenders in 2002 moderated, although they were still at very high levels. On the other hand, residential buildable floor area, according to the permits granted by municipal authorities and architects' associations' approvals, is gaining momentum, with approvals increasing by 22.7% in 2003 Q1. Finally, non-residential buildable floor area is recovering slightly from its previous behaviour. In short, public works (carried out by general government and related firms) can be expected to remain strong, underpinned by the gradual fruition of investment plans already put out to tender, while residential building, primarily, will tend to show greater vigour. Box 4 analyses

CHART 16

Gross fixed capital formation indicators



LEADING INDICATORS OF CONSTRUCTION (c)



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.

the housing stock in Spain, drawing on data from the latest census.

In the medium term, however, the already high level of debt of households who will purchase most of the new houses, the persistence of significant increases in house prices and the stock market recovery should help to moderate residential investment.

On QNA data, inventory investment made a positive contribution of 0.3 pp to GDP in 2003 Q1. The business survey, moreover, recorded an increase in the stocks of finished products relative to desired levels in the first half of the year.

As mentioned above, in the first few months of this year the external environment of the Spanish economy was dominated by the war in Iraq, which increased the uncertainty over a pick-up in world activity and a prompt recovery in international markets, affecting the euro area directly. This situation changed following the end of the Iraqi conflict and, despite the ambiguity of the signals, a slight improvement in the international outlook is discernible. At the same time, the appreciation of the euro during the first half affected the competitive position of Spanish products. In these circumstances, real foreign trade flows were notably buoyant, although more so in the case of imports. On QNA data, in 2003 Q1 exports of goods and services slowed slightly to annual growth of 5.5%. The adverse impact on this growth of the appreciation of the euro was partly offset by the notable restraint of export prices, especially for those products sold to countries outside the EU. Imports of goods and services accelerated to 8%, following the sharp rise of the previous quarter, driven by vigorous demand and the strong euro. In short, net external demand deducted 0.9 pp from output growth, 0.2 pp more than in the preceding quarter. The still incomplete information on 2003 Q2 points to a slight increase in the contractionary bias of net external demand, as a result of stabilising exports and mildly accelerating imports.

QNA data indicate that, in 2003 Q1, goods exports recorded a fall in their annual rate of growth from 8.8% at end-2002 to 7.5%, maintaining notable momentum even so (see Chart 17). Customs data show a similar slowdown over the same months, as a consequence of the trend in sales to non-EU markets. The information on April and May, however, shows renewed vigour on the part of exports, which grew by 10.4% year-on-year, in real terms, during these two months, owing to the significant growth of sales to EU countries, which appear to have grown by

more than those to other areas. Assessing these data requires some caution, given the high volatility of the flows and, also, the difficulty of explaining these developments in the context of the marked weakness of the European economies. In any event, during the first five months of the year, goods exports grew by 7.8%, in real terms, compared with a fall of 2.3% in the same period of the previous year. The highlights of this performance were, as regards geographic areas, the significant acceleration of sales to EU markets (which grew on average by 7.6%, in real terms, during the period) and, as regards product groups, the dynamism of exports of capital equipment.

In Q1, services exports were dominated by the contractionary behaviour of tourism. According to the QNA, real tourism receipts fell by 1.8% year-on-year in the period, although this amounts to a recovery from the high negative rates of the previous year, which ended with an average decline of 4%. The behaviour of this aggregate in the first few months of 2003 was determined by the worsening international outlook and, in particular, by the SARS outbreak, which had a negative impact on world tourism demand. At the same time, the appreciation of the euro adversely affected the competitiveness of the Spanish tourist industry. Real indicators of tourism generally confirm the trend in receipts, although they tend to show a somewhat more positive situation in Q2, with a more favourable outlook for the industry opening up. Tourist arrivals at frontiers rose by 5.3% during the first six months of the year, a larger increase than in 2002, largely thanks to the British market. Survey data on hotel occupancy levels also showed positive figures for travellers staying in hotels and the number of overnight stays in May and June, although the increases in the January-June period were still moderate (1.9% and 1.3%, respectively), revealing an increasing preference on the part of tourists for non-hotel accommodation. Non-tourism services picked up to 4.7% in 2003 Q1, from 2.7% in 2002 Q4, in line with the acceleration also seen in the nominal balance of payments indicator.

In 2003 Q1, the rate of growth of real goods imports stabilised at 8.4%, according to QNA data, cutting short the strong acceleration of the second half of 2002. The positive trend in exports and the recovery in private productive investment and in industrial activity itself, against a background of strong euro appreciation, gave rise to a sustained increase in purchases of goods from abroad. Customs figures, which show a certain deceleration during Q1, rebounded notably in April and May. In the first five months of the year imports increased by 9.6%, in real terms, similar to the increase in

Characteristics of the housing stock according to the latest census

According to the initial results of the housing census for 2001, there are somewhat over 20.8 million houses in Spain. In the past ten years their rate of increase (21%) has been far higher than that of the population (5%) and the structure in terms of end-use has not undergone major changes (1): 68.5% of houses are used as habitual residences, 16% as second homes and 14% remain unoccupied (see adjoining table). It should be noted that, since the sixties, there has been a strong (tenfold) increase in the number of second homes, while those used as habitual – or principal – residences have only doubled in number. The notable increase in second homes is essentially related to socio-economic factors.

Notable, too, is the high number of houses recorded as unoccupied (2.9 million), a fact linked both to loss of population in certain areas and to the growing significance of the demand for housing on the basis of the high expected return on real estate investment. Regarding the first of these factors, it can be seen that, in the eight provinces with the highest proportion of empty houses, six have seen their population fall since 1991 (see panel A in the adjoining chart). Nonetheless, the biggest pockets of unoccupied housing are concentrated in the major population centres (the provinces of Madrid and Barcelona account for one-fifth of such houses) and in the provinces that are the biggest tourist attractions, notably Valencia and Alicante, where 12% of the national total are located. Given the characteristics in terms of population and activity of these provinces, conceivably the housing market is particularly buoyant in all of them, broadening the possibility of disposal in the event of changes in the relative returns on financial and real assets. In any case, the fact that the owners of these houses prefer to keep them empty rather than rent them out may be indicative of the poor working of the rental market and a rather inadequate use of the housing stock.

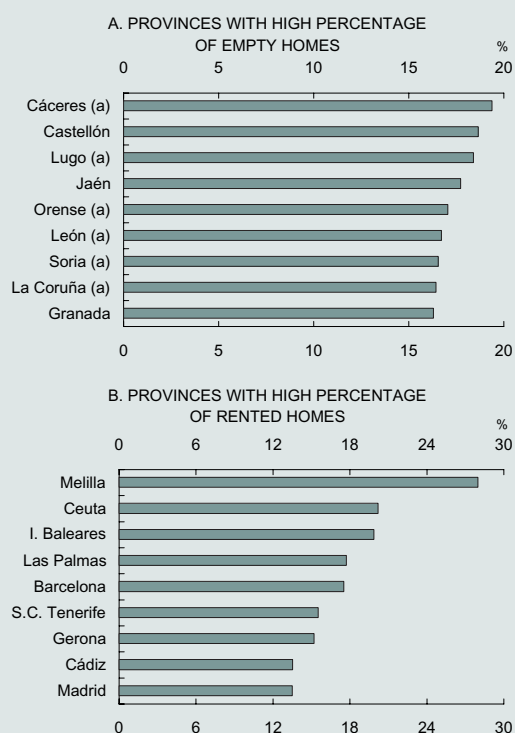
The principal-home ownership structure, in line with the trends witnessed throughout the second half of the 20th century, has changed over the past decade. In particular, the proportion of owner-occupier households has once again risen (to 82%) at the expense of a fresh decline in the proportion of rent-paying households. The latter now account for only 11.5% (see table), when in the middle of the last century the figure was slightly over 40%. The diminished significance of house rental has not only been in relative terms but also in absolute terms. Furthermore, there were more houses empty than rented in 2001 (2.9 million against 1.6 million). Consequently, in principle and under appropriate conditions, the rental market could be considerably expanded.

The fall-off in housing for rent has been widespread across Spain. Even so, substantial contrasts in its geographical distribution are apparent. In absolute terms, the rental segment is concentrated in the major cities; indeed, 35% of total rented houses are concentrated in the provinces of Madrid and Barcelona, a proportion some nine percentage points higher than these cities' share of the total housing stock. In relative terms, house rental amounts to almost 30% in Melilla and exceeds 20% in Ceuta and the Balearic Islands (see panel B), all three being provinces with a strong presence of inhabitants born abroad.

(1) The improved recording in the latest census of second homes and unoccupied houses has meant that the heading "other" has grown notably in relation to the 1991 census data. Second homes and unoccupied houses were most probably biased upwards in the 1991 census.

Housing stock

	1991	2001
Homes	17,206,363	20,823,369
HOMES BY TYPE (%):		
Principal	68.2	68.5
Second	17.0	16.0
Unoccupied	14.4	13.9
Other	0.4	1.6
PRINCIPAL HOMES BY TENURE (%):		
Owner occupied	78.3	82.0
Rented	15.2	11.5
Free let	4.5	2.7
Other	2.0	3.8



Source: INE.

(a) Province recording fall in population between 1991 and 2001 censuses.

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.

the second half of the previous year. The sharp growth in purchases of capital equipment of 16.6% was notable and reflected, in turn, the buoyancy of purchases of transport equipment and, to a lesser extent, of machinery. In the January-May period, real consumer-goods imports increased by less than in the second half of 2002, owing to the significant deceleration in sales of consumer durables. Intermediate goods were buoyant, with the purchases of those used by the chemical industry and by machinery manufacturing being notable. By contrast, energy intermediate goods fell in real terms by 3.5%, affected by the strong rise in oil prices at the beginning of the year.

Finally, real services imports grew by 6% in 2003 Q1, extending the recovery seen in the previous data. This acceleration arose from both non-tourism services (5.9%) and real tourism payments (6.5%), which were driven by the strength of the euro.

4.2. Output and employment

As indicated in the introduction to this chapter, activity has trended unevenly across the different productive branches in 2003 to date. In the January-March period, the contractionary trend prevailing in the primary branches in recent years moderated and value added fell less sharply than in 2002 Q4, signalling a potential turnaround (see Chart 18). In Q2, the forecasts available on winter cereal and pulses yields are fairly favourable, bearing in mind the abundant rainfall recorded at the start of the year, which was above the historical average. Nonetheless, the extreme weather in the past two months might have affected a portion of output in this area. Livestock production is showing signs of recovery, with the exception of milk output, which is clearly contracting.

In the opening months of 2003, the ongoing acceleration in the manufacturing industry and energy branches came to a halt, with the related year-on-year rate of increase dipping by 0.4 pp to 2.5%. Activity in the energy industry slowed significantly, in contrast to manufacturing, which rose to 2%. The information for Q2 would indicate, however, a stabilisation of the growth rate in industry, as the industrial production index has been wavering, with a deceleration in May centred on the production of non-food consumer goods and on intermediate goods. The receding prospects of recovery at the international level coupled with the appreciation of the euro have led the increase in manufacturing industry to stabilise, despite the sustained trend of domestic demand. The confidence indicator compiled by Eurostat was also less expansionary in Q2,

and it slipped in June further to a worse assessment of orders, and of foreign orders in particular. However, other conjunctural indicators show a more positive side to manufacturing industry in recent months: non-energy intermediate goods and capital goods imports, which were very buoyant in April and May, and exports of industrial products, which sustained high growth rates during these months.

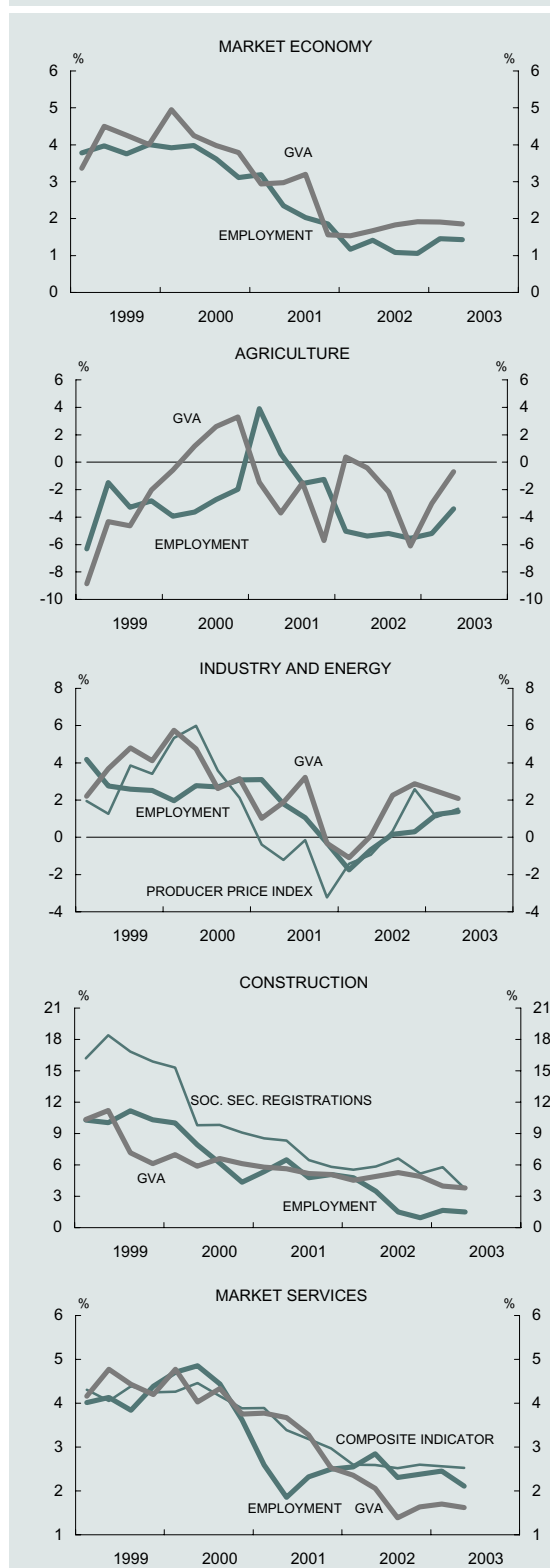
Value added in construction once again lost momentum in 2003 Q1, posting year-on-year growth of 4%, against 4.9% the previous period. While confidence in the construction industry fell slightly in Q2, it remains high, as testified by other coincident indicators mentioned above when investment in construction was analysed. In line with this latter aggregate, it is estimated that value added in construction may have slowed slightly in Q2, though it remains the most buoyant activity.

In the opening months of 2003, growth in the tertiary sector stabilised at 2.2% on QNA estimates. The non-market services branch grew by 4% in Q1, a similar figure to that observed in the closing months of 2002. Market services, for their part, accelerated by 0.1 pp to a rate of 1.7% year-on-year. According to the new statistic drawn from the indicators of services activity, which has bridged a significant gap in statistical reporting requirements in this area, the greater robustness in Q1 was in services to businesses, followed by the distribution trade, ICT and transport; the sector performing most sluggishly was tourism, where activity contracted.

The latest conjunctural information shows market activities to have picked up mildly in Q2. Against the background of a slight improvement in the outlook for the sector, the services composite indicator reveals a stable growth pattern. Activity in the distribution trade, in hotels and catering and in transport shows signs of greater momentum, while stability prevails in the other branches. The retail sales index picked up in May, while the retail trade confidence indicator was more positive in Q2 than in Q1. Certain indicators relating to the hotel and catering trade (travellers lodged in hotels, overnight stays) have also improved, leaving behind the contractionary phase of the previous quarters. Lastly, developments in the various transport sub-sectors were uneven.

QNA estimates indicate that employment, measured in terms of equivalent full-time jobs, quickened to a rate of 1.5% year-on-year in 2003 Q1, compared with 1.1% at end-2002. Against a background of stability in the growth of activity, this result led to a slowdown in apparent labour productivity, which did not build

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.

on the increase recorded in 2002 Q4 and fell back to a rate of 0.6%, a figure close to the average for last year. The conjunctural indicators testify to the favourable trend of employment in Q1: the EPA (Labour Force Survey) showed an increase in employment of 2.3%, 0.7 pp up on the previous quarter, while social security registrations revealed a year-on-year increase of 3.3%, 0.3 pp higher than the previous quarter.

The indicators available for 2003 Q2 suggest a continuing and sound process of job creation, which is estimated to have grown at a slightly higher rate than in Q1. The EPA reflects a fresh acceleration in numbers employed, up 2.6% in relation to 2002 Q2, while registrations, after growing at a very similar rate to that of Q1, have increased by 3.2% over the first six months of the year as a whole. Registered unemployment, which posted year-on-year growth of 4.8% between January and March, increased by 1.8% in Q2, despite the fact that the June unemployment figure signified something of a rise in this variable.

As can be seen in Chart 18, employment quickened in all productive activities except services in Q1 according to QNA figures. In the case of services, however, the increase in employment was higher than in the other branches: 2.1%, only 0.1 pp below the increase in value added, which also held stable, meaning that apparent labour productivity remained flat as it had in 2002. For Q2, the EPA points to a higher rate of job creation in these branches, as corroborated by the figures for registrations. Employment in manufacturing industry and energy rose with notable vigour in Q1. Nonetheless, the EPA reflected a fall-off in employment in Q2, in line with the check on activity and with the information drawn from registrations. In construction, productivity gains moderated in Q1 as employment increased against a background of slowing value added, a process which, it is estimated, continued in the spring months. That said, the growth of productivity is still relatively high. Finally, agriculture was the only productive sector to post greater productivity gains in Q1, due to the fact that job destruction continued at a sharper rate (5.2%) than the decline in value added; in Q2 the rate of decline of employment appears to have been contained.

On QNA figures dependent employment grew by 2.1% in Q1, 0.3 p.p. above the end-2002 rate, while the numbers of self-employed continued to shrink at a similar rate to that observed in 2002. The EPA figures on the different forms of hiring show that permanent employment contracts increased significantly both in Q1 and in Q2, when they rose by a year-on-

year rate of 4.5%. Temporary employment increased modestly in the first three months compared with a year earlier, and more strongly so in Q2, in contrast to the decline recorded in the second half of 2002; nonetheless, its rate of increase is still considerably below that of permanent employment. Temporary employees as a proportion of the total stood at 30.6% in Q2, 0.6 pp down on the related figure a year earlier. That illustrates the effectiveness of the measures adopted in the past to promote stable employment and should contribute to reducing labour turnover, thereby favouring higher productivity. Part-time employees as a proportion of the total stood at 8.2%, 0.2 pp up on the related level in 2002 Q2.

Although the labour force, measured by the EPA, remains notably vigorous, its growth slowed slightly in 2002 Q4 to 2.7%, a rate posted once again in 2003 Q2. Last year the labour force grew on average by 3%. The increase in the labour force is basically due to the behaviour of the participation rate, which continued to rise, since the growth of the population of working age has moderated. In Q2, the participation rate stood at 54.9%, one percentage point higher than a year earlier. Considering only the population aged 16-64, the rate was 68.3%, in line with the growth path observed in recent years. During this period, the growth of the labour force was practically the same as that of employment, which has led to very similar growth in the numbers of unemployed (2.9% year-on-year) and a stable unemployment rate, relative to 2002 Q2, at 11.1%. In relation to Q1 this year, the unemployment rate fell by 0.6 percentage points, partly for seasonal reasons. The female unemployment rate, which is still twice the male rate, fell relative to a year earlier, while the male rate increased. Finally, the incidence of long-term unemployment (36.9%) continued to decline.

4.3. Costs and prices

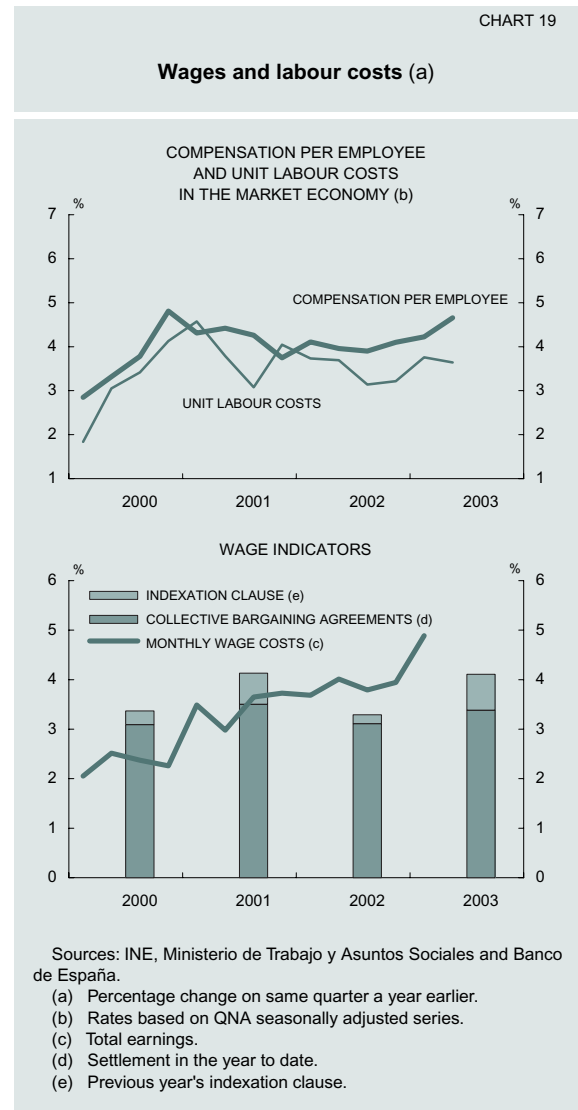
Drawing on QNA data, the cost of labour per unit of value added accelerated in 2003 Q1 both in the whole economy and in the activities that make up the market economy, to stand at rates of 3.5% and 3.8%, respectively (see Chart 19). This behaviour reflects, first, the reduction, referred to above, in productivity gains, which failed to build upon the growth recorded in the previous quarter. It also reflected a slight acceleration in compensation per employee, which came on top of that which had taken place at the end of 2002, to make the annual rate of growth of this aggregate in Q1, 4.3% for the whole economy and 4.2% for the market economy. Since productivity is estimated to have

slowed further in Q2, while compensation per employee appears to have risen, the unit labour cost probably continued to accelerate in this period.

The labour cost index (LCI) data for 2003 Q1 show a somewhat sharper acceleration in compensation than the QNA data for the market economy. The average monthly labour cost per worker increased by 5.2% in that period, 0.6 pp more than in 2002 Q4. Among its components, wage costs accelerated significantly (from 3.9% to 4.9%), reflecting a very pronounced increase in arrears, while non-wage costs moderated slightly, although they continued to grow at very significant rates (6%). At the industry level, the acceleration in labour costs per worker in construction (6.0%) and in services (5.0%) was notable, while in industry the LCI slowed slightly (5.2%).

The information available on collective bargaining in the first five months of 2003 shows an average wage settlement of 3.4%, a figure that has fallen progressively since February, although it is still 0.3 pp higher than the settlement in 2002. To date, the average settlement in revised agreements stands at 3.4%, while in newly signed agreements it is 2.9%, slightly higher than on data to April, although compatible with the terms of the 2003 Inter-confederal Agreement on Collective Bargaining (AINC 2003). However, the representativeness of the newly signed agreement is still low, since the bulk of new agreements are usually signed in the second half of the year. According to data supplied by the ministry of labour and social affairs, the effect of indexation clauses in 2002 agreements (the difference between the average settlement in 2002 when the effect of the clauses is included and when it is not) was approximately 0.7 pp.

The acceleration in unit labour costs in 2003 Q1 was not passed through to the value added deflators, either for the whole economy or the market economy, which grew at similar rates to the two previous quarters (4.3% and 4.7%, respectively). This meant that margins per unit of output, although continuing to widen, did so to a lesser extent (see Chart 20). The behaviour of prices and margins across the main branches of activity was uneven. In industry, the value added deflator slowed in Q1, possibly reflecting the effects of greater external competition, against a background of euro appreciation. This slowdown, combined with the upward trend in unit labour costs, led to stagnation of the unit margin, which will have started to contract in Q2. As mentioned on previous occasions, competitive conditions in this sector mean that growth in compensation is only sustainable over



time given parallel growth in labour productivity. In construction, by contrast, the strength of the demand for housing and public works has given rise to a pronounced increase in prices which, despite the upturn in unit labour costs, has enabled margins to continue expanding. Finally, in market services the deflator and costs behaved very similarly, indicating stable margins, against a background of moderate activity growth.

In 2003 Q1, the rate of growth of the final demand deflator stabilised at 3.2%, below that of the GDP deflator (4.5%). This result was again a consequence of the fall in import prices, although the latter was smaller than in the preceding quarter, owing to the rise in energy prices in the first three months of 2003. Other international prices, especially commodity prices, declined significantly on account of the appreciation of the euro and the weakness of demand.

Among the indicators of final prices available for 2003 Q2, the CPI showed a further modera-

CHART 20

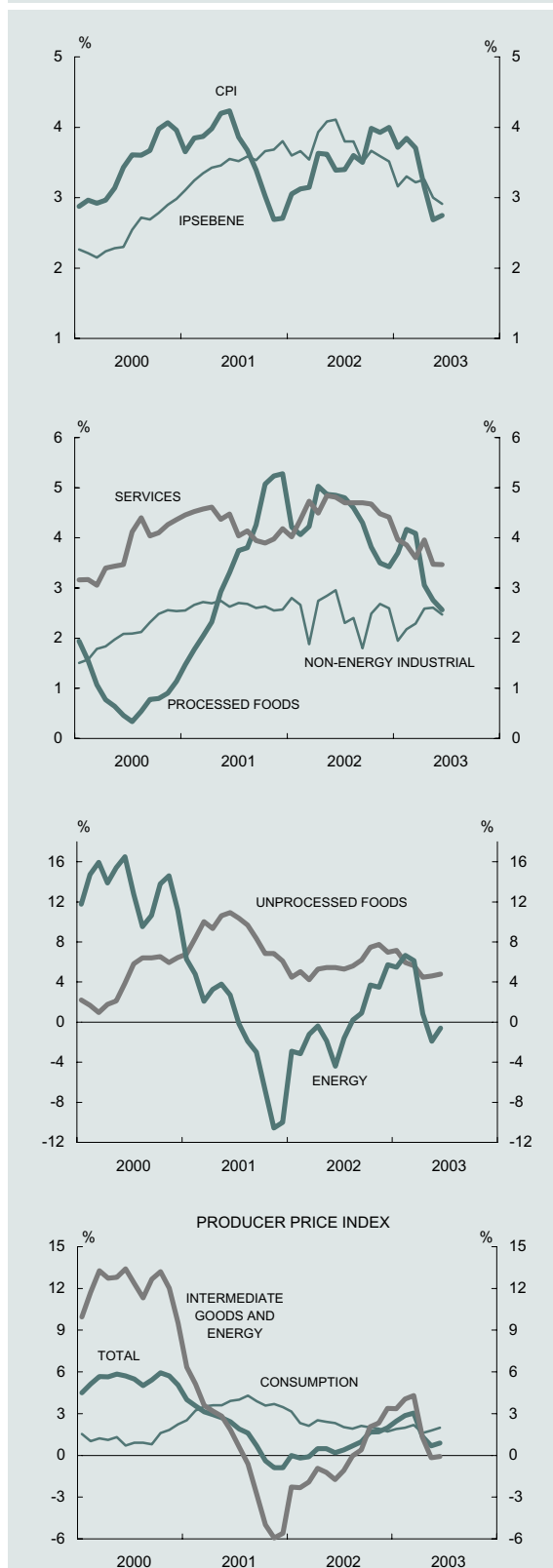
Prices and costs by branch of activity (a)



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

CHART 21

Price indicators (a)
Spain



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

tion in inflationary pressures, its rate of increase declining by 0.9 pp, to 2.7%. One of the factors contributing to this correction was the fall in energy prices, from April, as a consequence of the easing of the tensions that had dominated international oil markets in the run-up to and during the war in Iraq. The energy bill also fell as a consequence of the appreciation of the euro against the dollar. Between April and June, the average annual rate of change of the energy CPI was -0.6%, as against 6.1% in Q1 (see Chart 21). Although the factors primarily responsible for the reduction in inflationary pressures are external, there was also a reduction in the rate of change of the index of non-energy processed goods and services prices (IPSE-BENE), to 3.1% in Q2.

The deceleration of consumer prices in Spain in Q2, as measured by the HICP, was sharper than in the euro area as a whole, so that the inflation differential vis-à-vis the euro area fell by 0.6 pp from April, to stand at 0.8 pp in June. The inflation differentials across components behaved unevenly. While those of services, processed food and non-energy industrial goods held steady, that of energy deteriorated slightly and that of unprocessed food improved. In the cases of energy and processed food prices, the inflation differential continues to be favourable to Spain (see Chart 22).

In 2003 Q2, the upward trend in the producer price index (PPI) that began at the beginning of last year came to an end, the annual rate of increase being 1% (0.9% in June), as compared with 2.8% on average in Q1. The slowdown was basically due to the decline in energy producer prices, which fell at an annual rate of 0.6% during the quarter, although this trend came to an end in June. In Q2, there was a progressive deceleration in the producer prices of non-energy intermediate goods. Meanwhile, the producer prices of capital equipment displayed relatively stable rates of increase, like the prices of consumer goods, although the latter were more variable. In the euro area, the deceleration in producer prices to May was less intense than in Spain, giving rise to a 0.6 pp differential in Spain's favour. The behaviour of farm gate prices was favourable, in line with the previous indicators, although they are no longer displaying the negative rates recorded during the previous 12 months. Lastly, hotel prices decelerated slightly, except in April, owing to the Easter effect.

4.4. The State budget

According to the State budget outturn data, based on National Accounts methodology, the State deficit in the period January to June was

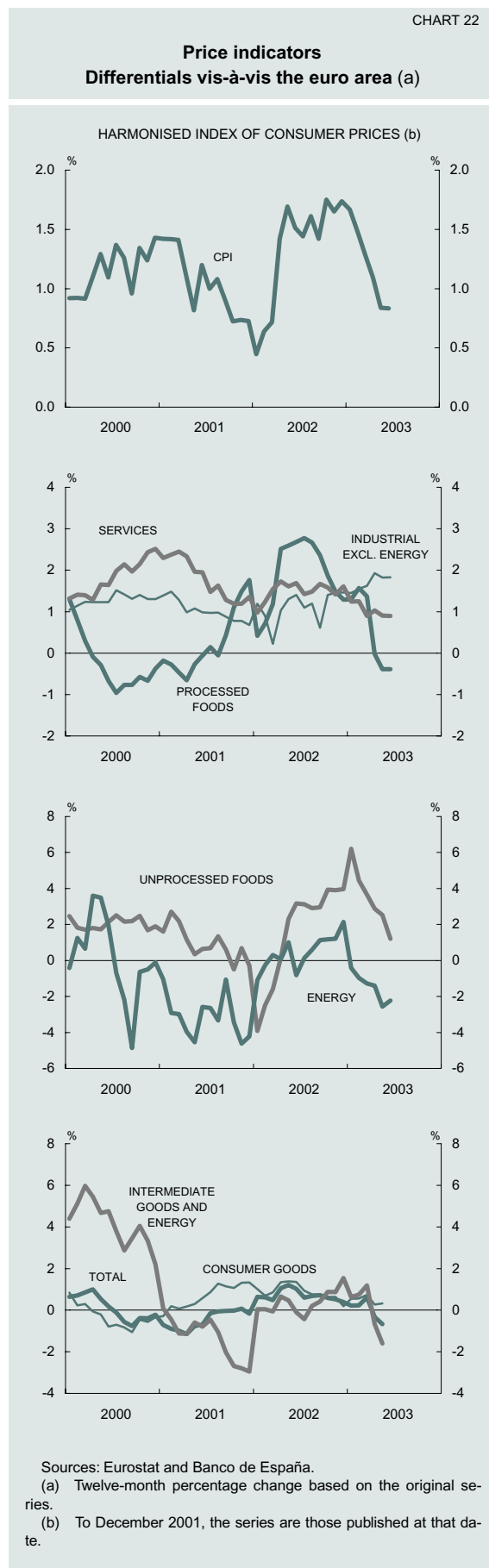


TABLE 3

State budget outturn

€ m and %

	Outturn	Percentage	Budget	Percentage	Outturn	Outturn		
	2002	change	2003	change	JAN-MAR	2002	2003	Percentage
		2002/2001		2003/2002	change	JAN-JUN	JAN-JUN	change
	1	2	3	4=3/1	5	6	7	8=7/6
1. Revenue	108,456	-13.4	105,696	-2.5	-3.1	47,703	48,031	0.7
Direct taxes	55,531	-0.3	55,218	-0.6	7.9	19,029	20,427	7.3
<i>Personal income tax</i>	32,268	-11.5	32,217	-0.2	17.2	14,075	15,742	11.8
<i>Corporate income tax</i>	21,420	24.4	21,090	-1.5	—	4,078	3,915	-4.0
<i>Other (a)</i>	1,843	-2.9	1,911	3.7	-2.3	875	770	-12.1
Indirect taxes	38,026	-28.5	37,741	-0.7	-7.3	21,772	20,948	-3.8
VAT	25,720	-25.8	25,742	0.1	-5.5	15,610	15,352	-1.7
<i>Excise duties</i>	10,347	-37.7	9,880	-4.5	-16.7	5,200	4,556	-12.4
<i>Other (b)</i>	1,959	2.5	2,119	8.2	4.7	962	1,040	8.1
Other net revenue	14,898	-8.8	12,736	-14.5	-17.4	6,902	6,656	-3.6
2. Expenditure (c)	111,082	-13.3	114,517	3.1	-2.9	56,188	54,924	-2.2
Wages and salaries	17,554	4.3	18,490	5.3	9.3	8,692	9,186	5.7
Goods and services	2,843	11.3	2,491	-12.4	14.6	1,204	1,351	12.2
Interest payments	18,863	3.3	19,672	4.3	1.5	10,286	9,491	-7.7
Current transfers	58,324	-24.4	57,500	-1.4	-11.0	29,929	28,526	-4.7
Contingency fund	—	—	2,290	—	—	—	—	—
Investment	7,043	9.0	7,247	2.9	5.5	3,159	3,374	6.8
Capital transfers	6,455	-5.3	6,827	5.8	8.5	2,918	2,996	2.7
3. Cash-basis balance (3=1-2)	-2,626	—	-8,821	—	—	-8,485	-6,892	-18.8
MEMORANDUM ITEM: NATIONAL ACCOUNTS								
Revenue	110,819	-12.5	—	—	-0.8	48,208	49,251	2.2
Expenditure	114,395	-12.4	—	—	-2.8	51,639	52,010	0.7
Net lending (+) or net borrowing (-)	-3,576	—	-3,620	—	—	-3,431	-2,759	—

Source: Ministerio de Hacienda.

(a) Includes revenue from the tax on the income of non-residents.

(b) Includes taxes on insurance premiums and tariffs.

(c) Includes unclassified expenditures.

€2,759 million (0.4% of GDP), down from €3,431 million (0.5% of GDP) in the same period of the previous year (see Table 3). Both revenue and expenditure accelerated slightly in Q2, posting smooth growth relative to the first half of the previous year (2.2% in the case of revenue and 0.7% in that of expenditure). Notable on the expenditure side was the sharp growth in certain consumption items and in gross capital formation.

It should be noted, however, that the comparison between the outturn data for 2003 and

for 2002 (both in National Accounts and cash-basis terms) is distorted by three factors: first, by the transfer of revenue-raising and spending responsibilities to the regional (autonomous) governments, which took place last year and which may still be affecting this comparison, although to a lesser extent than in the previous year; second, by the change in the timetable for the receipt from general government of the tax withheld on earned income, the revenue now being transferred monthly; and, third, personal income tax revenue in the first few months of the year was not affected by the reduction in

Social Security budget outturn

The Social Security System posted a surplus of €6.25 billion in the period to April 2003, €348 million (5.9%) up on that recorded in the same period a year earlier, and an improvement on the 2003 budget (see table below). Nonetheless, as in the case of the State budget, the year-to-year comparison of these figures is affected by the culmination during 2002 of the effective assignment of health-care management to all the regional (autonomous) governments.

Receipts from social security contributions increased by 9.3% to April, a notably higher growth rate than budgeted and appreciably quicker than in 2002. This acceleration is due only to a minor extent to slightly higher growth (3.2%) in the number of Social Security registrations to June 2003, against a rate of 3% in 2002 as a whole.

Expenditure on contributory pensions posted a growth rate of 6.8% to April, in line with the budgeted rate for the year as a whole and with that for 2002. The number of contributory pensions continues to trend very moderately, and their growth stood at 1% to June, slightly higher than budgeted and up on 2002.

Contributions received by INEM (National Employment Office) increased by 8.7% to March, compared with a budgeted projection of 13.5%. Meanwhile, rebates on contributions in respect of employment-promoting contracts fell by 11.9% in Q1, contrasting with the 0.4% growth budgeted.

INEM expenditure on unemployment benefits rose by 6.3% to June 2003, a significant slowdown on the cumulative growth of 14.6% in 2002. Behind this figure lay both the slowdown in registered unemployment (which grew by 3.5% to June, compared with 7.4% in 2002 as a whole) and the decline in the eligibility ratio, which stood at 71.1% to May against 71.6% at end-2002. As a result, the number of beneficiaries grew by 1.9% to May, against average growth of 12.3% in 2002.

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

	Budget			Outturn JAN-APR		
	2002 (c)	2003	% change	2002	2003	% change
	1	2	3=2/1	4	5	6=5/4
1. Revenue	83,282	77,100	-7.4	27,359	26,900	-1.7
Social security contributions (d)	67,852	72,174	6.4	22,987	25,130	9.3
Current transfers	14,389	4,294	-70.2	4,153	1,566	-62.3
Other (e)	1,042	632	-39.4	219	204	-6.7
2. Expenditure	79,411	73,191	-7.8	21,454	20,648	-3.8
Wages and salaries	6,683	1,785	-73.3	1,573	550	-65.0
Goods and services	4,214	1,390	-67.0	742	348	-53.1
Current transfers	67,615	69,568	2.9	19,065	19,711	3.4
Benefits	67,615	69,568	2.9	19,065	19,710	3.4
<i>Contributory pensions</i>	56,231	60,024	6.7	15,841	16,911	6.8
<i>Sickness</i>	4,027	4,623	14.8	1,195	1,376	15.1
<i>Other</i>	7,358	4,922	-33.1	2,028	1,423	-29.8
Other current transfers	0	0	-30.7	0	0	—
Other (f)	899	446	-50.3	74	39	-48.0
3. Balance	3,871	3,909	1.0	5,904	6,252	5.9

Sources : Ministerio de Hacienda, Ministerio de Trabajo y Asuntos Sociales and Banco de España.

(a) Only data relating to the System, not to the entire Social Security Funds sector are given. This is because the figures for other Social Security Funds are not available for 2003.

(b) Transfers from the Instituto Social de la Marina to the regional governments to finance transferred health-care and social-services responsibilities have been distributed among the various expenditure captions on the basis of the percentages obtained from the general government accounts for 1997.

(c) The budgetary reference takes the 2002 Budget as its basis for comparison, since the full outturn for that year is not yet available.

(d) Including surcharges and fines.

(e) Excluding surcharges and fines.

(f) Reduced by the disposal of investments.

Balance of payments: summary (a)

CHART 4

€ m

	JANUARY-APRIL	
	2002	2003
CREDITS		
Current account	75,182	80,626
Goods	44,158	47,117
Services	18,533	19,543
<i>Tourism</i>	9,072	9,353
<i>Other services</i>	9,461	10,190
Income	6,520	7,274
Current transfers	5,970	6,691
Capital account	2,909	2,216
DEBITS		
Current account	80,005	87,340
Goods	52,875	57,540
Services	12,588	13,328
<i>Tourism</i>	2,002	2,015
<i>Other services</i>	10,586	11,313
Income	10,356	11,617
Current transfers	4,187	4,854
Capital account	318	371
BALANCE		
Current account	-4,823	-6,714
Goods	-8,716	-10,423
Services	5,945	6,215
<i>Tourism</i>	7,070	7,338
<i>Other services</i>	-1,125	-1,123
Income	-3,836	-4,343
Current transfers	1,784	1,837
Capital account	2,592	1,845

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

withholdings arising from the reform of this tax. The rates of change shown in columns 5 and 8 of Table 3 allow for these factors.

According to the cash-basis data available on the State budget outturn, in the first half of 2003 the deficit declined to €6,892 million, from €8,485 million in the period January-June 2002. This reduction in the cash-basis deficit contrasts with the increase budgeted 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 region-

al (autonomous) governments, which is not included in Table 3. Total personal income tax receipts grew by 10.5% in the first six months, a notably higher rate than in the previous year as a whole (7.1%), although less than the rate in Q1 (14.7%), since the reduction in withholdings is becoming more important. Indirect taxes, meanwhile, accelerated significantly during these months relative to 2002 as a whole and relative to 2003 Q1, owing to the behaviour of VAT. VAT receipts grew, on a homogeneous basis, by 10.5% (as against 6.4% in 2002 and 6.1% in Q1), while excise taxes increased by 4.3% (4.6% in the preceding year and 5.3% in Q1). 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 affected by the larger rebates made in the first half of the year.

On the expenditure side, there was a fall in the first six months, with respect to the same period a year earlier, owing to the interest and current transfers captions. The latter, still affected by the new regional government financing system, declined by 4.7%, a slowdown from the 11% decline in Q1 (see Table 3). Meanwhile, operating costs (wages and salaries and goods and services) continued to record notable growth, especially in the case of goods and services, which increased by 12.2%, in sharp contrast to the fall of 12.4% budgeted for 2003 as a whole. However, operating costs have begun to slow with respect to the first quarter. Finally, the growth in investment in the period to June was higher than that budgeted for the year as a whole, in contrast to capital transfers, which slowed in this period.

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

In the period January-April 2003, the overall balance on current and capital account was a deficit of €4,869 million, an increase of €2,637 million on the deficit in the same period of the previous year. This outcome is basically explained by the deterioration in the current-account deficit, which widened by €1,891 million to €6,714 million, although the decline of €747 million in the capital-account surplus during this period also played a part. Within the current account, the merchandise deficit worsened significantly as did, to a lesser extent, the income deficit, while the services and current-transfers surpluses improved somewhat.

The trade deficit deteriorated by €1,707 million in the first four months of 2003, relative to the same period of 2002, a rise of 19.6% in

year-on-year terms. During the period, the trade deficit continued to widen, basically on account of the burgeoning energy bill (despite the strength of the euro) and the growth differential between real import and export flows.

As for the services account, in the period January-April, it showed a surplus of €6,215 million, up €270 million on a year earlier. This improvement represented a year-on-year increase of 4.5%, which is explained by the increase in the tourism surplus (3.8%) and the stability of the other-services deficit (-0.2%). Tourism receipts during this period maintained the slightly positive trend that commenced in 2002 Q4, with annual growth of 3.1%, in line with the trend in tourist arrivals at frontiers during the first few months of 2003. Tourism payments barely grew by 0.7% in the first four months of 2003, an increase in the moderation seen at the end of the previous year, in line with the decline in consumer confidence and the substitution of domestic for foreign tourism, against a background of global instability.

The deficit on the income account deteriorated by €508 million between January and April 2003, relative to the same period of the previous year, to €4,343 million. Both receipts and payments increased notably (by 11.6% and 12.2%, respectively), reflecting the buoyancy of the income flows of the non-financial private sector.

The current-transfers surplus stood at €1,837 million in the first four months of the year, an increase of €54 million relative to the same period of 2002. Receipts rose by 12.1%, as a result of the expansion of flows to the private sector from the EU's EAGGF Guarantee Section. Payments, meanwhile, grew by 15.9%, owing to the notable increase in those made to the EU in respect of additional GNP resource.

Finally, the capital-account surplus fell by 28.8%, a rate that is explained by the decline in flows of structural funds from the EU, especially those to the ERDF. This is largely due to certain delays that are usual during the first few months of the year.

5. Financial developments

5.1. Overview

In the first half of the year, financial conditions in the Spanish economy have become more favourable for the expansion of private spending, due to a decrease in the cost of financing and a rise in the value of assets held by firms and households. The expansionary monetary policy stance, along with the prospects of moderate economic recovery in the major economies, helped to keep government debt yields on a declining course which took them to record lows, albeit with some episodes of volatility. Thus in June the yield on 10-year debt issued by the Spanish Treasury stood at 3.7%, although it edged up to 4% in mid-July. The credit risk premia of Spanish firms on credit derivatives markets fell significantly, particularly in the oil industry, and the resulting decrease in the cost of financing of these corporations exceeded that in the risk-free rate of interest (see Chart 23). The looser financial conditions were also reflected in the lower interest rates charged by credit institutions on loans to the private sector.

In 2003 Q1 domestic and international stock market prices followed a downward course accompanied by high volatility (see Chart 23). As the doubts over the length and gravity of the Iraq war faded, investors, encouraged by low risk-free interest rates, began to show a greater willingness to assume risks in equity markets following the sharp correction in share prices in the last three years. Thus, despite the uncertainty over the economic outlook, a certain normality was restored to the stock markets. Price volatility decreased significantly and price levels initiated an upward path on the main international stock exchanges. The Madrid Stock Exchange General Index (IGBM by its Spanish abbreviation) rallied after the fall at the beginning of the year and ended the first half with a gain of 13.5%, which was higher than that of the euro area's EURO STOXX index (2.9%) and that of the US S&P 500 index (10.8%).

House prices again grew in 2003 Q1, this time at a year-on-year rate of more than 17% which took the cumulative rise since 1997 to 68% in real terms (see Chart 23).

Against this background, in 2003 Q1 the financial saving of households remained at low levels (1.3% of GDP in cumulative four-quarter terms) and the net borrowing of non-financial corporations rose to 4.7% of GDP, compared with 4.4% in 2002 (see Table 5). The net financial transactions of general government and of financial institutions were unchanged and, as a

result, the nation's debit balance worsened to 2% of GDP, against 1.6% in 2002.

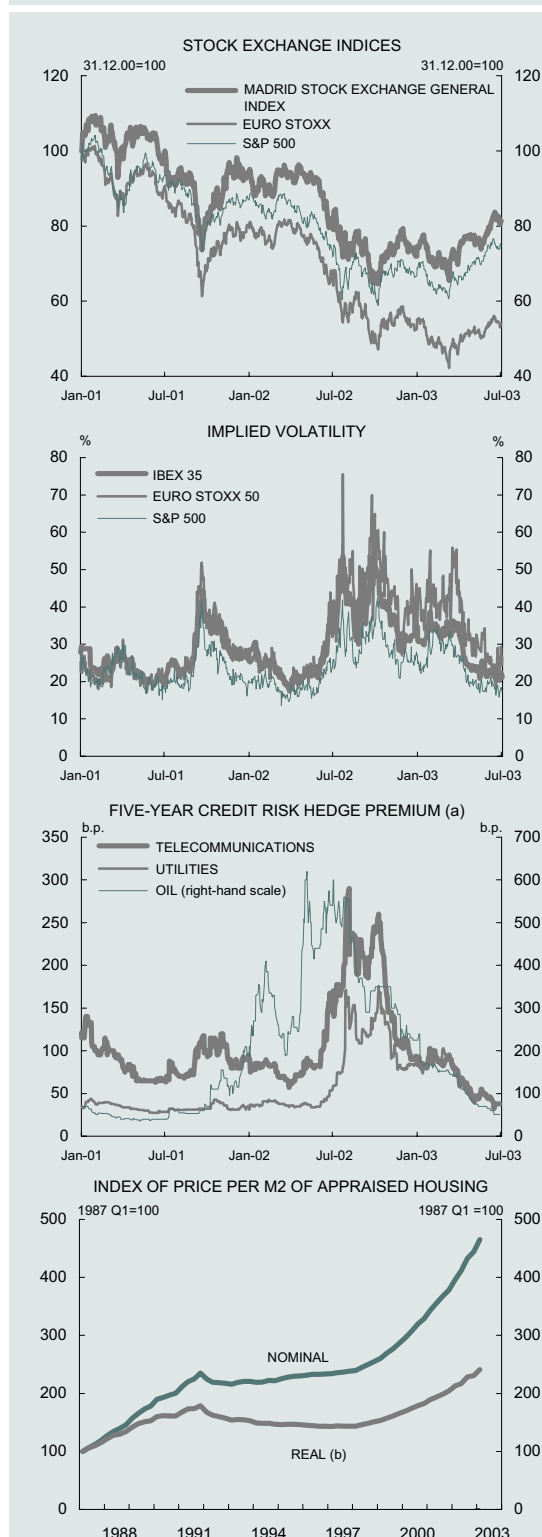
The looser monetary and financial conditions in Spain helped to increase the demand for credit to finance the spending decisions of households and firms, despite the favourable trend in the income of these sectors. The financing extended to households and non-financial corporations continued to grow at high rates, although in the first three months of the year there was a slight slowdown, which has not been confirmed by the provisional information available on Q2. Thus private sector debt grew in June at a year-on-year rate of around 15%, similar to that at end-2002. In the case of bank credit, its behaviour continues to depend on loan purpose, with lending to the property sector – construction, house purchase and real estate services – still being very significant (see Box 6).

The increase in the liabilities of the non-financial private sector led to further rises in its debt ratios. However, the easier conditions under which the new funds were raised allowed the financial burden associated with that debt to remain at moderate levels. The other available indicators of the financial position of households and firms have performed favourably in the year to date. The net wealth of households has continued to increase and their gross saving after debt service, although still low, picked up in Q1. The earnings of corporations showed signs of improvement.

Accordingly, the financial position of the private sector is favourable for the recovery of consumption and investment expenditure. However, some recent financial developments, related basically to the high indebtedness of households and corporations, pose certain risk factors of importance in the assessment of macroeconomic prospects. The marked increase in liabilities suggests that this sector will have to make its spending compatible with less intensive borrowing. Analogously, the higher indebtedness of firms and households also means that, compared with past behaviour, their spending decisions are more sensitive to changes in the determinants of the cost of debt and to the sector's capacity to service that debt. Finally, housing is somewhat overpriced, by an amount similar to that seen in the previous cyclical upturn in the early 1990s, which, like then, can be absorbed in a gradual, orderly fashion through a progressive price correction towards values more consistent with their fundamental determinants. However, the longer that the expected slowdown in the value of property assets is delayed, the greater is the likelihood that there will be a sharper adjustment.

CHART 23

Price indicators of various assets



Sources: Bloomberg, JPMorgan, Credit Trade and Banco de España.

- (a) Average asset-weighted premia.
(b) Deflated with the CPI.

TABLE 5

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

% GDP

	NET FINANCIAL TRANSACTIONS								
	1998	1999	2000	2001	2002				2003
					Q1	Q2	Q3	Q4	Q1
National economy	0.2	-1.0	-2.4	-2.1	-2.0	-1.9	-1.7	-1.6	-2.0
Non-financial corporations and households and NPISHs	2.1	-0.3	-2.4	-3.5	-4.0	-3.2	-3.6	-3.0	-3.4
Non-financial corporations	-1.1	-2.3	-3.5	-4.6	-4.9	-4.2	-4.2	-4.4	-4.7
Households and NPISHs	3.3	2.0	1.1	1.1	0.9	1.0	0.6	1.4	1.3
Financial institutions	1.1	0.5	0.7	1.5	1.6	1.5	1.7	1.5	1.5
General government	-3.0	-1.2	-0.8	-0.1	0.3	-0.2	0.2	-0.1	-0.1
INTER-SECTORAL FLOWS (a)									
Households and NPISHs	3.3	2.0	1.1	1.1	0.9	1.0	0.6	1.4	1.3
Vis-à-vis:									
Credit institutions (b)	-4.6	0.5	-0.2	-1.5	-2.3	-2.9	-3.5	-2.9	-3.4
Institutional investors (c)	7.6	0.9	0.4	3.7	3.4	3.4	3.0	2.9	3.9
Non-financial corporations	-1.1	-2.3	-3.5	-4.6	-4.9	-4.2	-4.2	-4.4	-4.7
Vis-à-vis:									
Credit institutions (b)	-4.5	-4.1	-6.8	-4.0	-4.1	-4.3	-3.9	-3.1	-3.8
Rest of the world	0.7	-0.7	2.0	-2.3	-2.5	-1.5	-1.2	-0.8	-0.9
General government	-3.0	-1.2	-0.8	-0.1	0.3	-0.2	0.2	-0.1	-0.1
Vis-à-vis:									
Credit institutions (b)	1.4	1.3	2.2	-2.3	-0.2	-0.3	0.9	1.0	-0.6
Institutional investors (c)	-2.6	1.7	3.9	2.9	1.6	1.3	0.8	0.5	0.7
Rest of the world	-1.1	-4.3	-5.9	-1.6	-1.9	-1.6	-1.6	-1.1	0.1
Rest of the world	-0.2	1.0	2.4	2.1	2.0	1.9	1.7	1.6	2.0
Vis-à-vis:									
Credit institutions (b)	7.1	1.9	5.1	3.8	2.7	3.9	3.3	2.7	4.3
Institutional investors (c)	-6.3	-3.6	-5.7	-4.9	-3.7	-3.7	-3.3	-2.2	-3.5
Non-financial corporations	-0.7	0.7	-2.0	2.3	2.5	1.5	1.2	0.8	0.9
General government	1.1	4.3	5.9	1.6	1.9	1.6	1.6	1.1	-0.1

Source: Banco de España.

(a) A positive sign denotes the extension of financing to the counterpart sector. A negative sign indicates financing received from the counterpart sector.

(b) Defined in accordance with the First Banking Directive.

(c) Insurance corporations and collective investment undertakings.

5.2. The household sector

In 2003 Q1 the net financial saving of households was practically zero and, in cumulative four-quarter terms, it remained low at 1.3% of GDP (see Table 5 and Chart 24). The sector's saving after debt service, which excludes the resources used for loan repayment, continued the moderate recovery seen since mid-2001 and stood at 1.7% of its gross disposable income (see Chart 25). The level of indebtedness further increased to 84% of household gross disposable income. However, the associated fi-

nancial burden held at moderate levels owing to the favourable behaviour of interest rates. Also, net wealth again increased despite higher liabilities, mainly as a result of house price increases. In short, all these indicators show that the overall financial position of households improved in 2003 Q1, although their vulnerability to negative shocks increased as a consequence of the sector's higher debt.

With regard to portfolio decisions, the acquisition of financial assets by households in the first three months of the year amounted to 9.1%

Recent trend in bank credit to the private sector and in its components

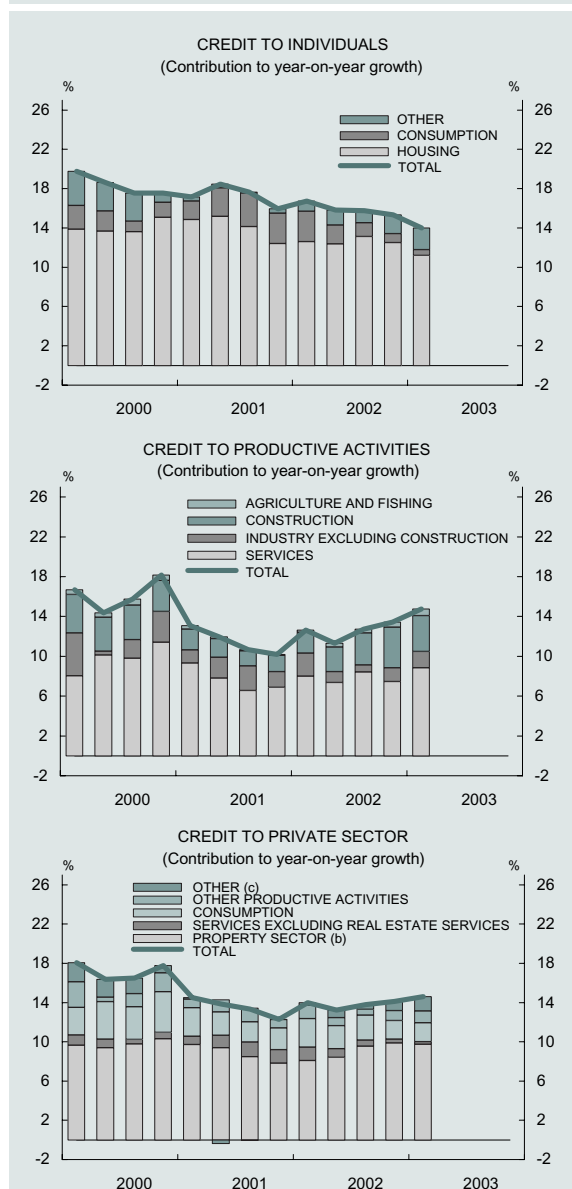
In the last two years, bank credit to households and corporations has continued to expand at high rates despite the moderate economic growth and the uncertain economic outlook that have characterised much of this period. Considering, in addition to the loans to the private sector that are recorded on banks' balance sheets, those that have been transferred to securitisation funds, the year-on-year growth rate of the resulting aggregate has, since 2001, stood at around 14% (1). This expansion of financing in Spain, at a rate far higher than that in most euro area countries, has been underpinned basically by very loose financial conditions in a context of high competition between credit institutions.

This trend in credit is the outcome of disparate behaviour depending on the sector and, more importantly, on the loan purpose (2). Thus, in the case of individuals, the funds received have shown a pattern of mild deceleration since the beginning of 2001 (see top panel). The breakdown by loan purpose shows that credit for house purchase has, on average, accounted for around 77% of the growth of loans to the sector in this period. This behaviour reflects households' greater net property-related borrowing, associated with increased residential investment and higher house prices, along with a moderate expansion in consumer spending. However, the most recent information points to a certain slowdown in this component, which has not been completely offset by consumer and other loans.

With regard to credit for productive activities, after a sharp slowdown in 2001, its momentum has tended to recover since the beginning of 2002 (see middle panel). As regards purpose, loans for construction and for services account for around 82% of the average increase in resources raised for productive activities since 2001. Nearly half of the funds raised in the services sector were for real estate services. By contrast, bank financing to industry grew very moderately in the same period, which made for a lower contribution to the expansion of the aggregate. This behaviour of credit components is in line with the buoyancy of the construction and property sectors and with the sluggishness in manufacturing. The latest information points to a brisker expansion of industry's recourse to bank debt, which seems to confirm the signs of recovery of investment in capital goods. Meanwhile, construction financing has continued to show high year-on-year growth, which in March 2003 exceeded 20%, in step with this sector's level of activity. Finally, the rate of growth of funds raised by the services sector was sustained, mainly due to demand from real estate companies.

In short, the recent trend in credit to the private sector has largely been due to the buoyant activity of the property sector. Thus financing to individuals for house purchase and that for construction and real estate services account for an average of 63% of loan growth since 2001 (see bottom panel). In 2002, the contribution of such loans to the expansion of bank financing to households and corporations tended to accelerate, accounting for 70% at the end of that year. However, the latest information shows a certain moderation in this indicator (67% in 2003 Q1). Thus in March 2003 loans for property-related purposes accounted for 51% of outstanding credit to households and firms, up five percentage points on end-2000.

Credit by purpose (a)



Source: Banco de España.

(a) Includes securitised assets.

(b) Includes housing, construction and real estate activities.

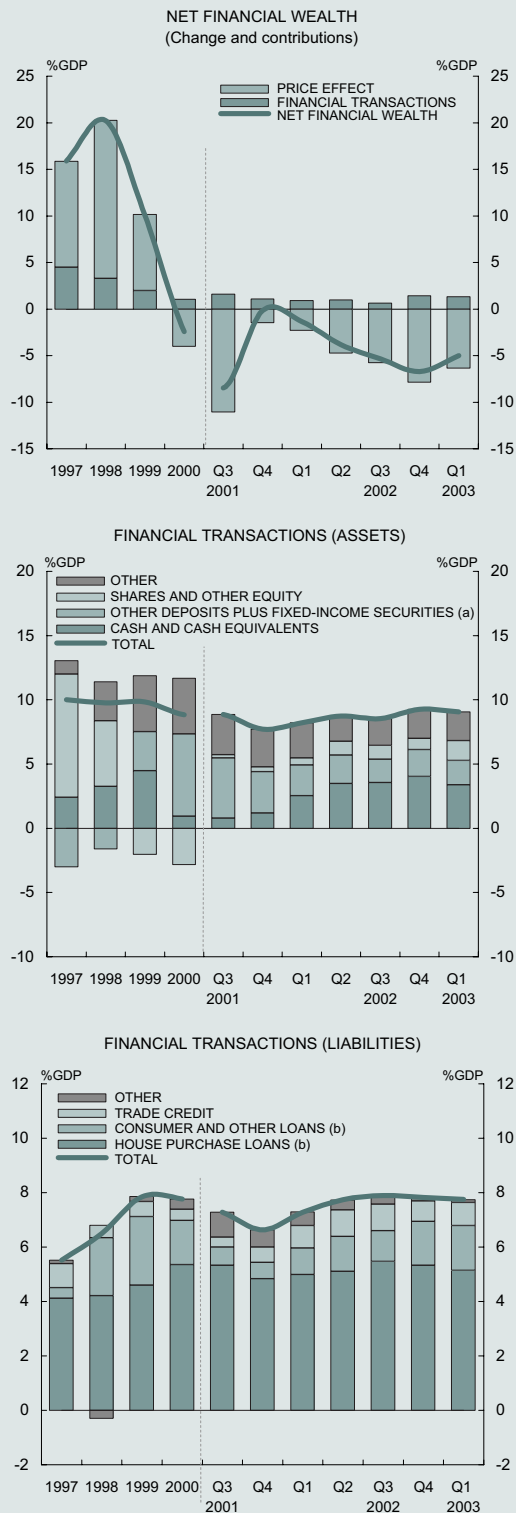
(c) Includes loans for other purposes to individuals plus NPISHs and unclassified items.

(1) References to bank credit in the rest of this box always include that which has been securitised.

(2) This box uses a definition and sectorisation of the private sector which differs from that used in the rest of the chapter. The latter usage follows the National Accounts and the Financial Accounts in distinguishing between non-financial corporations and households, which include individuals, individual entrepreneurs and NPISHs. By contrast, in this box the private sector includes the aforementioned groups as well as non-monetary financial institutions, and is broken down into individuals and productive activities. This sectorisation has been chosen because the information available on credit by purpose does not permit the other one.

CHART 24

Households and NPISHs (Cumulative four-quarter data)

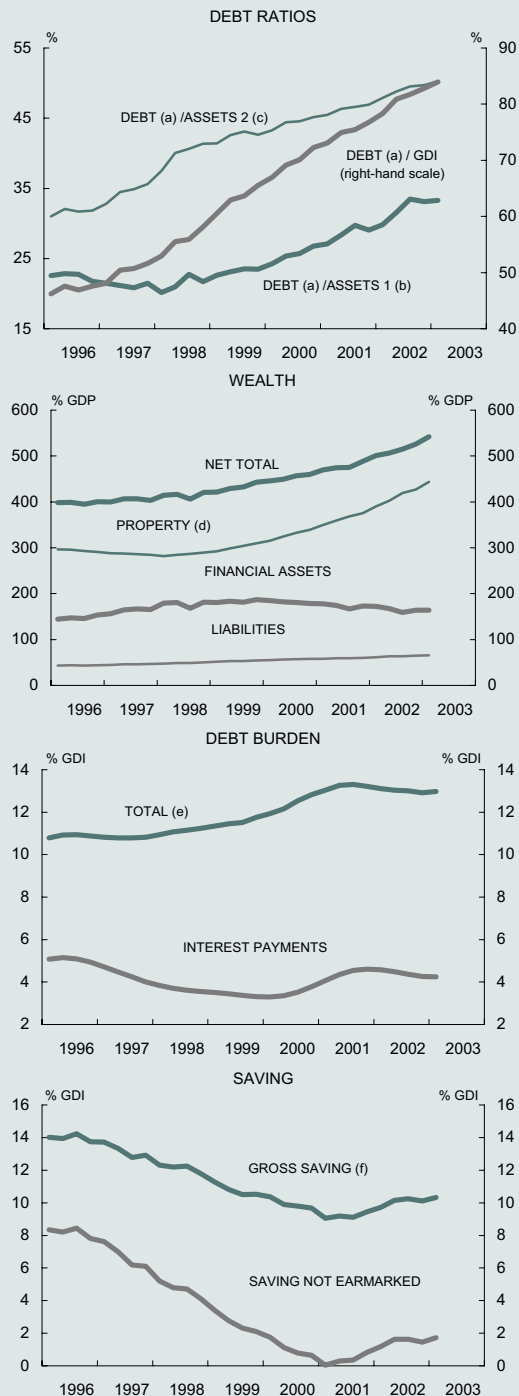


Source: Banco de España.

- (a) Not including unpaid accrued interest, which is included under "other".
(b) Including securitised loans.

CHART 25

Indicators of the financial position of households and NPISHs



Source: Banco de España.

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

TABLE 6

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

%GDP

	1999	2000	2001	2002		2003
				Q3	Q4	Q1
HOUSEHOLDS AND NPISHs:						
Financial transactions (assets)	9.8	8.8	7.7	8.5	9.3	9.1
Cash and cash equivalents	4.5	0.9	1.2	3.6	4.0	3.4
Other deposits and fixed-income securities (a)	3.0	6.4	3.2	1.8	2.1	1.9
Shares and other equity (b)	0.1	0.5	-0.4	0.4	0.7	0.5
Mutual funds	-2.1	-3.4	0.8	0.7	0.2	1.1
<i>FIAMM</i>	-1.4	-1.3	1.3	1.0	0.7	0.8
<i>FIM</i>	-0.8	-2.0	-0.5	-0.4	-0.5	0.3
Insurance technical reserves	3.3	3.4	2.5	2.2	2.4	2.5
of which:						
<i>Life assurance</i>	2.0	1.9	1.4	1.1	1.6	1.7
<i>Pension funds</i>	1.0	1.3	0.9	0.7	0.7	0.7
Other	1.0	0.9	0.4	-0.1	-0.2	-0.2
Financial transactions (liabilities)	7.9	7.8	6.6	7.9	7.8	7.8
Credit from resident credit institutions (c)	7.1	7.0	5.4	6.6	6.9	6.8
House purchase credit (c)	4.6	5.4	4.8	5.5	5.3	5.1
Consumer and other credit (c)	2.5	1.6	0.6	1.1	1.6	1.6
Other	0.7	0.8	1.2	1.3	0.9	1.0
NON-FINANCIAL CORPORATIONS:						
Financial transactions (assets)	17.8	27.9	19.2	15.4	13.8	15.0
Cash and cash equivalents	0.7	0.9	1.7	1.5	1.5	1.9
Other deposits and fixed-income securities (a)	-0.1	1.2	1.1	1.4	1.7	2.2
Shares and other equity	8.4	14.9	5.8	4.5	4.2	4.0
of which:						
<i>Vis-à-vis the rest of the world</i>	6.8	11.3	4.9	3.3	2.8	2.9
Other	8.9	10.8	10.7	8.1	6.5	6.9
Financial transactions (liabilities)	20.1	31.4	23.8	19.6	18.2	19.7
Credit from resident credit institutions (c)	5.3	7.6	6.9	6.9	6.8	7.4
Foreign loans	3.0	3.5	4.0	3.2	3.4	2.4
Fixed-income securities (a)	0.5	-0.7	0.1	-0.1	-0.3	-0.3
Shares and other equity	5.1	12.8	5.4	3.1	3.1	3.5
Other	6.2	8.1	7.3	6.5	5.3	6.7
MEMORANDUM ITEM: YEAR-ON-YEAR GROWTH RATES (%)						
Financing (d)	19.5	18.8	15.7	14.9	14.8	14.0
Households and NPISHs	19.6	17.3	12.4	14.5	15.0	14.4
Non-financial corporations	19.4	19.9	18.2	15.3	14.6	13.6

Source: Banco de España.

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

(b) Not including mutual funds.

(c) Includes securitised loans.

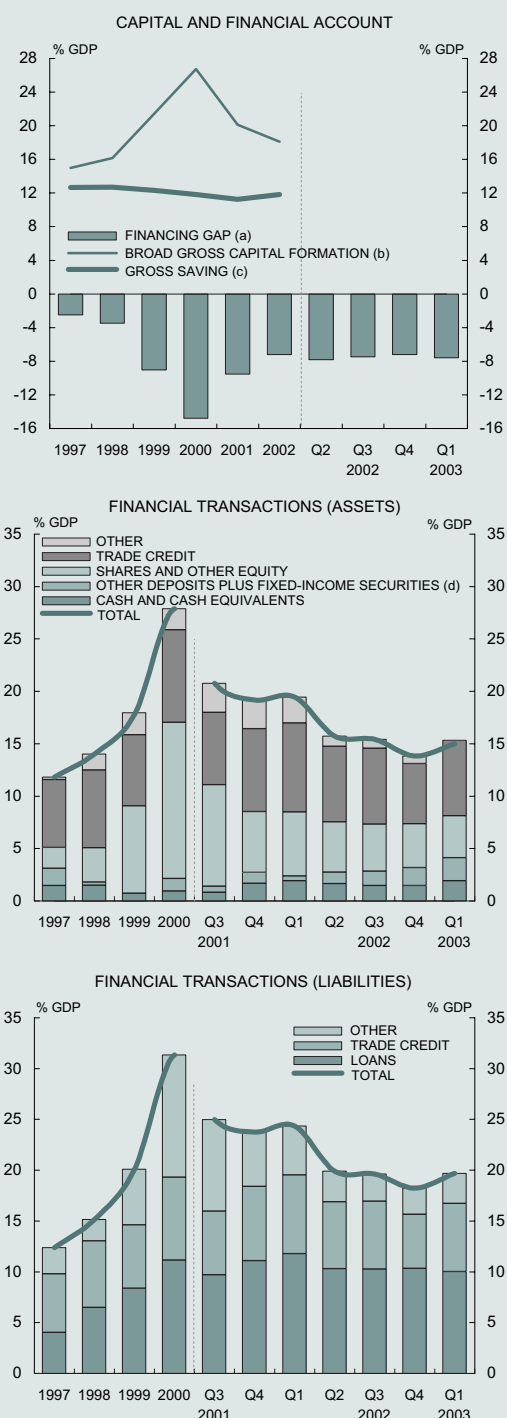
(d) Includes bank credit extended by resident credit institutions, foreign loans, fixed-income securities and financing through securitisation funds.

of GDP in cumulative four-quarter terms and centred on less risky instruments (see Table 6 and Chart 24). Also, the entry into force of the personal income tax reforms, including the abolition of taxation of capital movements between collective investment instruments, stimulated the purchase of mutual fund shares. Net purchases of these assets amounted to 1.1% of

GDP in cumulative four-quarter terms, against 0.2% in 2002. The distribution by category showed a preference for money market funds (FIAMM), which received resources amounting to 0.8% of GDP, against 0.3% received by securities funds (FIM). However, net investment in FIM, measured in cumulative four-quarter terms, turned positive again for the first time

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".

since 1999. Net FIM purchases were concentrated in euro-denominated bond funds and in guaranteed equity funds. The provisional information for June indicates that this process has continued.

Turning to liabilities transactions, the financing received by households continued to grow apace, although in Q1 its rate dipped slightly to 14.4% in year-on-year terms. This expansion, which occurred despite a certain hardening of credit terms to households disclosed by the latest Bank Lending Survey, was underpinned basically by reductions in the cost of financing. Thus, based on the most recent information on bank rates, the interest rates for house purchase and for consumer and other loans decreased by 26 and 38 b.p., respectively, between January and March. In GDP terms, the flow of financing in the last four quarters was 6.8%, 0.1 percentage point less than at end-2002. This decrease is due to the slowdown in lending for house purchases.

The provisional information for Q2 does not confirm the slowdown in the rate of expansion of household credit observed from January to March, but rather puts the year-on-year growth rate at over 15%. The breakdown by component shows that financing for house purchases continues to slow, while that intended for current expenditure seems to have picked up.

5.3. Non-financial corporations

In 2003 Q1, net borrowing by non-financial corporations was high at 2.3% of GDP, and the debit balance in cumulative four-quarter terms rose by 0.3 percentage points to 4.7% of GDP (see Table 5). The financing gap, which refers to the external resources needed to enable real and permanent financial investment to be carried out, also increased slightly to 7.6% of GDP, despite the recovery of gross saving by corporations (see Chart 26).

The financing received by corporations continued to grow at high rates, prompting further increases in the sector's debt ratios. However, according to Central Balance Sheet Data Office (CBSO) information, this development is the result of heterogeneous behaviour by the various types of corporation (see Chart 27). Thus, large corporations, which have a higher relative volume of borrowed funds, reduced their debt ratios slightly. By contrast, small and medium enterprises were the ones responsible for the rise in this indicator.

Interest payments of corporations decreased slightly in Q1 due to the lower cost of financing,

and therefore remained moderate (19% of operating profit). On CBSO information, this declining trend was seen in all sectors, although small and medium enterprises recorded a slight increase to what was still a very low level (see Chart 28). Considering short-term debt as well as interest, the financial burden indicator also decreased for the CBSO-reporting corporations as a whole.

The earnings of corporations performed very favourably in Q1. Ordinary net profit, which excludes extraordinary income and expenses, grew by 12.6% for the corporations included in the CBSO Quarterly Survey. This positive performance, which was fairly general among the main sectors of activity, boosted the ordinary return on equity to relatively high levels.

In short, all these indicators show that the aggregate wealth position of corporations continues to be sound, despite growth of their debt, and that their financial position improved in Q1.

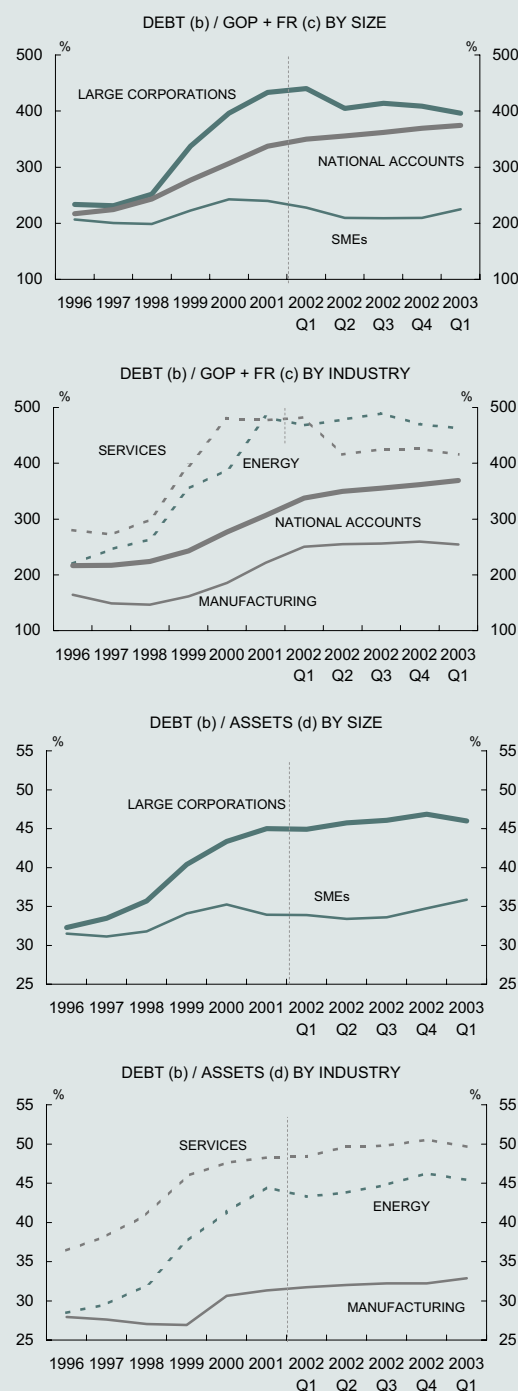
As regards investment in financial assets by non-financial corporations, the recent slowdown was left behind in the first three months of the year and it stood at 15% of GDP in cumulative four-quarter terms (see Table 6 and Chart 26). These investments were, to a greater extent than in the recent past, in the form of more liquid assets (cash, deposits and fixed-income securities), while share purchases amounted to 4% of GDP, down slightly on previous quarters.

Liabilities transactions also reached a high volume at 19.7% of GDP in cumulative four-quarter terms, against 18.2% at end-2002, with uneven behaviour across components. Interest-bearing borrowed funds slowed slightly to growth of 13.6%, against 14.6% at end-2002. The funds raised via foreign loans, a vehicle used more by large corporations, fell to 2.4% of GDP, against 3.4% in the previous quarter, while financing from resident institutions acquired greater weight (7.4% of GDP). Also, net redemptions of fixed-income securities by corporations amounted to 0.3% of GDP, while trade credit, which is included under the heading "Other", increased. Finally, the resources raised through the issuance of shares and other equity, mainly unquoted securities, amounted to 3.5% of GDP.

As in the case of households, the expansion of borrowing took place against a background of somewhat more restrictive supply conditions on the credit market, according to the Bank Lending Survey. Furthermore, it was underpinned by the decrease in the cost of financing.

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).

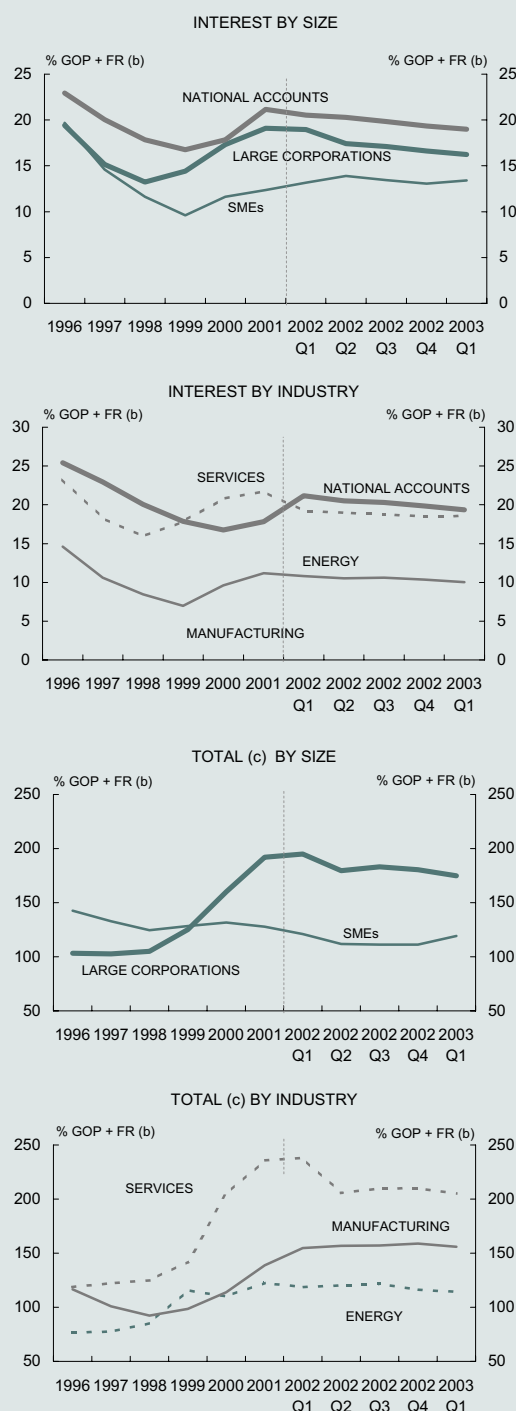
(b) Interest-bearing borrowed funds.

(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.

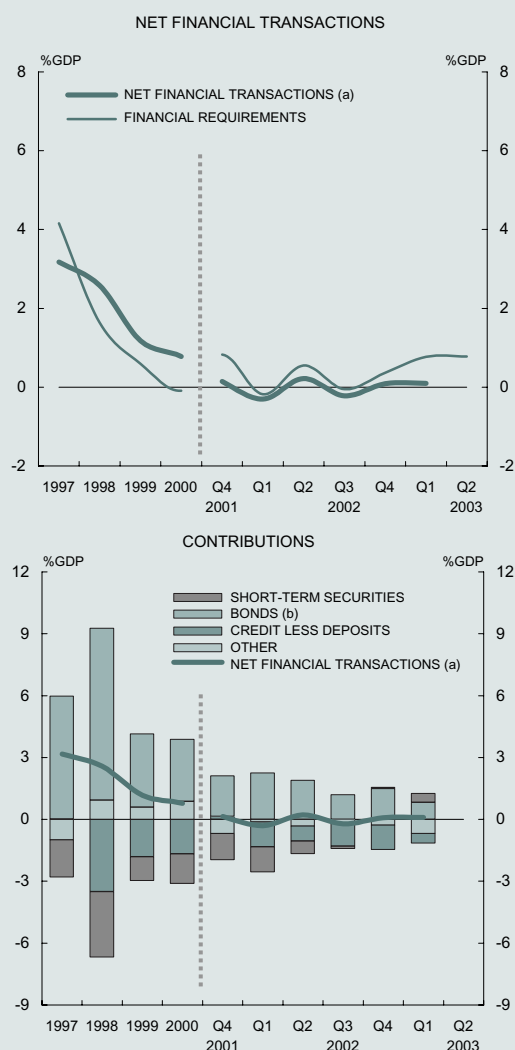
(a) All the series, except "National Accounts", are calculated with CBSO information. Up to 2001 the information is from the CBSO annual survey (CBA). Thereafter, the information is from the CBSO quarterly survey (CBQ).

(b) Gross operating profit plus financial revenue.

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

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".

Financing continued to show differing behaviour according to branch of production and company size. Credit extended by resident institutions to the construction sector again grew by 20%, although this represented a certain deceleration. On the other hand, the recovery of industrial production was reflected in a pick-up in the funds received from resident institutions, the rate of expansion of which quickened to 4.8%, against 3.2% at end-2002. Analysis by company size shows that the growth of liabilities was higher in small and medium enterprises (SMEs), while large corporations, with their higher debt ratio, increased their borrowing more moderately. This was partly a reflection of

TABLE 7

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

% GDP

	1999	2000	2001	2002		2003
				Q3	Q4	Q1
Net financial transactions	-1.0	-2.4	-2.1	-1.7	-1.6	-2.0
Financial transactions (assets)	15.3	25.2	12.2	11.7	11.9	13.5
Gold and SDRs	-0.2	0.0	0.0	0.0	0.0	0.0
Cash and deposits	1.7	2.8	-2.7	1.5	4.1	4.6
Credit system	3.7	2.5	-2.7	0.2	2.0	2.3
Other resident sectors	-2.1	0.4	0.0	1.4	2.0	2.3
Securities other than shares	2.9	3.9	7.2	5.7	4.3	5.4
Credit system	-0.8	-0.3	2.0	1.2	0.6	0.8
Other resident sectors	3.7	4.2	5.3	4.5	3.7	4.6
Shares and other equity	10.1	15.6	5.2	3.7	3.1	3.0
Credit system	0.8	1.8	0.0	0.1	0.2	0.0
Other resident sectors	9.4	13.9	5.2	3.6	2.9	2.9
of which:						
Non-financial corporations	6.8	11.3	4.9	3.3	2.8	2.9
Loans	0.7	2.8	2.5	0.7	0.4	0.5
Credit system	-0.2	0.5	0.8	0.5	0.0	0.1
Other resident sectors	0.9	2.3	1.7	0.2	0.3	0.4
Financial transactions (liabilities)	16.3	27.7	14.3	13.4	13.4	15.5
Deposits	4.1	6.8	2.8	4.6	4.3	5.9
of which:						
Credit system	4.1	6.8	2.8	4.7	4.3	5.9
Securities other than shares	5.4	7.0	3.1	3.9	4.0	3.9
Credit system	0.9	0.7	0.6	0.7	1.2	1.7
General government	4.3	5.7	1.6	1.6	1.1	-0.1
Other resident sectors	0.2	0.5	0.9	1.6	1.7	2.3
Shares and other equity	4.2	9.4	4.7	2.3	1.8	2.5
Credit system	0.3	1.8	0.5	0.2	0.1	0.2
Other resident sectors	3.9	7.7	4.1	2.1	1.7	2.4
Loans	3.8	4.5	4.8	3.8	3.9	2.8
General government	0.0	0.0	0.1	0.2	0.0	0.0
Other resident sectors	3.7	4.4	4.7	3.6	3.9	2.8
Other, net (a)	-1.2	0.0	-1.0	-1.2	-0.6	0.3

Source: Banco de España.

(a) Includes the asset-side caption reflecting insurance technical reserves.

the restructuring in process at some of these corporations.

The provisional information for Q2 points to an increase in the expansion of financing obtained by corporations which would take its year-on-year growth rate to levels similar to those at end-2002. As regards components, the expansion of liabilities continued to be underpinned by the momentum of loans from resident credit institutions.

5.4. General government

The net balance of the financial transactions of general government in 2003 Q1 was positive and, in cumulative four-quarter terms, stood at -0.1% of GDP (see Chart 29).

The net issuance of marketable securities by general government was negative between January and March and, in cumulative four-quarter terms, fell to 1.2% of GDP. The volume

TABLE 8

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

% GDP

	1998	1999	2000	2001	2002	2003 (b)
National economy	-21.8	-22.5	-20.4	-21.8	-24.3	-22.9
Non-financial corporations and households and NPISHs	-8.7	-8.7	-0.4	-1.2	-0.3	1.3
Non-financial corporations	-14.9	-16.3	-8.2	-9.2	-9.8	-8.5
Households and NPISHs	6.2	7.6	7.7	7.9	9.4	9.8
Financial institutions	4.8	6.8	4.9	4.6	1.4	-0.4
Credit institutions (b)	-5.5	-7.6	-12.6	-14.6	-15.4	-17.5
Institutional investors (c)	10.7	15.0	18.3	20.9	20.3	21.2
Other financial institutions	-0.4	-0.6	-0.9	-1.8	-3.5	-4.1
General government	-17.9	-20.6	-24.8	-25.1	-25.3	-23.8

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) Q1 data.

(c) Defined according to the First Banking Directive.

(d) Insurance corporations and collective investment institutions.

of short-term securities issues was relatively high (0.4% of GDP), with a relaunch of three- and six-month Treasury bill tenders. Also, general government redeemed €5.7 billion of medium- and long-term government bonds, so that the net issuance in the last four quarters decreased to 0.8% of GDP. To meet its requirements for funds, general government also had to draw down its deposits, although in cumulative four-quarter terms the net investment in these instruments remained positive.

Provisional information for 2003 Q2 shows an increase in both short-term and, more particularly, long-term issues. Although some of the resources obtained were used to augment the balance of deposits, the *financial requirements*, a leading indicator of the sector's saving, increased in that period.

5.5. The rest of the world

The debit balance of the nation's financial transactions increased in 2003 Q1 and, in cumulative four-quarter terms, stood at 2.2% of GDP, against 1.6% at end-2002. This worsening was basically due to the higher net borrowing of non-financial corporations, since the financial saving of the other institutional sectors did not change significantly. Also, the volume of financial asset and liability transactions increased, despite the fact that the international economic climate was hardly conducive to cross-border financial flows.

Net purchases of foreign assets increased to 13.5% of GDP, against 11.9% three months earlier (see Table 7). This outcome was once again the result of an increase in less risky assets (cash, deposits and fixed-income securities), while the other headings did not change significantly. On provisional Balance of Payments information to April, foreign direct (permanent) investment decreased by more than 80% compared with the same quarter a year earlier, partly due to the negative effect of the uncertainty over the international economic outlook and the consequences of the Iraq war. Portfolio investment abroad continued to be high, given the substantial purchases of bonds issued by the rest of the world.

On the liabilities side, net flows amounted to 15.5% of GDP, against 13.4% three months earlier. Investments by non-residents centred largely on deposits and private-sector fixed-income securities. However, their holdings of government debt declined. According to Balance of Payments information, inward foreign direct investment in Spain in the first four months of the year was slightly more moderate than in the same period a year earlier.

Finally, the provisional information on the debit position of the Spanish economy vis-à-vis the rest of the world shows that at the end of the first quarter it stood at 22.9% of GDP, an improvement of 1.4 percentage points on 2002 (see Table 8).

30.7.2003.

Results of non-financial corporations in 2003 Q1 (1)

1. INTRODUCTION

The data gathered by the Central Balance Sheet Data Office (CBSO) show that business activity sustained a pattern of gradual recovery in 2003 Q1, in line with the performance in the second half of 2002. Compared with 2002 Q1, the data currently available reflect a significant acceleration in the growth rate of activity (see Table 1 and Chart 1), although it should be taken into account, on the one hand, that these results were affected by the sharp oil price rises on international markets and, on the other, that the calendar effect introduced an upward bias (Easter fell in the second quarter of 2003 and in the first quarter of 2002). Evidently, however, the firms included in the sample have considerably stepped up the pace of their activity, as can be seen from the fact that the GVA growth rate in 2003 Q1 (7.2%) is clearly higher than that calculated by the CBQ for the whole of 2002 (4.6%), this latter figure being an upward revision of the first estimate released in the April 2003 Economic Bulletin (4.3%).

This favourable trend in the aggregate data of the reporting corporations encompasses, in addition, an appreciable recovery in industrial activity growth rates as compared with those of 2002 Q1 and indeed with those for the whole of last year. Any assessment of this performance must take into account the uncertainty in the early months of 2003, which were marked by the Iraq conflict and the pessimism dominating the international economic scene. The growth of activity has continued to be underpinned by private consumption (despite a slight dip in its rate of expansion after the recovery seen at the end of 2002) and by the incipient improvement in investment in capital goods in the industrial sector. Personnel costs grew faster than in 2002 Q1 and in 2002 as a whole, due to an increase of nearly 1% in the average number of employees and to the growth in average compensation (4.3%), which were higher than in the previous year. As usual, the favourable performance of employment in the reporting corporations is attributable to the buoyancy of the distributive trade, although a new development here is the recovery, albeit still modest, of employment in industrial corporations, reversing the recent trend. The rise in permanent and, in particular, temporary employment provides further confirmation of the signs of recovery cited above in the discussion of how activity has varied during this period.

(1) This article is based on the data provided to 13 June 2003 by the 689 corporations which have voluntarily reported information to the CBSO Quarterly Survey (CBQ). The gross value added at basic prices (GVA) of these corporations accounts for 14.3% of the total GVA of the "Non-financial corporations" sector in the Spanish national accounts.

TABLE 1

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

Databases	CBA structure	CBA		CBQ (a)		
	2001	2000	2001	02 Q1- Q4/	02 Q1/ 01 Q1	03 Q1/ 02 Q1
Number of corporations / Total national coverage		8053/28.9%	7081/26.0%	835/15.6%	897/16.0%	689/14.3%
1. VALUE OF OUTPUT (including subsidies)	100.0	16.0	2.9	4.6	-0.8	8.5
Of which:						
1. Net amount of turnover and other operating income	130.0	17.4	5.6	4.6	1.3	7.2
2. INPUTS (including taxes)	69.0	20.1	2.3	4.6	-1.9	9.3
Of which:						
1. Net purchases	42.9	23.8	-2.0	5.0	-2.3	8.8
2. Other operating costs	25.6	14.4	7.9	4.3	-1.1	11.3
S.1. GROSS VALUE ADDED AT FACTOR COST [1 - 2]	31.0	7.5	4.1	4.6	1.1	7.2
3. Personnel costs	15.9	7.5	5.2	4.0	3.6	5.1
S.2. GROSS OPERATING PROFIT [S.1 - 3]	15.1	7.5	3.0	5.1	-1.0	8.8
4. Financial revenue	5.3	26.3	25.8	-1.2	-15.4	-2.0
5. Financial costs	4.1	26.3	14.4	-4.2	-10.4	1.0
6. Depreciation and operating provisions	6.8	6.6	-0.2	0.4	0.2	5.5
S.3. ORDINARY NET PROFIT [S.2 + 4 - 5 - 6]	9.5	8.3	12.2	10.4	-1.4	12.6
7. Capital gains and extraordinary revenue	4.5	-10.3	2.6	45.6	166.1	59.9
8. Capital losses and extraordinary expenses	3.7	11.0	2.9	92.7	44.2	23.9
9. Other net provisioning	3.3	-21.1	46.2	100.0	275.9	-85.2
10. Income tax	1.7	-15.4	1.9	2.8	-9.6	20.5
S.4. NET PROFIT [S.3 + 7 - 8 - 9 - 10]	5.3	15.3	-0.8	(b)	-1.1	151.5
Memorandum item:						
FUNDS GENERATED FROM OPERATIONS [S.2 + 4 - 5 - 10]	14.7	10.5	7.2	6.4	1.0	7.4
PROFIT RATIOS						
R.1 Ordinary return on net assets (before taxes)		7.4	7.6	8.9	5.9	6.5
R.2 Interest on borrowed funds/ interest-bearing borrowing		5.0	5.1	4.6	4.4	4.2
R.3 Ordinary return on equity (before taxes)		9.1	9.5	12.8	7.2	8.6
R.4 ROI - cost of debt (R.1-R.2)		2.4	2.5	4.3	1.5	2.3
R.5 Debt ratio		47.3	49.0	52.8	51.6	52.2

Source: Banco de España.

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

(b) Rate not calculable. The most complete information at this time for 2002 Q1-Q4 (arising from the inclusion of data reported late and the revision of provisional data contributed by corporations) leads to an additional deterioration of the rate published for that period in the March 2003 article (-31.2%), to such an extent as to make it incalculable (the reporting corporations as a whole went from positive net results in 2001 to negative net results in 2002 due to the provisions recorded for their investments in Latin America and for failed investments in technology firms).

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			CBA	CBQ			CBA	CBQ			CBA	CBQ		
	2001	02 Q1-Q4 (a)	02 Q1	03 Q1	2001	02 Q1-Q4 (a)	02 Q1	03 Q1	2001	02 Q1-Q4 (a)	02 Q1	03 Q1	2001	02 Q1-Q4 (a)	02 Q1	03 Q1
Total	4.1	4.6	1.1	7.2	2.5	0.1	0.2	0.8	5.2	4.0	3.6	5.1	2.7	3.9	3.4	4.3
SIZE:																
Small	7.6	—	—	—	2.0	—	—	—	7.5	—	—	—	5.4	—	—	—
Medium	8.5	5.5	4.3	1.0	3.7	1.5	1.0	1.7	9.1	4.4	4.4	6.4	5.2	2.9	3.3	4.6
Large	3.4	4.6	0.9	7.5	2.3	0.0	0.1	0.7	4.6	4.0	3.5	5.0	2.2	4.0	3.5	4.3
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Energy	-5.9	-0.2	-1.8	15.1	-2.5	-3.1	-2.9	-2.4	3.0	0.0	1.2	6.4	5.7	3.2	4.2	8.9
Industry	-0.9	2.2	-4.6	8.2	-1.0	-1.7	-2.7	0.5	2.9	2.3	0.3	4.4	3.9	4.1	3.0	3.9
Wholesale and retail trade	10.5	9.4	8.0	5.6	7.2	4.4	5.7	3.4	9.1	6.8	6.1	8.3	1.7	2.3	0.4	4.8
Transport and communications	9.2	7.2	3.4	3.1	0.1	-1.1	-0.7	-0.2	3.1	4.4	3.8	3.5	3.0	5.6	4.5	3.6

Source: Banco de España.

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

GVA outgrew personnel costs, which explains the higher growth rates of the surplus, or gross operating profit – and also of the ordinary net profit – compared with 2002 as a whole and, more particularly, with the first quarter of that year. Ordinary net profit, which is the variable used to calculate profit ratios, performed favourably despite the slight fall in financial revenue and the small rise (a new phenomenon in this recent period) in financial costs as a result of the increase in indebtedness and in commissions. The extraordinary transactions carried out in 2003 to date contrast with the high net provisioning in 2002 to cover the loss in value of the investments made in Argentina by Spanish groups. The provisioning is reflected in the 2002 Q1 figures, which explains why this item has behaved differently in the two periods (up by 276% in 2002 Q1 and down by 85% in 2003 Q1). This differing behaviour is the basic reason for the exceptional growth in net profit in 2003 Q1 compared with the preceding period. The erratic course of this variable, which is particularly pronounced over short time intervals due to the impact of extraordinary factors like those mentioned above (mostly beyond the control of corporations), is the reason why it is not taken into account as representative of the true result of business activity when it comes to calculating returns. Lastly, the slight decrease of 0.2 percentage points in the borrowing cost ratio in

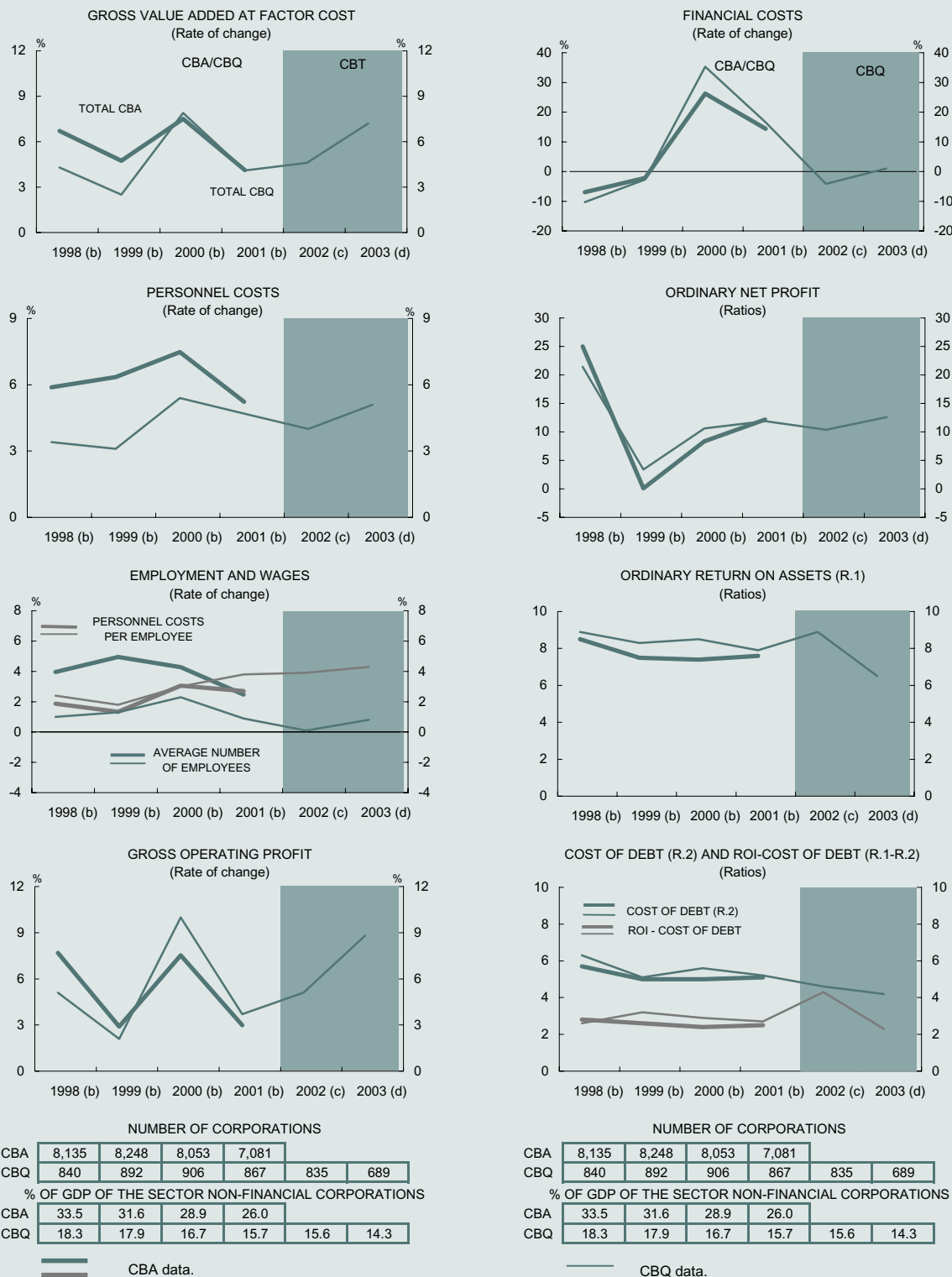
2003 Q1 meant that the spread between return and cost remained positive in this period, at levels slightly above those in 2002 Q1, and that the ordinary return on equity held at a level (8.6%) which continued to stimulate renewed productive investment.

2. ACTIVITY

In the first three months of 2003, the CBQ reporting corporations gradually stepped up their productive activity, continuing the trend initiated in the second half of 2002. However, the nominal increase in GVA for 2003 Q1 (appreciably higher at 7.2% than the 1.1% posted in the same quarter of 2002) was influenced by the effect that rising oil prices had on the GVA of refining corporations and by the calendar effect (Easter fell in the first half of 2002 and in the second half of 2003). To evaluate the impact of oil price movements on the total aggregate, it must be taken into account that, if the effect of refining corporations and fuel distributors (which are the two groupings most directly affected by oil price movements) is disregarded, the GVA growth rate of the total was 4.2%, against 2.8% in the same period of 2002. These figures confirm the solid response of business activity in a quarter in which the international situation was not favourable. Thus the heightened geopolitical

CHART 1

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



Source: Banco de España.

(a) Information available to 13 June 2003 (CBA and CBQ).

(b) The 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 relative to the same period of 2001.

(d) First quarter of 2003 relative to the same period of 2002.

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	689	386	303
Personnel costs			
Initial situation 2002 Q1 (€ m)	5,293.1	2,482.6	2,810.5
Rate 03 Q1/02 Q1	5.1	9.8	0.9
Average compensation			
Initial situation 2002 Q1 (€)	9,138	8,060	10,371
Rate 03 Q1/02 Q1	4.3	4.1	6.0
Number of employees			
Initial situation 2002 Q1 (thousands)	579	308	271
Rate 03 Q1/02 Q1	0.8	5.6	-4.7
Permanent			
Initial situation 2002 Q1 (thousands)	483	246	237
Rate 03 Q1/02 Q1	0.1	3.5	-3.4
Non-permanent			
Initial situation 2002 Q1 (thousands)	96	62	34
Rate 03 Q1/02 Q1	3.8	13.6	-14.5

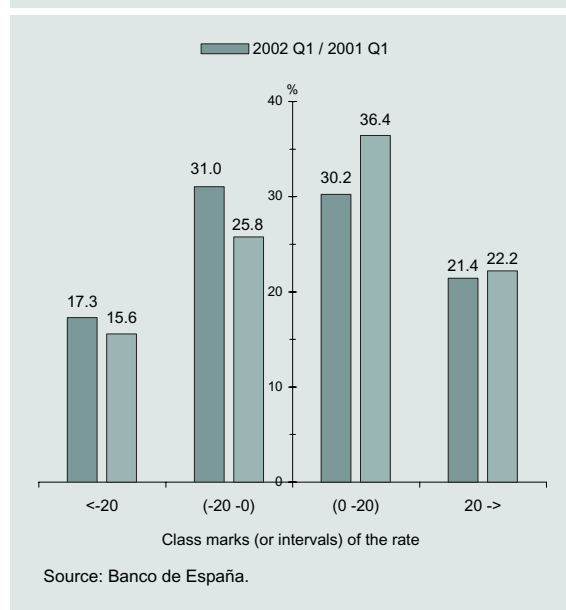
Source: Banco de España.

tension in the Middle East during these months which culminated in the Iraq war, along with financial market instability and the persistent deceleration besetting certain other European economies, make for a situation that is scarcely conducive to the recovery of world economic activity. In these circumstances, Spanish firms have proven themselves capable of sustaining notable momentum, as evidenced by their purchases and sales figures, which in 2003 grew by 8.8% and 7.2%, respectively, appreciably more than in 2002. This performance continues to depend largely on buoyant private consumption, which continued to grow, albeit slightly more slowly than in previous periods, and on improvement in investment in capital goods, which after several extremely slack quarters, has started to show signs of recovery. External activity, as measured by exports, continued to grow in 2003 Q1, according to alternative sources. This performance is to some extent also reflected in the data reported by corporations to the CBQ (see Table 3).

With regard to sectors of activity, the corporations in the energy and industrial sectors recorded higher GVA growth in 2003 Q1 than in the same quarter of 2002. An analysis of the *energy sector* has to take into account that, although strong growth was shown by oil *refining corporations*, the rises in GVA at *electricity corporations* were more moderate than in 2002 Q1 (2.5% as against 6.2%), mainly due to substan-

CHART 2

**Distribution of corporations by rate of change in
GVA at factor cost**
(2002 Q1 / 2001 Q1, 2003 Q1 / 2002 Q1)



tial cuts in wholesale prices, which coincided with growth in demand of 3.2% (adjusted for temperature and work calendar effects) and with a decrease in production costs, since more hydroelectricity was generated than in the same period of 2002. The *distributive trade* sustained its notable buoyancy of recent years and GVA increased by 5.6% with respect to 2002 Q1, compared with the 8% rise in 2002 Q1. This apparent slowdown reflects the vicissitudes of fuel distributors, whose margins narrowed due to the higher price of their main input (oil). Excluding fuel distributors, distributive trade grew by 8.4% in 2003 Q1, as against 7% in 2002 Q1. Finally, corporations in both the industrial and the transport and communications sectors also recorded notable growth in GVA. The GVA of *industrial corporations* grew by 8.2% in the first three months of the year due to the positive performance of investment in capital goods. As a result, for the fourth quarter running this aggregate of corporations has shown positive rates of change; furthermore, this figure represents a significant change in trend if it is taken into account that the rate in 2002 Q1 was -4.6%. Meanwhile, the GVA of *transport and communications corporations* rose by 3.1%, similar to the 3.4% posted in 2002 Q1. Mobile telephony corporations were mainly responsible for this increase, attributable to the expansion of this segment due to the widespread popularity of additional new services generating substantial increases in value added.

Lastly, it is of interest to analyse the information in Chart 2, which is a breakdown of corpo-

TABLE 3

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

	CBA	CBQ	
	2001	02 Q1-Q4 (a)	03 Q1/02 Q1
Total corporations	7,081	835	689
Corporations reporting source/destination	7,081	806	662
	%	%	%
Net purchases	100.0	100.0	100.0
SOURCE OF PURCHASES:			
Spain	65.3	79.0	78.7
Total abroad	34.7	21.0	21.3
<i>EU countries</i>	20.8	15.8	15.8
<i>Third countries</i>	13.9	5.2	5.5
Net turnover	100.0	100.0	100.0
SALES DESTINATIONS:			
Spain	81.4	87.4	87.0
Total abroad	18.6	12.6	13.0
<i>EU countries</i>	13.5	8.4	9.4
<i>Third countries</i>	5.1	4.2	3.6

Source: Banco de España.

(a) All the data in this column have been calculated as the weighted average of the relevant quarters.

rations by GVA growth rate. It shows that the growth of value added has become a more general phenomenon among corporations, irrespective of their size. Thus in 2002 Q1 51.6% of corporations recorded rises in GVA, while in 2003 Q1 this percentage was 7 percentage points higher at 58.6%, thereby confirming that most of the CBQ reporting corporations have shared in the recovery.

3. EMPLOYMENT AND PERSONNEL COSTS

In 2003 Q1 the personnel costs of the aggregate of corporations making up the quarterly sample grew by 5.1%, appreciably more than the 3.6% rise posted in 2002 Q1. This increase was due to growth in average compensation and to rising employment.

Average compensation grew by 4.3% in 2003 Q1. This was slightly above the figure in 2002 as a whole (3.9%) and somewhat higher than that in 2002 Q1 (3.4%), which seems to indicate that the pressure exerted by price rises in 2002 is feeding through to wages via wage indexation clauses. Although compensation rose in all sectors, the rises particularly affected the *energy* sector, where the coinci-

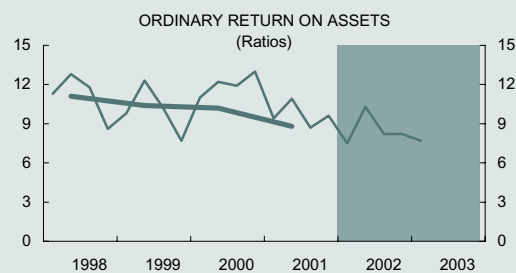
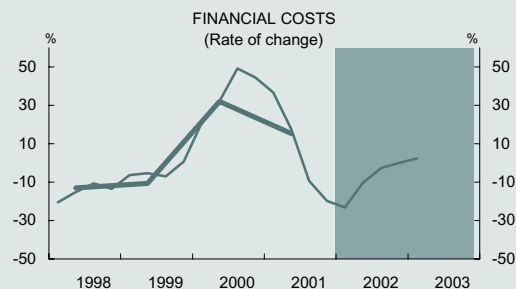
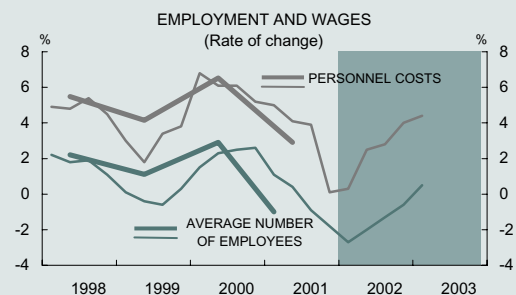
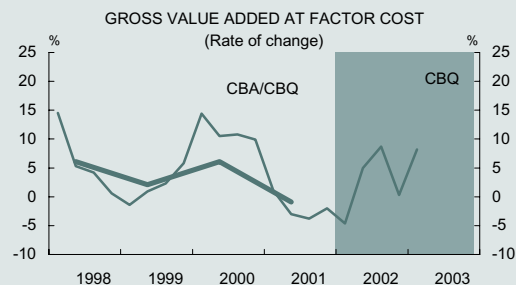
dence of various factors (significant net reductions in employment, increases in variable compensation in some of the main companies and the above-mentioned wage indexation clauses, among others) meant that average compensation grew by 8.9% in 2003. Table 2.b also confirms that the aggregate of corporations that destroyed jobs was the one in which average compensation grew most, while the corporations that created jobs saw wage costs rise by 4.1%, slightly below the growth for the total sample and nearly 2 percentage points under the growth rate recorded by the aggregate of corporations with layoffs (6.0%). Besides the energy sector, the other aggregates analysed by the CBQ also exhibit high growth rates of average compensation, all around 4%. This widespread growth shows that in some cases the rises are not based on the efficiency and productivity of each sector, which may detract from the competitiveness of some sectors. Finally, Table 4 shows that in this period 56% of CBQ reporting corporations maintained or augmented their average workforces in 2003 Q1 (practically the same proportion as in 2002 Q1) and that nearly 60% of the sample corporations saw wage costs rise by more than inflation, 8 percentage points higher than that in the same period of the previous year; these developments further confirm what has been said above.

Analysis of the industrial sector

The productive activity of the industrial corporations reporting to the CBQ, as measured by the change in their GVA, grew by 8.2% in 2003 Q1, thereby confirming the recovery already apparent in the second half of 2002. This performance can be explained by the slight improvement in investment in capital goods, along with the recovery in margins and in sales in some of the main sub-sectors of this aggregate. More detailed analysis reveals that the chemicals industry and transport equipment manufacturing were the groupings that recorded the highest increases in GVA, although the output of all industrial sub-sectors increased, except for that of "Other manufacturing", the GVA of which fell by 2.3%. The recovery of activity in this sector was accompanied by a return to positive rates of change in employment. In 2003 Q1 industrial corporations increased their average workforce by 0.5%, which, although not very high, represents a significant change in trend after six consecutive quarters of workforce reductions. Average compensation, which moved in parallel with the total sample, grew at a high rate (3.9%). This was similar to that in 2002 (4.1%), although significantly higher than that in 2002 Q1. Inflationary pressure affected these developments via the wage indexation clauses included in collective labour agreements, and constitutes a risk factor for a sector with such a high exposure to external activity. As a result of the changes in employment and compensation, personnel costs grew by 4.4%. This figure was in any event lower than GVA growth, thus allowing gross operating profit and ordinary net profit to grow by 13.6% and 13.8%, respectively. Consequently, the ordinary profit levels, both for the ordinary return on net assets (7.7%) and for the return on equity (9.2%), showed moderate increases on those in 2002 Q1 (7.5% and 8.8%, respectively); that said, as in the case of the total aggregate of corporations discussed in the main text of this article, they were lower than those for 2002 as a whole, given the poorer results usually obtained in the first two quarters of the year. In addition, the ratio that measures the cost of external financing fell by 0.3 percentage points in the first quarter of the year compared with the same period of 2002, which meant that the spread between the return on investment and the cost of debt remained positive (3.6%) and higher than a year earlier (3.1%).

In sum, the performance of industry in 2003 Q1 means that the picture is relatively favourable. Thus activity has grown and surpluses have recovered in comparison with those a year earlier. Employment and profitability have also grown, albeit moderately. However, risks persist, particularly on the international front, and are a threat to the industrial sector's continued growth in the future. The fact that industry is a more sensitive aggregate than others to external activity means that it is more vulnerable to international developments. Although the international financial markets have apparently resumed a course of higher stability and growth, and while the prompt resolution of the Iraq war may contribute to renewed confidence, there are still not sufficiently clear signs of recovery in some of the world's main economies. The uncertain course of oil prices also introduces an additional factor of uncertainty that prevents any clear definition of the most likely scenario in coming months. All these factors would advise the implementation of policies of investment in research and technological development which, along with efficient management and control of costs, will be the means of growth in output, investment and employment.

Performance of industrial corporations reporting to the CBSO (a)



NUMBER OF CORPORATIONS							
CBA	3,247	3,035	2,830	2,397			
CBQ	402	392	386	378	421	405	396
					432	412	390
					377	405	395
					383	383	364
					397	381	367
					323	305	
% OF GDP OF THE SUBSECTOR INDUSTRIAL CORPORATIONS							
CBA	33.8	30.9	28.3	24.4			
CBQ	27.4	26.0	25.2	27.9	28.4	26.3	26.2
					26.3	24.9	25.2
					22.2	21.8	21.0
					21.1	21.5	21.9
					20.4	18.3	18.2

Source: Banco de España.

(a) Information available to 13 June 2003 (CBA and CBQ). The CBQ data are growth rates in relation to the same quarter a year earlier.

TABLE 4

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

	CBA		CBQ			
	2000	2001	01 Q1-Q4 (a)	02 Q1-Q4 (a)	02 Q1	03 Q1
Number of employees	8,053	7,081	867	835	897	689
Personnel costs	100.0	100.0	100.0	100.0	100.0	100.0
Falling	18.0	22.0	38.9	33.4	31.8	24.6
Constant or rising	82.0	78.0	61.1	66.6	68.2	75.4
Average number of employees	100.0	100.0	100.0	100.0	100.0	100.0
Falling	24.5	28.0	40.3	43.7	43.7	44.0
Constant or rising	75.5	72.0	59.7	56.3	56.3	56.0
Average compensation (relative to inflation) (b)	100.0	100.0	100.0	100.0	100.0	100.0
Lower growth	47.2	39.2	46.8	49.6	48.9	40.8
Higher or same growth	52.8	60.8	53.2	50.4	51.1	59.2

Source: Banco de España.

(a) Weighted average of the relevant quarters for each column.

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

Employment rose slightly in 2003 Q1, in line with the growth of activity, which may be a sign that corporations are confident of recovery strengthening in the next few quarters. Average employment grew by 0.8%. Although not very high, this is the best rate achieved since end-2001 and, furthermore, it results from increases in both permanent and temporary employment. The latter type of job creation shows positive rates of change for the second quarter running. The trend in all the sectors analysed was more favourable in 2003 Q1 than a year earlier, except in the *distributive trade* sector, which again recorded the highest rate (employment was up by 3.4%), although less than that in 2002 Q1 when employment here grew by 5.7% (2). This recent development is explained by the moderate course of private consumption in the last few months and the slowdown in construction of new hypermarkets and other large retail outlets due to difficulties in opening new facilities. Among the other sectors, *industry* was notable for its positive rate of 0.5%, which signified a return to job creation after six consecutive quarters of negative rates in this variable. Finally, the *energy* and the *transport and communications* sectors recorded net falls

in employment in the first quarter of the year. Both were affected by corporate restructuring processes, which are usual in these two sectors. However, both aggregates improved on their figures a year ago, and at -0.2% the rate in transport and communications practically stabilised.

4. PROFITS, MARGINS AND RATES OF RETURN

The overall behaviour of GVA and personnel costs meant that in the first three months of the year corporations recorded notable growth of gross operating profit (8.8%) and of ordinary net profit (12.6%), the rates of which exceeded those in 2002 Q1 (when they even turned negative) and in 2002 as a whole. These growth rates, underpinned by the factors analysed in the preceding sections, confirm the positive performance of Spanish corporations in this period of uncertainty and international instability. Sectoral analysis indicates that the relative recovery of the *industrial* sector has fed through to gross operating profit (which rose from 2.0% in 2002 to 13.6% in 2003 Q1) and that the sharp increases in *energy* corporations are a result of the rates recorded by refining corporations. The other sectors shown in Table 5 (*wholesale and retail trade* and *transport and communications*) maintained a good pace, but the growth of both balances eased.

(2) Another article published in the June edition of the *Boletín Económico* analyses the economic, financial and structural determinants of retail food distribution. It discusses certain behaviour patterns that may arguably be extrapolated to the rest of the distributive trade sector.

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	CBQ			CBA	CBQ			CBA	CBQ			CBA	CBQ		
	2001	02 Q1-Q4 (a)	02 Q1	03 Q1	2001	02 Q1-Q4 (a)	02 Q1	03 Q1	2001	02 Q1-Q4 (a)	02 Q1	03 Q1	2001	02 Q1-Q4 (a)	02 Q1	03 Q1
Total	3.0	5.1	-1.0	8.8	12.2	10.4	-1.4	12.6	7.6	8.9	5.9	6.5	2.5	4.3	1.5	2.3
SIZE:																
Small	7.6	—	—	—	4.3	—	—	—	8.9	—	—	—	2.8	—	—	—
Medium	7.7	6.9	4.1	-6.2	4.7	2.7	5.0	-12.0	9.9	9.5	9.7	7.6	4.7	4.7	5.3	3.4
Large	2.3	5.0	-1.2	9.4	13.2	10.8	-1.8	13.8	7.4	8.9	5.8	6.5	2.4	4.3	1.4	2.3
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Energy	-8.6	-0.2	-2.6	17.6	-8.7	6.1	2.2	13.5	8.4	11.2	8.6	8.6	3.7	6.5	4.1	4.6
Industry	-5.9	2.0	-10.7	13.6	-7.4	0.1	-12.5	13.8	8.8	8.6	7.5	7.7	3.2	4.0	3.1	3.6
Wholesale and retail trade	12.5	12.5	10.0	2.5	20.8	14.8	21.5	5.0	12.5	11.8	12.5	12.1	7.4	7.0	8.1	7.0
Transport and communications	14.2	9.2	3.1	2.9	43.1	23.4	15.0	5.0	8.4	10.9	8.1	10.4	2.7	6.1	3.4	5.6

Source: Banco de España.

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

Turning to financial costs and revenue, their impact on the growth of ordinary net profit in the first quarter of the year was negative, although the amount was low. In effect, on the one hand, there was a slight decrease of 2% in financial revenue and, on the other, there was a 1% increase in financial costs (due to the change in commissions, since interest on borrowed funds held steady). Furthermore, the relative weight of financial costs (see the first column of Table 1) within the total corporate cost structure is now very low, basically because of the low interest rates. This means that the leeway for generating further surpluses by means of additional interest rate cuts has practically run its course, and that therefore future improvements in corporate results will have to be based on gains in competitiveness, reductions in operating costs and cost rationalisation measures in general.

As in past editions of this article, the following table lists the causes of the change in financial costs:

	<u>03 Q1/02 Q2</u>
Change in financial costs	+1.0%
A. <i>Interest on borrowed funds (1 + 2)</i>	<i>+0.0%</i>
1. Due to the cost (interest rate)	-4.5%
2. Due to the amount of interest-bearing debt	+4.5%
B. <i>Commissions and cash discounts</i>	<i>+1.0%</i>

This table shows that the change in financial costs in 2003 Q1 resulted from movements in opposite directions. On the one hand, the rate of change of financial costs due to the cost component, i.e. to the interest rates being applied, was -4.5% in 2003 Q1. This decrease was totally offset by the effect arising from the greater resort to sources of external financing (higher indebtedness) by corporations in the first quarter of the current year compared with a year earlier. In any event, the increases are fairly small. Also, it has to be kept in mind that this moderate change in borrowing has taken place in a context of very low interest rates, which shows that firms are not being very active in investment, but rather are waiting for the international situation to become clearer. Also contributing to this moderate resort to borrowing is the high level of indebtedness of some corporations and sectors.

Against this background, firms were able to maintain their returns at sufficient levels in the first three months of 2003, higher than in the same period of 2002 but not equal to those for 2002 as a whole. Thus the return on net assets in 2003 Q1 was 6.5%, up on the 5.9% posted in the same quarter a year earlier but still lower than the 8.9% recorded for 2002 as a whole. Mention can be made of the transport and com-

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)	
	02 Q1	03 Q1	02 Q1	03 Q1
Total corporations	100.0	100.0	100.0	100.0
R ≤ 0 %	23.2	25.8	26.9	29.1
0 % < R ≤ 5 %	21.0	20.4	15.4	15.9
5 % < R ≤ 10 %	17.8	13.7	14.2	10.6
10 % < R ≤ 15 %	10.5	13.5	9.4	10.0
15 % < R	27.6	26.6	34.1	34.4
Number of corporations	897	689	897	689
	02 Q1	03 Q1	02 Q1	03 Q1
MEMORANDUM ITEM:				
Average return	5.9	6.5	7.2	8.6
Source: Banco de España.				

munications sector, with a return on net assets of 10.4%, up 2 percentage points on 2002 Q1, while the other sectors held steady at profitability levels similar to those in the previous year. Meanwhile, the ratio that approximates the cost of debt stood at 4.2% for 2003 Q1, just 0.2 percentage points less than in the same period of 2002. The overall effect of the two ratios, or in other words the difference between them, was, yet again in 2003 Q1, positive and clearly higher than in the first three months of 2002. Lastly, the information included in Table 6 permits analysis of behaviour as a function of the return obtained, without taking firm size into account. It can be seen that the situations described for the first quarters of 2002 and 2003 are very similar. They differ only in a significant shift, which shows up as a rise in the percentage of corporations whose return increased by more than 10%, to the detriment of those below this level. This confirms the slight improvement apparent throughout the analysis of this sample, which enables it to be concluded that the corporations that kept up a steady performance were able to maintain and moderately increase their profitability.

In summary, the data for 2003 Q1 speak of continuity and recovery with respect to the situation at end-2002. Productive activity continued

to grow mildly despite the unfavourable turn in the international situation. Similarly, employment began to show positive, albeit low, rates for a larger number of corporations and sectors, while average compensation in most of the aggregates of these corporations rose at rates above the inflation in the period. The influence of certain exogenous factors, such as international oil prices and the recovery of the international economy in the coming quarters, will be pivotal to clarifying the situation. At this juncture, Spanish corporations, with their good profit levels, are favourably poised to take advantage of a fresh expansionary phase which, in any event, will foreseeably make its appearance gradually and moderately. Therefore it is important to encourage new opportunities for firms to expand. These openings should be based to a greater extent on technological development and enable firms to compete on a sound footing in circumstances in which it is vital to combine appropriate cost control with the development of quality products for sale at competitive prices, because this is the fundamental means of gaining access to new markets, increasing external activity and initiating investment projects that will lead to processes generating returns and employment.

20.6.2003

Comparative analysis of export demand for manufactures in the euro area countries

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DG Economics, Statistics and Research (1).*

1. INTRODUCTION

In recent decades, the goods and services exports of the euro area have shown considerable buoyancy. This strength has been particularly notable in exports of manufactured goods, which, counting both trade among the euro area countries and that with the rest of the world, rose from slightly more than 10% of GDP in the mid-1970s to around 30% of GDP in 2001. However, there are marked differences among the euro area countries both in the weight of exports in output and in their level of growth in this period. Economic theory would explain this disparate performance as due to the behaviour of the determining variables (market size and competitiveness) and to the response of exports to changes in these variables. This article provides empirical evidence of the sensitivity of each euro area country's export demand to changes in its basic determinants and seeks to understand the reasons for these divergences and, in particular, for the differing elasticities to competitiveness.

With this purpose in mind, Section 2 describes how the determinants of export demand varied in the period 1975-2002, Section 3 analyses the long- and short-term elasticities of each country's exports and Section 4 draws the main conclusions.

2. BEHAVIOUR OF EXPORTS, EXTERNAL DEMAND AND COMPETITIVENESS IN THE EURO AREA COUNTRIES

The customary theoretical approach to determining a country's volume of exports usually assumes that the elasticity of supply of exported goods is infinite. Consequently, the delimitation of the variables influencing export flows is based on classical demand theory, whereby the demanding agent behaves as a consumer who maximises his utility function subject to a budget constraint. Thus the quantity demanded depends on an external income variable, which is approximated by an export market index, and on the relative price of exportable goods, i.e. the differential between the export prices of the country in question and those of its competitors. This price competitiveness index is equivalent to a real effective exchange rate calculated using export prices.

(1) This article is a summary of a forthcoming Working Paper.

TABLE 1

Changes in manufacturing exports and in their main determinants (a)

	Manufacturing exports				Export markets				Competitiveness (b)			
	75-01	75-83	84-92	93-01	75-01	75-83	84-92	93-01	75-01	75-83	84-92	93-01
Belgium	4.8	3.5	4.6	6.3	6.1	4.9	6.3	7.0	0.2	-1.2	0.7	1.0
Germany	4.9	4.1	4.1	6.4	6.3	4.7	6.1	8.0	0.4	0.0	1.6	-0.5
Greece	6.4	5.7	8.4	2.4	4.6	4.4	4.5	5.3	-2.0	-0.5	-3.4	-1.7
Spain	9.5	10.3	7.9	10.5	6.2	4.9	6.5	7.0	-0.2	-1.6	1.5	-0.7
France	5.8	4.6	5.3	7.3	6.1	4.7	6.2	7.1	-1.0	-1.7	-0.1	-1.4
Ireland	12.8	13.1	10.3	18.0	6.1	5.4	6.8	6.2	-0.3	-0.3	-0.2	-0.5
Italy	5.2	5.5	4.0	6.2	6.1	4.7	6.0	7.6	0.6	0.5	1.2	-0.1
Austria	8.3	7.1	7.6	10.6	6.0	4.4	6.3	7.6	-1.9	-1.7	-0.8	-3.4
Netherlands	5.6	3.9	6.8	6.3	5.9	4.8	6.5	6.4	-0.6	-1.2	-0.4	-0.1
Portugal	10.6	9.8	12.0	9.5	6.3	4.9	7.3	6.7	-1.0	-1.6	0.0	-1.8
Finland	5.9	6.7	2.4	8.8	5.9	4.1	5.6	7.9	0.5	0.0	0.5	1.0

Source: OECD.

(a) Average annual growth.

(b) A decrease (increase) in the competitiveness indicator denotes a depreciation (appreciation) in the effective exchange rate and, therefore, a gain (loss) in competitiveness.

Table 1 shows the average annual rates of change of exports (both to non-euro area countries and to euro area countries), of export markets and of competitiveness indices for the total period considered, and for three sub-periods, of all the euro area countries (except Luxembourg). Two differentiated groups of countries are observable as far as export behaviour is concerned: a first group, composed of Germany, France, Italy, the Netherlands and Belgium, in which exports are increasing at a slower pace, and a second, formed by Spain, Portugal, Austria and Ireland, in which the average growth of exports is higher. Finally, Greece and Finland are in an intermediate position. Chart 1 shows the behaviour of export share, defined as the volume of manufacturing exports divided by the export market volume of each euro area country since 1975, and portrays the path followed by competitiveness.

If regard is had to the trend in the determining variables, the differential behaviour is, however, less well defined. Thus, the average rate of export market expansion is similar in all countries (except Greece, where it is somewhat lower) irrespective of the group to which they belong. Further, in all the countries forming the less buoyant group, the average growth of exports is lower than that of the export markets (in some countries, such as the Netherlands and France, by a scant margin). This is reflected in the declining trend shown by the export share in Chart 1. By contrast, in the second group, exports systematically increased faster than the rate of expansion of the markets. However, in recent years Spain and Portugal have ceased to gain market share.

With regard to price competitiveness, Chart 1 shows that all the countries with higher export growth in the period under analysis recorded a gain in competitiveness. These gains were small in Spain and Ireland and more appreciable in Austria and Greece, although the strength of the latter countries' exports has not been so high. In the group of countries characterised by lower buoyancy of foreign sales, there have been losses of competitiveness in Germany, Italy and Belgium, and gains in France and the Netherlands which, however, have been insufficient for these two countries to increase their market shares in the period considered.

If price competitiveness is broken down into the nominal effective exchange rate and relative export prices (see Table 2), it is seen that generally speaking, on average over the period considered, the countries that gained competitiveness and belong to the group characterised by relative buoyancy of exports (Spain, Portugal and Ireland), did so thanks to the depreciation of their nominal effective exchange rate, since their export prices grew more than those of their competitors. In Austria and the Netherlands and, to a lesser extent, in France, competitiveness gains were due to the favourable trend in their relative prices, since their currencies either appreciated or remained steady. Among the countries that lost competitiveness, Belgium and Germany's export prices grew less than those of their competitors, but this favourable effect on competitiveness was offset by the appreciation of their exchange rate. Finally, Italy, on average over the period considered, saw a depreciation of its currency which did not offset the deterioration in its relative prices.

TABLE 2

Changes in competitiveness and its determinants (a)

	Competitiveness				Nominal effective exchange rate				Relative price			
	75-01	75-83	84-92	93-01	75-01	75-83	84-92	93-01	75-01	75-83	84-92	93-01
Belgium	0.2	-1.2	0.7	1.0	0.8	-0.7	2.4	0.6	-0.6	-0.4	-1.7	0.4
Germany	0.4	0.0	1.6	-0.5	3.3	4.5	4.1	1.4	-2.8	-4.3	-2.4	-1.9
Greece	-2.0	-0.5	-3.4	-1.7	-9.0	-8.9	-10.7	-4.2	7.7	9.2	8.1	2.6
Spain	-0.2	-1.6	1.5	-0.7	-2.6	-7.2	1.4	-2.3	2.4	6.0	0.0	1.6
France	-1.0	-1.7	-0.1	-1.4	-0.3	-3.6	1.6	0.8	-0.8	2.0	-1.6	-2.3
Ireland	-0.3	-0.3	-0.2	-0.5	-0.5	-3.1	1.6	0.2	0.2	2.9	-1.7	-0.8
Italy	0.6	0.5	1.2	-0.1	-2.3	-6.6	1.0	-1.4	2.9	7.7	0.3	1.4
Austria	-1.9	-1.7	-0.8	-3.4	1.9	2.3	1.9	1.5	-3.7	-3.8	-2.7	-4.8
Netherlands	-0.6	-1.2	-0.4	-0.1	2.4	1.9	3.2	2.0	-3.0	-3.1	-3.5	-2.0
Portugal	-1.0	-1.6	0.0	-1.8	-6.4	-13.0	-4.1	-0.5	5.7	13.2	4.2	-1.3
Finland	0.5	0.0	0.5	1.0	0.2	-1.0	-0.2	1.6	0.3	1.0	0.7	-0.7

Source: OECD.

(a) Average annual growth.

From what has been said so far, it follows that the disparate trends in manufacturing exports by euro area countries during the most recent past cannot be satisfactorily explained by the different behaviour of their determining variables. In the case of export markets, this is so because their rate of expansion is very similar in the various countries. In this case of competitiveness, although there are disparate movements broadly consistent with the differences in export behaviour, they do not seem to be sufficient to explain the strong growth of foreign sales in certain countries. Therefore, it is to be expected that the divergences in export growth between euro area countries are more closely related to differing responses to changes in the explanatory variables.

3. EXPORT DEMAND FUNCTIONS

To analyse the sensitivity of exports to their main determinants, demand functions of manufacturing exports were estimated for each euro area country using OECD quarterly data for the sample period 1975-2002. For each country the exogenous variable is the volume of manufacturing exports, including both intra- and extra-area trade. The variable used to measure external income is an export market index, obtained as the sum of the volumes of manufacturing imports in each market expressed in constant dollars, weighted by the relative importance of the market in question within the country's total exports. Relative prices or competitiveness indices are calculated as the differential between the export price of the exporting country and that of its competitors, both converted into dollars. To obtain this latter figure, the OECD uses an over-

all weighting system which, like the double weighting system, classifies the other exporting countries as competitors, but which also considers the domestic market of the exporting country to be an export market (2).

3.1. Econometric results

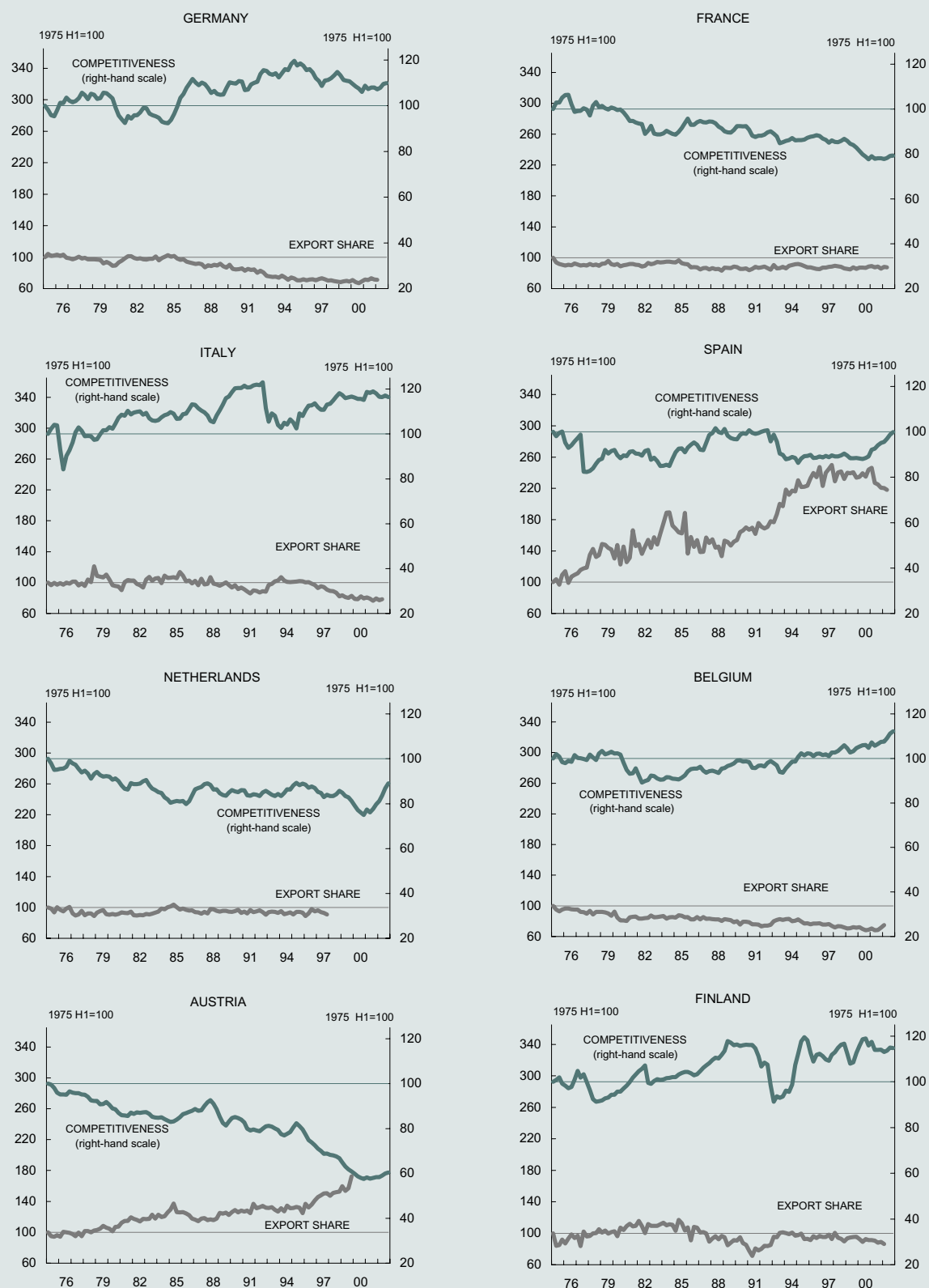
The export functions were estimated by cointegration analysis, which was used to establish an error correction mechanism (ECM). Chart 2 shows the long-term income and competitiveness elasticities (3). As can be seen, the estimated long-term elasticities of export markets are broadly consistent with the differing response of manufacturing exports across countries to the similar changes registered in the export markets. Thus, in countries that gained market share, such as Spain, Austria, Ireland and Portugal, the ratio is greater than 1. This also occurs in Finland, although to a lesser extent. The countries in this group started, in the mid-1970s, from a lower level of openness to trade and have notably increased their share of international goods markets in a process boosted by membership of free trade areas, such as the European Union (see Chart 3). A second group of countries has elasticities below one, which is compatible with their loss of weight in world trade.

(2) A more detailed explanation of the variables is given in Durand, Simon and Webb (1992).

(3) In the cases of Ireland and Portugal, the two countries with highest export growth, it was not possible to estimate satisfactorily a demand equation incorporating short-term dynamics. The rest of the article refers to long-term elasticities obtained from a multi-equation model (VECM) for these two countries.

CHART 1

Changes in export share (a) and in competitiveness

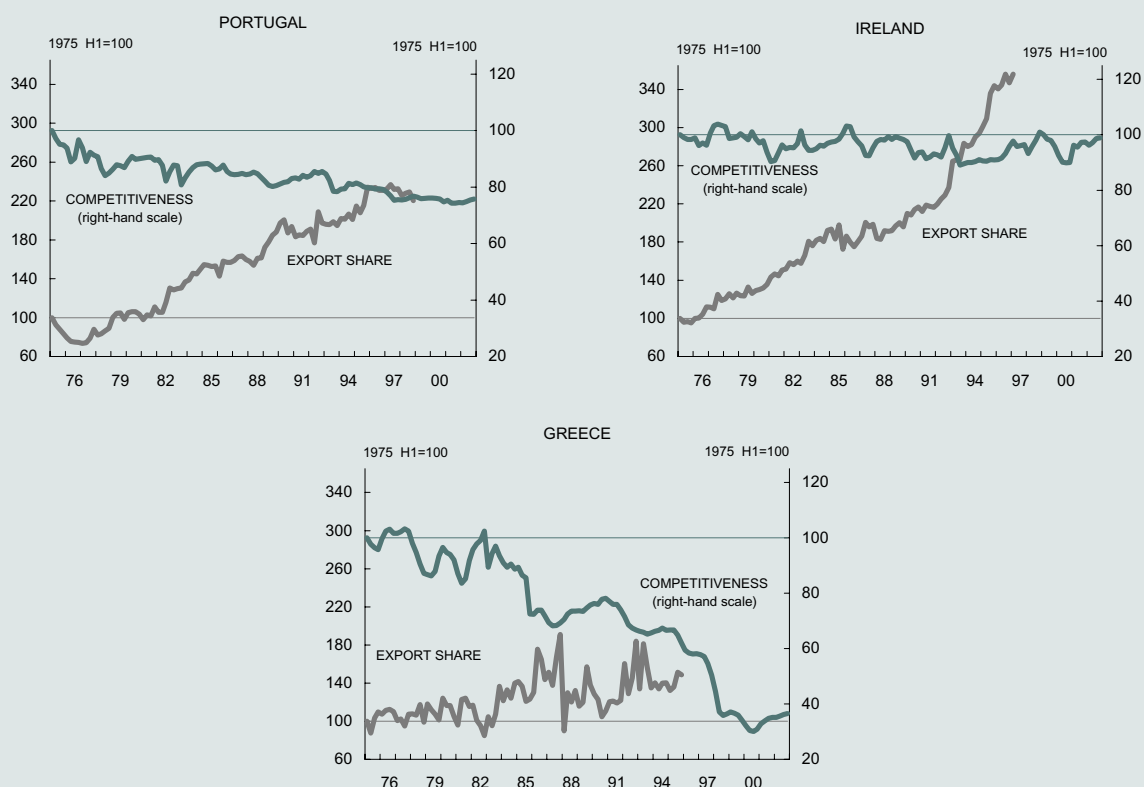


Source: OECD.

(a) Defined as the exports/export markets ratio.

CHART 1

Changes in export share (a) and in competitiveness (continued)



Source: OECD.

(a) Defined as the exports/export markets ratio.

Long-term price elasticities vary over a wider range, from 0 in the case of Belgium to -1.5 for Finland. The possible causes of this differing behaviour include most notably the specialisation of manufacturing exports in each country. It can be expected that price elasticity will be lower in the countries whose trade includes, on average over the sample period considered, a higher proportion of exported goods offering more opportunity for differentiation, which can be based on factors such technological sophistication, quality or brand image; and that, by contrast, elasticity will be higher in countries whose trade focuses more on low-technology products in which price competition is more important. In addition, the high relative weight of intra-industry exchanges and the delocalisation of production, with the resulting increased importance of intra-company trade, would contribute to reducing the influence of price on export flows. It is also possible that the greater weight of sales to countries that are geographically and culturally close – for example, in the case of euro area countries, to other members of the European Monetary Union or European Union – will, insofar as it reflects a sustained trade relationship and capitalises on lower

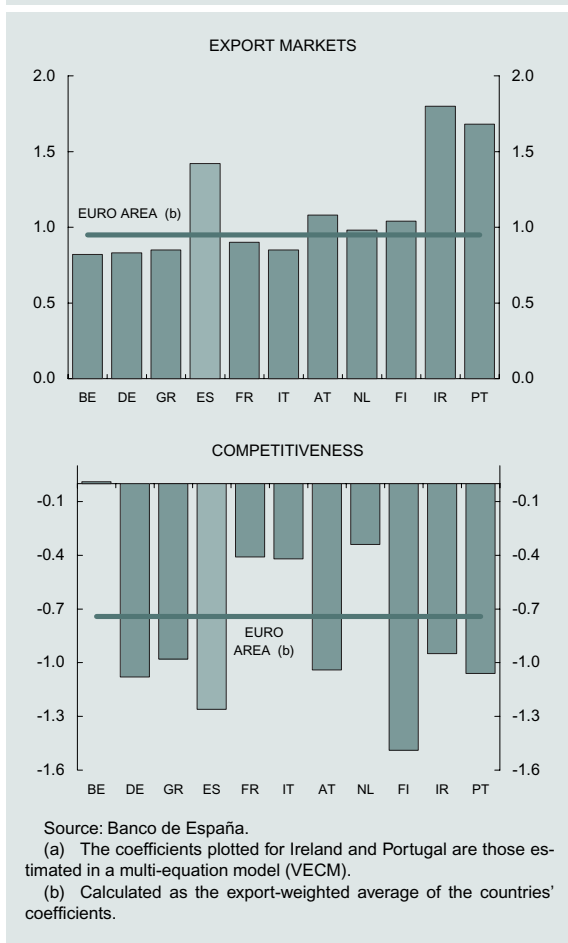
transport and transaction costs, have a moderating effect on price elasticity. Also, since the sample period used in the estimate has seen a succession of different exchange rate regimes (flexible, adjustable and, in intra-euro area trade following the introduction of the euro, fixed), foreseeably the elasticity of exports to competitiveness will in many cases be highly sensitive to changes or reductions in the sample period. Finally, it is to be supposed that, along with these general factors, other country-specific factors will play a role. These will be analysed in greater detail in the following section.

The adjustment of changes in exports to deviations from their long-term path, as expressed by the value of the error correction mechanism coefficient, is similar in most countries, and full return to equilibrium takes about one year. Only in France, the Netherlands and, particularly, Greece, is the speed of adjustment higher, so exports are, on average, nearer to their long-term path.

Chart 4 compares the long- and short-term elasticities to export markets and to competi-

CHART 2

Long-term elasticities of export demand (a)

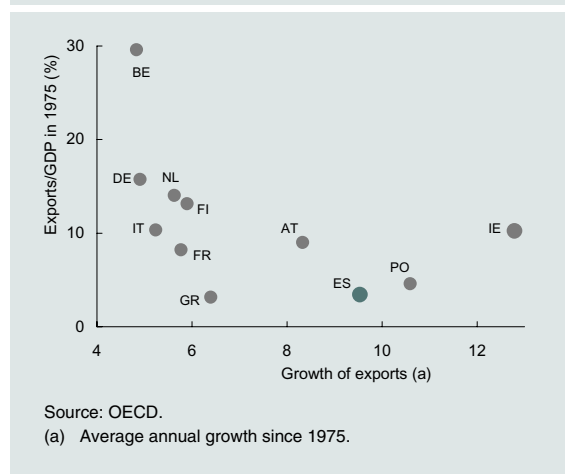


tiveness. It can be seen that only in the cases of the Netherlands, Finland and, above all, Spain, is the response of exports to export markets higher in the long term than in the short term. With regard to price, in all countries except Belgium the effect of competitiveness on exports is greater in the long term than in the short term. It is also notable that, in the short term, the response of exports to market changes is immediate, whereas the effect of prices, in addition to being smaller in magnitude, takes from one to three quarters to become apparent. Therefore, in the short term, exports are dominated by movements of external real income, which thus becomes a basic determinant of economic performance in euro area countries, while changes in competitiveness take longer to affect export performance.

In addition, a weighted average of each country's long-term elasticities was calculated in order to approximate the elasticity of the euro area as a whole. The weights used were the relative significance of the manufacturing exports of each country within the total. Elasticities

CHART 3

Manufacturing exports: initial situation and growth



ties of 0.95 to export markets and -0.74 to competitiveness were obtained and a value of -0.25 was calculated for the error correction mechanism. These results are somewhat similar to those obtained in the Area Wide Model (AWM) of the European Central Bank (4). This model yields a long-term elasticity of goods and services exports to changes in competitiveness of -0.82 , with an error correction mechanism coefficient of -0.12 . Long-term income elasticity is restricted to unity.

3.2. Comparison of price elasticity

Chart 5 shows the percentage structure of the various countries' exports classified by technological content of the products (5) in 1988, which represents an intermediate point in the sample period considered, as well as the geographical distribution of the euro area countries' trade, distinguishing between intra- and extra-euro area trade, and, within the latter, between trade with developed countries and that with developing countries. In general, price elasticity is higher in countries that have a higher percentage of exports in low- and medium-low-technology industries.

To explain the low price elasticity of the Netherlands and Belgium (that of Belgium is

(4) See Fagan, G., Henry, J. and Mestre, R. (2001). The AWM is comparable with the weighted average of the estimates made in this work because it includes intra-area trade in euro area exports. However, it estimates total goods and services exports.

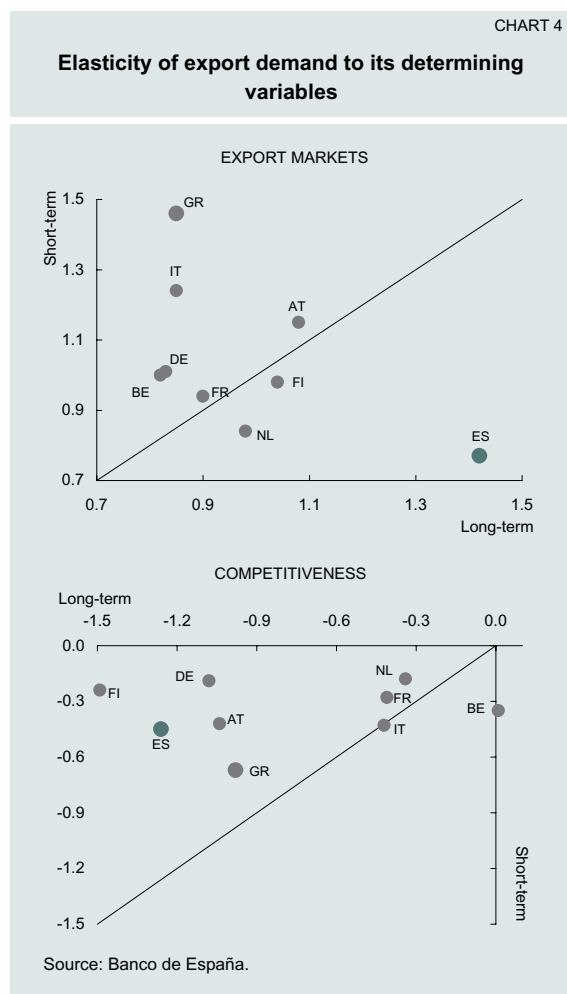
(5) The OECD prepares this classification of manufacturing industries by technology intensity based on the proportion of research and development expenditure in each sector to its value added or production.

zero), regard must be had to the growing significance of goods re-exports, which, in the case of the Netherlands have risen to more than 40% of total goods exports in 2000, compared with 20% in 1990. The term *re-exports* refers to traded goods which, during transport from the country of origin to the country of destination, pass through a third country (normally a major logistic centre) in which they are not subjected to any additional industrial processing. Since these goods become temporarily owned by entities resident in the country of transit, they form part of its imports and of its exports. In the case of the Netherlands and Belgium, the bulk of re-exports consist of products from third (particularly South-East Asian) countries destined to the main European markets, such as Germany and France. According to the Netherlands Bureau for Economic Policy Analysis (2001), the elasticity of re-exports to the price competitiveness indicator is five times lower (in absolute terms) than the elasticity of exports produced in the country.

Italy is noticeable because, despite focusing on exports with relatively low technological content proportionally more aimed at non-euro area countries, it has low price elasticity. This reflects the stability of its market share up to the beginning of the 1990s (see Chart 1), despite the progressive and substantial loss of competitiveness during that period. Such stability was probably a consequence of specialisation in specific product segments which, despite belonging to low-technology sectors, allow greater product differentiation, particularly in terms of brand image, and of the restructuring effort made by Italian industry faced with unfavourable real exchange rates up to the early 1990s [see Fazio (2000)]. In fact, during the ensuing years exports responded more strongly to changes in competitiveness, although this is not reflected in the elasticity estimated using the whole sample period.

By contrast, in France the high technological content of its exports would explain the scant sensitivity of its foreign sales to competitiveness. In Germany, however, the competitiveness ratio seems high in view of the high relative weight of foreign sales of products with substantial technological content. Among the reasons for this could be that, compared with the other euro area countries, Germany has a higher percentage of inter-industrial trade (consisting of goods that are more price-responsive), and that exports to non-European Union countries have a higher relative weight.

Predominating in Spain and Austria is the effect of product mix in their trade, with its relatively low technological content and, therefore,

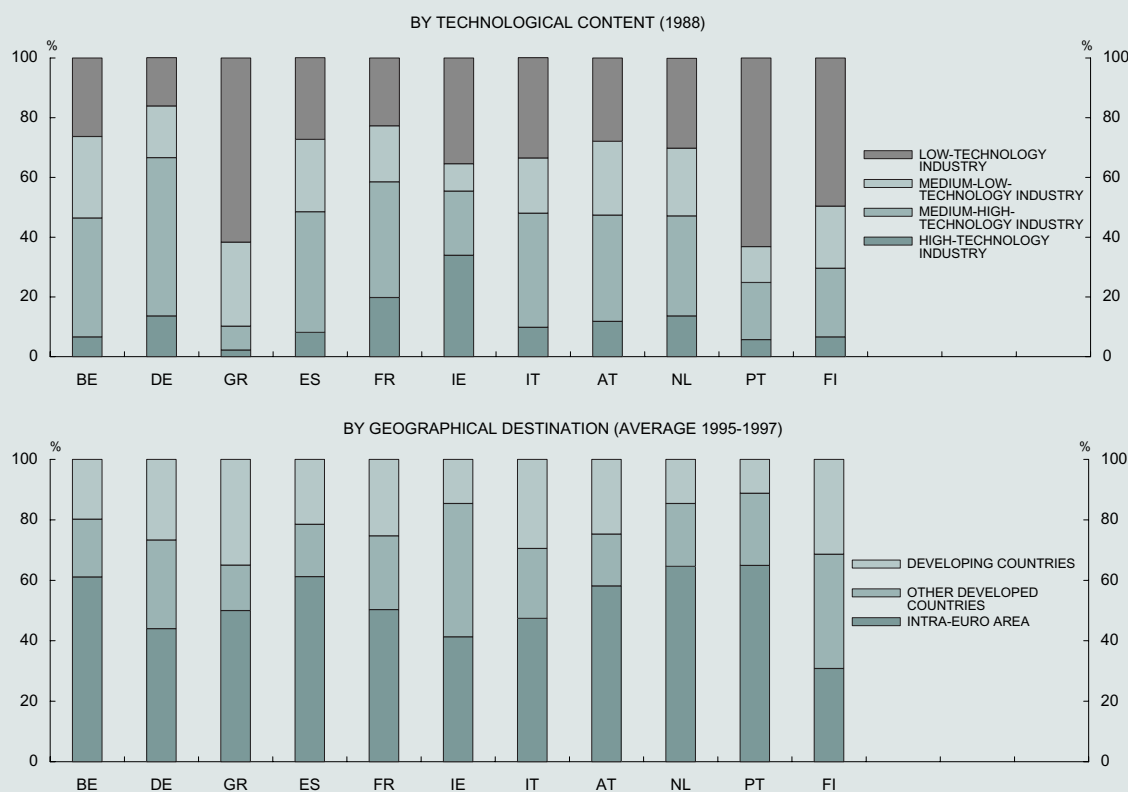


high price elasticity: -1.3 and -1 , respectively. This variable is also high in Finland due to a very high percentage of price-sensitive exports, including most notably wood, cork and paper (they accounted for 42% of total manufacturing exports in 1988) intended mainly for non-euro area countries. The Finnish economy has seen a sharp change in specialisation, in both production and trade, in recent years, with a gain in the weight of the electronics and communications sector, which spurred from 3% of total exports in 1988 to 16% in 1998. It seems reasonable that this development should be reflected in a change in price elasticity. To check this, the equation was estimated with the sample period divided into two sub-periods (until 1988 and after 1988); no significant change was observed in the long-term competitiveness ratio. It should be noted that, despite the growing importance of high-technology goods in recent years, the paper industry continues to be the most important, still accounting for 30% of total exports in 1998.

Finally, it is noticeable that price elasticity is not higher in Greece, given that the technological level of its exports is very low and that it is the country that directs the highest proportion of

CHART 5

Structure of exports



Sources: Eurostat (SBS-plus database) and IMF (Direction of Trade Statistics).

trade to lesser developed countries, particularly to transition economies. Possibly the geographical proximity factor is particularly important when it comes to assessing the demand for Greek exports. Indeed, for the generally less developed countries around Greece, Greek products would have a high technological content in relative terms (the opposite to what would occur if Greece were compared with the other euro area countries), which would reduce the significance of the effect of price changes on demand.

4. CONCLUSIONS

The demand for manufacturing exports from the euro area countries has been characterised by considerable buoyancy since the mid-1970s, although it varies from country to country. In the case of the euro area countries, the behaviour of their determining variables does not satisfactorily explain the marked differences in export growth. This is most evident in the rate of expansion of external income (measured by taking the export markets as a proxy), which is similar in all countries. For its part, competitiveness

showed highly disparate movements that were generally consistent with the behaviour of the countries' market shares, although not with the enormous differences observed.

Thus, the response of a country's exports to changes in their determining variables largely explains the diversity of results perceived. In particular, the elasticity of exports to the export market variable is higher in the countries that started from an initial situation characterised by lower openness to trade and that, during the period, underwent rapid integration into the international goods market. Such marked differences in export responsiveness to export market growth will foreseeably tend to moderate once the processes of commercial integration and productive structure adaptation (transfer of resources from primary production to manufacturing) in the countries that started from a lesser developed level have come to an end. As these economies mature and specialise more in the provision of services, the gains in market share will tend to moderate considerably.

The differing long-term price elasticities seem to be explained, in general terms, by the

productive specialisation of each country, although there are particular cases in which idiosyncratic factors may play a major role in determining certain values. In a context in which manufacturing industry specialisation continues to change dramatically and very unequally across countries, it is reasonable that the sensitivity of exports to price competitiveness should continue to be different in each country. However, it can also be expected that there will be a general trend of elasticities to decrease as countries make progress in improving their competitiveness in ways other than through leadership in costs and in selling prices.

It is also notable that elasticity to competitiveness is lower in the short term than in the long term and that, furthermore, in the short term it always operates with some delay. Therefore, in the short term the effects of the income variable are more important and more immediate than those caused by changes in competitiveness.

Spain is a typical case of a country that started from an initial situation of low openness to trade and whose exports have enjoyed high buoyancy as a result of its progressive integration into world trade flows (with landmarks such as EEC membership in 1986), the consequent reduction in tariffs and the marked changes in its productive structure. This buoyancy of foreign sales is reflected in the high income elasticity of Spanish manufacturing exports. Also, the low proportion of high-technology goods exports would explain the high price elasticity. It thus becomes apparent that there is a certain specialisation in products that allow less differentiation and are therefore subject to greater price-based competition by third countries.

However, in recent years, as the creation of trade driven by economic integration has lost

steam, Spain's export share has moved more in line with its competitiveness. This situation, if sustained over time, would mean that the Spanish economy's degree of openness to trade, as measured by the weight of manufacturing exports in GDP, would increase more slowly from now on, as is happening in other more developed euro area countries. Therefore, gaining export share will require, to a greater extent than in the past, improvements in competitiveness. The achievement of significant gains in competitiveness through price containment seems unlikely in the short term, given the recent contraction in manufacturing margins, and it will require a major effort to correct the positive differential traditionally shown by unit labour cost growth in Spain compared with that of its main competitors; this will call for greater flexibility in product and factor markets. Simultaneously, improvements in competitiveness based on factors other than price must be fomented by stepping up the incorporation of innovation and technical progress into productive processes. This would be conducive to product differentiation and brand creation and ultimately lead to the moderation of unit labour costs as a result of increased productivity.

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Financial regulation: 2003 Q2

1. INTRODUCTION

In 2003 Q2, relatively few new financial provisions were enacted.

In relation to national payment systems, the Target (1) reimbursement scheme has been replaced by a new compensation scheme, for use in the event of TARGET malfunctioning, in order to establish a mechanism that better reflects market practices. Also, the National Electronic Clearing System (*Sistema Nacional de Compensación Electrónica*, SNCE) has been authorised to transmit requests for fund and cash transfers and information between institutions involved in the transfer procedure between portfolio investment institutions.

The Banco de España has been given responsibility for managing two new files that have been created, which contain personal data.

A number of obligations have been imposed on financial institutions, to improve the transparency and information of the costs of the banking services they provide through automated teller machines.

In the securities market field, takeover law has been reformed to improve the protection of minority shareholders in the event of changes in the control of listed companies, and the standard forms for prospectuses for issuing warrants, whose underlying assets may be the issuer's own shares, have been approved so as to facilitate such operations.

At the EU level, certain aspects of the European Central Bank's statistical information requirements in relation to the balance of payments, the international investment position and international reserves have been amended, in order to establish new criteria for the collection of information on euro area cross-border positions and transactions. Also, a directive on insider dealing and market manipulation (market abuse) has been published, to complete the legal framework for the protection of market integrity against price manipulation and the dissemination of misleading information.

Finally, a number of extraordinary and urgent economic reform measures have been published, including most notably a reduction in the price of mortgage novation and subrogation transactions, certain tax incentives to small and medium-sized enterprises, a

(1) Transeuropean Automated Real-Time Gross Settlement Express Transfer (TARGET) is a general interbank payment system in the EU, which connects the various real time gross settlement systems and the ECB payments mechanism by means of the "interlinking" procedure.

number of stimuli to the rented housing market and fiscal measures to promote investment.

2. AMENDMENT OF THE TARGET REGULATIONS: REIMBURSEMENT SCHEME AND OTHER AMENDMENTS TO THE REGULATION OF THE BANCO DE ESPAÑA SETTLEMENT SERVICE

In order to transpose into Spanish law the ECB Guideline of 3 October 2000, subsequently amended by the ECB Guideline of 26 April 2001, CBE 8/2000 of 22 December 2000 (2) amended the TARGET regulations to introduce a so-called *reimbursement scheme*. This was intended for situations in which TARGET functions irregularly, preventing completion of the processing of payment orders entered into the system. In such situations, the European System of Central Banks (ESCB) and the other central banks participating in TARGET undertook to reimburse the institutions affected with certain amounts based on the difference between the interest rate applied for the use of standing facilities and the marginal rate in main refinancing operations.

Recently, *Guideline ECB/2003/6 of 4 April 2003* (OJ of 7 May 2003), replaced the reimbursement scheme regulated in Guideline ECB/2001/3 of 26 April 2001 with a new compensation scheme applicable in the event of TARGET malfunctioning. In order to transpose this Guideline into Spanish law, *CBE 2/2003 of 24 June 2003* (BOE of 28 June 2003) on a compensation scheme in the event of TARGET malfunctioning and other amendments to the Banco de España Settlement Service (SLBE) has been published, which repeals and replaces the provisions of CBE 8/2000.

The main changes entailed by the new scheme are as follows: First, the cases in which the compensation scheme applies have been widened to cover all situations of TARGET malfunctioning, except when the malfunctioning is caused by external events beyond the control of the ESCB, or by the failure of a third party other than the operator of the national RTGS system where the malfunctioning occurred. Second, the amount received by the institution concerned includes, in certain cases, in addition to the payment in respect of interest, compensation for administrative expenses. Finally, the method of calculating the compensation in respect of interest has been changed.

(2) See "Financial regulation: 2000 Q4", in Economic bulletin, Banco de España, January 2001, pp. 70-71.

2.1. Conditions for the compensation scheme to apply

A TARGET malfunctioning shall be deemed to have occurred when the existence of technical problems of diverse kinds prevents execution and completion, on the planned date, of the processing of payment orders through such system. These problems include defects or failures in the technical infrastructure or in the computer system of any of the national payment systems integrated into or connected to TARGET, of the ECB payments mechanism or of the electronic network connecting them (the Interlinking System), or the existence of any other circumstance affecting any of the aforementioned components of TARGET.

The new compensation scheme may be applied to any TARGET payment, whether domestic or cross-border, irrespective of the TARGET component in which the malfunctioning occurred. In this respect, it may be applied to payments ordered both by participants in TARGET through the national systems of countries not belonging to the euro area and by those of member countries that are not counterparties to the Eurosystem monetary policy operations.

By contrast, the compensation scheme shall not apply, unless the Governing Council of the ECB should otherwise decide, when the malfunctioning is caused by external events beyond the control of the ESCB (force majeure), or by incidents or errors of a third party other than the operator of the TARGET component in which the malfunctioning has occurred.

The participants may, however, avail themselves of all such legal means as may be available to them to claim compensation in the event of malfunctioning of the system. However, acceptance by the institution concerned of an offer of compensation made by the ESCB shall constitute its irrevocable agreement that it thereby waives all claims (including any claims for consequential damages) that it may have against any central bank member of the ESCB, in accordance with national laws or otherwise. Likewise, receipt of the corresponding compensation payment shall be in full and final settlement of all such claims.

Where a TARGET participant has received a compensation payment, in accordance with this Circular, it shall indemnify the ESCB up to the amount received, in the event that any other TARGET participant makes a claim for compensation in relation to the same payment order in any other action for damages it may bring.

A claim for compensation by a sending institution that entered a payment order shall be

considered by the ESCB if, as a consequence of the TARGET malfunctioning it was not possible to complete same day processing of the order, or if the participant concerned can show that it had the intention to enter an order into TARGET but was unable to do so due to a stop-sending status of any of the systems integrated into TARGET.

A claim for compensation by an institution receiving a payment order shall be considered by the ESCB when, as a consequence of the malfunctioning of TARGET, any of the following three circumstances arises:

- 1) The participant did not receive a TARGET payment that it was expecting to receive on the day of malfunctioning.
- 2) The participant had recourse to the marginal lending facility, or if it does not have access to such facility, such participant was left with a debit balance or had a spill-over from intra-day credit into overnight credit at the close of business or had to borrow amounts from the respective national central bank.
- 3) Either the national payment system where the malfunctioning occurred was that of the receiving institution, or the malfunctioning occurred so late in the TARGET operating day that it was technically impossible for the receiving institution to have recourse to the money market.

2.2. Calculation of compensation

2.2.1. Compensation of sending institutions

The compensation offer made by the ESCB to institutions entering payment orders under this Circular shall consist of an administration fee and, if applicable, an interest compensation as well.

The administration fee shall be €100 for the first payment order not completed on the processing date in respect of each receiving institution, €50 for the following four orders to the same receiving institution, and €25 for each additional payment order in the same circumstances.

The interest compensation shall be determined by applying a reference rate to the amount of the unprocessed payment order for each day of the period of malfunctioning. This reference rate of interest shall be the lower of the euro overnight index average (EONIA) and the marginal lending rate. From the amount of interest compensation so calculated shall be deducted any proceeds obtained by the sending

institution from placing the funds concerned by recourse to the deposit facility or the remuneration received on excess funds in the settlement account in the case of participants that are not counterparties to the Eurosystem monetary policy operations.

Sending participants shall not receive any interest compensation if the funds have been placed on the market or used for the fulfilment of minimum reserve requirements.

2.2.2. Compensation of receiving institutions

The ESCB offer to receiving institutions under this Circular shall consist of an interest compensation only, and shall be determined by applying a rate of interest to the amount of the institution's recourse to the marginal lending facility. This rate of interest shall be calculated as the difference between the marginal lending rate and the reference rate used in the case of the sending institutions.

2.3. Claims procedure

SLBE participants shall, where applicable, submit their claim forms to the Banco de España, irrespective of the component of TARGET in which the malfunctioning occurred. The procedure is set out in the Circular.

The Governing Council of the ECB shall carry out the assessment of all claims received and shall decide in which cases compensation offers shall be made. The malfunctioning national central bank (NCB) shall communicate the result of the assessment to the institutions concerned. Acceptance or rejection shall expressly refer to each payment order in a signed standard letter of acceptance, the form of which the ECB shall make public.

3. NATIONAL ELECTRONIC CLEARING SYSTEM: TRANSMISSION OF TRANSFER APPLICATIONS BETWEEN PORTFOLIO INVESTMENT INSTITUTIONS

Law 46/2002 of 18 December 2002 (3) on partial reform of personal income tax and amendment of the laws on corporate income tax and the tax on the income of non-residents, amended Law 46/1984 of 26 December 1984 (4)

(3) See "Financial regulation: 2002 Q4", in Economic bulletin, Banco de España, January 2003, pp.116-118.

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

on portfolio investment institutions, establishing the rules applicable to transfers between portfolio investment institutions. As a result, the shareholders of portfolio investment institutions may transfer their investments to other portfolio investment institutions. For such transfers to be fully effective, the transfer applications, the cash and the information must be transmitted between the institutions involved. Law 46/2002 granted powers to the Ministry of Economy to authorise standardised systems, with proper security guarantees, for the transmission of the transfer applications, the cash and the information between the institutions involved in the procedure.

On 5 November 2002, the Banco de España, as administrator and manager of the SNCE, approved Instruction SNCE/A/03/597. This enables transfers of cash and the transmission of information relating to pension scheme and mutual fund transfers to be processed electronically. It was also envisaged that applications for transfers between portfolio investment institutions could be processed through the SNCE too.

As a result, *Order Eco/1047/2003 of 23 April 2003* (BOE of 1 May 2003) has been issued under the powers granted by Law 46/2002. This order authorises the SNCE to transmit transfer applications, to transfer cash and to transmit information between the institutions involved in the transfer procedure between portfolio investment institutions, since the SNCE is considered to fulfil all the conditions necessary to ensure security in the execution of such operations.

4. FILES CONTAINING DATA OF A PERSONAL NATURE MANAGED BY THE BANCO DE ESPAÑA

Organic Law 15/1999 of 13 December 1999 on the Protection of Personal Data establishes that the creation, modification or destruction of general government files may only take place under a general provision published in the BOE or the equivalent official journal. It also determines what data shall necessarily be indicated in provisions for the creation or modification of files.

CBE 1/2003 of 28 May 2003 (BOE of 10 June 2003), which amends Circular 4/1994 of 22 July 1994 on files containing personal data managed by the Banco de España, has been published to include two new files.

First, the file "Sanctioning proceedings" has been created. This includes personal data, not included in other files managed by the Banco

de España, relating to natural persons affected by sanctioning proceedings conducted pursuant to the powers conferred on this institution.

Second, the file "Banco de España Code of Conduct Statements" has been created. This includes the declarations made by employees who may have access to inside information specifying their holdings of certain securities and financial instruments, transactions carried out for the purchase, sale or redemption of the same, and transactions with assets or rights that may be related to monetary policy operations. When there are well-founded reasons so justifying, these declarations may be used to oversee compliance with the obligations arising under the Code of Conduct.

5. PRICE TRANSPARENCY: BANK SERVICES PROVIDED THROUGH AUTOMATED TELLER MACHINES

The ATM network at the service of Spanish users has been functioning satisfactorily, both from the viewpoint of the range of services provided and of its coverage and availability in such a large country. However, greater transparency of the transactions performed and an improvement in the information that must be given to ATM users have been considered necessary.

Law 26/1988 of 29 July 1988 (5) on the discipline and intervention of credit institutions, with the aim of protecting the legitimate interests of credit institutions' depositors and borrowers, empowered the Minister of Economy, inter alia, to determine the precise rules to ensure that contracts reflect explicitly and with sufficient clarity the parties' commitments and rights given the specific contingencies of each type of transaction. Pursuant to this power, the Order of the Ministry of Economy and Finance of 12 December 1989 on credit institutions' interest rates and commissions, rules of conduct, customer information and advertising was issued. This order was implemented by CBE 8/1990 of 7 September 1990 (6) on transaction transparency and customer protection.

Recently, following the same procedure, *Order PRE/1019/2003 of 24 April 2003* (BOE of 30 April 2003) on price transparency in bank services provided through ATMs has been published. Its purpose is to protect the right to information of ATM users, by establishing a number

(5) See "Regulación financiera: tercer trimestre de 1988", in *Boletín económico*, Banco de España, October 1988, pp. 56-58.

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

of obligations relating to indication of the prices of the services provided through such machines.

5.1. Scope of application and setting of commissions

The order applies to bank services provided through ATMs situated in Spain, belonging to Spanish or foreign credit institutions and to the branches in Spain of foreign credit institutions, as well as to the services provided by financial institutions that issue means of payment (7) marketed in Spain.

However, the obligations established by the Order shall only be enforceable in relation to cash withdrawal transactions, whether debit or credit, and to balance and account movement enquiries. The Order authorises the Banco de España, by circular, to extend the rules in this order to other bank transactions that may be carried out at ATMs, when their volume becomes significant.

Following the same criteria as the Order of 12 December 1989, the commissions for transactions or services provided through ATMs shall be those freely set by the financial institutions issuing means of payment marketed in Spain and, where applicable, the institutions owning the ATM which provides the service. These financial institutions shall also publish, after they have been registered with the Banco de España, the relevant rates of commission and expenses for the use of ATMs. In no event may rates or amounts be charged in excess of those published or for services not mentioned, and they shall relate exclusively to services actually provided or expenses incurred.

5.2. Credit institutions' information obligations

The information obligations of credit institutions that own ATMs are as follows:

- 1) They shall ensure that the ATMs clearly indicate the exact value of the commission and any additional charges to which the transaction requested by the user is subject.
- 2) When the financial institution issuing means of payment is not the owner of the ATM in which the user intends to carry out the

(7) For the purposes of this Order, means of payment shall be considered to include cards and electronic savings accounts, as well as any other instrument that enables ATMs to be used.

transaction, the maximum value of the commission and any other additional expenses to which the transaction requested may be subject can be given instead of the aforementioned information. In this case, it should be stated that the amount finally charged may be lower, depending, as the case may be, on the terms and conditions stipulated in the contract between the user and the financial institution issuing the means of payment. However, the Order establishes transitional rules whereby, for six months from its entry into force, a notice clearly indicating to the user that the financial institution issuing its means of payment may charge a commission or certain expenses for carrying out the transaction requested is sufficient.

- 3) Before the transaction is requested, the ATM shall indicate to the user, by means of a screen message, the marketing network it belongs to (8). When the transaction has been requested, the ATM shall, free of charge and before the transaction is carried out, provide the user with the information mentioned in the previous two paragraphs. When this information has been provided, the ATM shall offer the user, likewise free of charge, the possibility of not carrying out the requested transaction.
- 4) In the case of transactions carried out with means of payment issued by the owner of the ATM itself, the obligation to indicate the exact value of the transaction shall be deemed fulfilled when there is a clearly visible notice indicating to the user the exact value of the commissions and other expenses to which the requested transaction is subject.
- 5) A telephone number for incidents shall be clearly visible on ATMs, which users may ring in the event that problems arise in the provision of its services.

5.3. Information obligations of financial institutions issuing means of payment marketed in Spain

Financial institutions issuing means of payment marketed in Spain shall:

- 1) Supply to the credit institutions that own the ATMs the information necessary for them to

(8) For the purposes of this provision, marketing networks shall be deemed to be those companies that have as their objects providing the necessary electronic interlinking for financial institutions to be able to provide services through ATMs.

be able to comply with the obligations set out in the previous section.

- 2) Notify its customers, at least once a month, in such manner and detail as the Banco de España may indicate, the commissions and other expenses charged for each of the transactions carried out at ATMs, so that the customer can identify the transaction and see the full price of the service.

6. REFORM OF TAKEOVER LAW

Law 24/1988 of 28 July 1988 (9) on the Securities Market contains the legal rules applicable to takeovers. These were implemented by RD 1197/1991 of 26 July 1991 (10) on takeovers.

These regulations, which have been strengthened and developed since, have profound implications for the possibilities of changing controlling interests in companies, for the mechanisms for reorganising corporate structures and for the guarantee of equal treatment for all shareholders.

Royal Decree 432/2003 of 11 April 2003 (BOE of 12 April 2003), amending Royal Decree 1197/1991 of 26 July 1991, has now been published to improve the protection of minority shareholders when changes occur in the control of listed companies,

The most important changes are described below (see Table 1 for a comparison of the two systems).

6.1. Extension of the situations requiring an offer for 100% of the capital

Previously, if it was sought to obtain a holding of 50% or more in the target company, an offer had to be made for at least 75% of the capital. This led to problems for minority shareholders, because, when the price was attractive and they wished to benefit from the offer, in many cases they could only sell a proportion of their holding. The reform proposes that, if it is sought to acquire 50% or more of the capital of the target company, a bid shall be made for 100% of the capital.

This same rule shall apply when it is sought to acquire a holding of less than 50%, with the

intention of appointing more than half of the directors of the target company (or such appointments are actually made within a two-year period), since this would involve actual control over the company.

6.2. Extension of the situations requiring a partial offer

Previously, it was only necessary to launch a takeover bid when it was sought to acquire 25% or more of the capital (or, in certain circumstances, to increase a holding by 6%). In that case, if the percentage to be acquired was less than 50%, an offer had to be made for 10% of the target company. The reform adds another case requiring a bid to be made for 10% of the company, which is when it is sought to obtain less than 25% and it is intended to appoint more than one third and less than half plus one of the directors of the target company (or such appointments are actually made within a two-year period).

6.3. Situations excluded from the obligation to make an offer

The previous rules excluded acquisitions within the context of restructuring of the economic sector from the obligation to make an offer, when there was a resolution of the government commission for economic affairs. The new legislation removes this exception. Instead, acquisitions of less than 6% are excluded from the obligation to make a mandatory offer (provided that the current controlling shareholders already own more than 50% and the number of directors appointed by the acquirer does not increase) when they take place in the context of a situation of joint control, provided that the competition authority has deemed such a situation to exist.

Also excluded are those cases in which an individual acquires a significant holding as a consequence of the conversion of credits into shares, pursuant to an agreement reached in insolvency proceedings.

6.4. Other changes

Among the documentation that is required to accompany the offer, the new legislation enables the documents evidencing the offer guarantee to be presented within two business days of notification of the agreement to suspend the trading of the securities, in the event that the guarantee has been given in the form of a bank guarantee from a credit institution.

(9) See «Regulación financiera: tercer trimestre de 1988», Boletín económico, Banco de España, October 1988, pp. 61-62.

(10) See «Regulación financiera: tercer trimestre de 1991», Boletín económico, Banco de España, October 1991, pp. 57-58.

TABLE 1

<i>RD 1197/1991 of 26 July 1991</i>	<i>RD 432/2003 of 11 April 2003</i>
SITUATIONS REQUIRING MANDATORY BIDS	
<p>BID for 10% When it is sought to acquire a holding of 25% or more of the company's capital.</p> <p>BID for 10% When it is sought to increase an existing holding of between 25% and 50% (inclusive only of the lower limit) by at least 6% within a 12-month period.</p> <p>Not envisaged.</p> <p>BID for 75% When it is sought to acquire a holding of 50% or more of the capital of the target company.</p> <p>Not envisaged.</p> <p>Acquisitions by deposit guarantee funds in banks, savings banks or credit co-operatives, the insurance company liquidation board (<i>Comisión Liquidadora de Entidades Aseguradoras</i>) or other similar institutions, pursuant to the powers conferred on them by current law.</p> <p>Acquisitions made in accordance with the Compulsory Expropriation Law and any others resulting from the exercise by competent authorities of public law powers under current law.</p> <p>When all the shareholders of the company agree unanimously to sell or exchange all the shares representing the company's share capital.</p>	<p>No change.</p> <p>No change.</p> <p>BID for 10% When it is sought to acquire a holding of less than 25% of the capital of the target company, and the following circumstances also apply: a) It is sought to acquire a holding of 5% or more of the capital of the target company or a smaller holding that enables a number of directors to be appointed which, together with any that may already have been appointed, represent more than one third and less than one half plus one of the members of the board of directors of the target company. b) It is intended to appoint the number of directors indicated in the previous paragraph or they are actually appointed within two years of the acquisition.</p> <p>BID for 100% When it is sought to acquire a holding of 50% or more of the capital of the target company.</p> <p>BID for 100% When it is sought to acquire a holding of less than 50% of the capital of the target company, and the following circumstances also apply: a) It is sought to acquire a holding of 5% or more of the capital of the target company or a smaller holding that enables a number of directors to be appointed which, together with any that have already been appointed, represent more than half of the members of the board of directors of the target company. b) It is intended to appoint the number of directors indicated in the previous paragraph or they are actually appointed within two years of the acquisition.</p> <p>No change.</p> <p>No change.</p> <p>When all the shareholders of the target company agree unanimously to sell or exchange all the shares representing the company's share capital or refuse to sell or exchange their shares in the event of a bid.</p>
SITUATIONS NOT REQUIRING MANDATORY BIDS	
<p>Acquisitions as a consequence of the reorganisation or restructuring of economic sectors, when the government Commission for Economic Affairs so decides.</p> <p>Not envisaged.</p> <p>Not envisaged.</p>	<p>Disappears.</p> <p>Acquisitions when the competition authority has deemed that there exists a situation of joint control of the company by the acquiror, pursuant to Law 16/1989 of 17 July 1989 on Competition, and the following conditions apply: a) Before the acquisition took place, the shareholders who have joint control have an overall holding of more than 50% of the company's capital and between them have appointed more than half of the members of its board of directors. b) As a consequence of the acquisition the number of directors appointed by the acquiror will not be increased. c) The increase in the acquiror's holding in the capital does not exceed 6% within a 12-month period, and in no event shall the holding be 50% or more.</p> <p>In the event that an individual acquires a significant holding as a consequence of the exchange or capitalisation of credits under an agreement reached in the context of insolvency proceedings, provided that the holder of such credits is the original holder and not a transferee.</p>

Royal Decree 1197/1991 did not regulate conditional offers, except those subject to acceptance thereof by a certain number of securities, which created a certain paralysis in the market as a result of operations to protect the position of management teams. With the reform, the effectiveness of bids may be made subject to conditions whose performance has to be approved by the bodies of the target company, and requires the offer to specify the conditions to which it is subject.

Finally, the rules for competing bids have also been improved. Thus the period in which they may be presented has been changed and the requirements for the consideration to be in the form of money and for the improvement in the prices or volumes in competing offers to be at least 5% have been removed. In addition, the new rules establish that, when the period for acceptance of the last of the competing bids has opened, a period opens for modification of the offers, in which all the prior offerors may present in a sealed envelope an improvement in the price or else an extension of the offer to a larger number of securities, or other improvements to their offer accredited by an independent expert.

7. CHANGES TO PROSPECTUSES FOR WARRANT ISSUES

CNMV Circular 2/1999 of 22 April 1999 (11) which approved certain standard prospectuses for use in the issuance and public offerings of securities establishes, inter alia, the standard-form prospectuses necessary to issue warrants, provided that the underlying asset is not the issuer's own shares, or those of the controlling or parent company of the group to which it belongs. The issuance of warrants on such underlying assets could only be carried out by registering individualised or special prospectuses, which required the registration of as many prospectuses as the intended number of issues.

To resolve this situation, *CNMV Circular 2/2003 of 18 March 2003* (BOE of 16 April 2003) has been published. This amends CNMV Circular 2/1999, in relation to prospectuses for warrant issues, which includes the prospectuses when the underlying assets are the issuer's own shares. This responds to the development of the warrants market, which is demanding more and more issues on this type of underlying asset, with the appropriate precautions to avoid abnormal movements in the price of the underlying asset.

(11) See "Financial regulation: second quarter of 1999", in Economic bulletin, Banco de España, July 1999, pp. 65-66.

8. CHANGES TO THE STATISTICAL INFORMATION REQUIREMENTS OF THE EUROPEAN CENTRAL BANK IN RELATION TO BALANCE OF PAYMENTS, INTERNATIONAL INVESTMENT POSITION AND INTERNATIONAL RESERVES STATISTICS

The Statute of the ESCB and of the ECB provided that the ECB, assisted by the NCBs, would collect the statistical information necessary to undertake the tasks of the ESCB either from the competent national authorities or directly from economic agents. As a result, Council Regulation (EC) No 2533/98 of 23 November 1998 (12) concerning the collection of statistical information by the ECB was published and subsequently developed by Guideline ECB/2000/4 of 11 May 2000 on the statistical reporting requirements of the ECB in the field of balance-of-payments statistics, the international reserves template and international investment position statistics.

This guideline has been replaced by the *Guideline of the ECB (ECB/2003/7) of 2 May 2003* (OJ of 28 May 2003) on the statistical reporting requirements of the ECB in the field of balance of payments and international investment position statistics, and the international reserves template. The changes basically concern the statistical information requirements relating to stocks and flows of portfolio investment and the related income flows, since common criteria have been established, detailed in Annex VI of this Guideline, for collecting this information, which must be applied before 1 July 2005. It also provides for making the centralised securities database available in future, although no specific date has been set, to the NCBs and to the competent authorities other than NCBs subject to any legal constraints. This database will contribute, in particular, to the production of data with new sectoral breakdowns of portfolio investment included in the tables of Annex II. These breakdowns will be made available as from 1 July 2005. However, if the centralised securities database system is not operational by 31 March 2004, the deadline will be 15 months from when the Statistics Committee informs the Governing Council that it is operational.

As in the case of the previous guideline, the required data on the balance of payments shall be made available on a monthly and quarterly basis; the required international reserves data shall be made available as at the end of the

(12) See "Financial regulation: fourth quarter 1998", in Economic bulletin, Banco de España, January 1999, p 78.

month to which the data relate, and the data on the international investment position shall be made available as at the end of the year to which they relate. As regards the deadlines for transmitting data, it should be noted that a calendar has been established for making available to the ECB revisions relating to the balance of payments and the international investment position of the euro area, which is set out in Annex IV of the Guideline.

Another change relates to co-operation with the competent authorities other than NCBs. Where the sources for part or all of the data are competent authorities other than NCBs, NCBs shall establish the appropriate modalities of co-operation with these authorities to ensure a permanent structure for transmission of data which fulfils the ECB's standards, in particular on data quality, and any other of its requirements as set out in this Guideline, unless the same result is already achieved by national legislation.

Where competent authorities other than NCBs are the source of statistical information marked as confidential, such information shall be used by the ECB exclusively for the exercise of ESCB-related statistical tasks, unless the reporting agent or the other legal or natural person, entity or branch which provided the information, assuming that it can be identified, has explicitly given its consent to the use of such information for other purposes.

For the financial account of the balance of payments, related income and the international investment position, the NCBs shall be responsible for ensuring that the concepts, methodology and data collection, compilation, analysis and transmission in these areas are maintained and developed.

9. DIRECTIVE ON INSIDER DEALING AND MARKET MANIPULATION (MARKET ABUSE)

Council Directive 89/592/EEC of 13 November 1989 coordinating regulations on insider dealing was one of the first steps in coordinated regulation at the Community level to combat cross-border insider dealing more effectively.

In recent years, technical and financial developments have enhanced the means and opportunities for market abuse through new products, new technologies, increasing cross-border activities and the Internet. This has made a new directive desirable, to update and complete the existing Community legal framework to protect market integrity from practices

of price manipulation and dissemination of misleading information.

As a result, *Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003* (OJ of 12 April 2003) on insider dealing and market manipulation (market abuse), which repeals Council Directive 89/592/EEC, has been published. Its objective is to ensure the integrity of Community financial markets and to enhance investor confidence in those markets.

9.1. Scope of application and definitions

The Directive shall apply to any financial instrument admitted to trading on a regulated market in at least one Member State, or for which a request for admission to trading on such a market has been made, irrespective of whether or not the transaction itself actually takes place on that market. Those of its provisions relating to the use of inside information shall also apply to any financial instrument not admitted to trading on a regulated market in a Member State, but whose value depends on a financial instrument referred to above.

It shall not apply to transactions carried out in pursuit of monetary, exchange-rate or public debt-management policy by a Member State, by the European System of Central Banks, by a NCB or any other officially designated body, or by any person acting on their behalf. It shall not apply either to trading in own shares in buy-back programmes or, in such cases as may be determined by regulations, to the stabilisation of a financial instrument.

For the purposes of this Directive, *inside information* shall mean information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Market manipulation shall mean transactions or orders to trade which give, or are likely to give, false or misleading signals as to the supply or, demand for or price of financial instruments, or which secure the price of one or several financial instruments at an abnormal or artificial level, unless the person who entered into the transactions or issued the orders to trade establishes that his reasons for so doing are legitimate and that these transactions or orders to trade conform to accepted market practices on the regulated market concerned.

Market manipulation also includes transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance, as well as any dissemination of information through the media, including the Internet, or by any other means, which gives, or is likely to give, false or misleading signals as to financial instruments, including the dissemination of rumours and false or misleading news, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading. In particular, the Directive gives the following examples of market manipulation:

- 1) Conduct by a person or persons acting in collaboration, to secure a dominant position over the supply or demand for a financial instrument which has the effect of fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions.
- 2) The buying or selling of financial instruments at the close of the market with the effect of misleading investors on the basis of closing prices.
- 3) Taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a financial instrument (or indirectly about its issuer) while having previously taken positions on that financial instrument and profiting subsequently from the impact of the opinions voiced on the price of that instrument, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

9.2. Measures to preserve market integrity

Member States shall prohibit any person who possesses inside information from using that information by acquiring or disposing of, or by trying to acquire or dispose of, for his own account or for the account of a third party, either directly or indirectly, financial instruments to which that information relates. This prohibition shall apply to any person who possesses that information by virtue of: his membership of the administrative, management or supervisory bodies of the issuer; or his holding in the capital of the issuer; or his having access to the information through the exercise of his employment, profession or duties; or his criminal activities.

This prohibition shall not apply to transactions conducted in the discharge of an obligation that has become due to acquire or dispose of financial instruments where that obligation results from an agreement concluded before the person concerned possessed inside information.

Also, Member States shall require that issuers, or persons acting on their behalf or for their account, draw up a list of those persons working for them, under a contract of employment or otherwise, who have access to inside information. Persons discharging managerial responsibilities within an issuer of financial instruments and, where applicable, persons closely associated with them, shall, at least, notify to the competent authority the existence of transactions conducted on their own account relating to shares of the said issuer, or to derivatives or other financial instruments linked to them.

Likewise, any person professionally arranging transactions in financial instruments who reasonably suspects that a transaction might constitute insider dealing or market manipulation shall notify the competent authority without delay. Finally, Member States shall ensure that persons who produce or disseminate research concerning financial instruments or their issuers exercise reasonable care.

9.3. Obligations of issuers of financial instruments

Member States shall ensure that issuers of financial instruments inform the public as soon as possible of inside information which directly concerns the said issuers, and ensure that issuers, for an appropriate period, post on their Internet sites all inside information that they are required to disclose publicly.

An issuer may under his own responsibility delay the public disclosure of inside information such as not to prejudice his legitimate interests provided that such omission would not be likely to mislead the public and that the issuer is able to ensure the confidentiality of that information. Member States may require that an issuer shall without delay inform the competent authority of the decision to delay the public disclosure of inside information.

Whenever an issuer or a person acting on his behalf or for his account, discloses any inside information to any third party in the normal exercise of his employment, profession or duties, Member States shall require that they make complete and effective public disclosure of that information, simultaneously in the case of an intentional disclosure and promptly in the case of a non-intentional disclosure.

9.4. Cooperation and powers of supervisory authorities

The competent administrative authority shall be given all supervisory and investigatory pow-

ers that are necessary for the exercise of its functions, which it shall exercise: directly; or in collaboration with other authorities or with the market undertakings; or under its responsibility by delegation to such authorities or to the market undertakings; or by application to the competent judicial authorities.

The powers shall be exercised in conformity with national law and shall include at least the right to: have access to any document in any form whatsoever, and to receive a copy of it; demand information from any person, including those who are successively involved in the transmission of orders or conduct of the operations concerned, as well as their principals, and if necessary, to summon and hear any such person; carry out on-site inspections; require existing telephone and existing data traffic records; require the cessation of any practice that is contrary to the provisions adopted in the implementation of this directive; suspend trading of the financial instruments concerned; request the freezing and/or sequestration of assets; request temporary prohibition of professional activity.

The foregoing shall be without prejudice to national provisions on professional secrecy (13).

Competent authorities shall cooperate with each other, whenever necessary for the purposes of carrying out their duties, making use of their powers whether set out in this Directive or in national law. Competent authorities shall render assistance to those of other Member States. In particular, they shall exchange information and cooperate in investigation activities, although they may refuse to act on a request for information where: communication might adversely affect the sovereignty, security or public policy of the Member State addressed; judicial proceedings have already been initiated in respect of the same actions and against the same persons before the authorities of the Member State addressed; or where a final judgment has already been delivered in relation to such persons for the same actions in the Member State addressed.

Member States shall ensure that the appropriate administrative measures can be taken or administrative sanctions imposed against persons who do not comply with the provisions of

the Directive. These measures shall be effective, proportionate and dissuasive.

Finally, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than 12 October 2004, and shall forthwith inform the Commission thereof.

10. ECONOMIC REFORM MEASURES

Royal Decree Law 2/2003 of 25 April 2003 (BOE of 26 April 2003) on economic reform measures, which adopts certain extraordinary and urgent measures to continue the structural reform process, has been enacted. Some of the main measures are summarised below.

10.1. Measures to improve the workings of the mortgage market

One of the areas requiring urgent action is the mortgage market. To this end, certain measures have been taken to promote competition and mitigate the exposure of borrowers to the interest rate risks typical of the financial market. These consisted in amending Law 2/1994 of 30 March on subrogation and modification of mortgages in order to facilitate and reduce the cost of mortgage novation and subrogation transactions and to promote the development and dissemination of new products providing insurance against interest rate risk. The main changes made to the law in this area are described below (see Table 2 for a comparison of the two laws).

First, notary and registration fees for novations (14) and for subrogations (15) have been lowered, as follows: by 90% if a variable-rate system is changed to a fixed-rate system, and 75% for any other transaction.

In subrogations, changes are now also permitted to the term (not just the interest rate), which means that, unlike in the past, this change is exempt from payment of stamp duty. Further, the maximum penalty for prepayment of variable-rate loans has been halved.

In novations, changes to the term alone are now permitted (previously the term could only be changed if the interest rate was improved at

(13) The obligation of professional secrecy shall apply to all persons who work or have worked for the competent authority or for any authority or market undertaking to whom the competent authority has delegated its powers, including auditors and experts instructed by the competent authority. Information covered by professional secrecy may not be disclosed to any other person or authority except by virtue of provisions laid down by law.

(14) Novation occurs when it is agreed to change the terms and conditions of the loan. A novation may lower the interest rate, change a fixed interest rate to a variable rate, extend the loan repayment period, etc.

(15) Subrogation is when a mortgage loan is transferred to another credit institution.

TABLE 2

<i>Law 2/1994 of 30 March 1994</i>	<i>Royal Decree-Law 2/2003 of 25 April 2003</i>
MORTGAGE LOAN SUBROGATION	
Cases <ul style="list-style-type: none"> — Improvements can only be made to the initially agreed or current ordinary or default interest rates. — The deed shall set out, inter alia, the new interest rate terms. Tax concessions <ul style="list-style-type: none"> — Exempt from the progressive rates of stamp duty Prepayment penalty: <ul style="list-style-type: none"> — In variable-rate mortgages, where a prepayment penalty has been agreed of 1% or less, the penalty payable shall be that agreed. In all other cases, it shall be 1%. 	Cases <ul style="list-style-type: none"> — As before, except that the term of the loan may be extended too, either on its own or in tandem with an improvement in the interest rate. — As before, except that, where applicable, the new term of the loan shall be included. Tax concessions <ul style="list-style-type: none"> — No change. Prepayment penalty: <ul style="list-style-type: none"> — In variable-rate mortgages, where a prepayment penalty has been agreed of 0.5% or less, the penalty payable shall be that agreed. In all other cases it shall be 0.50%.
MORTGAGE LOAN NOVATION	
Cases <ul style="list-style-type: none"> — Only improvements in the initially agreed or current interest-rate terms can be agreed. A change to the term can also be agreed together with such an improvement. Tax concessions <ul style="list-style-type: none"> — Exempt from the progressive rates of stamp duty. Fees for changing the interest rate <ul style="list-style-type: none"> — Notary and registry fees shall be calculated on the basis of the amount obtained by applying the difference between the existing and the new interest rates to the amount of the outstanding mortgage liability. Fees for extending the mortgage term <ul style="list-style-type: none"> — Not envisaged. 	Cases <ul style="list-style-type: none"> — Modification refers to initially agreed or current interest-rate terms, or to alteration of the mortgage term, or both. Tax concessions <ul style="list-style-type: none"> — No change. Fees for changing the interest rate <ul style="list-style-type: none"> — Based on the outstanding principal and not the mortgage liability. Fees for extending the mortgage term <ul style="list-style-type: none"> — In the case of novations which only alter the mortgage term the basis for the calculation shall be 0.1% of the outstanding principal at the time of novation. — For extending the mortgage term the mortgagee may not charge a fee of more than 0.1% of the outstanding principal.

the same time). A maximum fee for extension of the term has been set and the basis is established for calculating the fees in the event of such extension.

Finally, credit institutions that have granted variable-rate mortgage loans shall inform the borrowers concerned about instruments available to hedge against interest rate rises or, in the case of new customers applying for variable-rate mortgage loans, shall offer at least one instrument for hedging against interest rate rises, the features of which shall be set forth in binding offers and in the other information documents provided for in the regulatory and disciplinary rules on the transparency of mortgage loans. The cost of the hedge instrument is tax deductible.

10.2. Measures designed to boost the activity and setting up of small and medium-sized enterprises

Business savings accounts have been introduced in the context of the personal income tax (IRPF). These savings accounts have very simi-

lar features to the existing home-savings accounts. The object of this tax incentive is to facilitate business start-ups by fostering entrepreneurship, stimulating Spanish savers to reorient their investment efforts towards the setting up and development of new businesses through tax incentives to boost such saving.

Second, the number of businesses that may have access to the tax concessions for small businesses has been increased by raising the entitlement ceiling from 5 million to 6 million of net turnover.

10.3. Boost to the rented housing market

Special rules have been introduced into the corporate income tax for entities whose sole corporate purpose is to rent out housing. The aim is to stimulate the market for rented housing and to respond to the social need for a stock of rented housing, which is currently very small.

The special rules will benefit persons offering housing for rent which, on account of the

size and the rental asked, is aimed at medium and low-income sectors. They involve a reduction in the tax payable under the general rules of the tax on income obtained from the renting of housing and the gains arising from its disposal, under certain conditions. The reduction is increased in the case of rented housing that fulfils a wider social role in the terms defined by the law (16), VAT being charged on the acquisition of such housing at the super-reduced rate.

10.4. Tax measures to boost investment

First, to increase firms' capital endowment, the possibility of increasing the rate of amortisation is offered, the maximum amortisation coefficients set in the tables authorised for IRPF and corporate income tax taxpayers being raised by 10%. This measure is temporary, given that its aim is to stimulate investment, and without prejudice to a future revision of the official amortisation tables.

Second, furthering the policy of granting tax incentives to persons who actively participate in improving the environment, the tax deduction for investment in new assets used to harness renewable energy is now available to any entity, not just small ones. At the same time as this change has been made the corporate income tax deductions for investment to defend or protect the environment in the corporate income tax have been reorganised, and are now grouped into a new article of the law on this tax.

Third, and also to promote the use of renewable energy, local councils have been authorised, under the laws regulating local finance departments, to grant a reduction in the Property Tax for the installation of systems using solar energy to generate heat or electricity for the

(16) Such as when the rental agreement contains an option to purchase and, in the case of housing not officially sponsored or declared protected, when the initial annual rental payable by the lessee does not exceed 4% of the maximum legal selling price of rented protected housing.

consumption of the owners or occupiers of the housing.

Fourth, the deduction for research, development and technological innovation activities is extended to include the generation of advanced software to facilitate the access of disabled persons to information society services, thereby improving their social and labour-market integration and helping to boost the demand for this type of product.

10.5. Other measures

A set of measures has been introduced to improve the protection afforded by the Social Security System to self-employed workers, and to promote their activity. Thus, at the option of the individual concerned, contributions may be temporarily reduced for the under 30s and women over the age of 45 registering for the first time as self-employed workers. Also, the relief from contributions currently given to the over 65s has been extended to self-employed workers in the special regimes for agricultural and maritime workers. Finally, 100% reductions have been established for employers' contributions for common contingencies in respect of workers returning to work following maternity leave and the existing reductions for the temporary hiring of disabled women are extended.

Finally, in order to continue improving the Spanish model of competition law with regard to the control of mergers and acquisitions, the reports of the Competition Court shall now be made public from the moment they are received by the Minister of Economy for presentation to the government. As a result, the report of the main consultative body in relation to the control of mergers and takeovers will be known before the final decision is made by the government, so improving the transparency, efficacy and predictability of this instrument in the oversight of competition.

3.7.2003.

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 each week (<http://www.bde.es/infoest/htmls/calenda.pdf>). Where the dissemination dates shown in the calendar are approximate, the firm date shall be specified one week before the data are released.

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

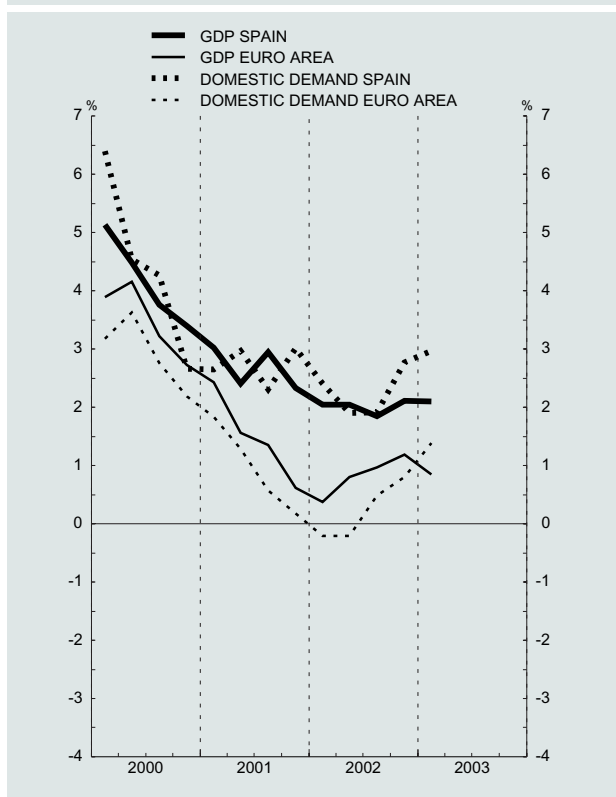
1.1. Gross domestic product. Constant 1995 prices. Demand components. Spain and Euro area (a)

■ Series depicted in chart.

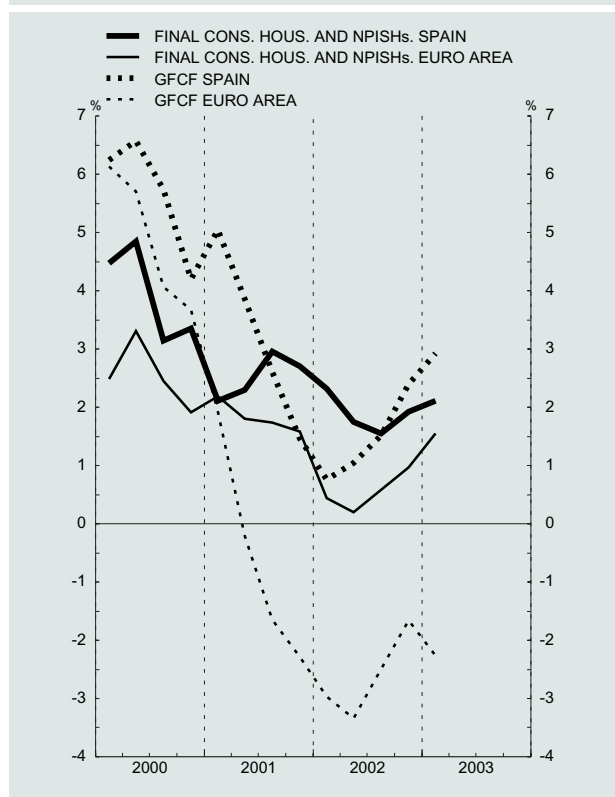
Annual percentage changes

	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	2.1	5.7	4.9	4.4	2.9	10.1	12.5	10.6	11.3	609	6 453
01	2.7	1.5	2.5	1.8	3.1	2.2	3.2	-0.6	2.7	1.0	3.4	3.1	3.5	1.8	652	6 840
02	2.0	0.8	1.9	0.5	3.8	2.7	1.4	-2.6	2.2	0.2	1.4	1.3	2.2	-0.4	694	7 063
00 Q1	5.1	3.9	4.5	2.5	5.4	2.0	6.2	6.1	6.4	3.2	7.6	12.8	11.8	11.0	149	1 589
Q2	4.5	4.2	4.8	3.3	5.7	2.3	6.6	5.7	4.5	3.6	10.4	12.5	10.3	11.3	151	1 608
Q3	3.8	3.2	3.1	2.5	5.0	1.9	5.7	4.1	4.3	2.8	10.3	12.2	11.6	11.3	154	1 621
Q4	3.4	2.7	3.4	1.9	4.1	2.3	4.2	3.7	2.7	2.2	11.7	12.6	8.7	11.5	156	1 636
01 Q1	3.0	2.4	2.1	2.2	3.1	2.1	5.0	1.9	2.6	1.8	10.3	8.8	8.5	7.4	159	1 693
Q2	2.4	1.6	2.3	1.8	2.7	2.1	3.9	-0.2	3.0	1.3	4.5	4.4	6.2	3.8	162	1 706
Q3	2.9	1.4	3.0	1.7	3.2	2.5	2.6	-1.6	2.3	0.6	1.6	1.6	-0.2	-0.5	165	1 714
Q4	2.3	0.6	2.7	1.6	3.4	2.0	1.5	-2.3	3.0	0.2	-2.2	-2.4	0.1	-3.7	166	1 727
02 Q1	2.0	0.4	2.3	0.4	3.7	2.6	0.8	-3.0	2.4	-0.2	-2.8	-2.7	-1.4	-4.5	169	1 746
Q2	2.0	0.8	1.8	0.2	3.4	3.0	1.0	-3.3	1.9	-0.2	-1.6	1.1	-1.8	-1.7	172	1 758
Q3	1.8	1.0	1.5	0.6	3.9	2.9	1.5	-2.5	1.9	0.5	4.2	3.1	4.3	1.9	175	1 775
Q4	2.1	1.2	1.9	1.0	4.2	2.5	2.4	-1.7	2.8	0.8	5.9	3.7	7.7	2.7	178	1 784
03 Q1	2.1	0.8	2.1	1.5	4.3	1.9	2.9	-2.3	3.0	1.4	5.5	3.1	8.0	4.8	180	1 797

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.

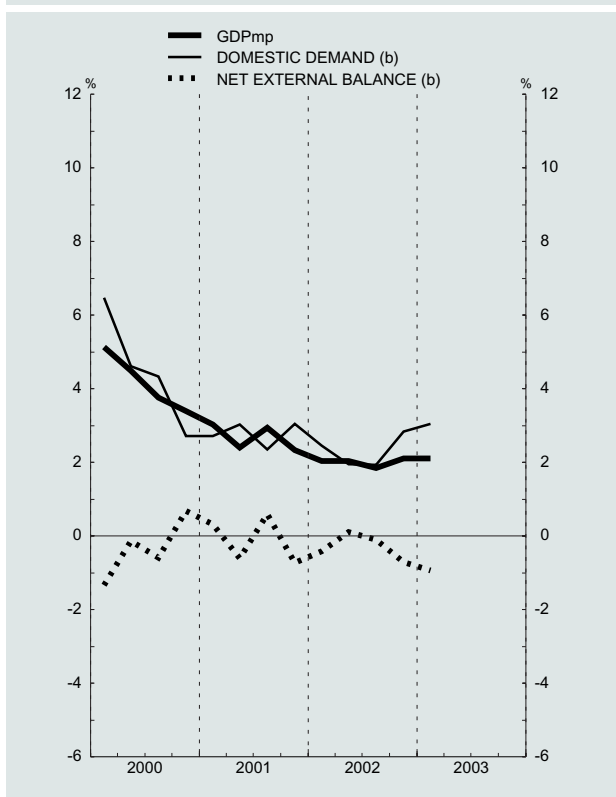
1.2. Gross domestic product. Constant 1995 prices. Demand components. Spain (a)

■ Series depicted in chart.

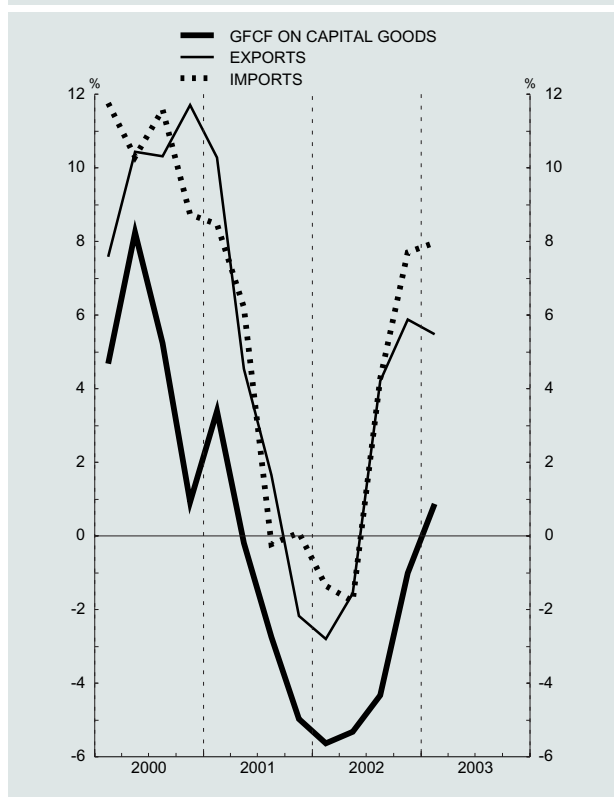
Annual percentage changes

		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	6.2	-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
00	Q1	6.2	4.7	6.8	1.3	7.6	7.4	3.8	15.0	11.8	11.5	5.3	14.9	-1.3	6.5	5.1
	Q2	6.6	8.2	5.6	-0.8	10.4	10.6	4.6	18.5	10.3	10.1	16.1	10.0	-0.1	4.6	4.5
	Q3	5.7	5.2	6.2	0.2	10.3	10.2	6.5	17.1	11.6	12.0	10.2	9.3	-0.6	4.3	3.8
	Q4	4.2	0.9	6.1	-1.0	11.7	11.5	7.0	19.8	8.7	8.4	7.6	11.0	0.7	2.7	3.4
01	Q1	5.0	3.4	6.3	-0.3	10.3	9.7	8.7	15.8	8.5	8.3	16.2	8.3	0.3	2.7	3.0
	Q2	3.9	-0.2	6.2	0.2	4.5	3.7	4.6	9.3	6.2	5.5	4.4	11.1	-0.6	3.0	2.4
	Q3	2.6	-2.8	5.7	-0.6	1.6	0.4	1.4	8.8	-0.2	-1.0	4.6	3.3	0.6	2.4	2.9
	Q4	1.5	-5.0	5.1	0.5	-2.2	-3.9	-1.1	6.1	0.1	-0.3	6.0	1.2	-0.7	3.1	2.3
02	Q1	0.8	-5.6	4.1	0.2	-2.8	-3.7	-4.4	4.2	-1.4	-1.8	1.6	0.5	-0.4	2.5	2.0
	Q2	1.0	-5.3	4.5	0.0	-1.6	-2.1	-4.4	4.9	-1.8	-2.1	5.1	-1.3	0.1	1.9	2.0
	Q3	1.5	-4.3	4.9	-0.0	4.2	6.3	-3.9	4.0	4.3	4.5	5.3	2.8	-0.1	1.9	1.8
	Q4	2.4	-1.0	4.5	0.3	5.9	8.8	-3.2	2.7	7.7	8.4	4.7	4.2	-0.7	2.8	2.1
03	Q1	2.9	0.9	4.1	0.3	5.5	7.5	-1.8	4.7	8.0	8.4	6.5	5.9	-0.9	3.0	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.

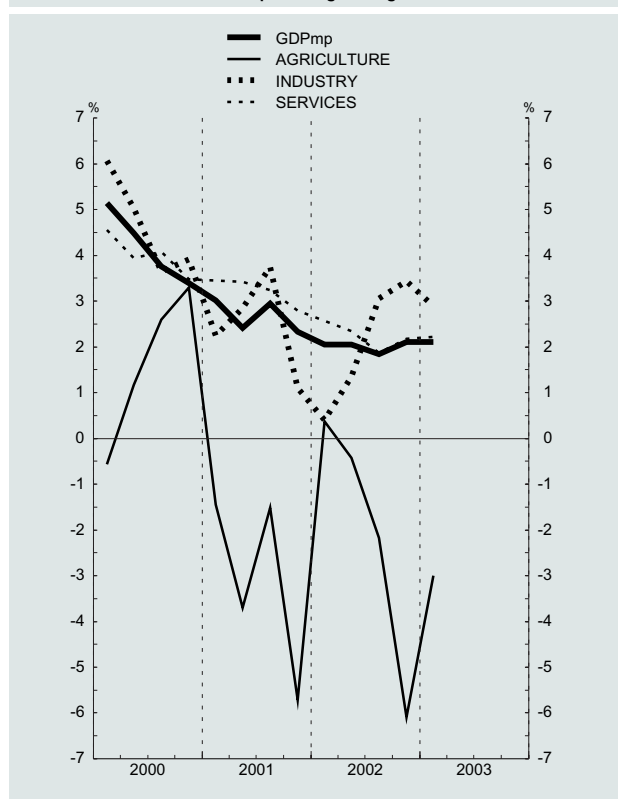
1.3. Gross domestic product. Constant 1995 prices. Branches of activity. Spain (a)

■ Series depicted in chart.

Annual percentage changes

		Gross domestic product at market prices	Agriculture and fisheries	Energy	Industry	Construction	Services			VAT on products	Net taxes linked to imports	Other net taxes on products
							Total	Market services	Non-market services			
		1	2	3	4	5	6	7	8	9	10	11
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	0.4	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
00	Q1	5.1	-0.6	2.2	6.5	7.0	4.6	4.8	3.8	10.5	5.2	6.1
	Q2	4.5	1.2	4.0	4.9	5.9	3.9	4.0	3.6	9.2	5.1	5.7
	Q3	3.8	2.6	4.7	2.2	6.6	4.1	4.3	3.2	1.3	9.8	4.6
	Q4	3.4	3.3	6.4	2.5	6.1	3.5	3.7	2.6	-0.2	7.5	3.6
01	Q1	3.0	-1.5	4.2	0.4	5.8	3.4	3.8	2.3	6.0	5.0	2.5
	Q2	2.4	-3.7	2.8	1.7	5.6	3.4	3.7	2.6	-5.1	3.2	1.5
	Q3	2.9	-1.5	1.6	3.6	5.2	3.2	3.3	3.1	-0.4	-3.1	2.2
	Q4	2.3	-5.7	2.7	-1.0	5.1	2.8	2.5	3.7	9.9	-3.1	2.4
02	Q1	2.0	0.4	6.6	-2.7	4.5	2.6	2.4	3.3	5.2	-5.1	4.1
	Q2	2.0	-0.4	8.6	-1.7	4.9	2.3	2.1	3.3	2.7	-7.1	5.5
	Q3	1.8	-2.2	9.7	0.7	5.3	1.9	1.4	3.5	-4.8	-5.2	7.3
	Q4	2.1	-6.1	8.2	1.7	4.9	2.2	1.6	4.0	-2.4	-4.4	8.2
03	Q1	2.1	-3.0	4.7	2.0	4.0	2.2	1.7	4.0	-1.1	1.7	5.2

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



GDP. BRANCHES OF ACTIVITY
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).

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

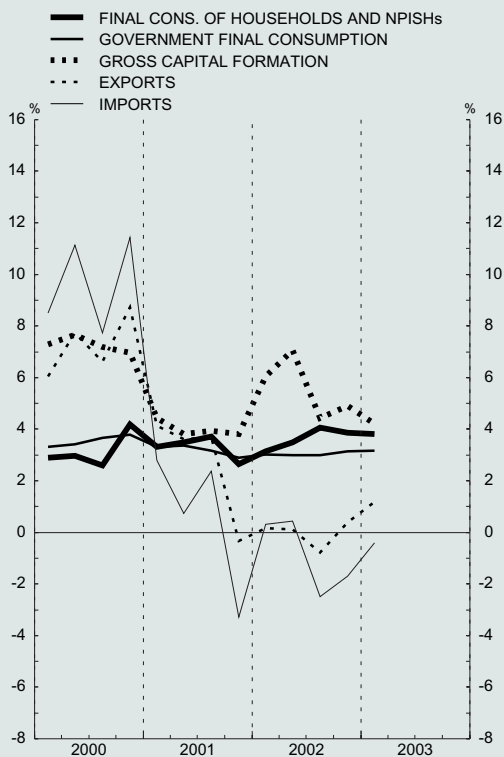
1.4. Gross domestic product. Implicit deflators. Spain (a)

■ Series depicted in chart.

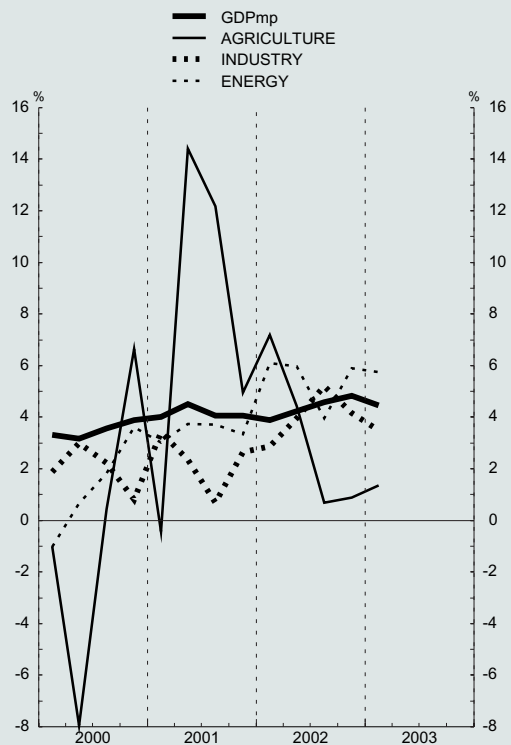
Annual percentage changes

		Demand components							Gross domestic product at market prices	Branches of activity						
		Final consumption of households and NPISHs	Government final consumption	Gross capital formation			Exports of goods and services	Imports of goods and services		Agriculture and fisheries	Energy	Industry	Construction	Of which		
				Total	Of which									Services	Market services	
					Gross fixed capital formation											
					Capital goods	Construction										
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	
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	3.4	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	
00	Q1	P	2.9	3.3	7.3	4.1	9.0	6.0	8.5	3.3	-1.0	-1.0	1.9	8.3	3.2	3.1
	Q2	P	3.0	3.4	7.7	4.8	9.6	7.7	11.1	3.2	-8.0	0.7	3.0	8.9	3.1	3.0
	Q3	P	2.6	3.7	7.2	4.6	9.1	6.6	7.7	3.6	0.4	1.8	2.2	8.7	3.6	3.6
	Q4	P	4.2	3.8	7.0	3.9	8.6	8.7	11.4	3.9	6.6	3.6	0.8	8.6	4.2	4.4
01	Q1	P	3.3	3.3	4.4	2.2	6.0	4.1	2.8	4.0	-0.4	3.0	3.4	6.4	4.4	4.7
	Q2	P	3.5	3.4	3.8	1.1	5.1	3.6	0.7	4.5	14.4	3.7	2.3	5.9	4.9	5.2
	Q3	P	3.7	3.2	3.9	0.5	5.4	3.7	2.4	4.1	12.2	3.7	0.7	5.7	4.5	4.9
	Q4	P	2.7	2.9	3.8	0.4	5.1	-0.3	-3.3	4.1	4.9	3.3	2.6	4.9	4.1	4.6
02	Q1	P	3.2	3.0	6.0	0.7	5.9	0.2	0.3	3.9	7.2	6.1	2.9	5.6	3.5	3.8
	Q2	P	3.5	3.0	7.1	0.9	6.5	0.1	0.4	4.2	4.4	6.0	4.0	5.2	3.7	4.2
	Q3	P	4.1	3.0	4.4	0.9	6.9	-0.8	-2.5	4.6	0.7	4.0	5.2	5.4	4.1	4.7
	Q4	P	3.9	3.1	4.9	1.3	7.8	0.4	-1.7	4.8	0.9	5.9	4.2	6.5	4.1	4.7
03	Q1	P	3.8	3.2	4.2	1.5	8.8	1.2	-0.4	4.5	1.3	5.7	3.5	7.2	4.1	4.7

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).

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

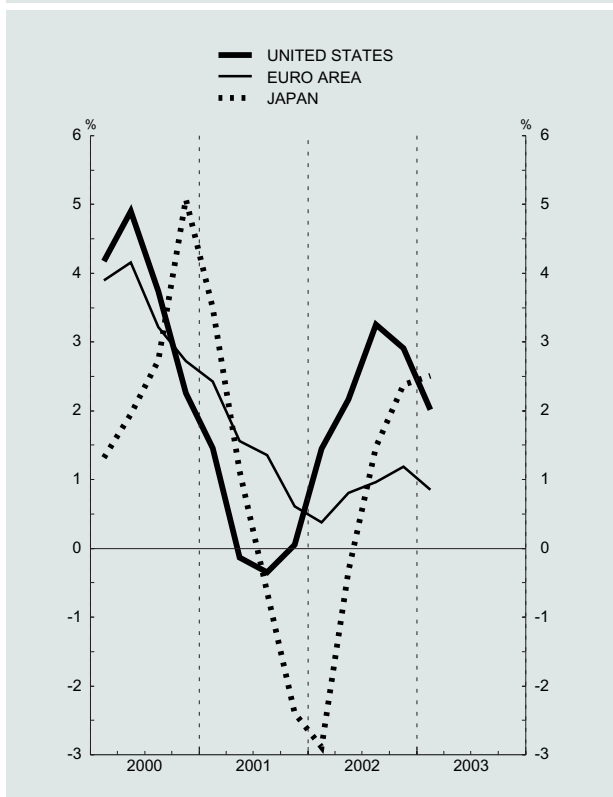
2.1. International comparison. Gross domestic product at constant prices

■ Series depicted in chart.

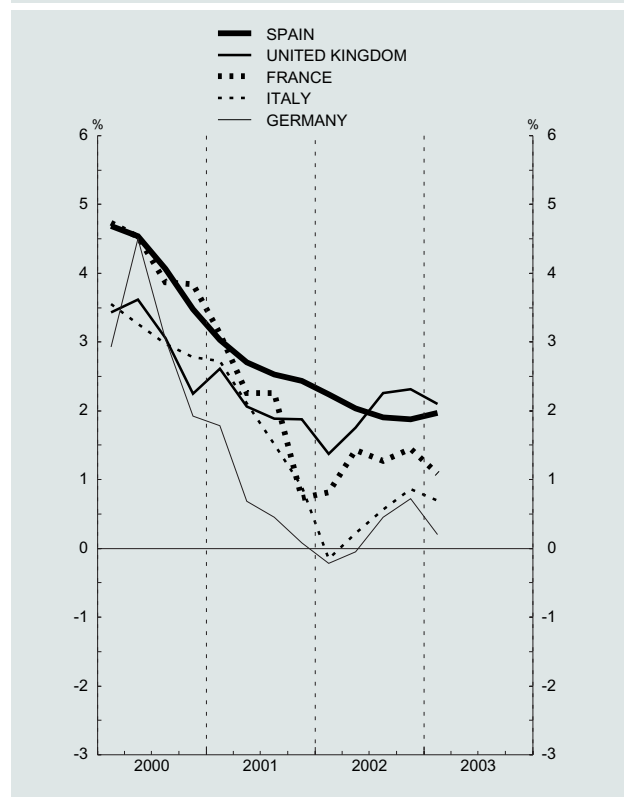
Annual percentage changes

	OECD	EU	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	1.6	1.5	0.7	2.7	0.3	2.1	1.8	0.4	2.1
02	1.7	1.0	0.8	0.2	2.0	2.4	1.2	0.4	0.1	1.9
00 Q1	4.0	3.8	3.9	2.9	4.7	4.2	4.7	3.6	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	2.7	3.1
Q4	3.1	2.7	2.7	1.9	3.5	2.3	3.8	2.8	5.1	2.2
01 Q1	2.2	2.4	2.4	1.8	3.0	1.5	3.1	2.7	3.5	2.6
Q2	0.8	1.6	1.6	0.7	2.7	-0.1	2.3	2.1	1.1	2.1
Q3	0.2	1.4	1.4	0.4	2.5	-0.4	2.3	1.5	-0.6	1.9
Q4	0.1	0.8	0.6	0.1	2.4	0.1	0.7	0.9	-2.4	1.9
02 Q1	0.6	0.6	0.4	-0.2	2.2	1.4	0.8	-0.2	-2.9	1.4
Q2	1.5	1.0	0.8	-0.0	2.0	2.2	1.4	0.2	-0.3	1.8
Q3	2.4	1.2	1.0	0.4	1.9	3.3	1.3	0.6	1.5	2.3
Q4	2.1	1.4	1.2	0.7	1.9	2.9	1.4	0.9	2.4	2.3
03 Q1	...	1.1	0.8	0.2	2.0	2.0	1.1	0.7	2.5	2.1

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.

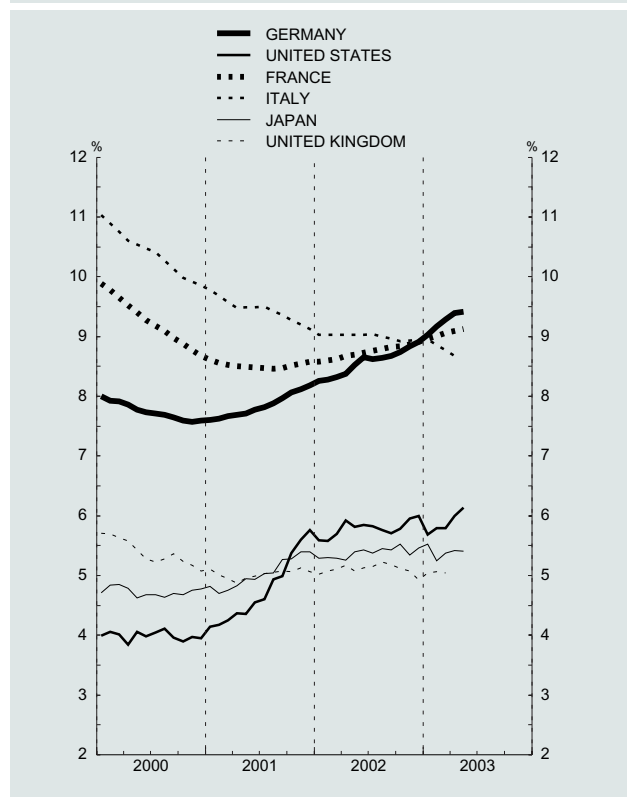
Percentages

	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	7.4	8.0	7.8	10.6	4.8	8.5	9.4	5.0	5.0
02	7.0	7.7	8.4	8.6	11.3	5.8	8.7	9.0	5.4	5.1
01 Dec	6.9	7.5	8.1	8.2	10.8	5.8	8.6	9.1	5.4	5.1
02 Jan	6.8	7.5	8.2	8.3	11.0	5.6	8.6	9.0	5.3	5.0
<i>Feb</i>	6.8	7.5	8.2	8.3	11.2	5.6	8.6	9.0	5.3	5.1
<i>Mar</i>	6.9	7.6	8.2	8.3	11.2	5.7	8.6	9.0	5.3	5.1
<i>Apr</i>	6.9	7.6	8.3	8.4	11.2	5.9	8.7	9.0	5.3	5.2
<i>May</i>	6.9	7.6	8.3	8.5	11.3	5.8	8.7	9.0	5.4	5.1
<i>Jun</i>	7.0	7.7	8.4	8.7	11.3	5.9	8.7	9.0	5.4	5.1
<i>Jul</i>	7.0	7.7	8.4	8.6	11.4	5.8	8.8	9.0	5.4	5.2
<i>Aug</i>	7.0	7.7	8.4	8.6	11.4	5.8	8.8	9.0	5.5	5.2
<i>Sep</i>	7.0	7.7	8.5	8.7	11.4	5.7	8.8	9.0	5.4	5.2
<i>Oct</i>	7.0	7.8	8.5	8.7	11.4	5.8	8.8	8.9	5.5	5.1
<i>Nov</i>	7.0	7.8	8.5	8.8	11.5	6.0	8.9	8.9	5.3	5.1
<i>Dec</i>	7.1	7.8	8.6	8.9	11.5	6.0	8.9	8.9	5.5	4.9
03 Jan	7.0	7.9	8.7	9.0	11.4	5.7	9.0	9.0	5.5	5.0
<i>Feb</i>	7.0	7.9	8.7	9.2	11.4	5.8	9.0	8.9	5.3	5.1
<i>Mar</i>	7.1	8.0	8.8	9.3	11.4	5.8	9.1	8.8	5.4	5.0
<i>Apr</i>	7.1	8.0	8.8	9.4	11.4	6.0	9.1	8.7	5.4	...
<i>May</i>	7.2	8.1	8.8	9.4	11.3	6.1	9.1	...	5.4	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB and OECD.

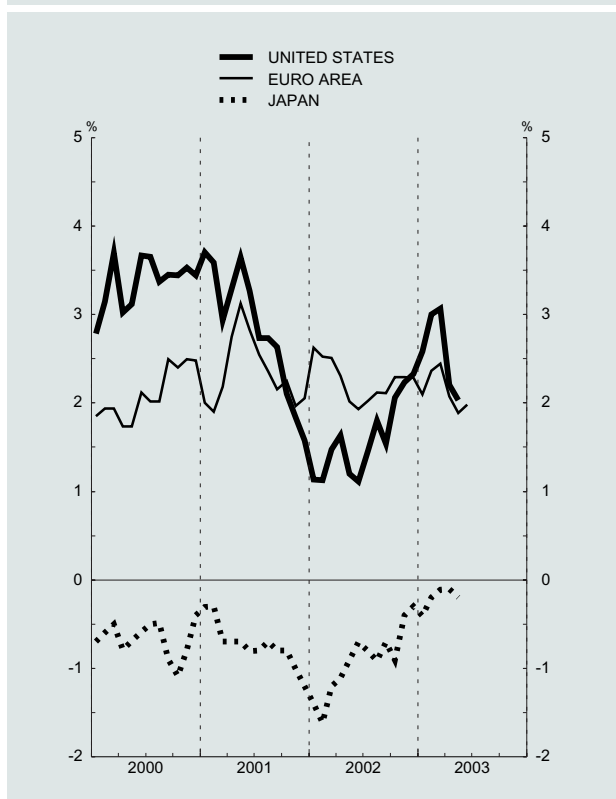
2.3. International comparison. Consumer prices (a)

■ Series depicted in chart.

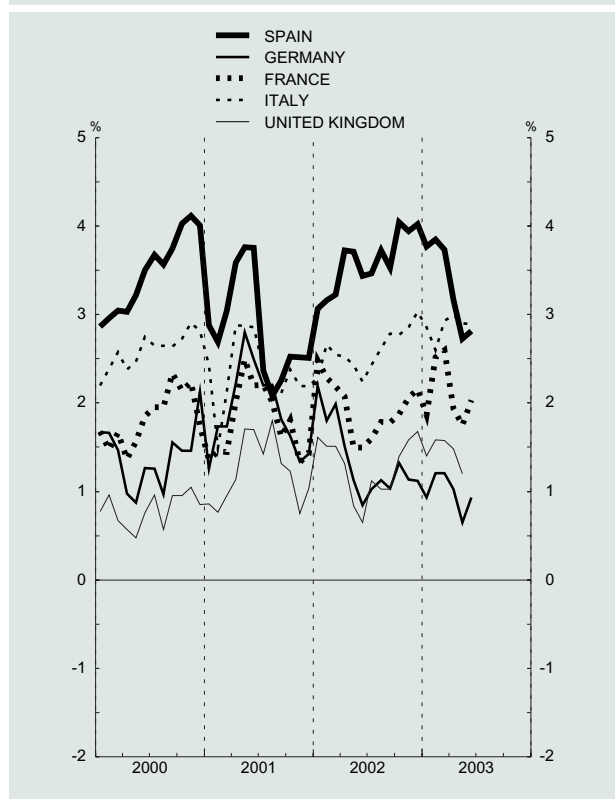
Annual percentage changes

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
00	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
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	2.3	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	2.5	2.3	2.4	1.2	3.7	3.1	2.6	2.9	-0.1	1.6
Apr	2.1	2.0	2.1	1.0	3.2	2.2	1.9	3.0	-0.1	1.5
May	1.8	1.8	1.9	0.6	2.7	2.0	1.8	2.9	-0.2	1.2
Jun	...	1.8	2.0	0.9	2.8	...	2.0	2.9	...	...

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.

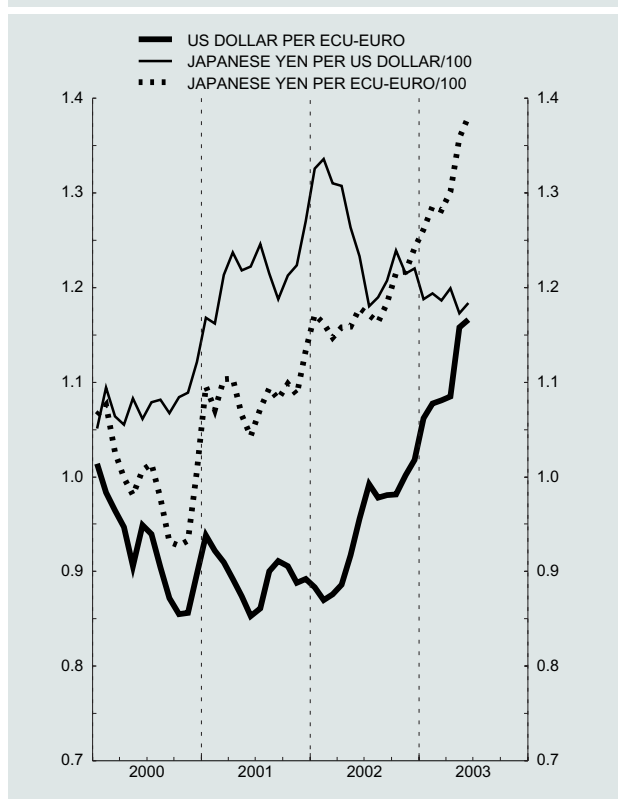
2.4. Bilateral exchange rates and nominal and real effective exchange rate indices for the euro, US dollar and Japanese yen

■ 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					
	US dollar per ECU/euro	Japanese yen per ECU/euro	Japanese yen per US dollar	Euro (c)	US dollar	Japanese yen	Based on consumer prices			Based on producer prices		
							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	106.1	111.5
01	0.8955	108.76	121.50	87.3	111.8	106.9	89.0	116.1	99.3	89.2	112.5	99.9
02	0.9454	118.08	125.18	90.0	110.5	101.1	92.9	115.3	91.4	92.6	109.5	94.4
02 J-J	0.8981	116.25	129.57	88.0	114.1	100.0	90.7	118.8	90.8	90.4	112.9	93.8
03 J-J	1.1051	131.15	118.71	99.2	100.1	98.7	101.7	105.9	88.0	101.4	102.6	91.1
02 Apr	0.8858	115.81	130.75	87.2	115.0	99.6	90.2	120.1	90.1	89.8	114.3	93.0
May	0.9170	115.86	126.36	88.6	111.8	101.3	91.5	116.4	91.9	90.9	110.7	94.7
Jun	0.9554	117.80	123.33	90.6	108.8	101.8	93.5	113.4	92.2	93.0	107.9	95.1
Jul	0.9922	117.11	118.05	91.7	105.9	104.5	94.6	110.5	94.3	94.1	104.9	97.6
Aug	0.9778	116.31	118.96	91.1	107.3	104.5	94.0	112.0	94.4	93.9	106.2	97.5
Sep	0.9808	118.38	120.71	91.2	107.6	102.8	94.2	112.4	92.6	94.2	107.3	95.3
Oct	0.9811	121.57	123.92	91.7	108.4	100.0	94.7	113.4	89.8	94.4	108.5	92.5
Nov	1.0014	121.65	121.49	92.5	106.8	101.0	95.7	111.7	90.8	95.1	106.2	93.9
Dec	1.0183	124.20	122.00	93.6	106.0	99.8	96.7	110.4	89.6	96.8	104.7	92.7
03 Jan	1.0622	126.12	118.74	95.8	103.0	100.5	98.9	107.7	89.7	99.1	102.9	92.5
Feb	1.0773	128.60	119.38	97.1	102.2	99.3	100.2	107.4	87.8	100.1	103.2	90.6
Mar	1.0807	128.16	118.61	97.9	101.4	99.9	101.2	106.7	88.1	100.2	102.9	90.6
Apr	1.0848	130.12	119.95	98.6	101.3	98.6	102.1	106.4	87.4	101.7	101.2	90.5
May	1.1582	135.83	117.28	102.5	96.6	97.7	106.0	101.5	86.7	105.8	...	...
Jun	1.1663	138.05	118.37	102.9	96.0	96.3	...	...	...	...	...	...

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 between its price index and the price index of the group) by the nominal effective exchange rate.

A decline in the index denotes a depreciation of the real effective exchange rate and, 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.

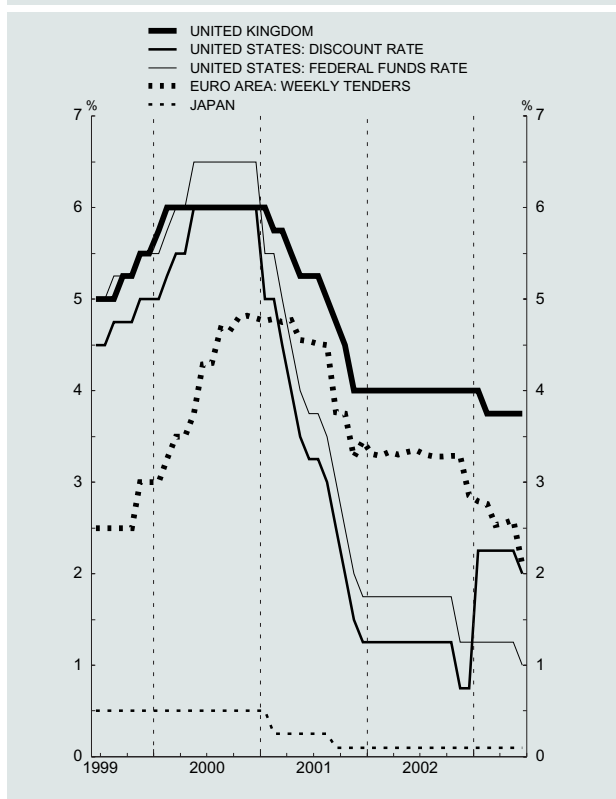
2.5. Official intervention interest rates and short-term interest rates

■ 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
	(a)	Discount rate (b)	Federal funds rate	(c)	(d)										
	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
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	2.25	1.25	0.10	4.00	1.88	3.01	2.83	-	-	1.27	-	-	0.01	3.89
Feb	2.75	2.25	1.25	0.10	3.75	1.81	2.86	2.69	-	-	1.24	-	-	0.01	3.65
Mar	2.50	2.25	1.25	0.10	3.75	1.73	2.71	2.53	-	-	1.18	-	-	0.01	3.56
Apr	2.50	2.25	1.25	0.10	3.75	1.74	2.71	2.53	-	-	1.20	-	-	0.01	3.55
May	2.50	2.25	1.25	0.10	3.75	1.70	2.59	2.40	-	-	1.20	-	-	0.01	3.54
Jun	2.00	2.00	1.00	0.10	3.75	1.53	2.38	2.15	-	-	1.02	-	-	0.01	3.55

OFFICIAL INTERVENTION INTEREST RATES



3-MONTH INTERBANK RATES



Sources: ECB, Reuters and BE.

(a) Main refinancing operations.

(b) As from January 2003, the Primary Credit Rate.

(c) Discount rate.

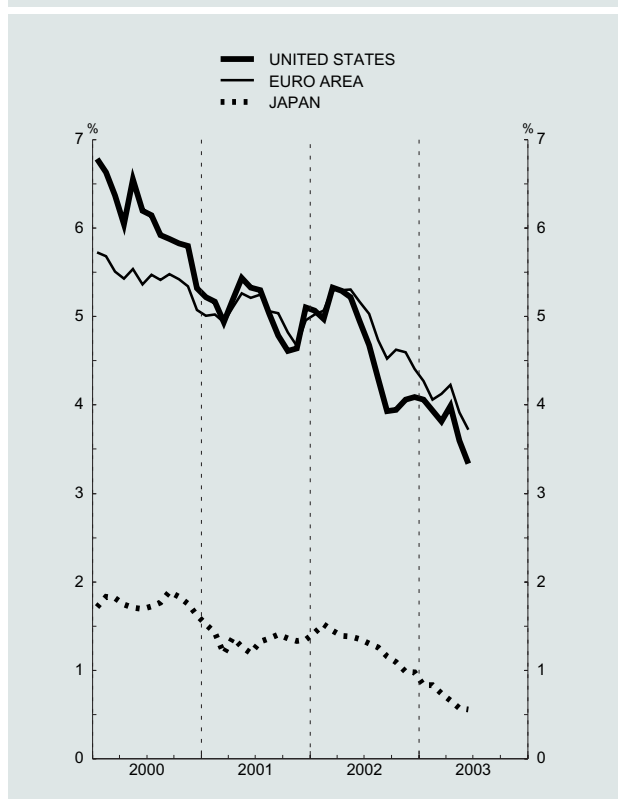
2.6. 10-year government bond yields on domestic markets

■ Series depicted in chart.

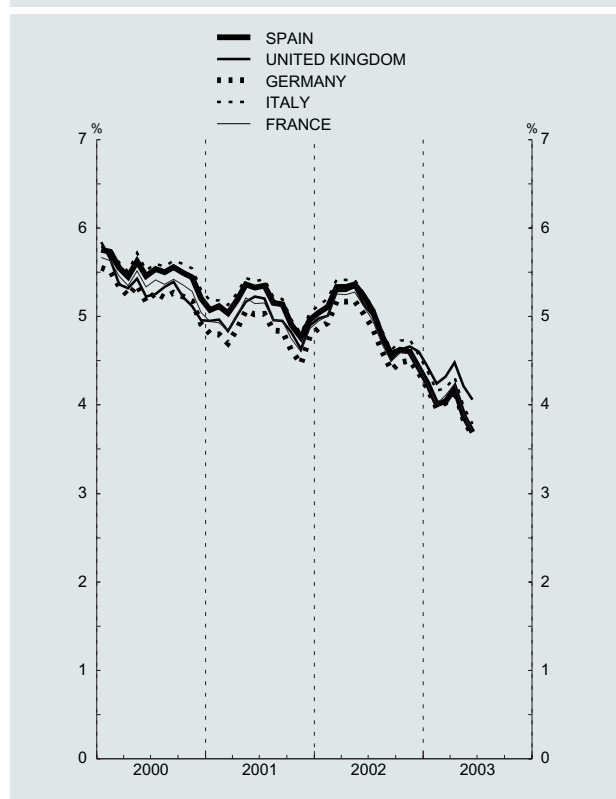
Percentages

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
00	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
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
Apr	3.64	4.28	4.23	4.17	4.19	3.99	4.23	4.32	0.66	4.48
May	3.33	3.96	3.92	3.84	3.88	3.60	3.90	3.98	0.57	4.21
Jun	3.14	3.78	3.72	3.65	3.69	3.34	3.70	3.78	0.56	4.06

10-YEAR GOVERNMENT BOND YIELDS



10-YEAR GOVERNMENT BOND YIELDS



Sources: ECB, Reuters and BE.

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

■ Series depicted in chart.

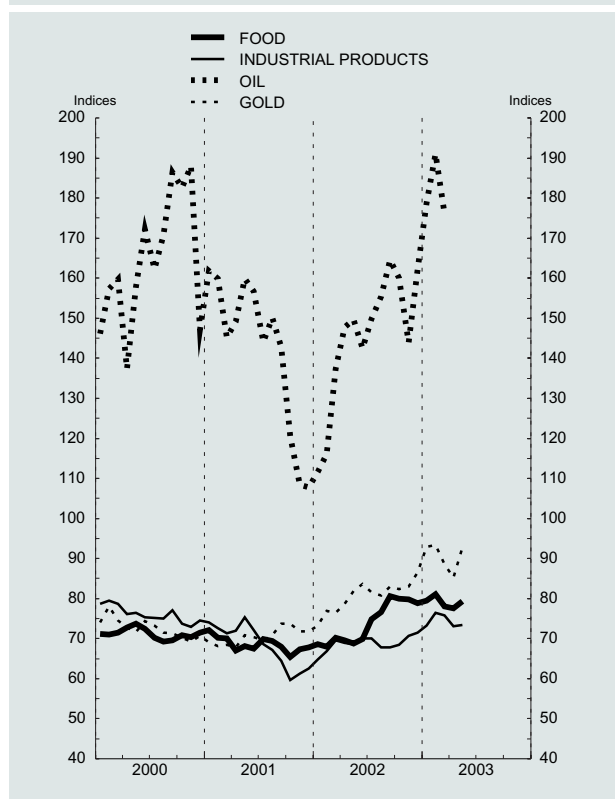
1995 = 100

	Non-energy commodity price index (a)						Oil		Gold		
	Euro index	US dollar index					Index (b)	Brent North sea	Index (c)	US dollars per troy ounce	Euro per gram
	General	General	Food	Industrial products				US dollars per barrel			
				Total	Non-food agricultural products	Metals					
	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	101.6	68.5	69.0	67.8	67.0	68.4	132.7	23.0	77.4	297.6	10.79
03 J-M	92.8	77.1	79.0	74.3	77.4	71.8	...	29.0	90.6	348.0	10.24
02 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	191.1	32.7	93.4	359.0	10.70
Mar	93.7	77.1	78.0	75.8	79.0	73.0	176.2	30.3	88.7	340.6	10.13
Apr	91.7	75.8	77.5	73.1	77.8	69.3	...	25.0	85.3	327.7	9.72
May	87.1	76.8	79.4	73.4	75.0	72.0	...	25.8	92.7	356.2	9.89

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.

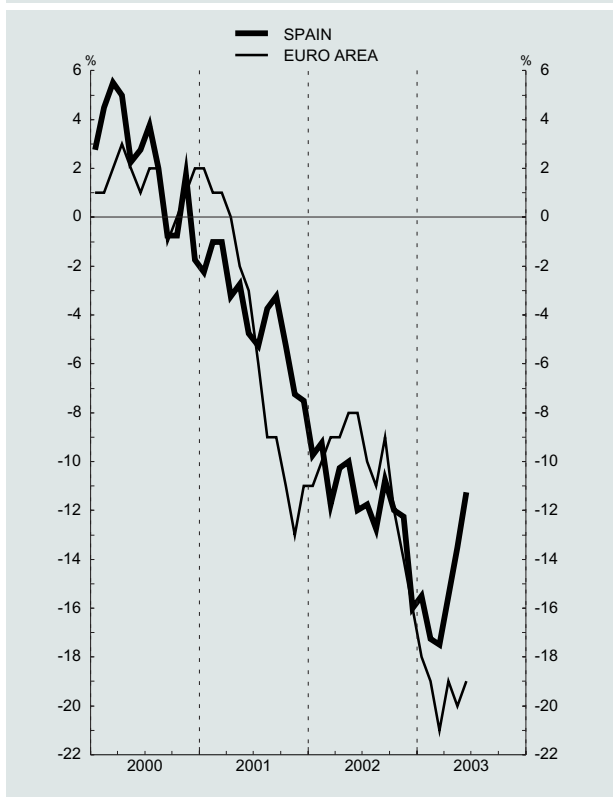
3.1. Indicators of private consumption. Spain and euro area

■ Series depicted in chart.

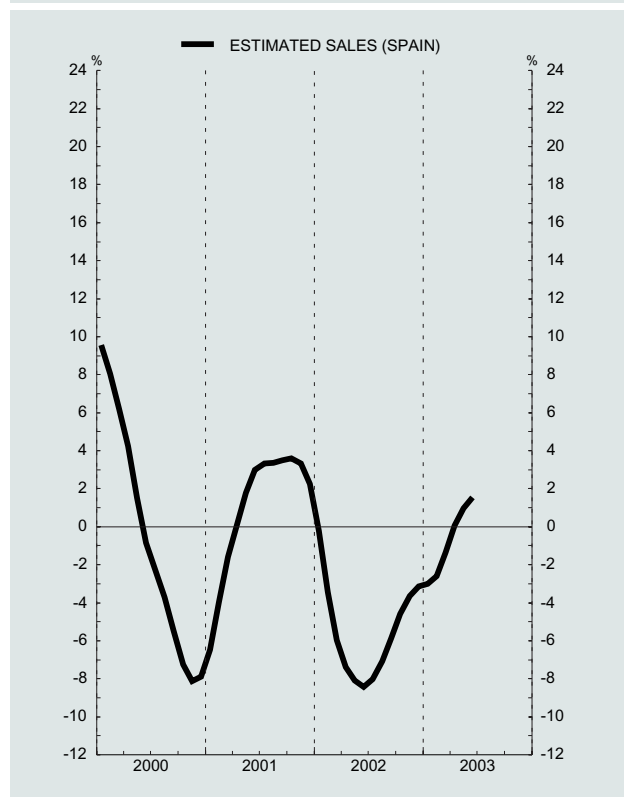
Annual percentage changes

	Opinion surveys (net percentages)						New car registrations and sales				Retail trade: sales index						
	Consumers			Retail trade confidence index	Memorandum item: euro area		of which		Estimated sales	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		Registrations	Private use	Registrations	Nominal			of which		Food (b)	Other (c)			
				Deflated (a)					Large retail outlets (a)								
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	-1.9	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	-0.7	7.1	3.4	3.5	5.1	1.5	1.6
02	P	-12	-7	-1	-2	-11	-16	-7.3	-7.0	-6.6	-4.0	5.7	2.2	7.9	1.7	2.8	0.1
02 J-J	P	-11	-6	-	-3	-9	-17	-11.1	-10.2	-9.2	-5.9	5.4	2.1	6.9	2.2	2.1	-0.1
03 J-J	A	-15	-12	-3	-2	-19	-16	3.0	-1.1	-0.8	-2.8	...	...	...	...	...	...
02 Jul	P	-12	-10	-	-4	-10	-17	-6.1	-4.4	-6.0	-7.1	6.9	3.4	10.6	1.4	4.9	0.8
Aug	P	-13	-9	-2	-3	-11	-16	-9.1	-7.7	-10.1	-4.1	4.1	0.5	11.0	2.8	-0.8	0.6
Sep	P	-11	-5	-	-2	-9	-17	-1.8	-1.9	-4.1	-2.5	7.6	4.0	8.2	-0.9	8.0	0.1
Oct	P	-12	-6	-	-	-12	-16	0.5	-0.2	0.3	-3.3	8.1	3.9	9.7	2.7	4.7	1.8
Nov	P	-12	-4	-	-1	-14	-14	-8.3	-10.5	-8.6	-1.2	7.6	3.6	11.0	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	2.8	-2.2	-0.6	-1.2
03 Jan	P	-16	-13	-3	-5	-18	-19	-2.1	-2.1	-5.6	-5.3	6.1	2.3	9.5	0.7	3.1	2.6
Feb	P	-17	-15	-4	-	-19	-13	-4.5	-1.2	-6.6	-3.5	6.1	2.2	7.9	0.6	3.1	1.1
Mar	P	-18	-18	-4	-3	-21	-18	8.0	19.8	-5.0	0.6	4.6	0.9	3.4	-2.6	3.3	-1.2
Apr	P	-16	-12	-2	1	-19	-17	8.1	-3.7	6.8	-3.9	5.5	2.3	8.2	0.9	3.1	2.1
May	P	-14	-8	-2	-4	-20	-13	-4.7	-5.9	-5.5	-5.3	6.1	3.3	10.6	1.3	4.4	...
Jun	A	-11	-7	-	-3	-19	-14	11.8	-7.7	9.7	0.8	...	...	...	...	...	...

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.

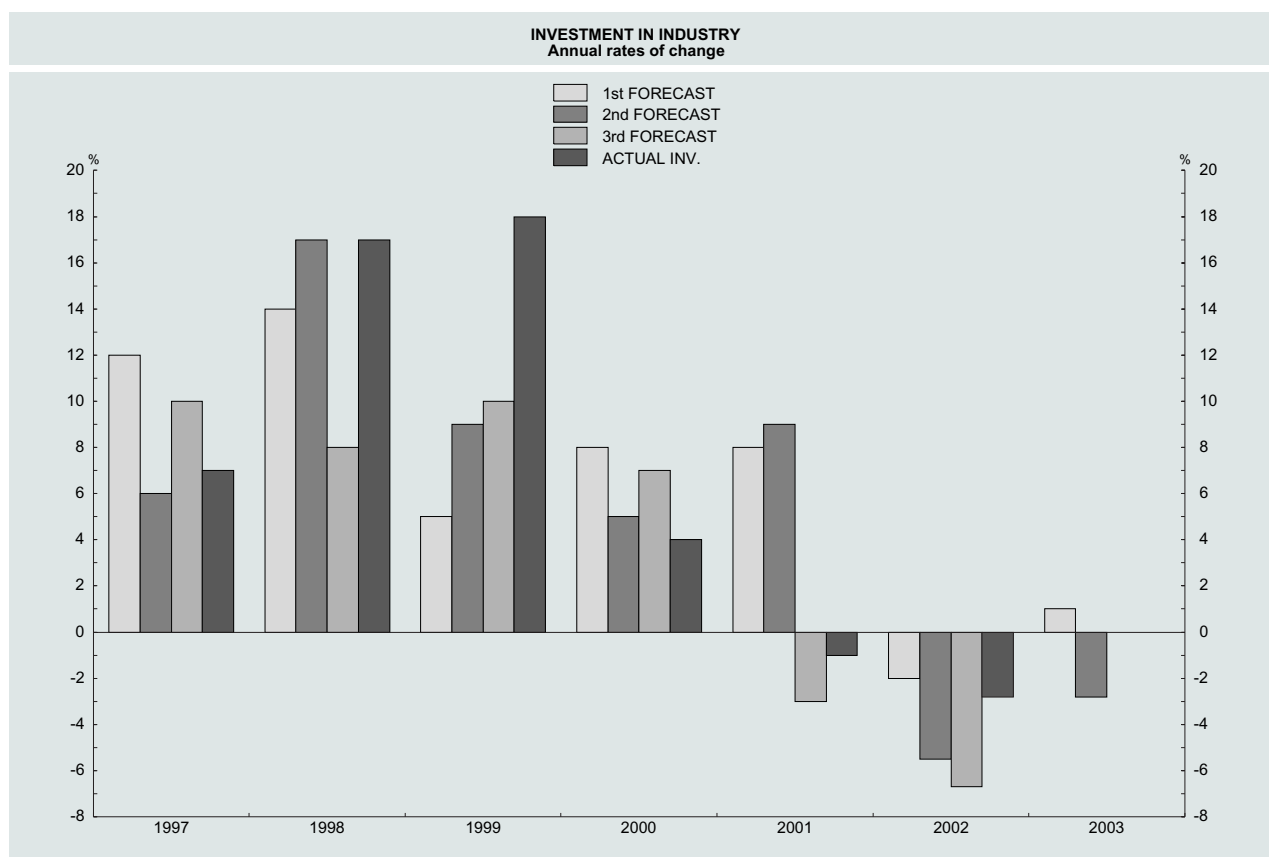
(c) Deflated by the total CPI excluding foods, beverages, and tobacco.

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

■ Series depicted in chart.

Annual percentage changes at current prices

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



Source: Ministerio de Ciencia y Tecnología

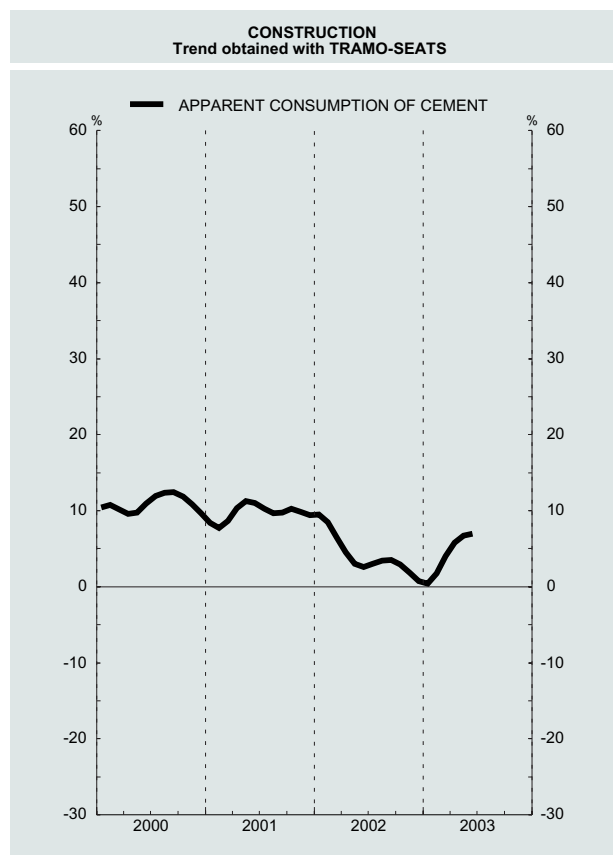
Note: The first forecast is made in the autumn of the previous year and the second and third ones in the spring and autumn of the current year, respectively; the information relating to actual investment for the year t is obtained in the spring of the year $t+1$.

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				Non-residential
											Housing				
	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	...	...	...	...	...	...	...	11.0
01	-3.7	-7.7	-8.3	14.6	-2.2	-5.5	...	...	...	...	...	...	...	9.7
02	-0.3	2.8	3.4	-11.7	3.0	4.1	13.0	13.0	-2.2	-15.2	3.9	3.4	19.8	4.7	
02 J-J	-4.6	-3.2	-2.2	-10.2	-0.4	0.4	8.8	8.8	3.0	-35.7	67.9	25.6	11.9	5.0	
03 J-J	...	...	...	...	...	...	...	...	...	...	...	...	...	3.9
02 Mar	-9.9	-11.5	-11.1	-3.5	-15.6	-19.1	51.7	39.1	3.2	-8.2	75.1	5.9	80.0	-6.7	
Apr	4.8	10.2	9.5	-14.2	8.9	20.3	34.7	37.9	107.6	71.4	311.0	120.1	10.4	17.7	
May	0.1	9.7	11.9	-29.3	6.6	6.6	5.4	29.7	45.4	-2.7	7.4	63.5	-11.0	0.3	
Jun	-12.4	-12.2	-12.6	-13.4	-4.4	-3.0	-34.3	8.8	-64.7	-87.7	-38.7	-39.4	-0.8	-3.8	
Jul	-11.5	-4.5	-2.5	-32.0	0.8	2.9	50.2	19.1	38.3	60.5	-32.8	28.6	54.0	9.9	
Aug	12.8	9.7	8.8	25.8	2.7	5.5	-29.5	10.4	-35.6	18.5	177.4	-44.6	-26.7	-1.2	
Sep	7.3	3.5	3.7	24.9	15.3	18.2	-38.8	4.7	1.0	-54.2	53.3	33.4	-50.4	8.8	
Oct	9.3	16.5	14.6	-16.3	7.5	13.5	2.6	4.4	47.3	289.7	19.3	5.9	-10.0	4.2	
Nov	3.2	6.3	6.6	-8.0	-3.2	-3.7	52.6	8.6	-38.0	-58.8	-74.7	-29.4	110.8	-0.9	
Dec	6.6	20.4	21.4	-37.3	21.0	15.2	58.5	13.0	-31.8	-49.1	-25.6	-24.9	113.8	4.6	
03 Jan	7.4	14.4	12.6	-15.7	14.3	21.1	8.6	8.6	32.2	199.8	103.8	-30.1	-1.3	-5.1	
Feb	14.3	14.1	14.6	14.9	10.6	11.9	13.3	10.3	8.9	-19.9	18.9	26.7	16.2	-2.3	
Mar	...	...	...	...	27.7	36.5	71.3	31.6	0.0	72.1	9.4	-15.0	95.1	19.8
Apr	...	...	...	...	26.3	21.6	...	...	...	...	...	...	...	-1.4
May	...	...	...	...	...	...	...	...	...	...	...	...	...	3.0
Jun	...	...	...	...	...	...	...	...	...	...	...	...	...	10.5



Sources: Ministerio de Fomento and Asociación de Fabricantes de Cemento de España.

Note: The underlying series for this indicator are in Tables 23.7, 23.8, and 23.9 of the BE Boletín estadístico.

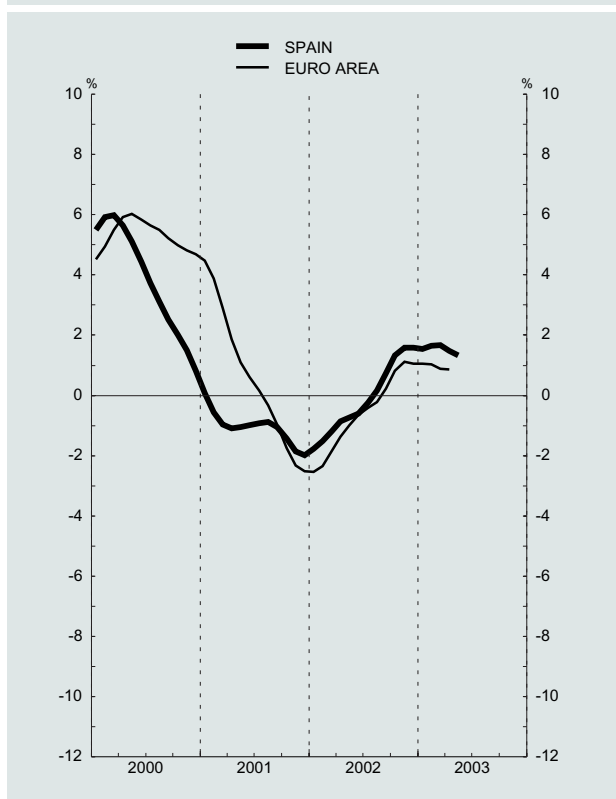
3.4. Industrial production index. Spain and euro area

■ Series depicted in chart.

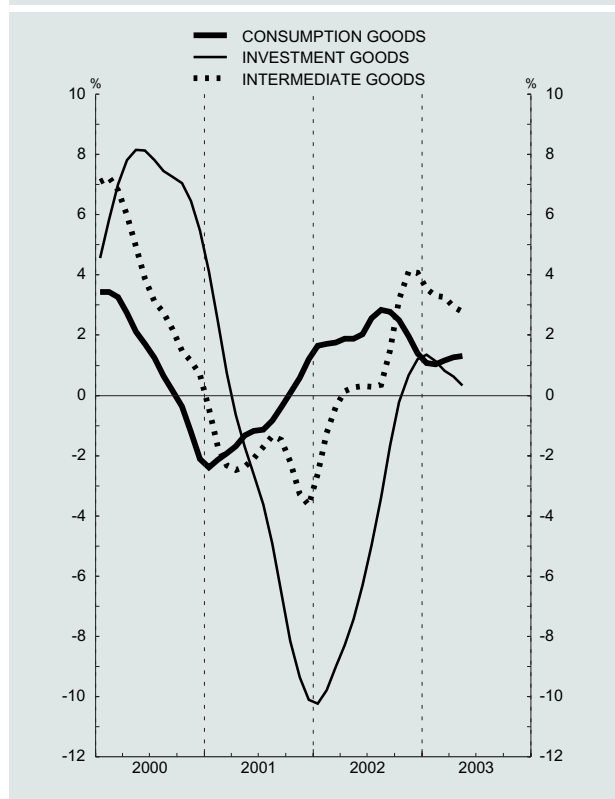
Annual percentage changes

		Overall Index		By end-use of goods				By branch of activity			Memorandum item: euro area				
		Total		Consumption	Investment	Inter-mediate goods	Energy	Mining and quarrying	Manufacturing	Production and distribution of electricity, gas and water	of wich		By end-use of goods		
											Total	Manufacturing	Consumption	Investment	Inter-mediate goods
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
00	MP	100.0	4.0	0.8	6.8	3.7	7.0	1.1	3.3	8.6	5.3	5.6	2.0	8.5	5.9
01	MP	98.8	-1.2	-0.7	-3.3	-2.1	3.0	-3.2	-2.0	4.3	0.4	0.3	0.5	1.4	-0.6
02	MP	98.9	0.1	2.3	-4.9	1.4	0.0	-0.5	0.4	0.0	-0.6	-0.7	-0.6	-2.1	0.3
02 J-M	MP	100.3	-1.1	1.8	-10.3	-0.1	3.6	0.7	-1.9	4.1	-2.0	-2.4	...	-4.8	-1.2
03 J-M	MP	101.2	1.0	0.1	-0.3	2.3	0.9	-1.9	1.1	0.3	0.5	0.1	...	-0.1	1.1
02 Feb	P	97.6	-0.9	1.6	-9.9	1.1	2.2	7.0	-1.4	2.2	-3.3	-3.8	-1.3	-6.7	-2.4
Mar	P	95.7	-10.6	-10.0	-21.3	-8.9	-0.4	-6.7	-12.1	0.3	-2.0	-3.3	-1.4	-5.7	-0.8
Apr	P	103.8	11.4	15.8	4.4	11.2	11.8	8.4	11.0	12.5	-0.7	0.1	-0.7	-1.6	0.4
May	P	105.3	-2.0	0.7	-10.5	-0.2	-1.7	-4.4	-2.3	-2.0	-0.8	-1.3	-0.2	-3.7	0.3
Jun	P	99.9	-5.2	-3.7	-14.6	-3.5	1.5	-8.0	-6.0	1.2	-0.5	-1.0	-1.6	-1.1	-0.6
Jul	P	108.0	3.6	7.4	-3.1	5.3	0.8	6.3	3.9	1.2	0.6	0.4	-0.9	-0.2	1.4
Aug	P	70.6	-3.4	3.0	2.9	-6.7	-5.4	-12.2	0.1	-6.7	-0.7	-0.8	-1.7	-1.3	-0.1
Sep	P	101.3	2.4	4.7	-0.1	3.7	-2.2	3.9	2.9	-2.0	0.1	0.0	-0.7	-1.8	1.7
Oct	P	111.8	5.1	5.9	4.0	6.5	-0.1	3.2	5.5	0.3	1.3	1.0	0.4	0.2	1.6
Nov	P	103.7	0.3	-1.5	2.9	3.1	-5.9	-0.8	1.2	-5.4	2.8	3.4	1.9	3.9	4.3
Dec	P	90.6	3.5	3.0	10.4	7.9	-5.3	-4.5	7.0	-7.3	-0.6	0.2	-0.8	-0.1	1.3
03 Jan	P	98.9	-0.1	-0.3	-2.5	1.7	-2.0	-6.5	0.3	-2.9	1.2	0.9	-1.0	0.9	2.5
Feb	P	99.3	1.7	-	0.7	2.9	4.6	-1.0	1.1	8.7	2.1	1.0	-0.5	2.5	1.3
Mar	P	105.0	9.7	8.7	11.6	12.1	3.3	8.3	10.9	1.6	0.0	0.5	-1.2	-0.5	1.4
Apr	P	99.1	-4.5	-5.0	-6.7	-4.1	-1.2	-7.5	-4.5	-3.4	0.7	-0.3	0.3	-1.4	1.6
May	P	103.9	-1.3	-1.9	-3.3	-0.4	0.3	-2.1	-1.2	-1.8	-1.3	-1.6	-2.3	-1.7	-0.9

INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



Sources: INE and BCE.

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

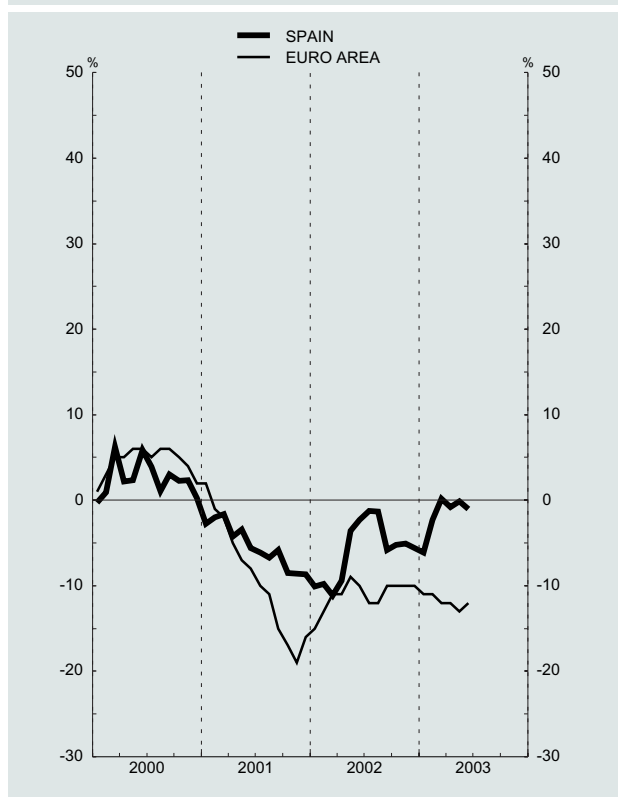
3.5. Monthly business survey: industry and construction. Spain and euro area

■ Series depicted in chart.

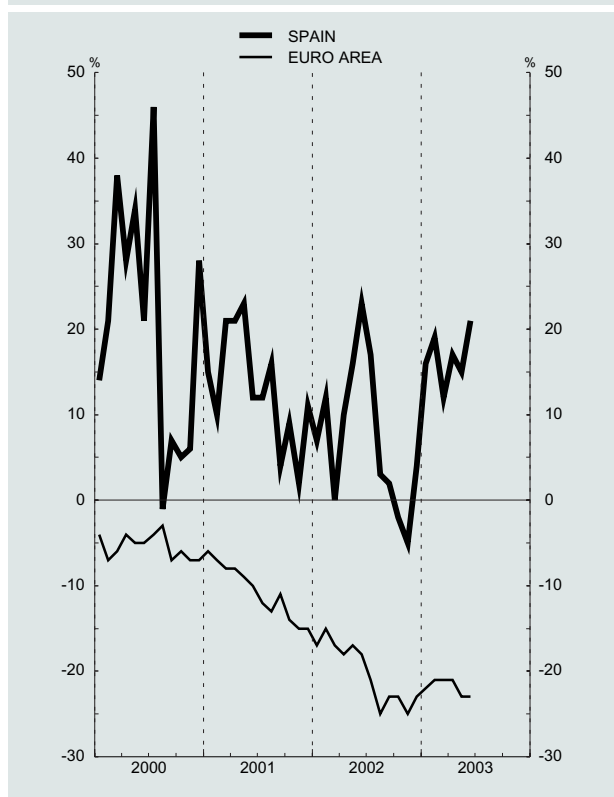
Balance

		Industry, excluding construction									Construction					Memorandum item: euro area (a)		
		Business climate indicator	Production over the last three months	Trend in production	Total orders	Foreign orders	Stocks of finished products	Business climate indicator			Business climate indicator	Production	Orders	Trend		Industry, excluding construction		Construction business climate indicator
								Consumption	Investment	Intermediate goods				Production	Construction	Business climate indicator	Order book	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
00	M	3	9	11	3	-4	7	2	2	4	21	12	21	41	37	5	2	-5
01	M	-5	-0	3	-9	-13	11	-5	-4	-7	13	10	21	37	38	-9	-15	-11
02	M	-6	-1	2	-11	-16	9	-7	-6	-5	7	10	13	11	25	-11	-25	-20
02	J-J	M	-8	-5	4	-14	9	-11	-9	-5	11	6	14	16	62	-12	-25	-17
03	J-J	M	-2	4	14	-9	6	0	-1	-3	17	11	25	28	19	-12	-26	-22
02	Mar		-11	-7	-2	-17	9	-15	-13	-7	-	6	14	41	77	-11	-26	-17
	Apr		-9	-3	-	-14	8	-16	-7	-5	10	18	20	-3	62	-11	-25	-18
	May		-4	3	7	-9	6	-9	-8	2	16	20	11	20	71	-9	-23	-17
	Jun		-2	4	5	-6	8	-1	-4	-2	23	10	22	14	62	-10	-25	-18
	Jul		-1	7	4	-7	5	-7	0	3	17	39	9	46	34	-12	-27	-21
	Aug		-1	4	11	-6	7	-5	2	0	3	23	5	8	-25	-12	-28	-25
	Sep		-6	-	5	-15	8	-7	-8	-4	2	10	12	6	19	-10	-26	-23
	Oct		-5	-4	-	-11	11	-3	-6	-7	-2	14	15	8	-24	-10	-25	-23
	Nov		-5	2	-13	-8	8	-2	-6	-7	-5	7	9	-11	-34	-10	-22	-25
	Dec		-6	9	-5	-5	11	4	-7	-12	4	-11	17	-18	-45	-10	-22	-23
03	Jan		-6	-1	-1	-8	6	-4	-4	-9	16	-5	24	35	20	-11	-22	-22
	Feb		-2	-6	23	-14	8	-6	-1	-	19	7	32	46	37	-11	-23	-21
	Mar		0	-7	22	-10	5	3	-5	0	12	3	22	25	14	-12	-26	-21
	Apr		-1	14	18	-8	6	1	-1	-2	17	32	24	15	15	-12	-27	-21
	May		-0	11	12	-6	4	3	1	-3	15	16	20	19	11	-13	-28	-23
	Jun		-1	12	8	-6	7	3	4	-6	21	14	30	26	14	-12	-28	-23

INDUSTRIAL BUSINESS CLIMATE
Net percentages



CONSTRUCTION BUSINESS CLIMATE
Net percentages



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

(a) 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.

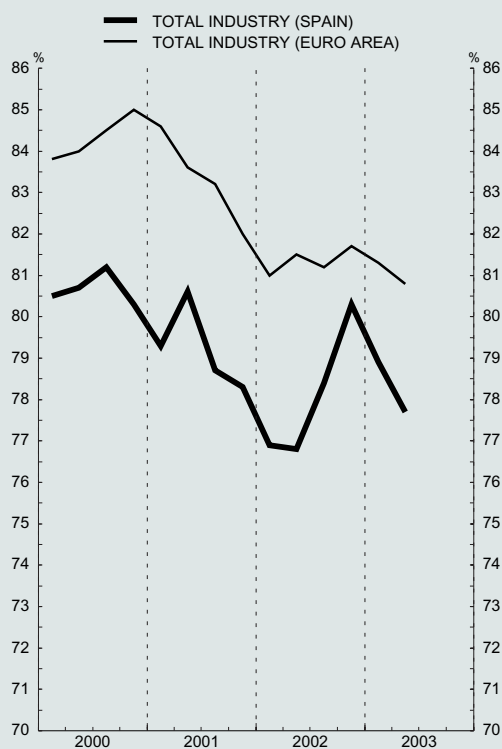
3.6. Business survey: capacity utilisation. Spain and euro area

■ Series depicted in chart.

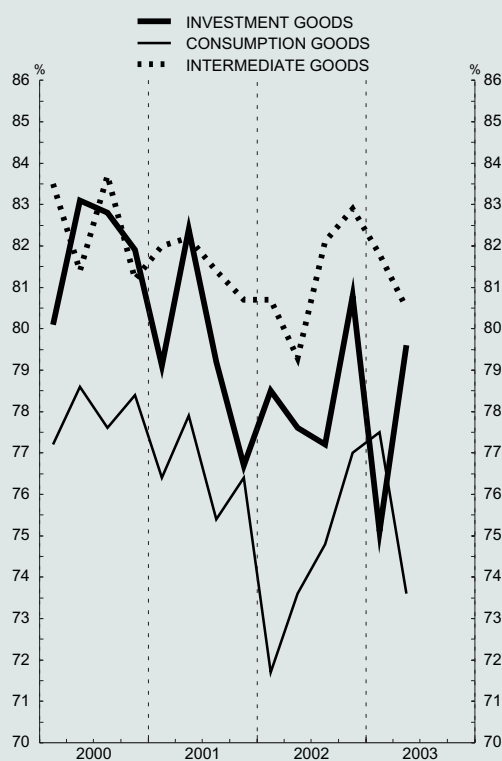
Percentages and balances

	Total industry			Consumer goods			Investment goods			Intermediate goods			Memorandum item: euro area capacity utilisation (%)
	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (Balances)	
	Over last three months (%)	Forecast (%)		Over last three months (%)	Forecast (%)		Over last three months (%)	Forecast (%)		Over last three months (%)	Forecast (%)		
	1	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	84.3
01	79.2	80.3	3	76.5	78.0	3	79.4	81.1	2	81.6	82.0	2	83.4
02	78.1	80.0	8	74.3	76.6	13	78.5	80.9	7	81.3	82.6	4	81.4
02 Q1-Q2	76.9	79.5	7	72.6	75.8	8	78.1	80.6	5	80.0	82.1	6	81.3
03 Q1-Q2	78.3	80.6	4	75.6	78.8	4	77.4	79.4	6	81.2	82.7	3	81.1
00 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	-	84.6
Q2	80.6	81.5	2	77.9	80.2	2	82.4	83.3	-	82.2	81.8	1	83.6
Q3	78.7	80.2	2	75.4	78.2	1	79.2	80.4	3	81.4	81.9	3	83.2
Q4	78.3	78.6	6	76.4	76.0	7	76.7	79.0	5	80.7	80.6	5	82.0
02 Q1	76.9	78.5	5	71.7	73.5	6	78.5	80.0	5	80.7	82.1	5	81.0
Q2	76.8	80.5	8	73.6	78.0	10	77.6	81.2	5	79.3	82.2	6	81.5
Q3	78.4	79.8	12	74.8	76.7	22	77.2	79.8	14	82.1	82.6	1	81.2
Q4	80.3	81.2	8	77.0	78.1	15	80.8	82.4	5	82.9	83.4	2	81.7
03 Q1	78.9	80.5	3	77.5	79.1	3	75.1	77.9	4	81.8	82.9	3	81.3
Q2	77.7	80.6	4	73.6	78.4	4	79.6	80.8	7	80.5	82.4	3	80.8

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages



CAPACITY UTILISATION. BY TYPES OF GOODS
Percentages



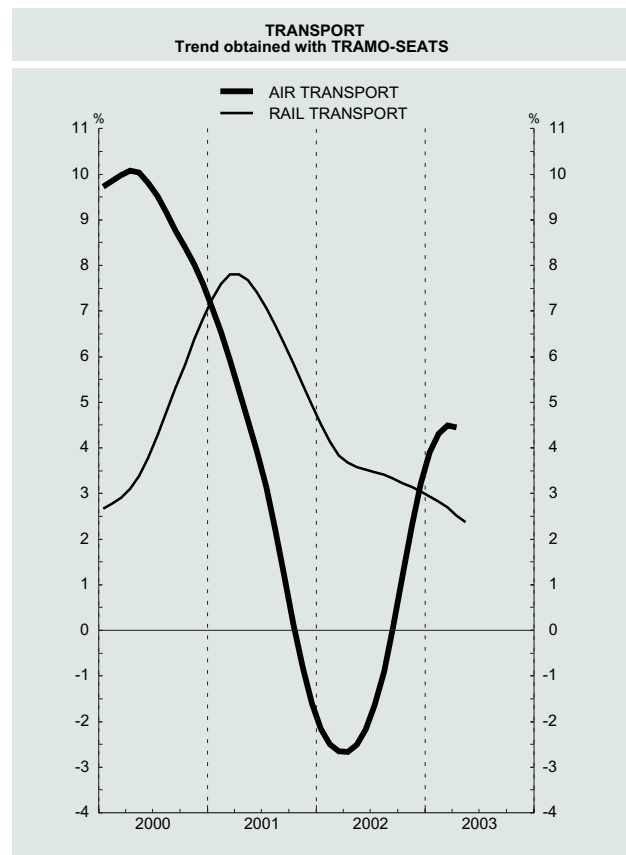
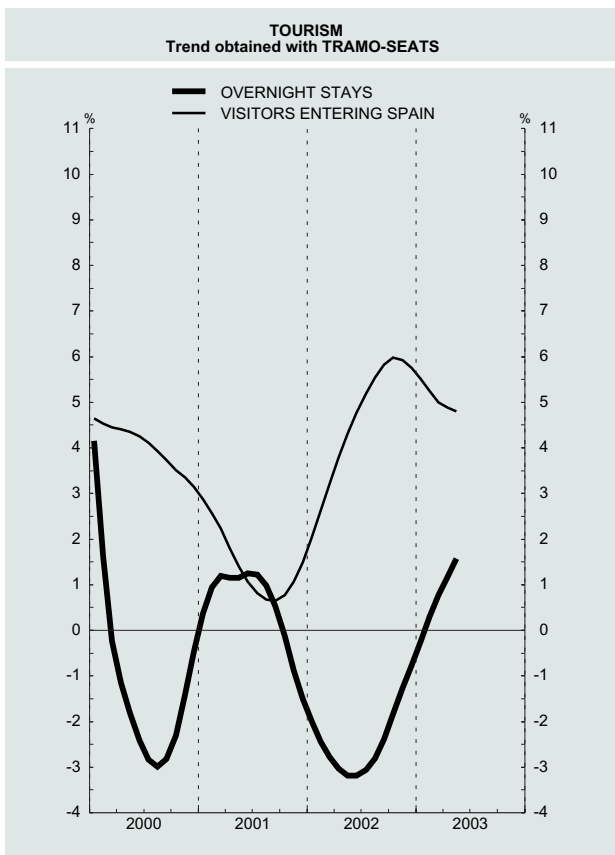
Sources: Ministerio de Ciencia y Tecnología and ECB.

3.7. Tourism and transport statistics. Spain

■ Series depicted in chart.

Annual percentage changes

		Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
		Total	Foreigners	Total	Foreigners	Total	Tourists	Day-trip-ers	Passengers			Freight	Passen- gers	Freight	Passen- gers	Freight
		1	2	3	4	5	6	7	Total	Domestic flights	Interna- tional flights	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	-1.4	-2.5	-5.1	4.5	3.6	6.3	-1.0	-2.2	-0.3	-0.7	4.2	5.0	3.8	2.8
02 J-M		-1.1	-2.7	-3.1	-5.4	4.0	2.3	7.1	-3.4	-4.3	-2.7	-6.1	1.8	7.1	3.8	0.4
03 J-M	P	2.0	0.7	0.8	-0.4	5.4	3.6	8.4	...	...	...	...	...	...	1.3	...
02 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		9.8	4.4	8.5	-0.3	18.1	19.4	15.8	1.9	-1.8	4.7	-13.4	19.0	5.4	-4.0	-7.2
Apr		-9.9	-5.8	-12.9	-9.4	-8.3	-12.1	-1.0	-9.0	-7.2	-10.2	-1.9	-6.6	8.9	16.1	19.4
May		0.1	-4.4	-3.0	-7.7	5.2	3.2	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	-2.2	-4.5	0.6	-1.4
Feb	P	-1.9	-5.4	-3.7	-6.2	-0.0	3.1	-4.7	5.9	7.9	4.2	3.6	-5.7	2.8	1.4	1.3
Mar	P	-7.9	-5.5	-8.6	-3.1	-4.1	-10.4	7.7	-0.6	1.9	-2.4	4.4	-24.8	2.1	8.0	6.3
Apr	P	10.4	2.5	9.7	3.5	11.2	12.3	9.2	9.4	7.1	11.2	-2.1	6.5	1.9	-5.1	...
May	P	4.8	4.1	2.5	1.7	8.7	4.7	17.4	...	...	...	...	...	...	1.8	...



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.

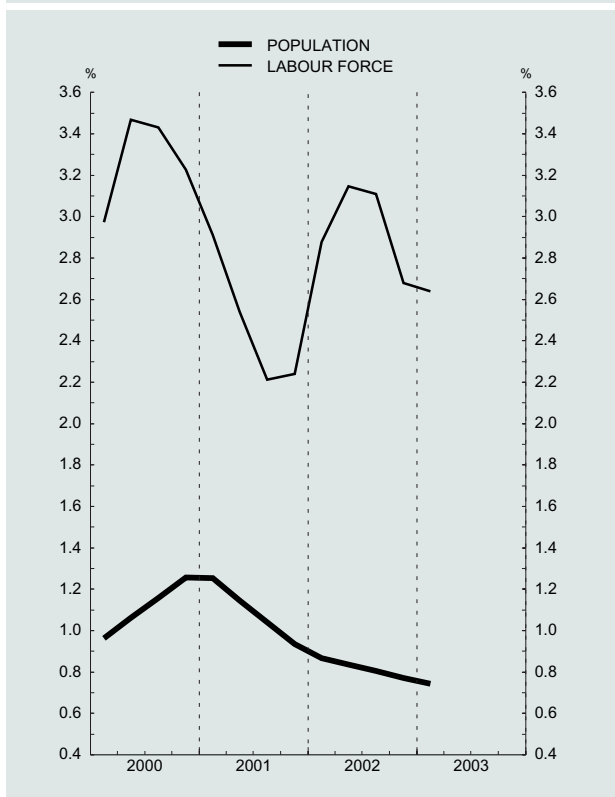
4.1. Labour force. Spain

■ Series depicted in chart.

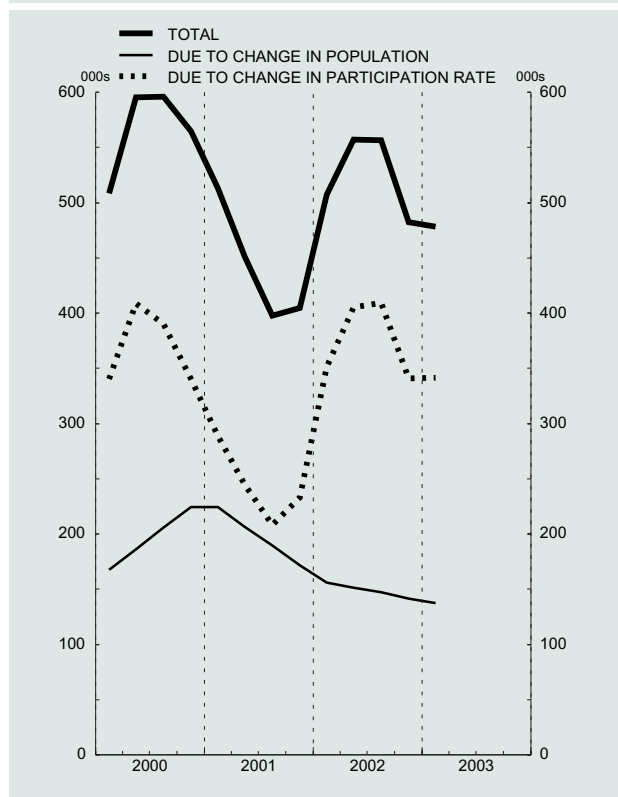
Thousands and annual percentage changes

		Population over 16 years of age			Participation rate (%)	Labour force				
		Thousands	Annual change	4-quarter % change		Thousands (a)	Annual change (b) (c)			4-quarter % change (b)
							Total	Due to change in population over 16 years of age	Due to change in participation rate	
		1	2	3	4	5	6	7	8	9
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
02	M	33 965	276	0.8	54.00	18 340	526	149	377	3.0
02	Q1-Q1 M	33 869	292	0.9	53.55	18 137	507	156	351	2.9
03	Q1-Q1 M	34 120	252	0.7	54.56	18 615	479	137	341	2.6
00	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
03	Q1	34 120	252	0.7	54.56	18 615	479	137	341	2.6

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.

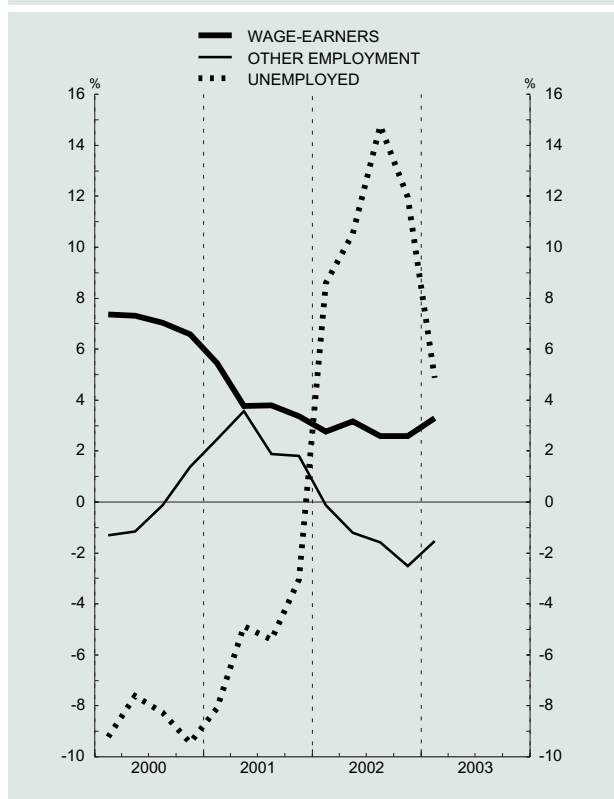
Thousands and annual percentage changes

		Employment									Unemployment			Memorandum item: euro area		
		Total			Wage-earners			Other			Thousands (a)	Annual change (b)	4-quarter % change (b)	Unem- ployment rate (a)	Employ- ment 4-quarter % change	Unem- ployment rate
		Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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	8.03
02	M	16 258	312	2.0	13 142	355	2.8	3 116	-43	-1.4	2 083	214	11.4	11.35	0.4	8.38
02	Q1-Q1M	16 055	342	2.2	12 909	347	2.8	3 146	-4	-0.1	2 081	165	8.6	11.47	0.7	8.21
03	Q1-Q1M	16 432	377	2.3	13 334	425	3.3	3 098	-48	-1.5	2 183	102	4.9	11.72	0.1	8.71
00	Q3	15 542	816	5.5	12 456	820	7.0	3 086	-4	-0.1	2 439	-220	-8.3	13.57	2.3	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	1.4	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	1.0	8.01
	Q4	16 121	478	3.1	12 964	422	3.4	3 157	56	1.8	1 892	-74	-3.0	10.50	0.7	8.10
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	8.21
	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	8.33
	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	8.44
	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	8.54
03	Q1	16 432	377	2.3	13 334	425	3.3	3 098	-48	-1.5	2 183	102	4.9	11.72	0.1	8.71

EMPLOYMENT
Annual percentage changes



LABOUR FORCE: COMPONENTS
Annual percentage changes



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

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

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

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

■ Series depicted in chart.

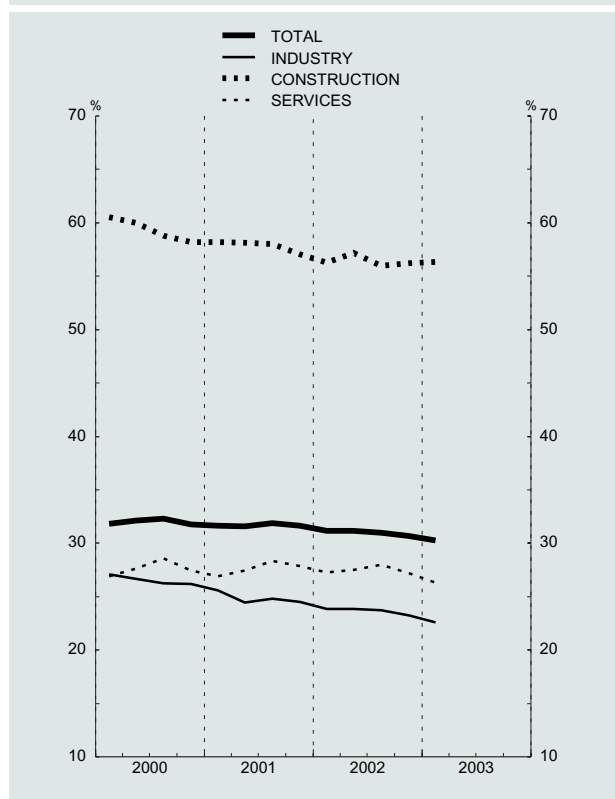
Annual percentage changes

		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
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
02	M	2.0	2.8	31.0	-5.7	-5.7	58.1	-0.4	-0.2	23.7	3.4	3.4	56.4	3.2	4.2	27.5	2.5	2.1	2.9
02	Q1-Q1M	2.2	2.8	-1.4	-4.3	-4.7	-5.6	-2.5	-2.3	-6.8	6.7	6.6	-3.2	3.6	4.3	1.5	2.7	2.2	3.0
03	Q1-Q1M	2.3	3.3	-3.0	-5.8	-5.1	1.2	1.9	1.6	-5.2	2.2	3.3	0.1	3.3	4.3	-3.5	2.9	2.6	3.0
00	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
03	Q1	2.3	3.3	30.3	-5.8	-5.1	62.6	1.9	1.6	22.6	2.2	3.3	56.3	3.3	4.3	26.3	2.9	2.6	3.0

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.

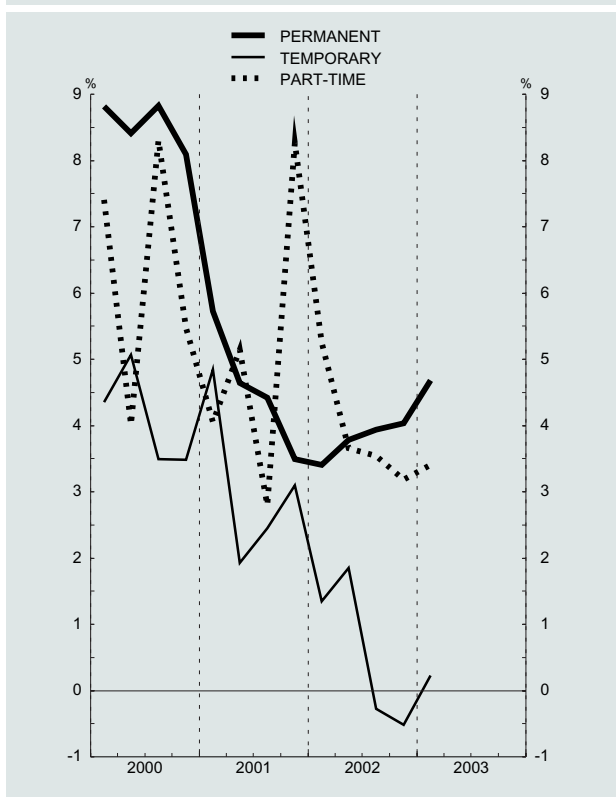
4.4. Wage-earners by type of contract and unemployment by duration. Spain. (a)

■ Series depicted in chart.

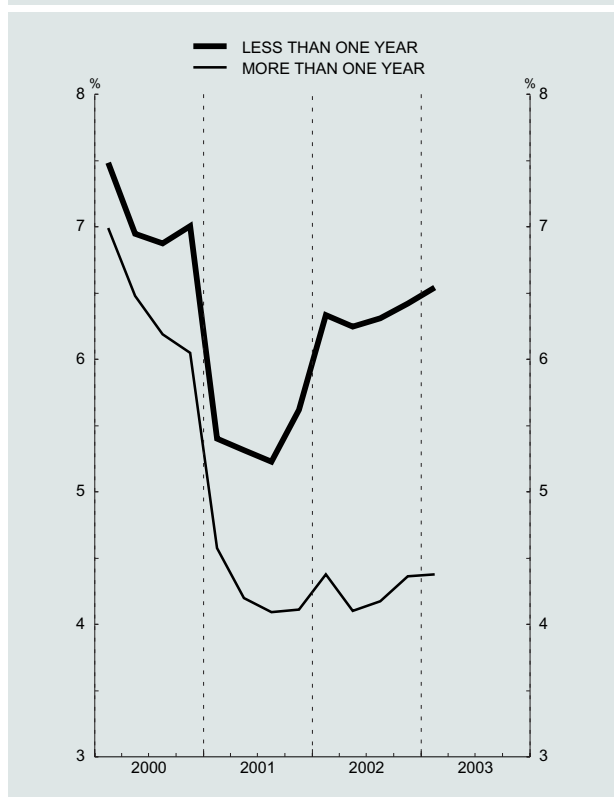
Thousands, annual percentage changes and %

		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	4-quar-ter % change	Annual change	4-quar-ter % change	Proportion of tempo-rary em-ployment	Annual change	4-quar-ter % change	Annual change	4-quar-ter % change	As % for wage earners	Unem-ployment rate	4-quar-ter % change	Unem-ployment rate	4-quar-ter % change	Entail-ing a change of resi-dence	With a lower wage	Requir-ing fewer skills			
Thousands		Thousands			Thousands		Thousands			(a)	(b)	(a)	(b)						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
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	
02	M	331	3.8	24	0.6	31.01	315	2.7	40	3.9	8.20	6.33	20.9	4.25	3.2	20.16	43.38	49.09	
02	Q1-Q1 M	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	
03	Q1-Q1 M	416	4.7	9	0.2	30.26	388	3.3	37	3.4	8.35	6.54	6.0	4.38	2.7	20.22	42.43	47.93	
00	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	
03	Q1	416	4.7	9	0.2	30.26	388	3.3	37	3.4	8.35	6.54	6.0	4.38	2.7	20.22	42.43	47.93	

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).

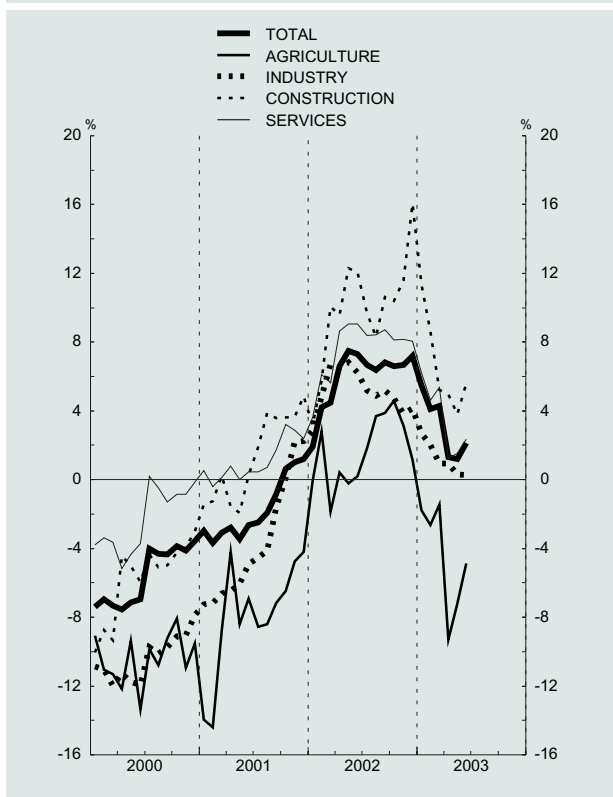
4.5. Registered unemployment by branch of activity. Contracts and placements. Spain

■ Series depicted in chart.

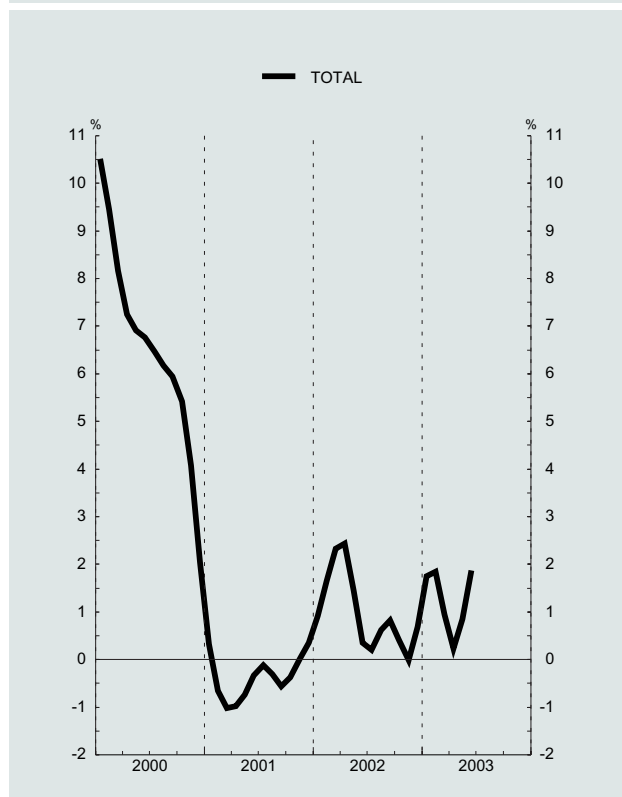
Thousands, annual percentage changes and %

		Registered unemployment										Contracts					Placements	
		Total			First time job-seekers	Previously employed						Total		Percentage of total			Total	
		Thou-sands	Annual change	12 month % change	12 month % change	12-month % change						Thou-sands	12 month % change	Perman-	Part time	Tempo-rary	Thou-sands	12 month % change
		1	2	3	4	Total	Agri-culture	Branches other than agriculture				11	12	13	14	15	16	17
			Thou-sands					Total	Industry	Construc-tion	Services							
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	18.47	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	19.48	90.74	1 133	-0.2
02	M	1 621	92	6.0	-0.7	7.2	1.6	7.4	5.1	9.9	7.6	1 182	0.9	9.05	20.80	90.95	1 145	1.0
02 J-J	M	1 627	81	5.3	-2.3	6.7	0.2	6.9	5.6	8.7	6.9	1 162	1.8	9.62	19.58	90.38	1 121	1.2
03 J-J	MP	1 677	51	3.1	2.2	3.3	-4.6	3.5	1.2	6.6	3.6	1 188	2.3	9.47	19.81	90.53	1 148	2.4
02 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	20.20	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	20.27	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	21.48	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	20.49	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	21.41	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	23.74	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	22.75	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	22.22	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	18.92	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	19.51	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	20.31	89.73	1 087	12.7
Apr	P	1 658	22	1.3	1.4	1.3	-9.3	1.6	0.9	5.0	1.2	1 053	-15.6	10.22	19.91	89.78	1 014	-15.6
May	P	1 608	19	1.2	0.6	1.3	-7.2	1.6	0.3	3.8	1.5	1 196	-3.4	9.06	19.85	90.94	1 160	-2.6
Jun	P	1 601	33	2.1	2.1	2.1	-4.9	2.4	0.3	5.6	2.4	1 199	11.6	8.29	20.37	91.71	1 162	12.1

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.

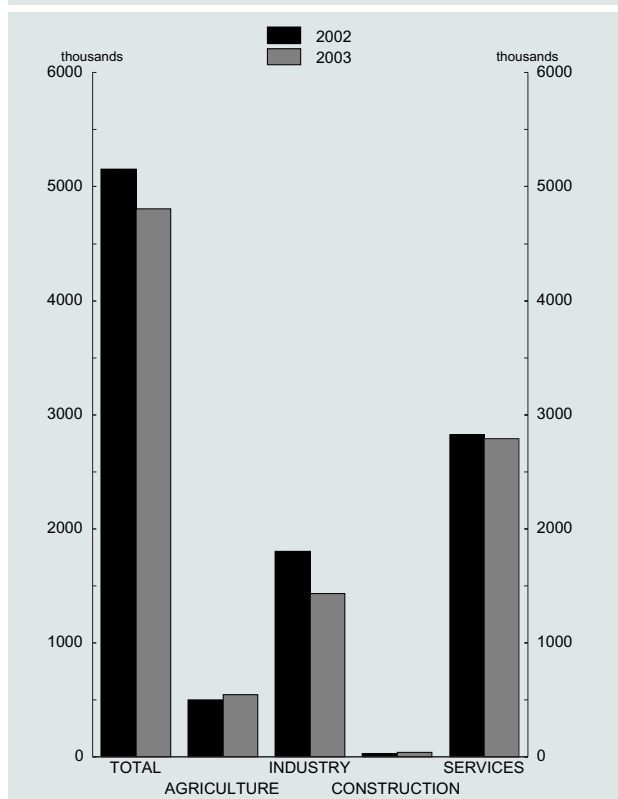
4.6. Collective bargaining agreements

■ Series depicted in chart.

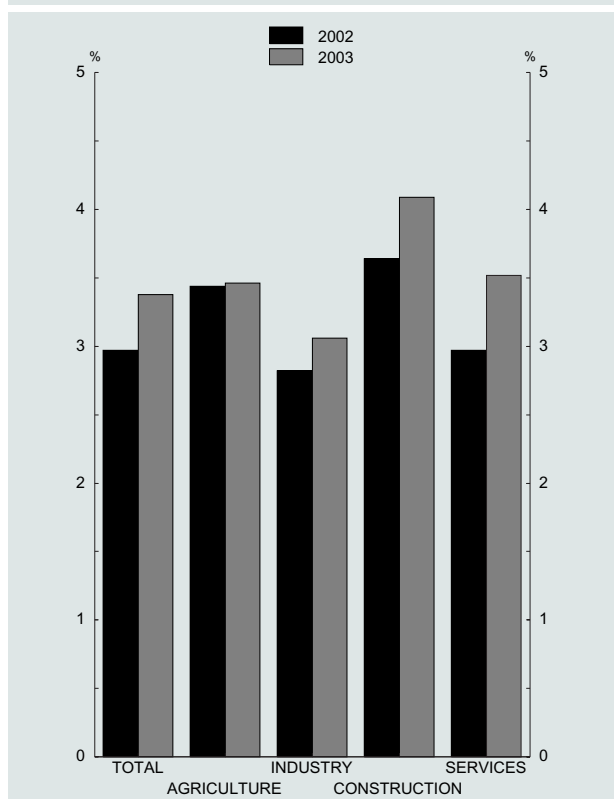
Thousands and %

	As per month economic effects come into force(a)		As per month recorded														
			Employees affected (a)								Average wage settlement (%)						
	Em- ployees affected	Average wage settle- ment	Auto- matic 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	9 496	3.68	4 909	2 697	7 606	-257	473	2 298	928	3 907	3.35	3.73	3.48	4.04	3.40	4.12	3.31
02	9 181	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 Dec	9 496	3.68	4 909	2 697	7 606	-257	473	2 298	928	3 907	3.35	3.73	3.48	4.04	3.40	4.12	3.31
02 Jan	8 316	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	8 358	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	8 422	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	8 742	3.85	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	8 943	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	8 978	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	8 997	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	9 000	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	9 067	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	9 177	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	9 177	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	9 181	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	4 442	3.37	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	4 472	3.37	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
Mar	4 523	3.36	4 308	87	4 395	494	388	1 379	24	2 604	3.43	2.82	3.42	3.63	3.06	3.90	3.57
Apr	4 661	3.36	4 406	126	4 532	-458	390	1 405	32	2 705	3.43	2.74	3.41	3.64	3.06	4.32	3.54
May	4 796	3.38	4 429	375	4 804	-350	545	1 431	38	2 790	3.42	2.90	3.38	3.46	3.06	4.09	3.52

EMPLOYEES AFFECTED
January-May



AVERAGE WAGE SETTLEMENT
January-May



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

(a) Cumulative data.

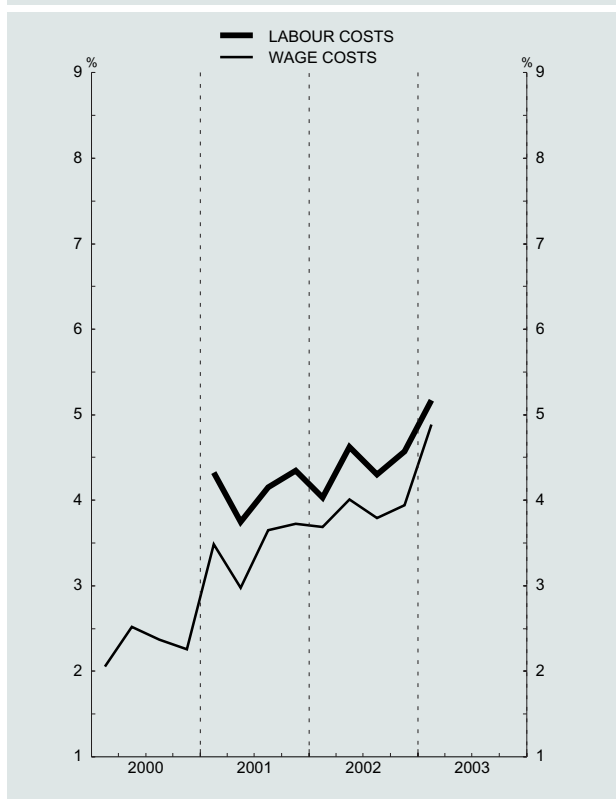
4.7. Labour costs index

■ Series depicted in chart.

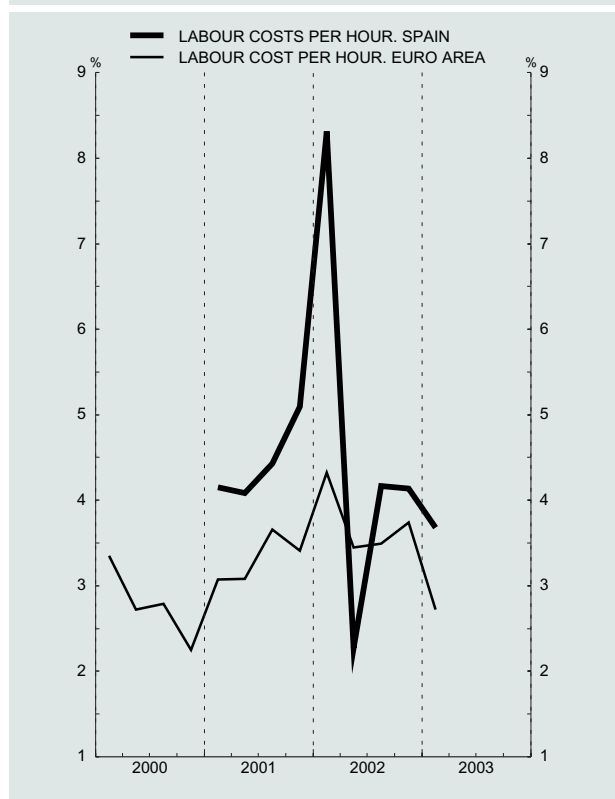
Annual percentage change

		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
00	M	...	...	...	...	...	2.3	2.5	3.8	3.0	2.4	...	2.8
01	M	4.1	4.4	4.7	4.1	4.5	3.5	3.7	3.9	3.6	3.8	6.2	3.3
02	M	4.4	4.8	4.8	4.4	4.6	3.9	4.7	4.1	3.8	4.1	6.0	3.7
02	Q1-Q1M	4.0	3.7	4.6	4.4	8.3	3.7	3.8	3.9	3.9	8.0	5.0	4.3
03	Q1-Q1M	5.2	5.2	6.0	5.0	3.7	4.9	5.0	5.1	4.8	3.3	6.0	2.7
00	Q3	...	...	...	...	...	2.4	2.9	3.4	3.0	2.4	...	2.8
	Q4	...	...	...	...	...	2.3	2.3	4.4	2.9	2.4	...	2.2
01	Q1	4.3	5.1	4.8	4.2	4.2	3.5	4.1	3.9	3.4	3.3	6.8	3.1
	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	3.7
	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	4.3
	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	3.7
03	Q1	5.2	5.2	6.0	5.0	3.7	4.9	5.0	5.1	4.8	3.3	6.0	2.7

PER WORKER AND MONTH
Annual percentage change



PER HOUR WORKED
Annual percentage change



Sources: INE (Labour costs index) and Eurostat.

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

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

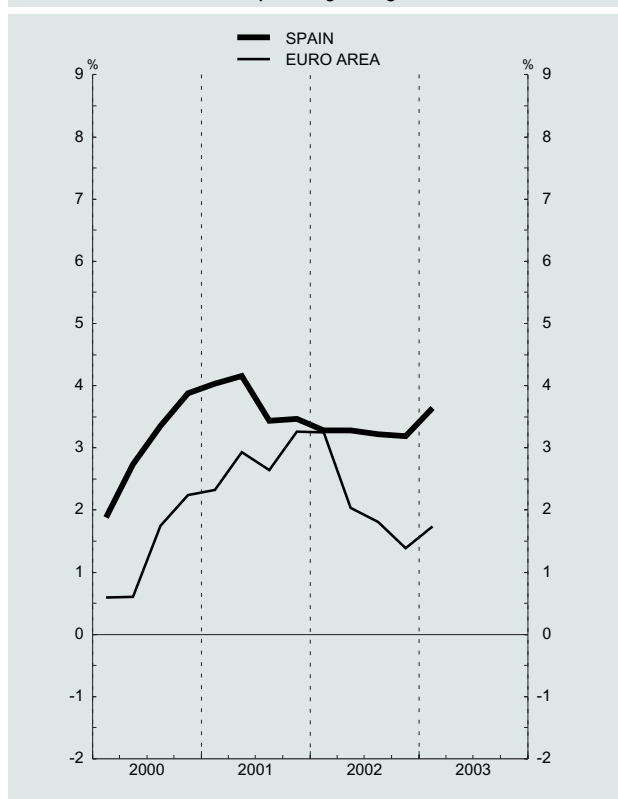
4.8. Unit labour costs. Spain and euro area (a)

■ Series depicted in chart.

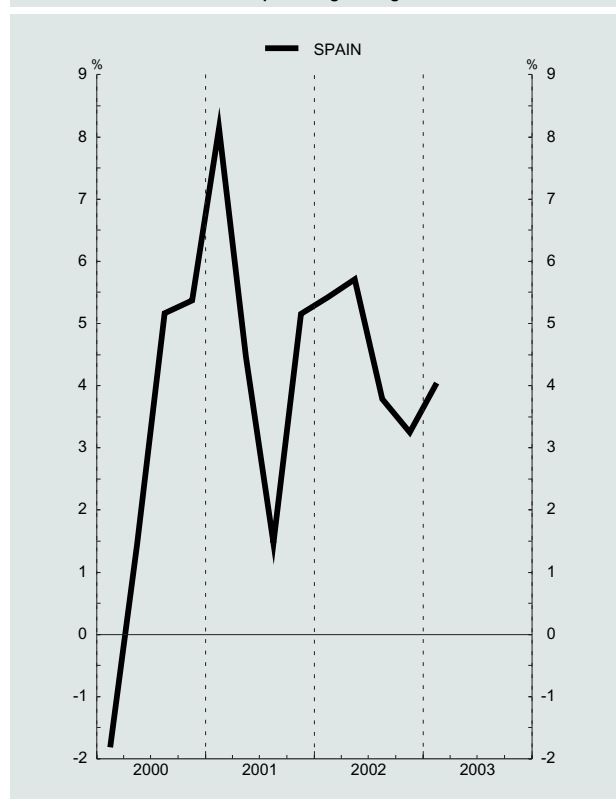
Annual percentage changes

	Whole-economy unit labour costs		Compensation per employee		Productivity						Memorandum item: unit labour costs in manufacturing	
	Spain	Euro area	Spain (b)	Euro area	Spain	Euro area	Output		Employment		Spain (c)	Euro area
							Spain	Euro area	Spain (b)	Euro area		
	1	2	3	4	5	6	7	8	9	10	11	12
00	3.0	1.3	3.7	2.6	0.7	1.2	4.2	3.5	3.4	2.2	2.5	...
01	3.8	2.8	4.1	3.1	0.3	0.3	2.7	1.5	2.4	1.3	4.7	...
02	3.2	2.1	4.0	2.5	0.7	0.4	2.0	0.8	1.3	0.4	4.5	...
00 Q1	1.9	0.6	4.1	2.5	2.2	1.9	5.1	3.9	2.9	2.0	-1.8	...
Q2	2.7	0.6	3.7	2.4	0.9	1.8	4.5	4.2	3.5	2.3	1.4	...
Q3	3.3	1.7	3.4	2.7	0.1	0.9	3.8	3.2	3.7	2.3	5.2	...
Q4	3.9	2.2	3.7	2.7	-0.2	0.4	3.4	2.8	3.6	2.3	5.4	...
01 Q1	4.0	2.3	3.5	2.9	-0.5	0.6	3.0	2.4	3.5	1.9	8.1	...
Q2	4.2	2.9	4.2	3.1	0.1	0.2	2.4	1.6	2.3	1.4	4.5	...
Q3	3.4	2.6	4.6	3.0	1.1	0.4	2.9	1.4	1.8	1.0	1.5	...
Q4	3.5	3.3	4.0	3.3	0.5	0.0	2.3	0.6	1.8	0.7	5.2	...
02 Q1	3.3	3.2	4.1	2.9	0.8	-0.3	2.0	0.4	1.3	0.7	5.4	...
Q2	3.3	2.0	3.8	2.3	0.5	0.3	2.0	0.8	1.5	0.5	5.7	...
Q3	3.2	1.8	3.8	2.5	0.5	0.6	1.8	1.0	1.3	0.3	3.8	...
Q4	3.2	1.4	4.2	2.4	1.0	1.0	2.1	1.2	1.1	0.2	3.2	...
03 Q1	3.6	1.7	4.3	2.5	0.6	0.8	2.1	0.8	1.5	0.1	4.0	...

UNIT LABOUR COSTS: TOTAL
Annual percentage changes



UNIT LABOUR COSTS: MANUFACTURING
Annual percentage changes



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

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

(b) Full-time equivalent employment.

(c) Industry.

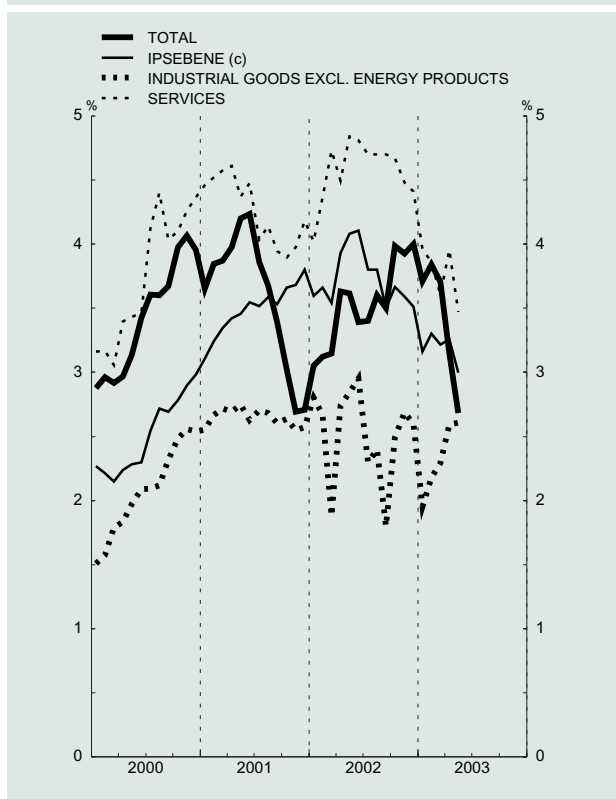
5.1. Consumer price index. Spain (2001=100) (a)

■ Series depicted in chart.

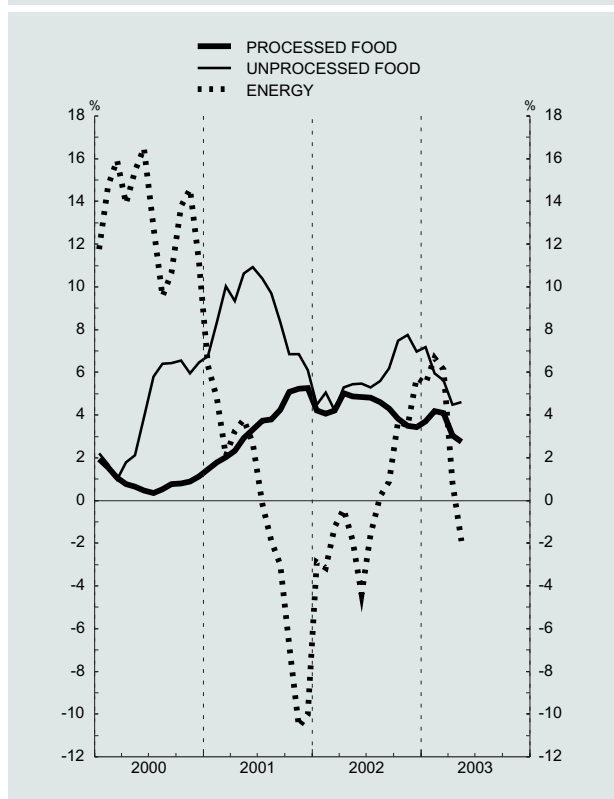
Indices and annual percentage changes

		Total (100%)				Annual percentage change (12-month % change)						Memorandum item: prices for agricultural products (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	102.5	0.5	3.3	1.1	4.9	4.5	2.6	-1.9	4.5	3.8	106.6	-1.5
03 J-M	M	106.0	0.2	3.4	0.5	5.6	3.5	2.3	3.4	3.8	3.2	...	...
02 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	105.1	-0.7
Mar		106.0	0.7	3.7	0.5	5.6	4.1	2.3	6.1	3.6	3.2	108.9	-0.8
Apr		106.8	0.8	3.1	1.3	4.5	3.1	2.6	0.8	4.0	3.3	108.4	0.3
May		106.7	-0.1	2.7	1.2	4.6	2.8	2.6	-1.9	3.5	3.0	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS
Annual percentage changes



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

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

(a) There is a break in January 2002 owing to the 2001 re-basing. There is no solution to this via the habitual legal links. Consequently, for the year 2002, the official rates of change cannot be obtained from the indices. The detailed methodological notes can be consulted on the INE Internet site (www.ine.es).

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

(d) Index of non-energy processed goods and service prices. (e) Official INE series from January 2002.

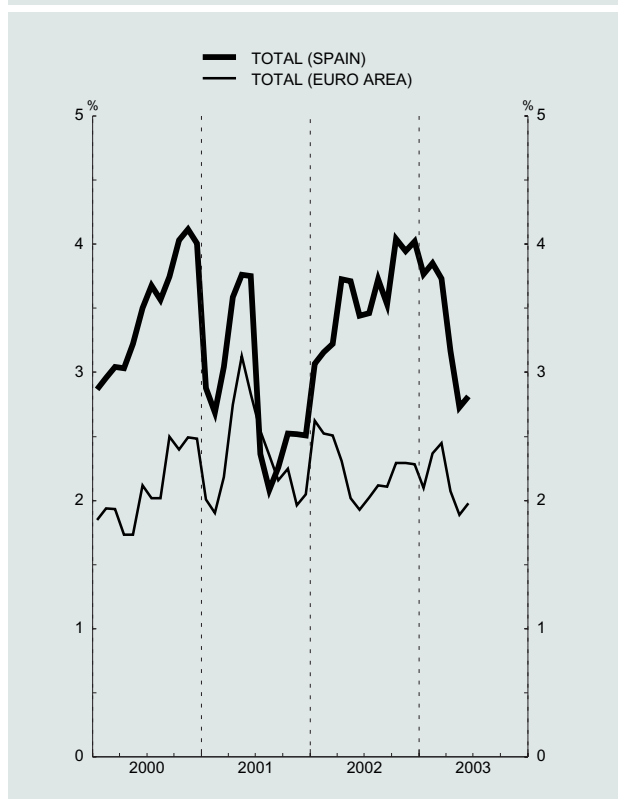
5.2. Harmonised index of consumer prices. Spain and euro area (1996=100)(a)

■ Series depicted in chart.

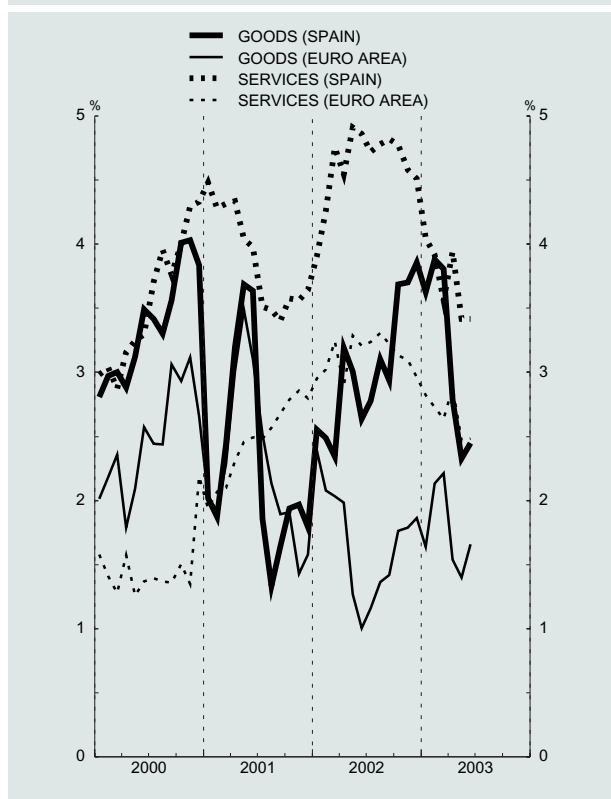
Annual percentage changes

		Total		Goods														Services			
		Spain	Euro area	Spain	Euro area	Food						Industrial								Spain	Euro area
						Total		Processed		Unprocessed		Spain	Euro area	Non-energy		Energy					
						Spain	Euro area	Spain	Euro area	Spain	Euro area			Spain	Euro area	Spain	Euro area				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
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-J	M	3.4	2.3	2.7	1.8	4.7	3.9	5.0	3.3	4.3	4.7	1.5	0.8	2.7	1.6	-2.3	-2.2	4.5	3.1	
03	J-J	M	3.3	2.1	3.1	1.8	4.1	2.3	3.8	3.3	4.3	0.9	2.6	1.5	2.5	0.8	2.7	4.2	3.7	2.7	
02	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	7.5	3.6	2.6	
	Apr		3.2	2.1	2.8	1.5	3.6	2.4	3.4	3.4	3.7	1.0	2.3	1.1	2.7	0.8	0.8	2.2	3.9	2.9	
	May		2.7	1.9	2.3	1.4	3.4	2.5	3.1	3.4	3.7	1.2	1.7	0.9	2.8	0.9	-2.0	0.6	3.4	2.5	
	Jun		2.8	2.0	2.4	1.7	3.3	3.0	2.9	3.3	3.8	2.6	1.9	1.0	2.6	0.8	-0.6	1.6	3.4	2.5	

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).

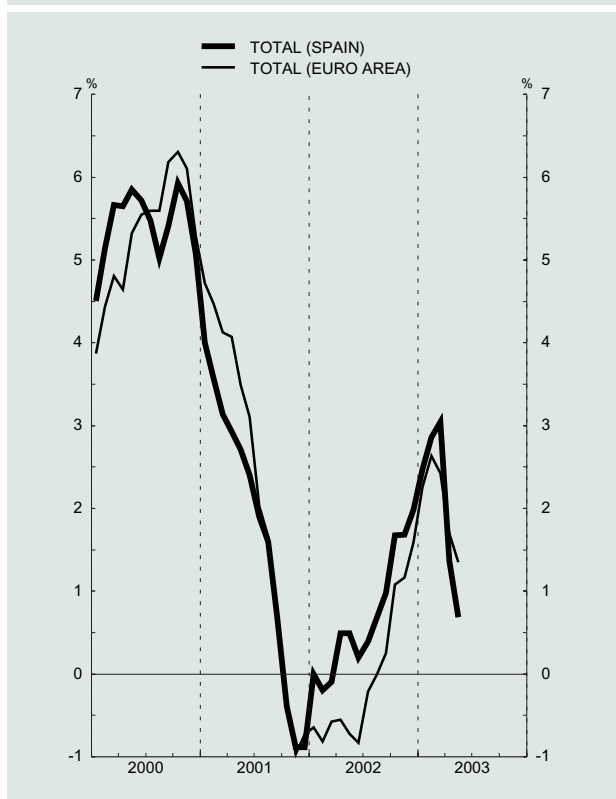
5.3. Producer price index. Spain and euro area (a)

■ Series depicted in chart.

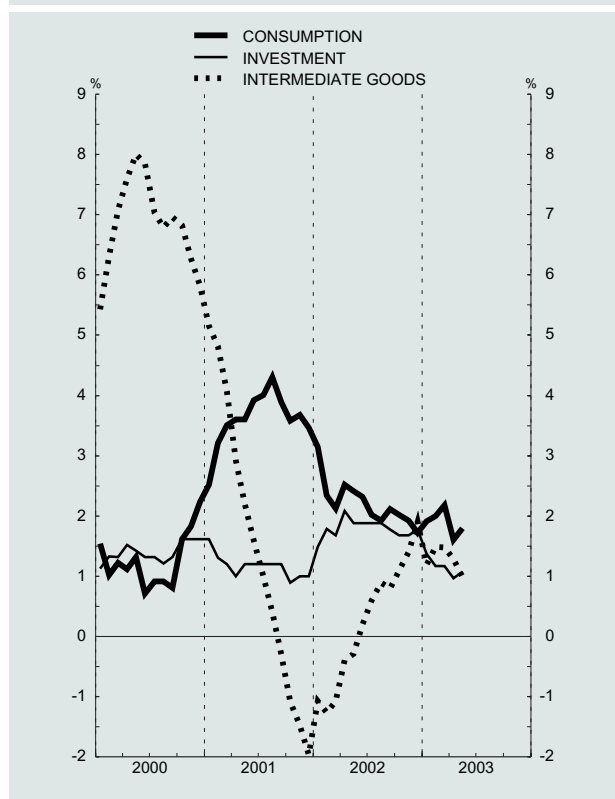
Annual percentage changes

		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	Consumption	Investment	Intermediate	Energy
		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	5.3	1.6	0.6	5.1	17.3
01	M	101.7	—	1.7	—	3.6	—	1.2	—	1.4	—	-2.0	2.2	2.9	1.0	1.2	3.0
02	M	102.4	—	0.7	—	2.2	—	1.8	—	0.2	—	-1.3	-0.0	1.3	0.9	-0.3	-1.8
02 J-M	M	102.0	—	0.1	—	2.5	—	1.8	—	-0.8	—	-3.4	-0.7	1.5	1.1	-1.3	-3.8
03 J-M	M	104.1	—	2.1	—	1.9	—	1.1	—	1.3	—	4.9	2.1	1.4	0.3	1.5	5.4
02 Feb		101.5	0.2	-0.2	0.3	2.3	0.4	1.8	0.2	-1.3	-0.1	-4.3	-0.8	1.6	1.1	-1.7	-4.5
Mar		101.9	0.4	-0.1	0.4	2.1	0.1	1.7	0.2	-1.1	1.2	-3.4	-0.6	1.3	1.2	-1.5	-3.0
Apr		102.5	0.6	0.5	0.4	2.5	0.3	2.1	0.3	-0.4	2.1	-1.9	-0.6	1.2	1.1	-1.0	-3.2
May		102.7	0.2	0.5	-	2.4	-	1.9	0.2	-0.3	0.2	-2.9	-0.7	1.0	1.1	-0.8	-4.2
Jun		102.4	-0.3	0.2	-0.1	2.3	-	1.9	0.2	0.2	-1.5	-5.1	-0.8	1.0	0.9	-0.5	-4.9
Jul		102.4	-	0.4	0.1	2.0	-	1.9	-	0.6	-0.4	-4.1	-0.2	1.1	0.8	0.1	-2.9
Aug		102.6	0.2	0.7	0.2	1.9	-	1.9	-	0.9	1.0	-1.7	-	1.2	0.8	0.3	-1.9
Sep		103.0	0.4	1.0	0.2	2.1	-	1.8	-0.1	0.8	2.0	-0.3	0.3	1.4	0.8	0.5	-1.4
Oct		103.2	0.2	1.7	-0.1	2.0	-	1.7	-0.2	1.1	1.4	3.8	1.1	1.4	0.7	0.8	2.3
Nov		102.6	-0.6	1.7	-0.1	1.9	0.1	1.7	-0.1	1.4	-2.7	4.1	1.2	1.3	0.8	1.2	2.3
Dec		102.7	0.1	2.0	-	1.7	0.1	1.8	-	1.9	0.4	6.2	1.6	1.5	0.8	1.2	3.9
03 Jan		103.8	1.1	2.5	0.7	1.9	0.4	1.4	0.5	1.2	3.8	7.4	2.3	1.4	0.5	1.4	6.7
Feb		104.4	0.6	2.9	0.4	2.0	0.2	1.2	0.5	1.5	1.3	8.9	2.6	1.4	0.3	1.7	8.2
Mar		105.0	0.6	3.0	0.6	2.2	0.1	1.2	0.2	1.5	1.8	9.5	2.4	1.4	0.3	1.7	7.2
Apr		103.9	-1.0	1.4	-0.2	1.6	0.1	1.0	0.1	1.3	-5.6	1.3	1.7	1.3	0.3	1.5	3.2
May		103.4	-0.5	0.7	0.2	1.8	0.1	1.1	-0.1	1.0	-3.3	-2.3	1.4	1.5	0.3	1.3	1.7

PRODUCER PRICE INDEX. TOTAL
Annual percentage changes



PRODUCER PRICE INDEX. COMPONENTS
Annual percentage changes



Sources: INE and ECB.

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

(a) Spain: 2000=100; euro area: 2000=100.

5.4 Unit value indices for Spanish foreign trade

■ Series depicted in chart.

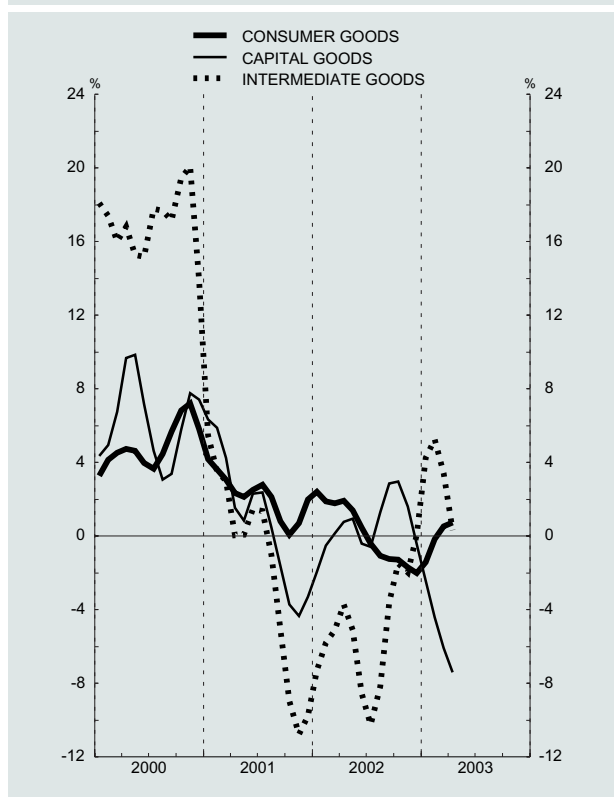
Annual percentage changes

	Exports/dispatches						Imports/arrivals					
	Total	Consumer goods	Capital goods	Intermediate goods			Total	Consumer goods	Capital goods	Intermediate goods		
				Total	Energy	Non-energy				Total	Energy	Non-energy
	1	2	3	4	5	6	7	8	9	10	11	12
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-A	1.6	0.9	23.1	-4.1	-13.7	-2.9	-2.5	3.0	-1.1	-5.2	-13.5	-2.8
03 J-A	-0.6	0.5	-8.1	1.0	20.4	-0.8	-0.1	-0.1	-5.0	1.4	21.4	-1.8
01 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	22.5	-0.1	-3.3	-4.4	-4.4	-2.2	12.9	-4.3
03 Jan	0.8	4.7	-8.0	0.4	18.1	-1.4	3.6	-4.0	2.0	7.4	36.6	2.7
Feb	0.2	0.4	-11.3	3.9	30.5	2.6	-5.0	2.7	-8.9	-6.9	28.5	-13.5
Mar	-2.1	-3.6	-5.4	0.0	31.8	-2.3	2.9	1.4	-3.0	5.3	25.0	2.0
Apr	-1.3	0.5	-8.1	0.0	1.7	-2.0	-2.5	-0.1	-10.9	-0.9	-4.5	0.6

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 obtained with TRAMO-SEATS).

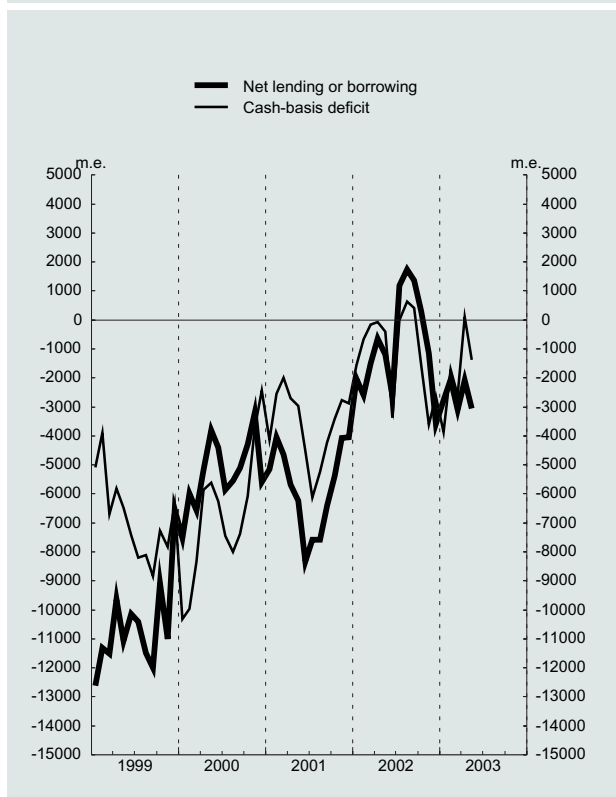
6.1. State resources and uses according to the National Accounts (ESA 95). Spain

■ Series depicted in chart.

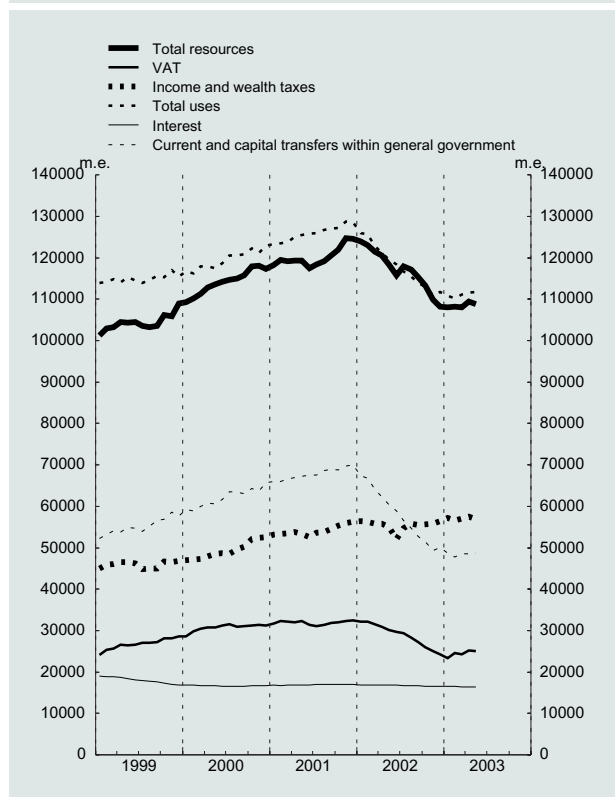
EUR millions

		Current and capital resources						Current and capital uses						Memorandum item: cash-basis deficit										
		Net lending (+) or borrowing (-)	Total	Value added tax (VAT)	Other taxes on products and imports	Interest and other income on property	Income and wealth taxes	Other	Total	Compensation of employees	Interest	Current and capital transfers within general government	Investment grants and other capital transfers	Other	Cash-basis deficit	Revenue	Expenditure							
1=2-8	2=3	a	7	3	■	4	5	6	■	7	8=9	a	13	9	10	■	11	■	12	13	14=15-16	■	15	16
99		-6 538	109 009	28 574	16 408	5 877	46 887	11 263	115 547	17 363	16 912	57 721	3 035	20 516	-6 354	110 370	116 724							
00		-5 592	117 346	31 262	17 171	5 210	52 526	11 177	122 938	15 806	16 726	65 635	3 705	21 066	-2 431	118 693	121 124							
01	P	-4 038	124 612	32 437	17 836	6 712	56 268	11 359	128 650	16 082	16 940	69 982	3 447	22 199	-2 884	125 193	128 077							
02	A	-3 576	108 220	24 262	11 426	5 327	56 355	10 850	111 796	17 011	16 550	50 064	3 251	24 920	-2 626	108 456	111 082							
02 J-M	A	4 780	46 134	14 817	4 947	2 426	20 769	3 175	41 354	6 318	6 938	20 103	718	7 277	-1 023	46 182	47 205							
03 J-M	A	5 306	46 680	15 629	4 204	2 137	21 373	3 337	41 374	6 567	6 747	18 715	859	8 486	231	45 999	45 768							
02 May	A	-4 752	3 700	328	687	639	1 169	877	8 452	1 356	1 429	3 643	204	1 820	-3 810	3 629	7 438							
Jun	A	-7 236	3 214	-207	900	367	-298	2 452	10 450	2 043	1 328	4 550	535	1 994	-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	5 577	433	850	461	3 611	222	16 014	2 275	1 368	5 854	90	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							
Mar	A	-5 118	3 965	640	791	197	1 693	644	9 083	1 323	1 366	4 383	192	1 819	-4 710	3 489	8 199							
Apr	A	7 391	16 038	5 068	812	671	8 922	565	8 647	1 390	1 332	3 727	165	2 033	8 334	16 064	7 730							
May	A	-5 727	3 003	245	882	293	594	989	8 730	1 301	1 373	3 807	215	2 034	-5 297	2 851	8 147							

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



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



Source: Ministerio de Hacienda (IGAE).

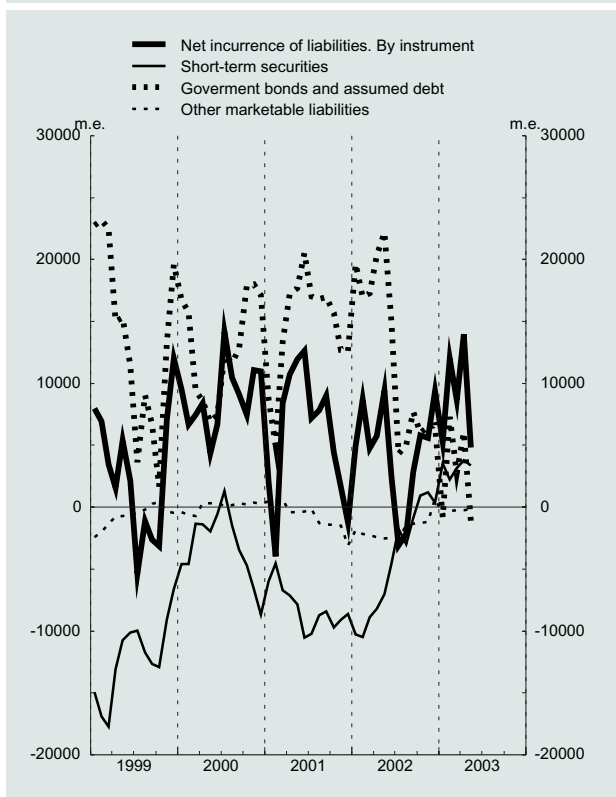
6.2. State financial transactions (ESA 95). Spain

■ Series depicted in chart.

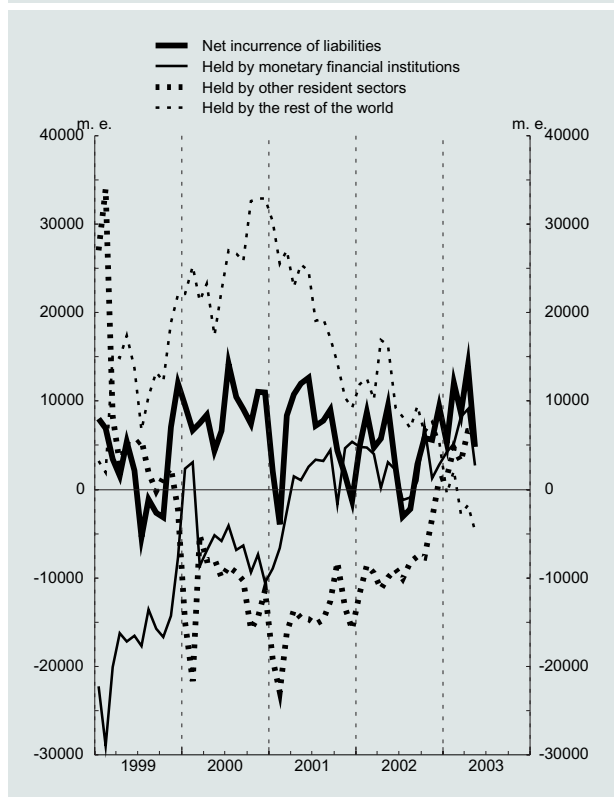
EUR billions

	Net lending (+) or net borrowing(-)	Net acquisition of financial assets		Net incurrence of liabilities										Net incurrence of liabilities (excluding other accounts payable)		
				Of which		By instrument					By counterpart sector					
		Total	In currencies other than the peseta/ euro			Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Other accounts payable	Held by resident sectors				Rest of the world	
				Total	Deposits at the Banco de España						Total	Monetary financial institutions	Other resident sectors			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
99		-6 538	5 452	4 574	11 991	199	-6 629	19 581	-499	-446	-18	-10 035	-7 734	-2 301	22 026	12 008
00		-5 592	5 357	5 690	10 949	1 163	-8 683	17 129	-499	283	2 719	-21 975	-10 554	-11 421	32 924	8 230
01	P	-4 038	-5 294	-20 141	-1 256	826	-8 616	12 545	-499	-3 101	-1 586	-10 463	5 386	-15 849	9 206	329
02	A	-3 576	5 799	-95	9 375	-903	346	6 645	-486	700	2 170	3 907	2 797	1 110	5 468	7 205
02 J-M	A	4 780	10 924	-95	6 144	-1 123	-76	5 999	-	517	-296	1 351	3 526	-2 174	4 792	6 440
03 J-M	A	5 306	6 894	0	1 588	-87	2 966	-1 762	-	-322	705	6 944	3 474	3 469	-5 356	882
02 May	A	-4 752	1 765	0	6 517	-27	-52	5 515	-	-71	1 125	5 218	3 054	2 164	1 299	5 392
Jun	A	-7 236	-8 795	15	-1 559	97	-18	-1 123	-	64	-481	1 202	410	793	-2 761	-1 077
Jul	A	5 435	-3 755	-12	-9 190	-154	1 926	-10 858	-	-83	-175	-7 308	-4 780	-2 528	-1 883	-9 015
Aug	A	-927	-1 025	-3	-98	34	-2 439	2 461	-	-11	-109	-823	-1 473	650	725	11
Sep	A	-739	7 789	5	8 528	92	1 133	6 080	-	97	1 219	3 639	3 180	460	4 888	7 309
Oct	A	7 282	8 225	-5	943	34	171	-60	-	27	804	963	-550	1 514	-21	139
Nov	A	-1 734	-1 062	-1	672	33	88	1 486	-	3	-905	1 455	630	825	-783	1 577
Dec	A	-10 437	-6 501	0	3 936	84	-439	2 659	-486	87	2 115	3 427	1 855	1 571	509	1 821
03 Jan	A	1 599	-6 759	-0	-8 358	-45	2 994	-10 925	-	-50	-377	-2 174	1 474	-3 648	-6 185	-7 981
Feb	A	7 161	10 404	0	3 243	20	-956	3 171	-	-93	1 121	2 194	1 006	1 187	1 049	2 121
Mar	A	-5 118	-2 675	-1	2 443	-71	603	1 539	-	-103	403	4 067	2 904	1 163	-1 624	2 039
Apr	A	7 391	14 288	-4	6 897	30	745	6 128	-	-114	138	3 876	1 402	2 474	3 021	6 759
May	A	-5 727	-8 363	4	-2 636	-21	-419	-1 675	-	37	-580	-1 019	-3 312	2 293	-1 617	-2 056

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).

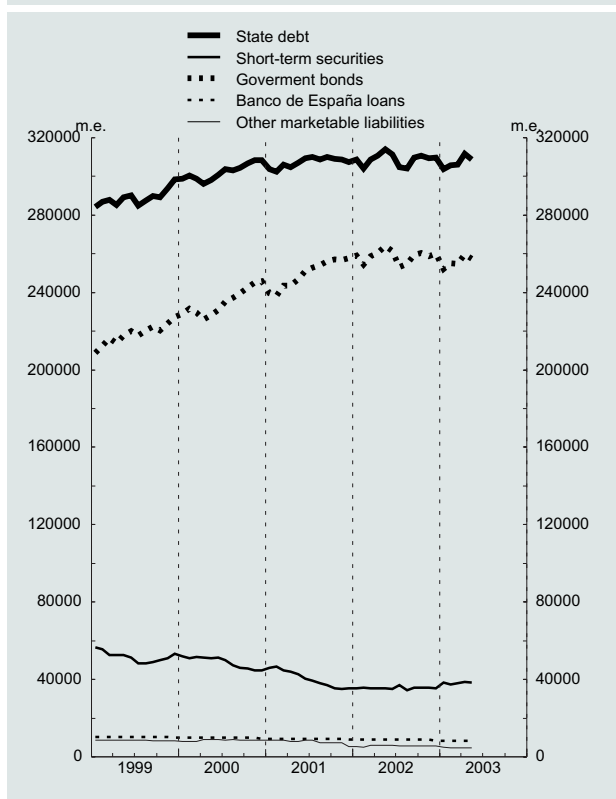
6.3. State: Liabilities outstanding. Spain

■ Series depicted in chart.

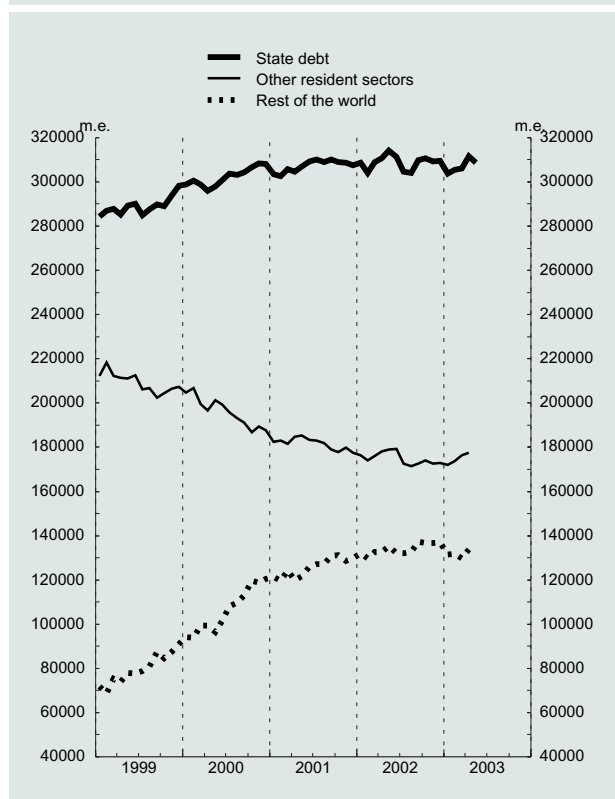
EUR millions

Liabilities outstanding (excluding other accounts payable)											Memorandum item:		
State debt according to the methodology of the excessive deficit procedure	of which	By instrument					By counterpart sector				Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level	
		In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world			
							Total	General government	Other resident sectors				
1	2	3	4	5	6	7	8	9	10	11	12		
96		263 963	20 434	81 084	152 293	10 814	19 772	210 489	529	209 960	54 003	15 195	8 185
97		274 168	23 270	71 730	180 558	10 578	11 303	211 530	445	211 085	63 083	9 829	7 251
98		284 153	30 048	59 939	205 182	10 341	8 691	215 200	305	214 895	69 258	10 273	6 412
99		298 378	7 189	53 142	227 151	9 843	8 243	207 458	150	207 308	91 070	14 846	5 310
00		308 212	8 197	44 605	245 711	9 344	8 552	188 482	695	187 787	120 424	20 536	5 430
01	P	307 434	7 611	35 428	257 716	8 845	5 445	179 118	1 474	177 644	129 791	395	5 460
02 Mar	P	308 823	6 506	35 271	258 629	8 845	6 078	177 586	1 474	176 112	132 711	310	6 100
Apr	P	310 676	6 431	35 423	260 449	8 845	5 958	179 470	1 474	177 996	132 680	300	6 057
May	P	314 034	6 309	35 270	264 047	8 845	5 872	181 658	2 788	178 869	135 165	300	5 984
Jun	P	311 321	6 128	35 132	261 495	8 845	5 848	182 540	3 257	179 283	132 038	315	6 071
Jul	P	304 755	6 187	37 019	253 117	8 845	5 775	176 624	3 970	172 654	132 101	303	7 099
Aug	P	304 007	6 206	34 546	254 851	8 845	5 765	175 418	3 970	171 448	132 559	300	7 092
Sep	P	309 802	6 089	35 666	259 554	8 845	5 737	176 484	3 970	172 514	137 288	305	7 063
Oct	A	310 732	6 044	35 795	260 332	8 845	5 760	177 950	3 970	173 981	136 751	300	7 046
Nov	A	309 294	6 011	35 847	258 843	8 845	5 759	178 316	5 713	172 603	136 691	299	6 920
Dec	A	309 652	5 823	35 459	260 060	8 359	5 773	178 420	5 648	172 772	136 880	300	6 819
03 Jan	A	303 668	5 633	38 508	251 959	8 359	4 842	177 633	5 563	172 070	131 598	300	6 325
Feb	A	305 627	5 664	37 525	254 987	8 359	4 755	179 407	5 563	173 844	131 783	300	6 324
Mar	A	305 975	5 551	38 090	254 881	8 359	4 644	182 471	6 150	176 321	129 654	299	6 271
Apr	A	311 560	5 412	38 815	259 871	8 359	4 515	183 965	6 341	177 624	133 936	295	6 213
Mav	A	308 676	5 129	38 376	257 420	8 359	4 521	...	6 309	...	...	300	6 051

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

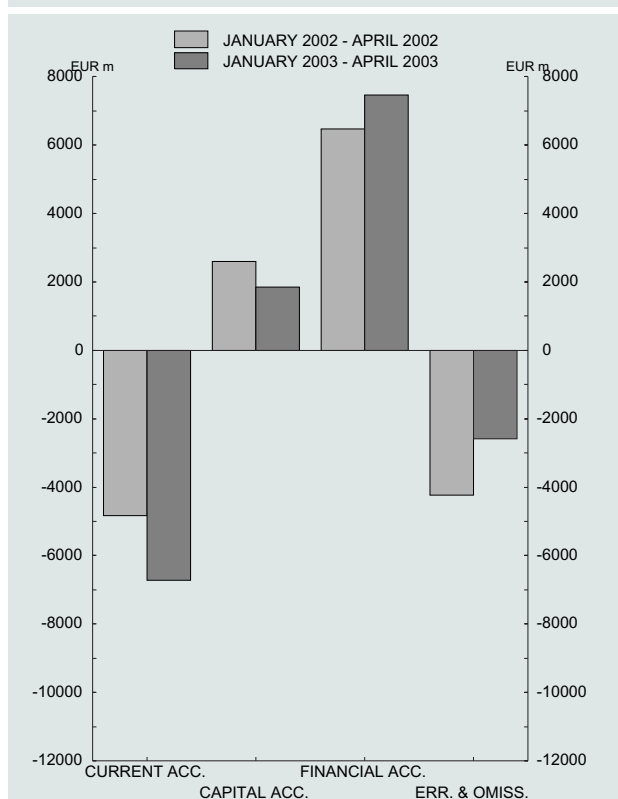
Current account

■ Series depicted in chart.

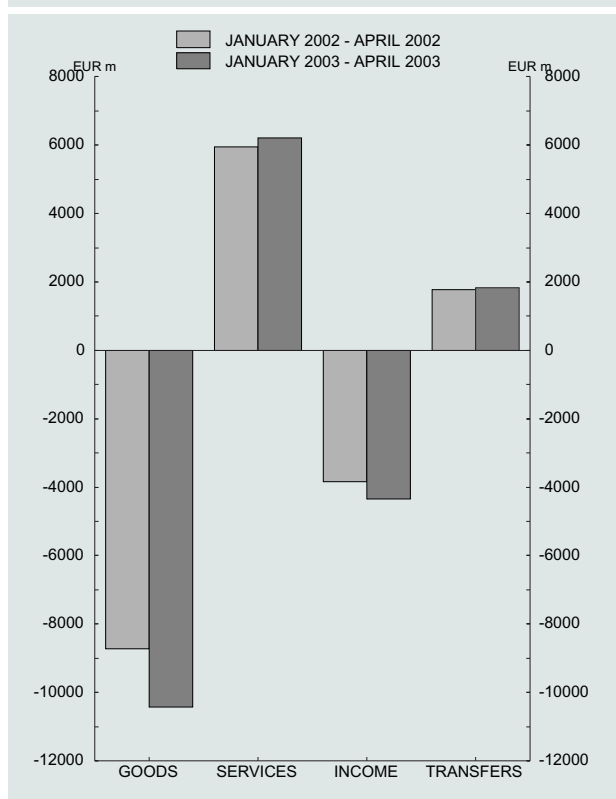
EUR millions

		Current account (a)													Capital account (balance)	Current account plus Capital account (balance)	Financial account (balance)	Errors and omissions	
		Total (balance)	Goods			Services					Income			Current trans- fers (bal- ance)					
			Balance	Receipts	Payments	Balance	Receipts		Payments		Balance	Receipts	Payments						
							Of which		Of which										
							Total	Tourism and travel	Total	Tourism and travel									
		1=2+5+10+13	2=3-4	3	4	5=6-8	6	7	8	9	10=11-12	11	12	13	14	15=1+14	16	17=- (15+16)	
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-A	-4 823	-8 716	44 158	52 875	5 945	18 533	9 072	12 588	2 002	-3 836	6 520	10 356	1 784	2 592	-2 232	6 472	-4 240	
03	J-A	P	-6 714	-10 423	47 117	57 540	6 215	19 543	9 353	13 328	2 015	-4 343	7 274	11 617	1 837	1 845	-4 869	7 461	-2 592
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
	Feb	P	-883	-2 491	11 457	13 948	1 299	4 510	2 152	3 211	503	-869	1 417	2 286	1 179	473	-410	642	-232
	Mar	P	-2 423	-2 751	12 460	15 211	1 611	4 907	2 382	3 295	472	-1 172	1 608	2 780	-111	70	-2 352	2 823	-470
	Apr	P	-1 209	-2 487	12 608	15 094	2 129	5 376	2 698	3 247	462	-438	2 297	2 735	-414	26	-1 184	2 447	-1 263

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

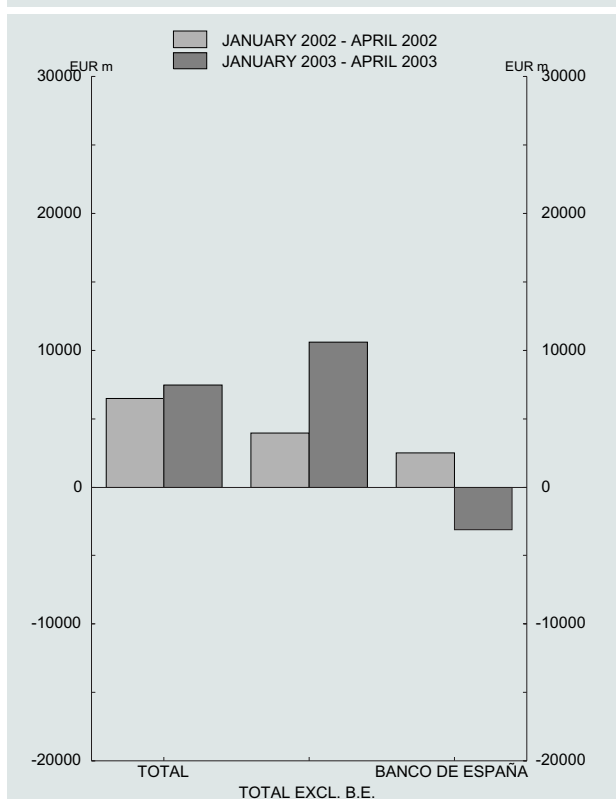
Financial account (a)

■ Series depicted in chart.

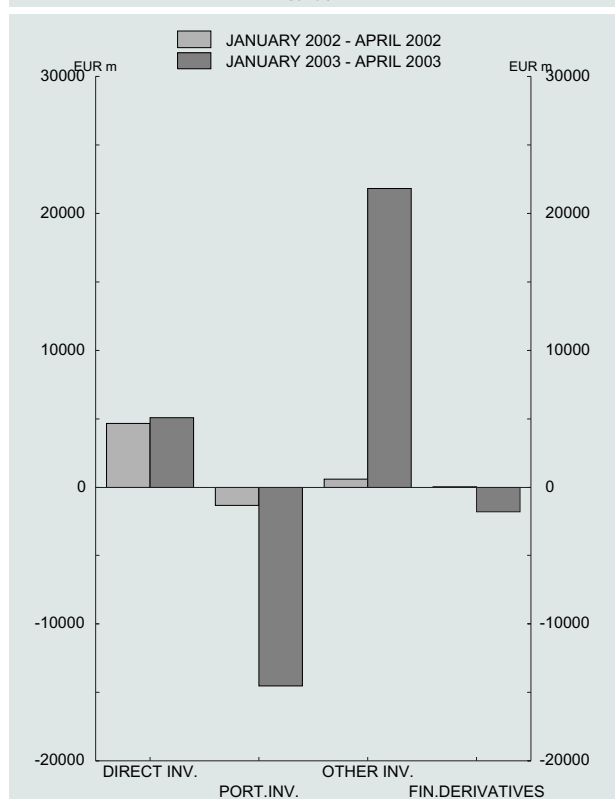
EUR millions

	Financial account (NCL- NCA) 1= 2+13	Total, excluding Banco de España											Banco de España				Memorandum item:		
		Total (NCL- NCA) 2=3+6+ 9+12	Direct investment			Portfolio investment			Other investment (d)			Net financial derivatives (NCL- NCA) 12	Balance (NCL- NCA) 13=14+ 15+16	Re-serves (e) 14	Claims with the Euro-system (e) 15	Other net assets (NCL- NCA) 16	Other investment including Banco de España (d)		
			Balance (NCL- NCA) 3=5-4	Spanish investment abroad (NCA) 4	Foreign investment in Spain (NCL) (b) 5	Balance (NCL- NCA) 6=8-7	Spanish investment abroad (NCA) 7	Foreign investment in Spain (NCL) (c) 8	Balance (NCL- NCA) 9=11-10	Spanish investment abroad (NCA) 10	Foreign investment in Spain (NCL) 11						Spanish investment abroad 17	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-A		6 472	3 971	4 667	4 835	9 502	-1 328	13 994	12 666	594	15 491	16 085	39	2 500	-834	2 733	601	12 769	16 697
03 J-A	P	7 461	10 576	5 101	751	5 852	-14 535	28 323	13 788	21 807	11 065	32 872	-1 796	-3 115	2 264	-3 007	-2 373	14 067	32 270
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
Feb	P	642	-4 076	1 141	503	1 644	-3 683	6 484	2 801	-2 163	7 728	5 565	628	4 718	186	4 830	-298	2 924	5 664
Mar	P	2 823	3 558	1 051	-691	360	-4 064	11 669	7 605	7 367	-1 951	5 416	-796	-735	804	-683	-856	-1 257	5 323
Apr	P	2 447	3 765	629	725	1 354	-31	7 481	7 450	3 595	8 008	11 603	-428	-1 318	674	-1 320	-672	9 296	11 553

FINANCIAL ACCOUNT



FINANCIAL ACCOUNT, EXCLUDING BANCO DE ESPAÑA
Breakdown



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

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

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

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

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

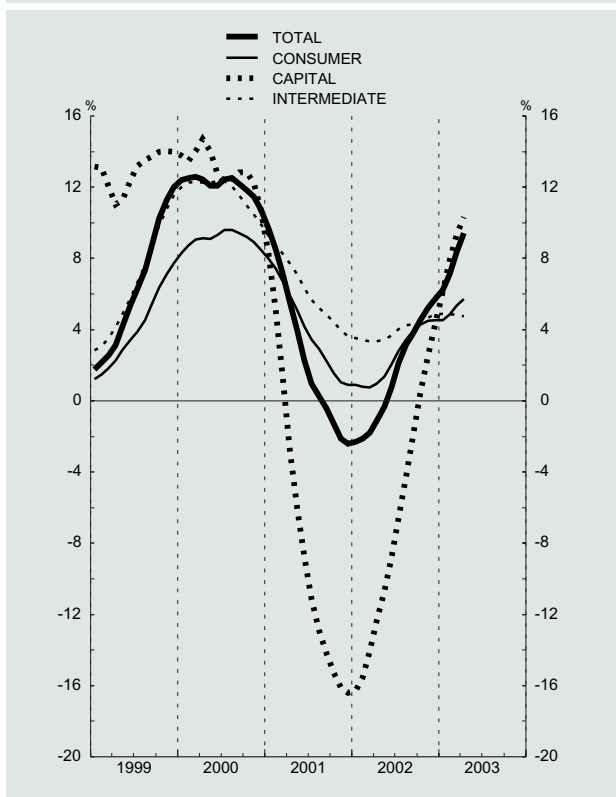
7.3 Spanish foreign trade with other euro area countries and with the rest of the world. Exports and dispatches

■ Series depicted in chart.

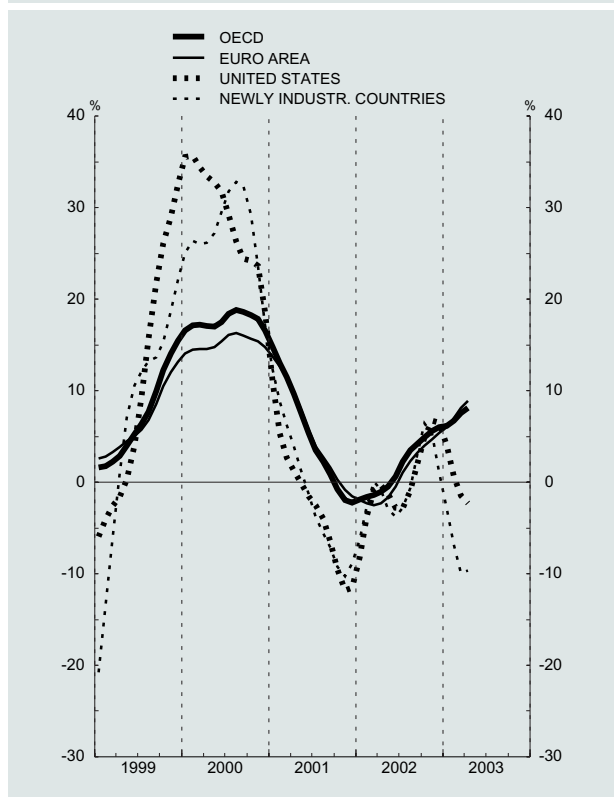
EUR millions and annual percentage changes

		Total			By product (deflated data)(a)				By geographical area (nominal data)									
		EUR millions	Nom- inal	De- flated	Con- sumer	Capital	Intermediate			O E C D					OPEC	Other American countries	Newly industri- alised coun- tries	Other
							Total	Energy	Non- energy	Total	Euro- pean Union	of which: Euro area	United States of America	Other OECD members				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	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
02	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	12.2	11.7	1.0	16.8	21.0	16.7	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
	Feb	11 212	3.8	3.5	2.4	14.8	1.3	26.8	1.1	3.4	4.7	4.0	-12.8	4.2	2.1	-1.3	1.3	8.8
	Mar	12 250	10.7	13.1	15.2	15.2	10.8	25.9	10.9	12.6	10.8	13.3	0.2	14.1	-7.2	-4.9	-32.4	12.7
	Apr	12 274	7.6	9.0	4.4	19.0	9.5	72.2	8.0	7.7	4.8	12.3	-7.2	9.9	-7.9	-6.3	-17.8	16.9

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.

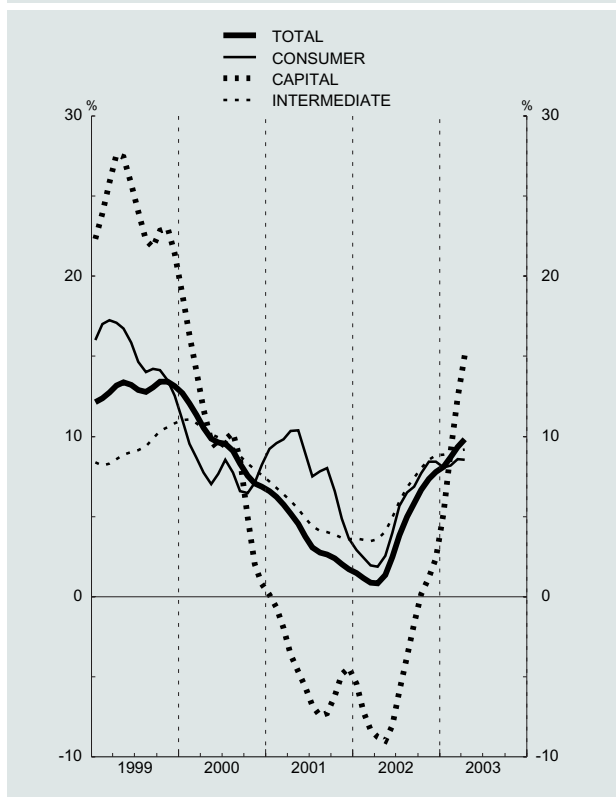
7.4 Spanish foreign trade with other euro area countries and with the rest of the world. Imports and arrivals

■ Series depicted in chart.

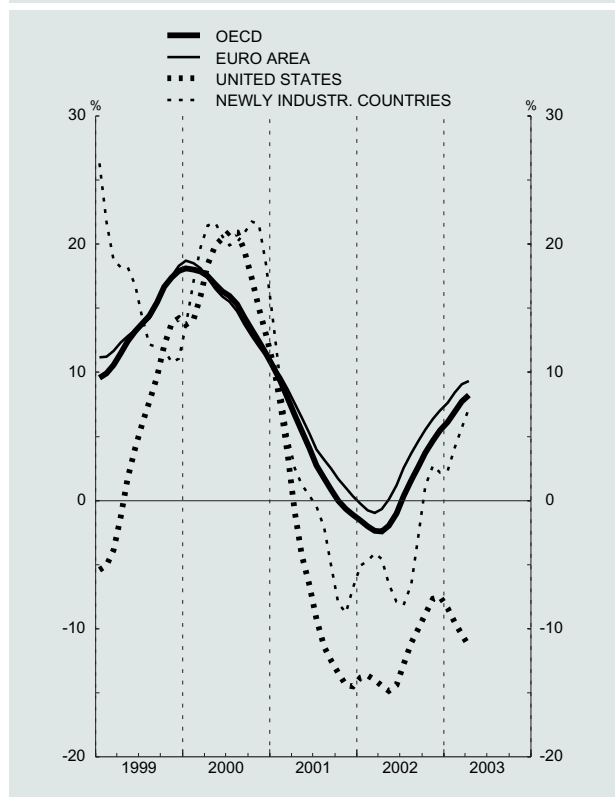
EUR millions and annual percentage changes

		Total			By product (deflated data)(a)					By geographical area (nominal data)									
		EUR millions	Nom- inal	De- flat- ed	Con- sumer	Capital	Intermediate			O E C D					OPEC	Other American countries	Newly industri- alised coun- tries	Other	
							Total	Energy	Non- energy	Total	Euro- pean Union	of which: Euro area	United States of America	Other OECD member					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
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	
02	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	-4.4	26.0	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	-17.8	-0.6	1.8	7.3	4.4	-10.2	1.3	18.1	-12.0	-2.8	9.1	
	Feb	14 382	7.0	12.7	2.4	15.4	16.5	-5.1	19.8	8.1	2.4	7.6	-13.0	11.8	9.1	-16.8	6.5	5.1	
	Mar	15 667	16.3	13.1	15.7	16.1	11.0	-0.4	12.7	15.2	17.8	17.3	-5.2	16.1	35.4	-14.0	24.0	19.1	
	Apr	15 583	7.2	9.9	7.5	16.4	9.2	7.0	9.4	9.5	5.7	11.3	-22.6	13.6	3.8	17.2	-12.2	-2.0	

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.

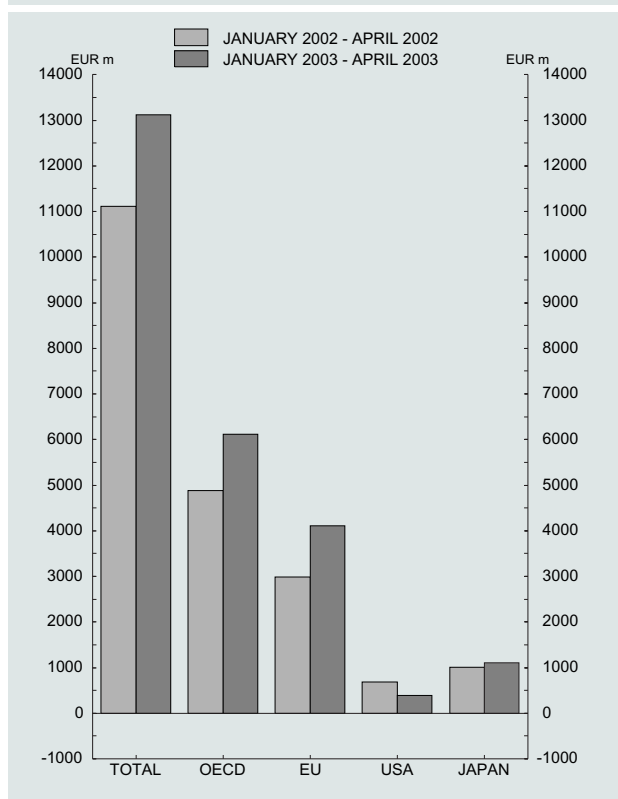
Trade balance: geographical distribution

■ Series depicted in chart.

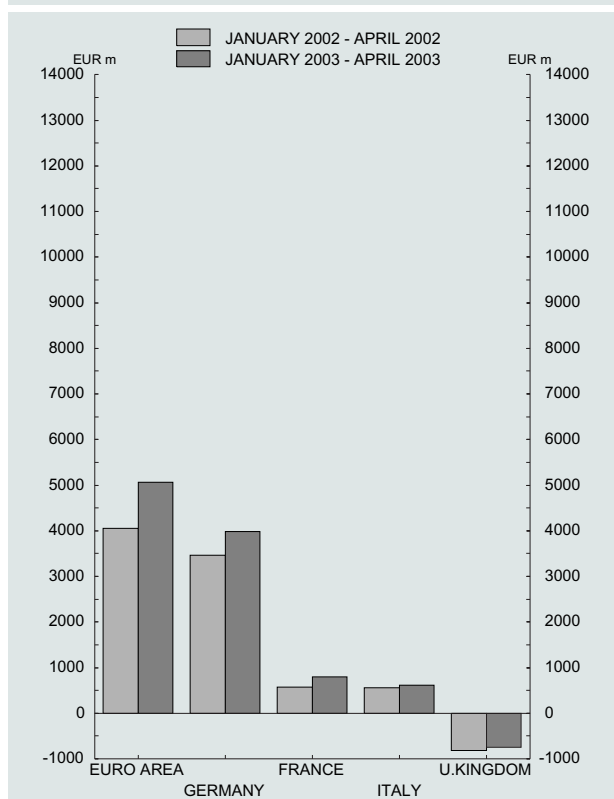
EUR millions

	World total	OECD											OPEC	Other American countries	Newly indus- trial- ised countries	Other	
		Total	European Union							United States of America	Japan	Other OECD members					
			Total	Euro area				United Kingdom	Other EU members								
				of which:													
				Total	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-A		-11 120	-4 883	-2 981	-4 049	-3 470	-570	-556	823	246	-687	-1 001	-214	-2 400	-266	-726	-2 845
03 J-A		-13 118	-6 121	-4 107	-5 066	-3 985	-801	-618	743	216	-390	-1 106	-518	-3 044	-308	-843	-2 802
02 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
Feb		-3 171	-1 597	-1 140	-1 408	-1 045	-182	-219	231	37	-100	-217	-139	-715	19	-175	-703
Mar		-3 417	-1 681	-1 177	-1 427	-1 159	-178	-208	171	78	-116	-311	-77	-807	6	-206	-730
Apr		-3 309	-1 662	-1 217	-1 268	-945	-246	-115	41	10	-29	-311	-106	-628	-211	-220	-588

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 Boletín estadístico.

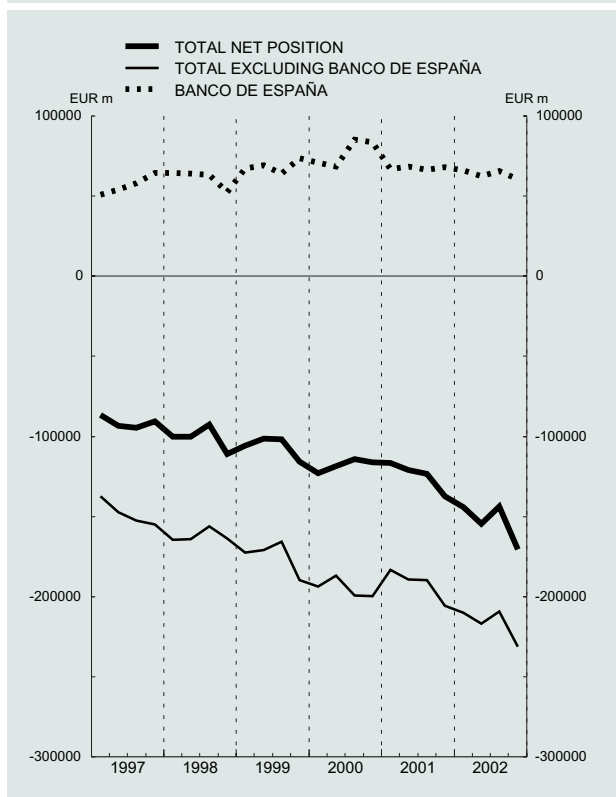
7.6. Spanish international investment position vis-à-vis other euro area residents and the rest of the world Summary

■ Series depicted in chart.

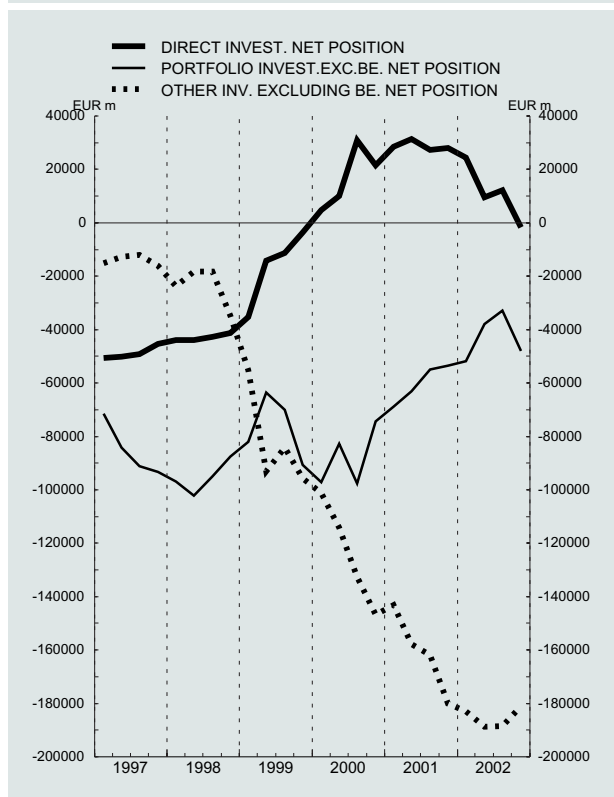
End-of-period stocks in EUR millions

		Net international investment position (assets-liabil.)	Total excluding Banco de España											Banco de España			
			Net position excluding Banco de España (assets - liabil.)	Direct investment			Portfolio investment			Other investment			Banco de España net position (assets-liabil.)	Reserves	Assets vis-à-vis the Euro-system	Other net assets (assets-liabil.)	
				Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)					
		1=2+12	2=3+6+9	3=4-5	4	5	6=7-8	7	8	9=10-11	10	11	12=13+15	13	14	15	
94	P	-79 459	-114 232	-52 461	23 795	76 256	-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	85 165	-83 153	16 650	99 802	1 901	132 147	130 245	47 403	47 658	-	-256	
97	P	-90 515	-154 826	-45 355	45 882	91 237	-93 277	31 775	125 053	-16 194	141 760	157 954	64 311	64 174	-	137	
98	P	-111 095	-163 637	-41 178	60 123	101 301	-87 557	69 993	157 550	-34 902	158 775	193 677	52 542	52 095	-	447	
99 Q4	P	-115 967	-189 710	-3 540	112 261	115 801	-90 554	118 045	208 599	-95 616	148 074	243 689	73 743	37 288	36 028	427	
00 Q1	P	-122 937	-193 618	4 795	122 688	117 894	-97 213	131 926	229 139	-101 200	156 580	257 780	70 682	39 763	31 776	-858	
Q2	P	-118 430	-186 819	10 092	139 799	129 707	-82 853	144 202	227 055	-114 058	155 048	269 106	68 389	39 354	29 092	-57	
Q3	P	-114 067	-199 169	31 003	167 316	136 313	-97 615	158 642	256 257	-132 556	162 484	295 041	85 101	42 750	42 610	-259	
Q4	P	-116 296	-199 812	21 480	177 099	155 618	-74 482	186 091	260 572	-146 810	159 493	306 303	83 516	38 234	45 278	4	
01 Q1	P	-116 428	-183 430	28 495	189 275	160 780	-68 748	200 189	268 937	-143 177	188 313	331 491	67 002	41 380	27 355	-1 732	
Q2	P	-121 038	-189 439	31 454	209 441	177 987	-63 132	216 721	279 853	-157 761	178 122	335 884	68 402	40 776	28 376	-751	
Q3	P	-123 285	-189 723	27 271	207 656	180 385	-55 031	216 700	271 731	-161 962	170 347	332 310	66 438	39 971	27 762	-1 296	
Q4	P	-137 358	-205 502	27 985	214 931	186 945	-53 482	235 282	288 764	-180 005	163 426	343 431	68 145	38 865	29 156	123	
02 Q1	P	-144 171	-210 221	24 513	218 243	193 730	-51 770	245 683	297 453	-182 964	167 518	350 482	66 050	41 015	26 173	-1 139	
Q2	P	-154 589	-217 078	9 554	205 575	196 020	-37 866	254 103	291 969	-188 766	172 724	361 490	62 489	36 400	26 005	84	
Q3	P	-143 669	-209 319	12 150	211 265	199 115	-33 002	257 679	290 681	-188 467	177 299	365 766	65 651	38 425	27 657	-431	
Q4	P	-170 514	-231 151	-1 638	206 018	207 656	-48 472	259 982	308 454	-181 041	184 485	365 526	60 637	38 431	22 650	-445	

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 Balance 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').

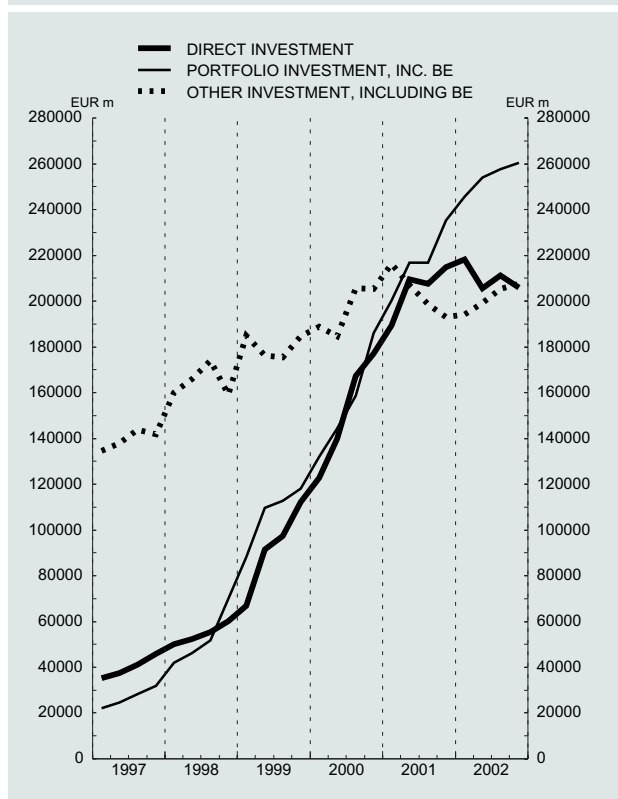
7.7. Spanish international investment position vis-à-vis other euro area residents and the rest of the world. Breakdown by investment

■ Series depicted in chart.

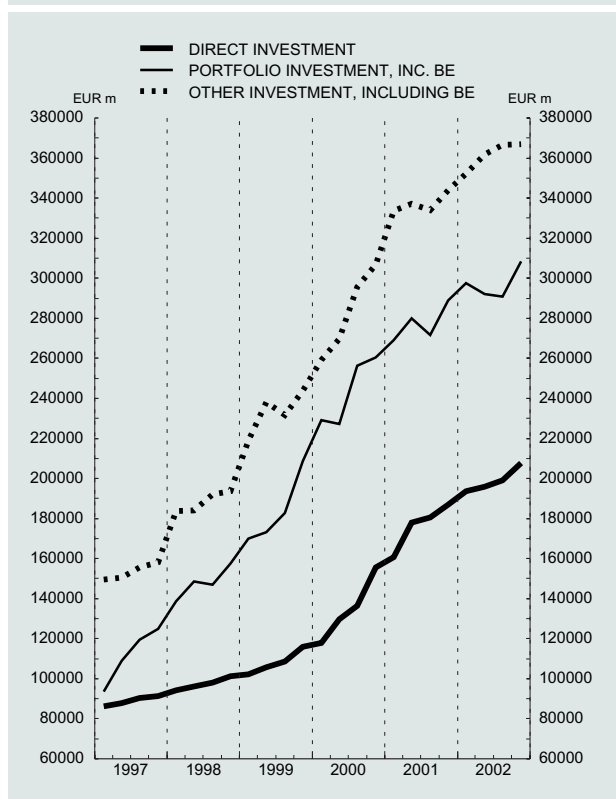
End-of-period stocks in EUR millions

		Direct investment				Portfolio investment, including Banco de España				Other investment, including Banco de España	
		Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad	Foreign investment in Spain
		Shares and other equities	Intercompany debt transactions	Shares and other equities	Intercompany debt transactions	Shares and mutual funds	Debt securities	Shares and mutual funds	Debt securities		
		1	2	3	4	5	6	7	8	9	10
94	P	22 247	1 548	63 913	12 343	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	13 482	3 501	13 149	30 895	68 908	132 328	130 683
97	P	42 705	3 177	78 261	12 977	8 421	23 354	42 827	82 226	141 943	158 000
98	P	54 370	5 753	84 022	17 279	17 122	52 871	64 947	92 603	159 274	193 729
99 Q4	P	104 807	7 454	97 447	18 355	32 910	85 135	86 422	122 177	184 563	243 723
00 Q1	P	114 726	7 963	98 359	19 535	45 428	86 498	95 768	133 371	188 822	259 103
Q2	P	131 451	8 347	108 796	20 911	51 679	92 523	90 505	136 549	184 601	269 623
Q3	P	154 516	12 800	111 991	24 322	58 411	100 230	104 888	151 369	205 535	295 740
Q4	P	164 136	12 962	129 955	25 664	76 253	109 838	97 709	162 864	205 229	306 757
01 Q1	P	172 430	16 846	132 506	28 274	78 652	121 537	99 517	169 420	216 093	333 647
Q2	P	190 730	18 711	144 585	33 402	77 829	138 892	103 951	175 902	206 932	337 068
Q3	P	187 128	20 528	146 839	33 546	75 104	141 596	88 212	183 518	198 552	334 047
Q4	P	194 340	20 590	150 244	36 702	77 090	158 192	100 065	188 699	193 003	343 730
02 Q1	P	197 319	20 924	148 913	44 816	76 792	168 892	103 993	193 461	194 139	352 069
Q2	P	188 597	16 978	151 710	44 310	74 281	179 822	92 459	199 510	199 177	361 855
Q3	P	192 560	18 705	152 982	46 133	74 946	182 733	74 960	215 721	205 377	366 618
Q4	P	186 608	19 410	157 018	50 638	72 008	188 461	80 626	227 828	207 575	366 897

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



Source: BE.

Nota: See footnote to Indicator 7.6

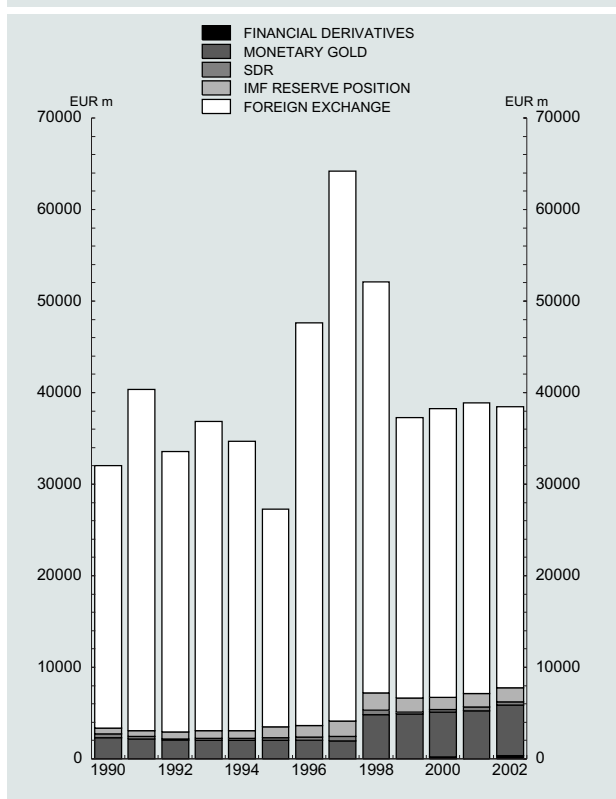
7.8. Spanish reserve assets

■ Series depicted in chart.

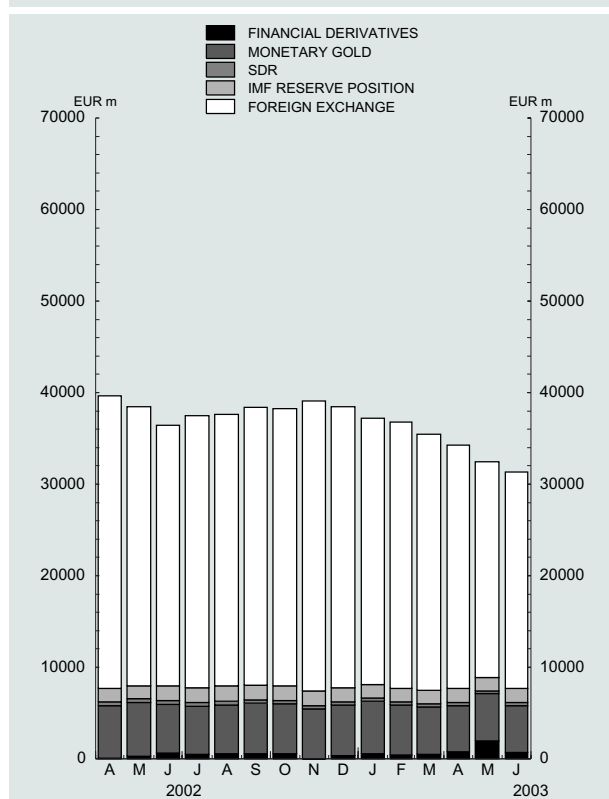
EUR millions

		Reserve assets						Memorandum item: gold
		Total	Foreign exchange	Reserve position in the IMF	SDRs	Monetary gold	Financial derivatives	Millions of troy ounces
		1	2	3	4	5	6	7
99	R	37 288	30 639	1 517	259	4 873	...	16.8
00		38 234	31 546	1 271	312	4 931	175	16.8
01		38 865	31 727	1 503	398	5 301	-63	16.8
02	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
	Apr	34 290	26 626	1 503	329	5 084	748	16.8
	May	31 576	23 586	1 446	318	5 169	1 956	16.8
	Jun	31 326	23 650	1 531	330	5 083	731	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 amount 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							
	Open market operations				Standing facilities		Total	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		Bank notes	Net liabilities to general government	Gold and net assets in foreign currency	Other (net)	Total	Of euro area residents		
	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
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
Apr	225 887	181 136	44 982	-	14	88	332	86 415	361 691	3 881	333 632	54 475	4 102	133 342	2 029
May	223 549	178 317	44 980	-175	21	580	174	87 720	366 841	1 040	332 823	52 662	4 657	129 143	2 029
Jun	242 725	197 701	44 990	-	58	295	320	101 582	375 152	7 666	330 087	48 852	5 590	133 523	2 029

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	Bank-notes	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
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	-
Apr	15 460	14 563	900	-	-3	-	-	28 617	54 799	5 628	37 706	5 897	-24 679	-23 845	-833	11 522	-
May	16 142	15 771	367	-	4	-	-	29 707	54 804	6 792	36 619	4 730	-25 126	-24 535	-591	11 562	-
Jun	17 225	17 096	123	-	6	-	0	31 927	55 832	8 040	35 483	3 538	-26 074	-25 645	-429	11 371	-

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

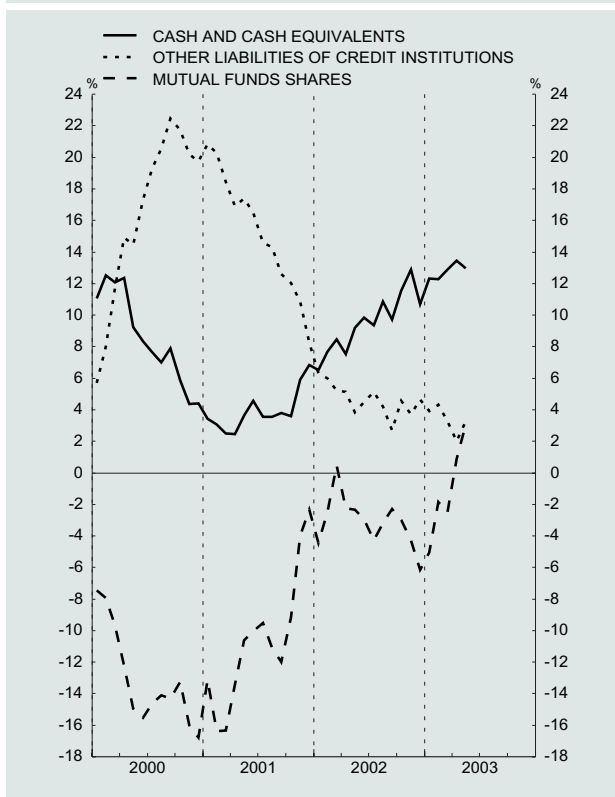
8.2 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of non-financial corporations, households and NPISHs resident in Spain

■ Series depicted in chart.

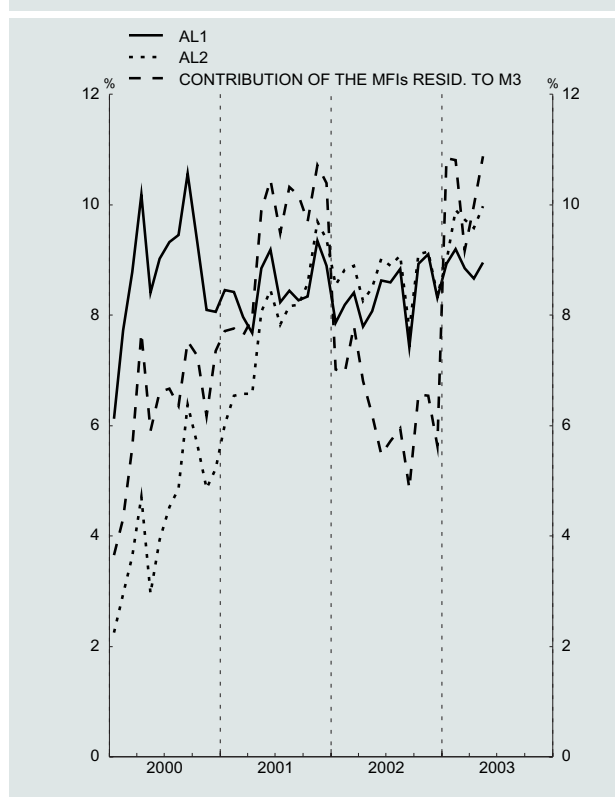
EUR millions and %

	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			AL1 (d)	AL2 (e)	Contribution of the MFIs resid. to M3
			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			
	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	221 046	19.7	25.4	11.4	-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	239 330	8.3	13.0	-1.1	-20.6	153 804	-2.4	31.2	19.7	-18.0	8.9	9.4	10.4
02	P 322 417	10.7	23.4	10.3	6.5	250 436	4.6	6.9	-6.9	5.6	144 346	-6.1	12.9	9.2	-20.9	8.3	8.4	5.6
02 Feb	284 997	7.7	-19.0	15.1	13.2	242 778	6.0	10.2	3.9	-26.4	149 960	-2.5	28.1	22.7	-18.7	8.2	8.8	7.0
Mar	289 709	8.4	-23.6	17.5	14.8	244 467	5.2	8.2	4.8	-21.2	152 652	0.5	30.2	19.6	-14.9	8.4	8.9	7.8
Apr	P 288 190	7.5	-19.3	14.3	13.5	245 901	5.1	6.9	5.8	-13.1	150 794	-2.3	28.4	18.4	-18.4	7.8	8.3	6.8
May	P 292 076	9.2	-13.8	16.0	13.1	245 187	3.8	6.2	3.5	-18.4	150 161	-2.3	28.5	17.7	-18.8	8.1	8.5	6.2
Jun	P 308 357	9.9	-10.8	16.3	12.7	247 606	4.5	6.2	1.8	-8.2	147 672	-2.9	27.0	17.8	-19.8	8.6	9.0	5.5
Jul	P 304 731	9.3	-7.3	15.1	11.1	248 343	5.1	7.1	2.4	-11.0	144 771	-4.3	25.8	15.4	-21.7	8.6	8.9	5.7
Aug	P 303 590	10.9	-5.0	17.0	11.9	250 449	4.2	6.0	-0.4	-6.9	145 199	-3.2	24.3	14.3	-19.8	8.8	9.1	5.9
Sep	P 308 539	9.7	-1.9	14.5	9.8	247 744	2.7	5.1	-5.4	-8.0	142 743	-2.3	20.3	14.5	-18.2	7.4	7.7	4.9
Oct	P 305 273	11.5	3.2	16.7	9.8	251 742	4.5	7.1	-6.4	-2.0	144 920	-3.0	17.7	12.7	-18.0	8.9	9.1	6.6
Nov	P 315 449	12.9	8.6	17.8	9.7	250 910	3.7	6.3	-7.3	-3.9	146 234	-4.3	15.3	10.0	-18.5	9.1	9.1	6.5
Dec	P 322 417	10.7	23.4	10.3	6.5	250 436	4.6	6.9	-6.9	5.6	144 346	-6.1	12.9	9.2	-20.9	8.3	8.4	5.6
03 Jan	P 315 622	12.3	26.5	13.3	6.5	252 407	3.9	6.1	-5.3	-1.1	143 663	-5.1	15.2	9.8	-20.8	8.9	9.0	10.8
Feb	P 320 036	12.3	26.7	12.8	6.7	253 255	4.3	5.8	-7.6	13.2	147 210	-1.8	16.5	23.6	-20.8	9.2	9.9	10.8
Mar	P 327 084	12.9	36.5	12.6	5.5	252 499	3.3	4.6	-7.2	10.3	148 862	-2.5	13.1	27.2	-21.7	8.8	9.7	9.2
Apr	P 326 940	13.4	32.2	13.3	7.1	250 890	2.0	3.9	-7.5	-0.2	152 118	0.9	14.6	27.6	-16.7	8.7	9.6	10.0
May	P 329 924	13.0	26.6	12.4	8.6	253 200	3.3	5.7	-9.7	1.2	154 786	3.1	14.0	30.3	-13.6	8.9	10.0	10.9

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.

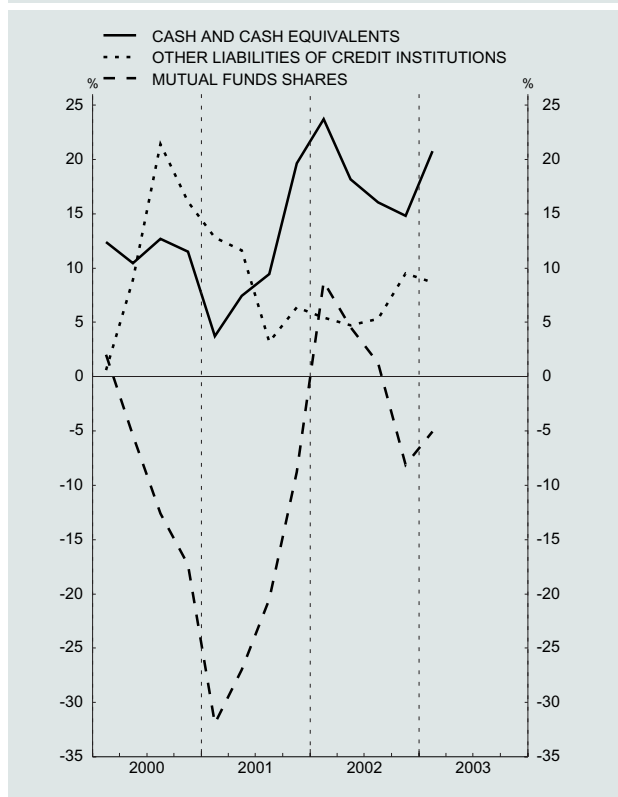
8.3 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of non-financial corporations resident in Spain

■ Series depicted in chart.

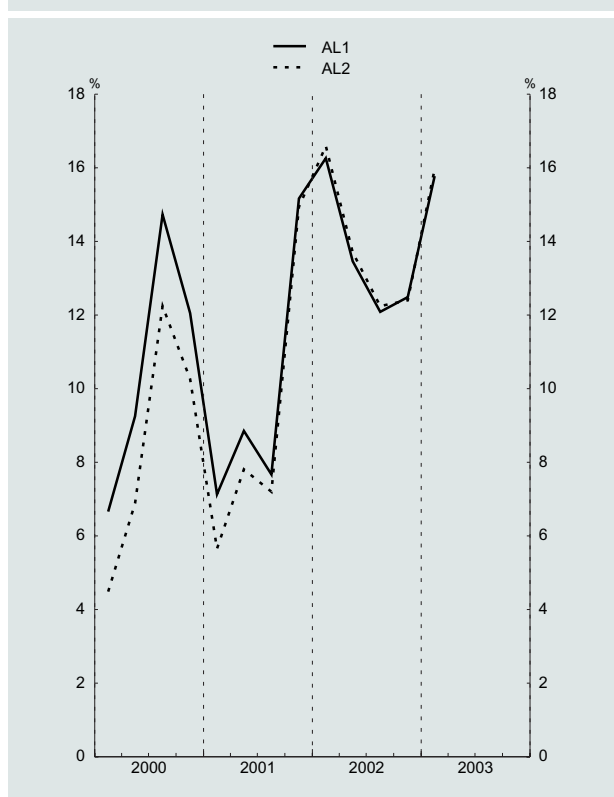
EUR millions and %

	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 depos- its	Sav- ing depos- its (b)			Other depos- its (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	
00	55 494	11.5	11.5	13.1	37 281	16.1	45.5	4.7	14 703	-17.3	-16.9	-34.6	-11.9	12.1	10.3
01	66 405	19.7	20.0	10.7	39 666	6.4	16.7	0.8	13 410	-8.8	40.7	5.2	-27.9	15.2	14.9
02	76 231	14.8	14.0	39.5	43 438	9.5	19.1	3.5	12 318	-8.1	4.3	8.3	-21.5	12.5	12.4
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	21.4	58.7	8.4	15 537	-12.6	-12.7	-40.7	-1.8	14.7	12.2
Q4	55 494	11.5	11.5	13.1	37 281	16.1	45.5	4.7	14 703	-17.3	-16.9	-34.6	-11.9	12.1	10.3
01 Q1	52 582	3.7	3.5	10.6	38 269	12.8	38.7	1.4	12 227	-31.9	1.5	-38.9	-40.1	7.1	5.7
Q2	59 976	7.5	7.4	8.3	38 437	11.7	27.5	3.5	12 399	-27.0	3.3	-29.0	-36.2	8.8	7.8
Q3	60 504	9.5	9.4	12.1	37 980	3.2	22.9	-6.8	12 352	-20.5	27.4	-12.0	-37.8	7.7	7.2
Q4	66 405	19.7	20.0	10.7	39 666	6.4	16.7	0.8	13 410	-8.8	40.7	5.2	-27.9	15.2	14.9
02 Q1	65 050	23.7	24.1	13.3	40 344	5.4	13.7	0.4	13 299	8.8	23.1	33.7	-4.9	16.3	16.6
Q2	70 875	18.2	18.1	19.6	40 253	4.7	10.1	1.3	12 963	4.6	28.4	26.6	-13.8	13.5	13.7
Q3	70 223	16.1	16.1	15.6	40 011	5.3	10.8	1.7	12 506	1.3	16.1	19.7	-14.5	12.1	12.2
Q4	76 231	14.8	14.0	39.5	43 438	9.5	19.1	3.5	12 318	-8.1	4.3	8.3	-21.5	12.5	12.4
03 Q1	78 554	20.8	20.4	31.0	43 854	8.7	16.0	3.7	12 623	-5.1	6.9	24.2	-23.5	15.8	16.0

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.

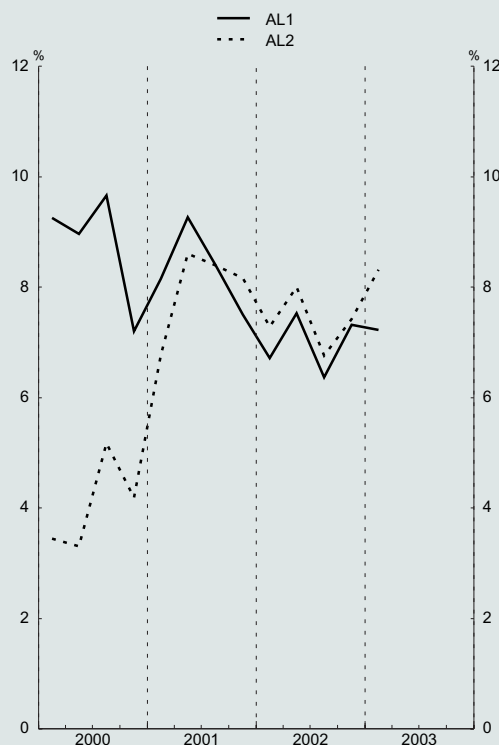
EUR millions and %

	Cash and cash equivalents					Other liabilities of credit institutions				Mutual funds shares				Memorandum items		
	Stocks	4- quarter % change	4-quarter % change			Stocks	4- quarter % change	4-quarter % change		Stocks	4- quarter % change	4-quarter % change			4-quarter % change	
			Cash	Shigt depos- its	Sav- ing depos- its (b)			Other depos- its (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	16
00	217 206	2.7	-0.8	7.1	2.2	183 765	20.5	24.0	5.2	142 803	-16.7	-22.3	-32.8	-9.6	7.2	4.2
01	224 905	3.5	-22.4	12.1	11.8	199 663	8.7	12.7	-12.6	140 394	-1.7	30.2	21.2	-16.9	7.5	8.2
02	246 186	9.5	23.7	6.9	5.9	206 998	3.7	5.8	-10.9	132 028	-6.0	13.9	9.3	-20.8	7.3	7.4
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	12.7	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	183 765	20.5	24.0	5.2	142 803	-16.7	-22.3	-32.8	-9.6	7.2	4.2
01 Q1	214 555	2.2	-2.3	7.7	1.4	194 041	19.6	24.3	-1.4	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	198 556	17.5	22.4	-5.2	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	203 231	14.5	20.1	-10.6	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	199 663	8.7	12.7	-12.6	140 394	-1.7	30.2	21.2	-16.9	7.5	8.2
02 Q1	224 660	4.7	-24.4	11.4	14.9	204 123	5.2	7.7	-8.9	139 353	-0.3	31.0	18.4	-15.7	6.7	7.3
Q2	237 482	7.6	-11.3	14.1	12.5	207 353	4.4	5.9	-4.2	134 708	-3.6	26.8	17.1	-20.3	7.5	8.0
Q3	238 316	8.0	-2.1	12.6	9.7	207 733	2.2	4.6	-12.4	130 237	-2.6	20.9	14.0	-18.5	6.4	6.8
Q4	246 186	9.5	23.7	6.9	5.9	206 998	3.7	5.8	-10.9	132 028	-6.0	13.9	9.3	-20.8	7.3	7.4
03 Q1	248 530	10.6	36.9	5.8	5.0	208 645	2.2	3.6	-7.0	136 239	-2.2	13.8	27.5	-21.5	7.2	8.3

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.

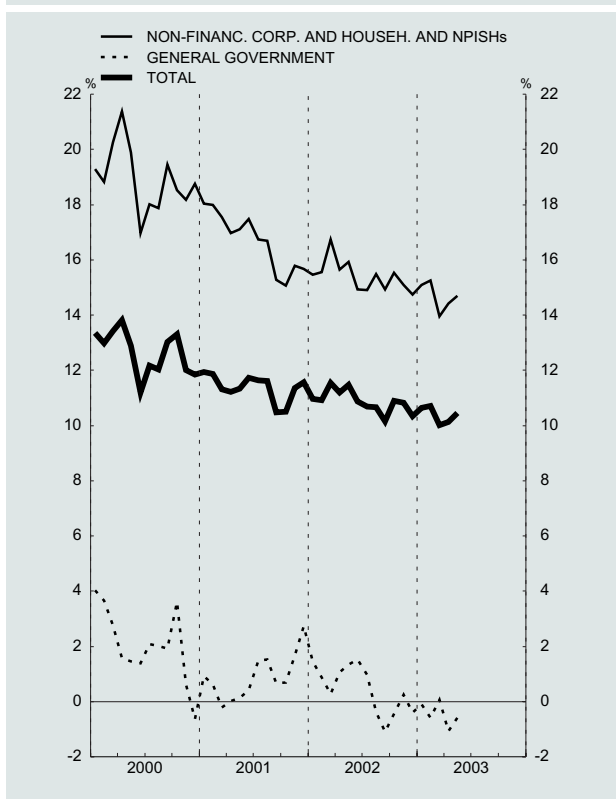
8.5 Financing of non-financial sectors resident in Spain (a)

■ Series depicted in chart.

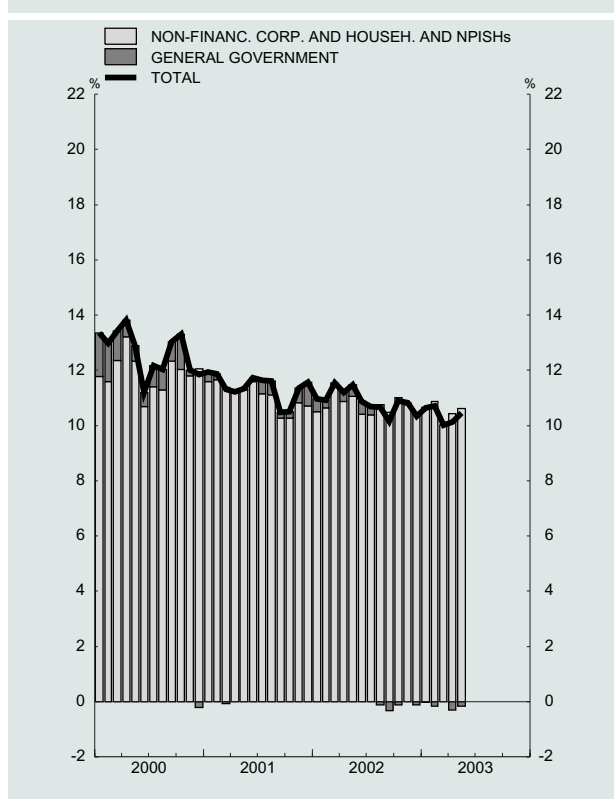
EUR millions and %

	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	982 296	17 907	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	1 097 144	22 098	11.6	2.7	15.7	13.5	20.8	8.1	28.4	0.9	10.7	7.5	0.4	0.1	2.7
02	P 1 205 733	19 239	10.3	-0.4	14.8	12.6	62.2	-9.7	19.6	-0.1	10.5	7.1	1.4	-0.2	2.2
02 Feb	1 102 849	-1 755	10.9	0.9	15.6	14.1	18.0	7.5	24.5	0.3	10.6	7.7	0.4	0.1	2.4
Mar	1 124 432	20 631	11.5	0.3	16.7	14.9	23.5	7.8	26.7	0.1	11.5	8.1	0.5	0.1	2.7
Apr	P 1 125 886	2 615	11.2	1.1	15.6	14.2	23.5	9.2	22.5	0.3	10.9	7.8	0.5	0.2	2.4
May	P 1 136 326	11 106	11.5	1.3	15.9	14.7	22.5	3.8	22.8	0.4	11.1	8.1	0.5	0.1	2.4
Jun	P 1 153 682	17 089	10.9	1.5	14.9	13.4	35.9	2.0	20.6	0.5	10.4	7.4	0.8	0.0	2.2
Jul	P 1 167 290	13 924	10.7	1.0	14.9	14.4	23.7	-1.6	17.9	0.3	10.4	7.9	0.6	-0.0	1.9
Aug	P 1 164 991	-3 227	10.7	-0.4	15.5	15.4	26.1	-3.9	16.8	-0.1	10.8	8.4	0.6	-0.1	1.8
Sep	P 1 171 209	5 839	10.2	-1.1	14.9	13.9	32.2	-2.8	19.5	-0.3	10.5	7.7	0.7	-0.0	2.1
Oct	P 1 175 952	7 506	10.9	-0.5	15.5	14.9	24.5	-3.8	19.9	-0.1	11.0	8.3	0.6	-0.1	2.2
Nov	P 1 188 290	12 649	10.8	0.2	15.1	13.7	45.6	-10.0	19.8	0.1	10.8	7.7	1.1	-0.2	2.2
Dec	P 1 205 733	19 239	10.3	-0.4	14.8	12.6	62.2	-9.7	19.6	-0.1	10.5	7.1	1.4	-0.2	2.2
03 Jan	P 1 216 798	11 831	10.6	-0.1	15.1	14.0	51.8	-10.0	16.5	-0.0	10.7	7.8	1.2	-0.2	1.9
Feb	P 1 216 704	-1 113	10.7	-0.6	15.3	14.2	51.5	-10.5	16.7	-0.2	10.9	8.0	1.2	-0.2	1.9
Mar	P 1 232 495	15 214	10.0	0.1	13.9	13.2	49.9	-10.9	13.3	0.0	10.0	7.4	1.2	-0.2	1.5
Apr	P 1 236 416	3 984	10.1	-1.1	14.4	14.0	57.0	-13.1	11.8	-0.3	10.4	7.9	1.4	-0.2	1.4
May	P 1 252 283	15 906	10.5	-0.6	14.7	14.1	56.4	-5.4	11.9	-0.2	10.6	8.0	1.3	-0.1	1.4

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.

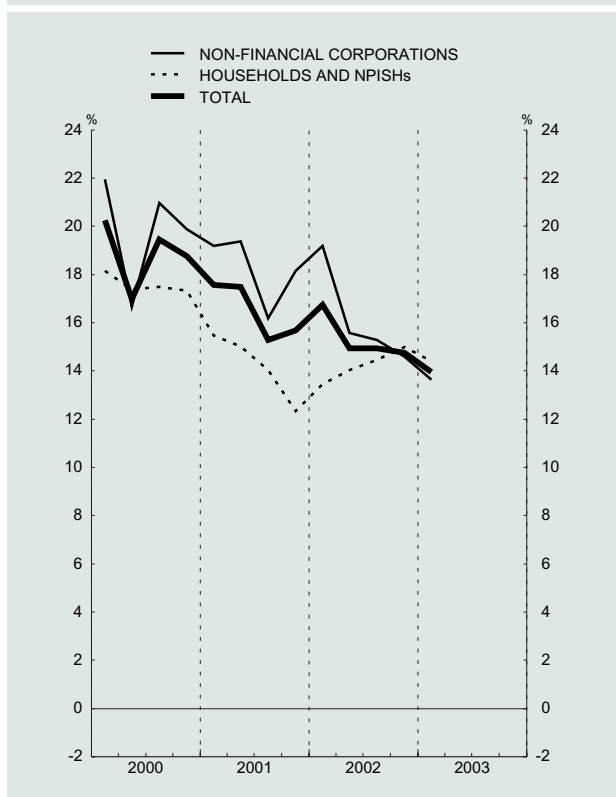
8.6. Financing of non-financial corporations, households and NPISHs resident in Spain (a)

■ Series depicted in chart.

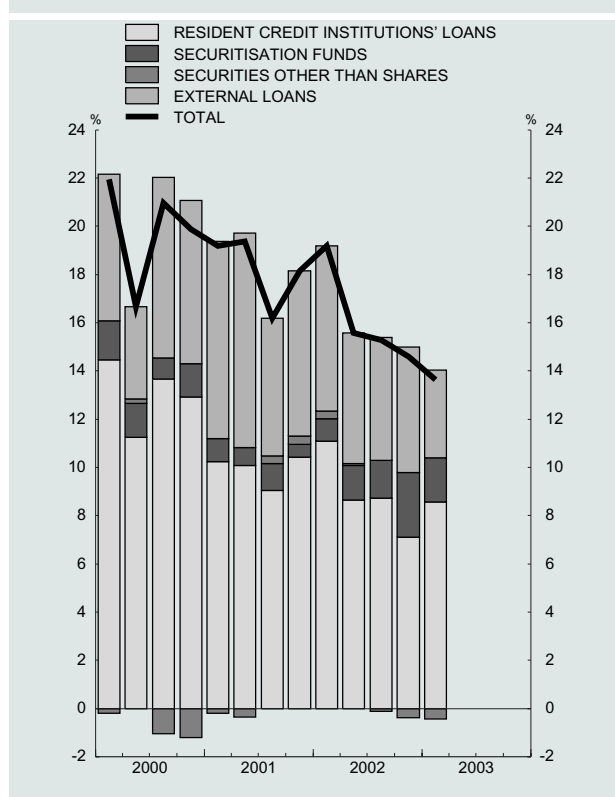
EUR millions and %

	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
00	384 131	63 227	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	455 456	69 740	18.2	302 122	15.3	10.4	14 395	15.9	18 142	8.1	0.4	120 797	28.5	6.9	322 472	35 487	12.3
02	517 670	66 453	14.6	333 643	10.7	7.1	26 646	85.1	16 386	-9.7	-0.4	140 994	19.6	5.2	370 105	48 315	15.0
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	349 493	19 205	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	371 904	20 443	21.0	254 012	19.4	13.6	10 881	32.6	16 825	-16.0	-1.1	90 185	36.7	7.5	274 464	7 484	17.5
Q4	384 131	12 659	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	395 699	10 990	19.2	263 476	14.7	10.2	13 970	28.5	17 036	-3.7	-0.2	101 217	38.0	8.2	294 072	6 703	15.5
Q2	420 487	23 624	19.4	278 546	14.4	10.1	14 041	23.0	17 498	-6.6	-0.4	110 402	41.2	8.9	306 757	12 818	15.0
Q3	433 409	12 958	16.2	287 139	13.2	9.0	15 007	37.9	18 045	7.3	0.3	113 218	23.6	5.7	312 564	5 907	14.0
Q4	455 456	22 167	18.2	302 122	15.3	10.4	14 395	15.9	18 142	8.1	0.4	120 797	28.5	6.9	322 472	10 059	12.3
02 Q1	473 207	17 167	19.2	306 769	16.6	11.1	17 661	26.4	18 373	7.8	0.3	130 404	26.7	6.8	333 159	10 753	13.4
Q2	484 940	13 194	15.6	314 414	13.1	8.6	20 094	43.1	17 853	2.0	0.1	132 579	20.6	5.4	349 389	16 329	14.0
Q3	499 717	13 650	15.3	324 470	13.2	8.7	21 770	45.1	17 547	-2.8	-0.1	135 929	19.5	5.1	357 332	8 079	14.5
Q4	517 670	22 442	14.6	333 643	10.7	7.1	26 646	85.1	16 386	-9.7	-0.4	140 994	19.6	5.2	370 105	13 154	15.0
03 Q1	533 818	15 179	13.6	346 433	13.2	8.6	26 293	48.9	16 377	-10.9	-0.4	144 714	13.2	3.7	380 415	10 448	14.4

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



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



Source: BE.

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

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

(b) Provisional data.

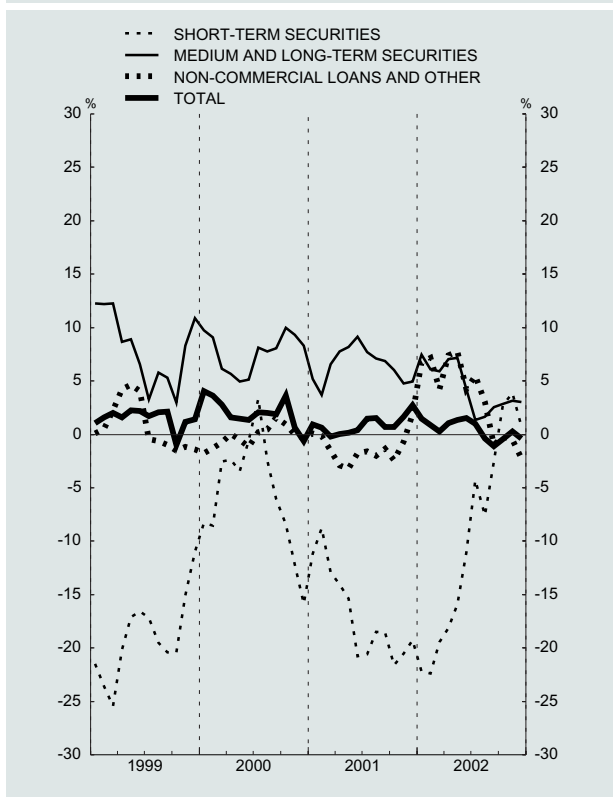
8.8. Net financing of Spain's general government

■ Series depicted in chart.

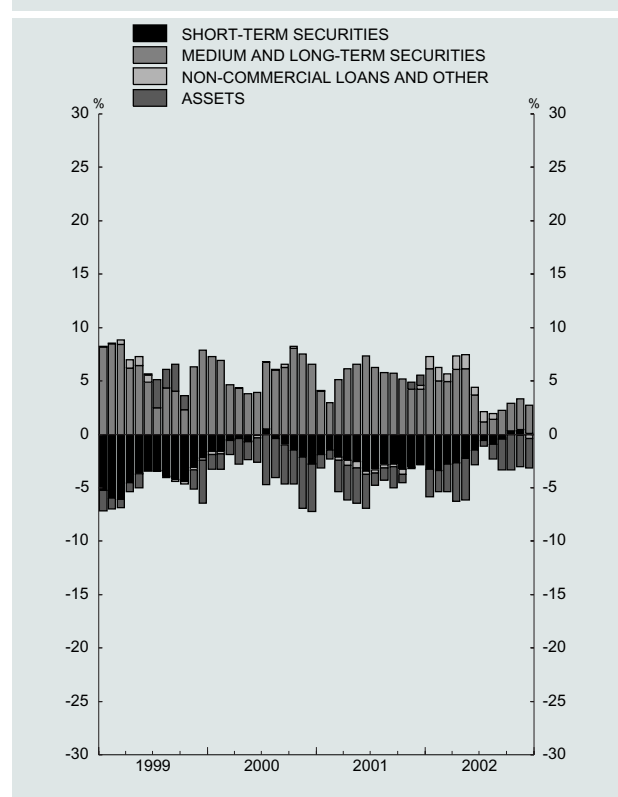
EUR millions and %

	Net financing			Monthly change in stocks						12-month % change in stocks				Contribution to 12-month % change in net stocks of liabilities				
				Liabilities			Assets			Liabilities			Assets	Liabilities			Assets	
	Total	Securities		Non-commercial loans and other (a)	Deposits at the Banco de Espana	Other deposits (b)	Total	Securities		Non-commercial loans and other (a)	Securities			Non-commercial loans and other (a)				
		Short-term	Medium and long-term					Short-term	Medium and long-term		Short-term	Medium and long-term						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
00	P 310 736	-1 947	-0.6	11 791	-8 605	20 558	-162	8 319	5 419	3.3	-15.8	8.3	-0.3	32.2	-2.8	6.6	-0.1	-4.4
01	P 319 216	8 480	2.7	5 424	-8 804	13 224	1 003	17 158	14 101	1.5	-19.3	4.9	1.9	-5.4	-2.8	4.3	0.3	1.0
02	A 317 958	-1 258	-0.4	7 547	275	8 510	-1 238	1 854	6 950	2.0	0.7	3.0	-2.3	16.5	0.1	2.7	-0.4	-2.8
01 Dec	P 319 216	11 113	2.7	3 194	484	1 129	1 581	-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 323 873	4 657	1.4	2 672	-282	219	2 734	1 225	-3 211	3.5	-22.2	7.5	6.8	18.8	-3.3	6.1	1.1	-2.5
Feb	A 316 720	-7 153	0.9	-4 366	259	-4 796	171	224	2 563	2.5	-22.4	6.1	7.1	13.1	-3.4	5.0	1.2	-2.0
Mar	A 318 066	1 346	0.3	3 261	-60	5 350	-2 029	1 132	783	2.5	-19.5	5.9	4.3	17.2	-2.8	4.9	0.7	-2.6
Apr	A 311 653	-6 413	1.1	3 991	134	2 141	1 716	1 791	8 613	4.0	-18.1	7.1	7.4	20.2	-2.7	6.1	1.3	-3.6
May	A 315 712	4 059	1.3	4 198	21	4 354	-177	-1 179	1 317	4.5	-15.9	7.1	7.8	22.5	-2.2	6.2	1.3	-3.9
Jun	A 319 353	3 641	1.5	-3 675	-157	-2 466	-1 051	970	-8 286	2.5	-11.0	4.2	4.2	8.1	-1.5	3.7	0.7	-1.4
Jul	A 322 504	3 150	1.0	-3 114	1 972	-6 066	980	-2 005	-4 259	1.3	-4.3	1.4	5.5	3.7	-0.5	1.2	0.9	-0.6
Aug	A 319 753	-2 750	-0.4	-2 924	-2 490	1 724	-2 158	215	-388	0.9	-7.6	1.7	3.0	9.1	-0.9	1.4	0.5	-1.4
Sep	A 314 160	-5 593	-1.1	3 867	1 039	4 862	-2 034	1 286	8 174	1.5	-2.5	2.6	-1.0	17.1	-0.3	2.2	-0.2	-2.9
Oct	A 307 381	-6 780	-0.5	1 919	275	1 839	-196	-584	9 283	2.4	2.7	2.8	-0.2	16.8	0.3	2.6	-0.0	-3.3
Nov	A 308 863	1 482	0.2	869	219	456	194	1 136	-1 749	2.7	3.9	3.1	-0.5	14.9	0.5	2.8	-0.1	-3.0
Dec	A 317 958	9 095	-0.4	849	-656	893	612	-2 356	-5 890	2.0	0.7	3.0	-2.3	16.5	0.1	2.7	-0.4	-2.8
03 Jan	A 323 518	5 560	-0.1	-5 550	3 038	-8 365	-223	-1 005	10 104	-0.2	9.8	-0.0	-7.3	-0.6	1.1	-0.0	-1.3	0.1
Feb	A 314 845	-8 673	-0.6	2 080	-850	3 504	-573	-20 10	773	1.6	6.7	3.0	-8.6	14.1	0.8	2.6	-1.6	-2.4
Mar	A 318 263	3 418	0.1	921	443	506	-29	1 625	-4 122	0.9	8.1	1.2	-5.3	5.8	0.9	1.1	-0.9	-1.0
Apr	A 308 299	-9 963	-1.1	6 249	812	5 430	6	504	15 709	1.5	9.9	2.4	-8.1	13.6	1.2	2.1	-1.5	-2.9
May	A 313 850	5 551	-0.6	-2 773	-473	-2 512	212	1 801	10 125	-0.3	8.6	-0.1	-7.4	0.9	1.0	-0.1	-1.3	-0.2

NET FINANCING OF GENERAL GOVERNMENT
Annual percentage changes



NET FINANCING OF GENERAL GOVERNMENT
Contributions to the annual percentage change



Source: BE.

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

(b) Tax collection accounts are not included.

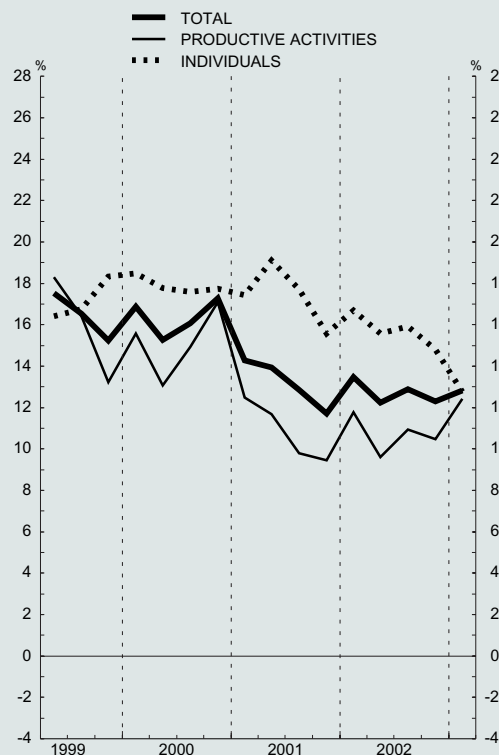
8.9 Lending by credit institutions to other resident sectors. Breakdown by end-use.

■ Series depicted in chart.

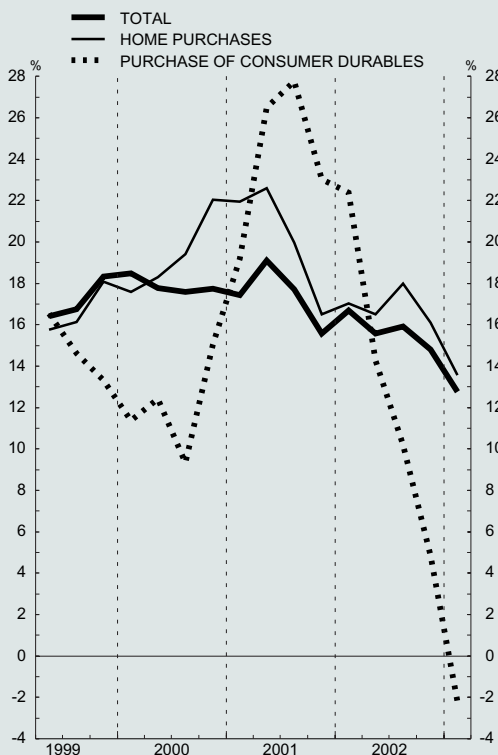
EUR millions and percentages

	Financing of productive activities						Financing of individuals						Financing of private non-profit entities	Unclassified
	Total (a)	Total	Agriculture and fisheries	Industry excluding construction	Construction	Services	Total	Home purchases and improvements			Purchases of consumer durables	Other (b)		
								Total	Purchases	Improvements				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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
02	701 663	365 204	14 750	85 587	57 002	207 865	323 520	239 236	228 919	10 317	34 684	49 600	2 432	10 508
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	323 520	239 236	228 919	10 317	34 684	49 600	2 432	10 508
03 Q1	722 204	376 462	15 353	86 681	57 053	217 375	331 112	244 284	233 243	11 041	33 903	52 925	2 285	12 345

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.

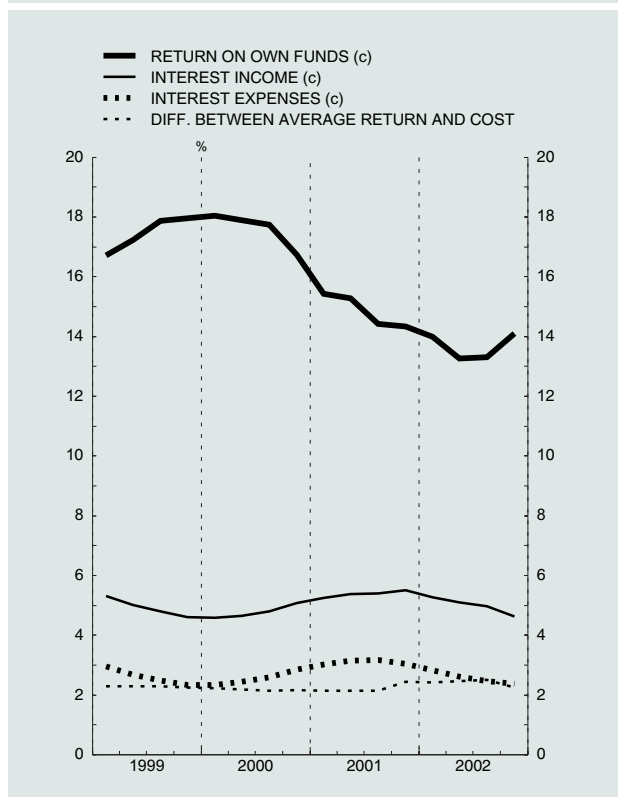
(b) Includes loans and credit to households for the purchase of land and rural property, the purchase of securities, the purchase of current goods and services not considered to be consumer durables (e.g. loans to finance travel expenses) and for various end-uses not included in the foregoing.

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

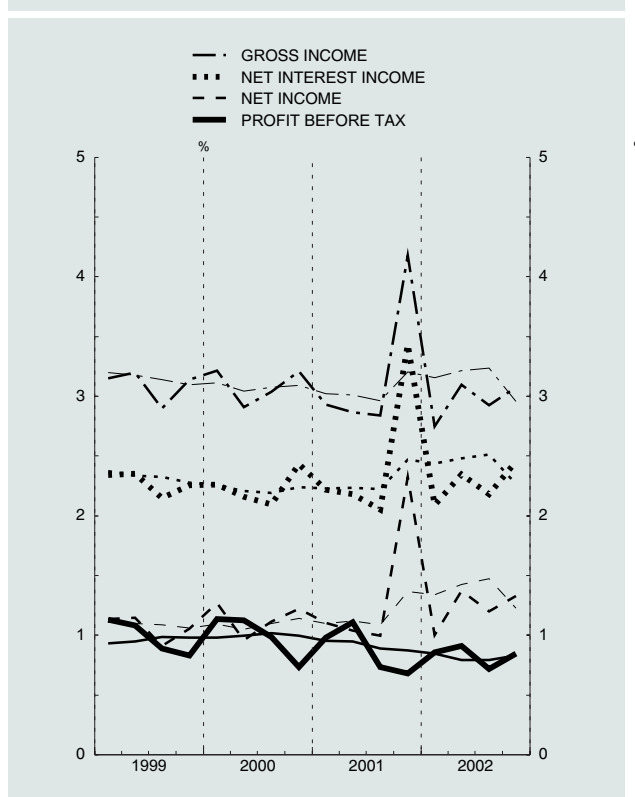
■ Series depicted in chart.

	As a percentage of the adjusted average balance sheet										Percentages			
	Interest income 1	Interest expenses 2	Net interest income 3	Non interest income and expenses 4	Gross income 5	Operating expenses: 6	Of which: Staff costs 7	Net income 8	Provisions and other income and expenses 9	Profit before tax 10	Return on own funds (a) 11	Average return on lending operations (b) 12	Average cost of borrowing operations (b) 13	Difference (12-13) 14
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
02	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-1.6	0.8	14.7	5.0	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
03 Q1	4.0	2.1	1.9	0.7	2.7	1.6	1.0	1.0	-0.2	0.8	14.8	4.8	2.7	2.2

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 average return and cost.

(c) Average of the last four quarters.

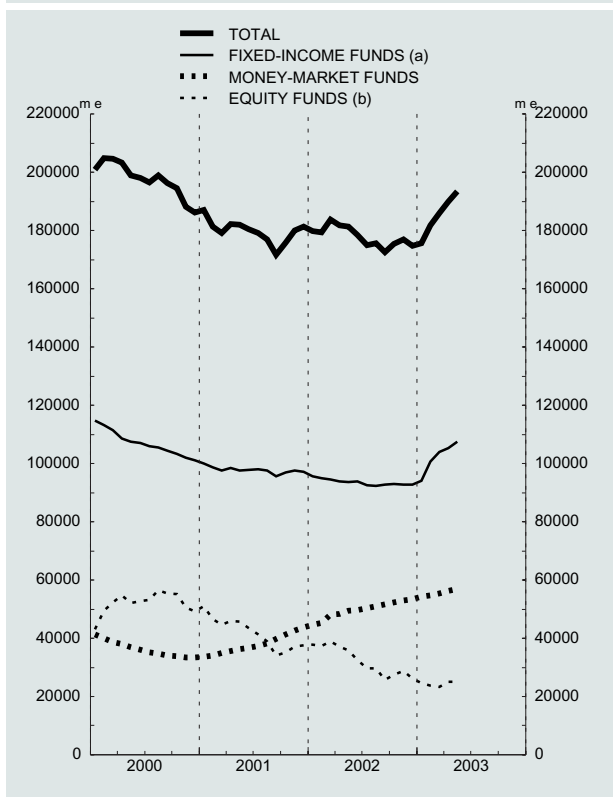
8.11. Mutual funds resident in Spain

■ Series depicted in chart.

EUR millions

	Total				Money-market funds				Fixed-income funds (a)				Equity funds (b)				Others funds (c)
	Net asset value	Monthly change	Of which Net funds invested	Return over last 12 months	Net asset value	Monthly change	Of which Net funds invested	Return over last 12 months	Net asset value	Monthly change	Of which Net funds invested	Return over last 12 months	Net asset value	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	-10 156	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
02 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	181 800	6 190	5 576	-2.7	54 716	374	279	2.4	100 648	6 491	5 797	2.4	23 638	-883	-500	-27.0	2 798
Mar	185 853	4 053	4 461	-3.1	55 398	682	614	2.4	103 979	3 331	3 633	2.4	23 347	-291	214	-30.0	3 128
Apr	189 977	4 123	...	-1.4	56 235	836	...	2.3	105 221	1 242	...	2.7	24 970	1 623	...	-22.0	3 551
May	193 365	3 388	...	-0.4	56 860	625	...	2.3	107 538	2 317	...	3.4	25 108	138	...	-19.2	3 859

NET ASSET VALUE



RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

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

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

(c) Global funds.

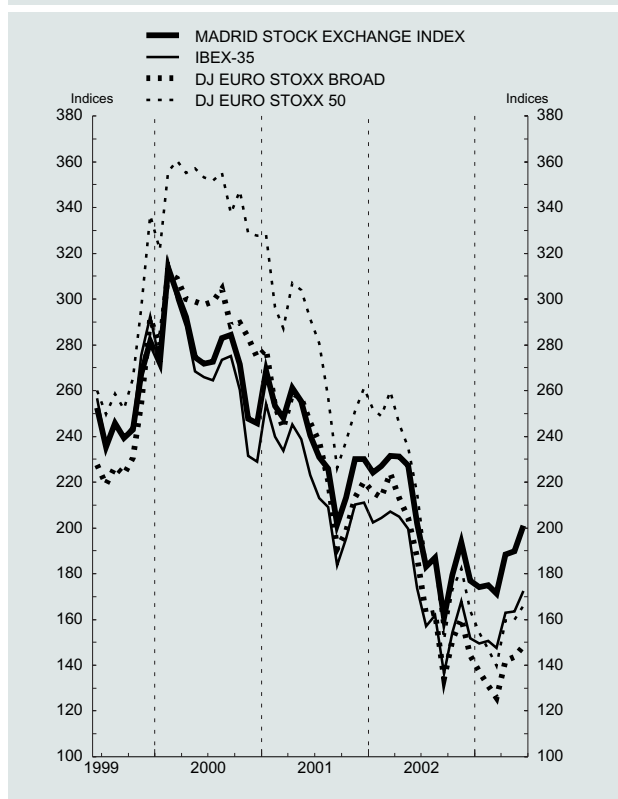
8.12. Share price indices and turnover on securities markets. Spain and euro area

■ Series depicted in chart.

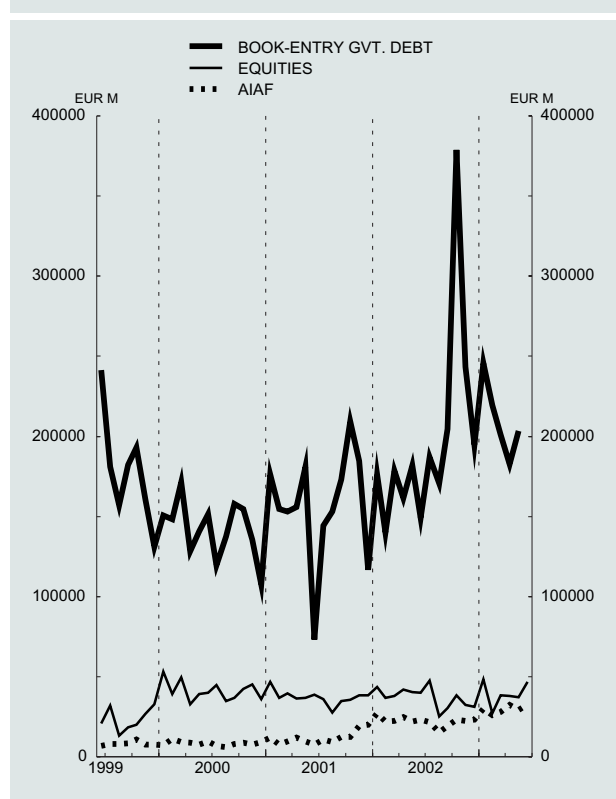
Indices, EUR millions and thousands of contracts

	Share price indices				Turnover on securities markets							
	General Madrid Stock Exchange	IBEX 35	Dow Jones EURO STOXX indices		Stock market		Book-entry government debt	AIAF fixed-income market	Financial options (thousands of contracts)		Financial futures (thousands of contracts)	
			Broad	50	Equities	Bonds			Fixed-income	Shares and other equities	Fixed-income	Shares and other equities
	1	2	3	4	5	6	7	8	9	10	11	12
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
02 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	614.05	5 870.50	179.32	2 036.86	38 412	5 667	200 899	27 789	-	1 713	0	323
Apr	675.04	6 489.50	202.68	2 324.23	38 139	5 713	182 669	32 317	-	885	0	284
May	679.75	6 508.50	204.92	2 330.06	37 156	5 781	203 537	29 077	-	858	0	298
Jun	P 719.87	6 862.00	211.91	2 419.51	46 773	5 536	...	32 600	-	1 704	0	330

SHARE PRICE INDICES
JAN 1994 = 100



TURNOVER ON SECURITIES MARKETS



Sources: Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (columns 1, 2, 5 and 6); Reuters (columns 3 and 4); AIAF (column 8) and Spanish Financial Futures Market (MEFFSA) (columns 9 to 12)

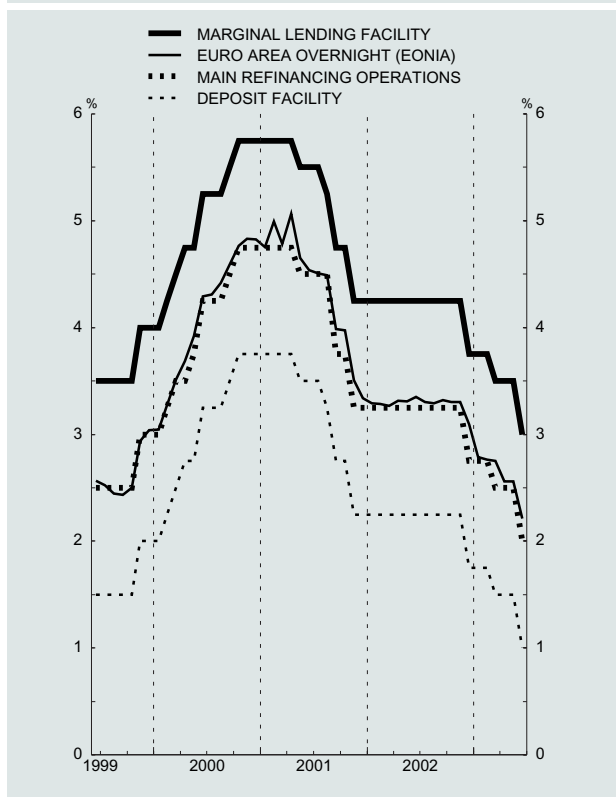
9.1. Interest rates. Eurosystem and money market. Euro area and Spain

■ 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	Over-night (EONIA)	1-month	3-month	6-month	1-year	Non-transferable deposits				Government-securities repos			
										Over-night	1-month	3-month	1-year	Over-night	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
02 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
02 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
02 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
02 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
02 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
02 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
02 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	-
02 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
02 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
02 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
03 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
03 Mar	2.50	2.49	3.50	1.50	2.75	2.60	2.53	2.45	2.41	2.71	2.59	2.52	2.43	2.62	2.48	2.39	2.28
03 Apr	2.50	2.50	3.50	1.50	2.56	2.58	2.53	2.47	2.45	2.55	2.57	2.53	2.50	2.52	2.43	2.39	2.29
03 May	2.50	2.25	3.50	1.50	2.56	2.52	2.40	2.31	2.25	2.56	2.52	2.40	2.26	2.52	2.41	2.30	2.10
03 Jun	2.00	2.11	3.00	1.00	2.21	2.18	2.15	2.08	2.01	2.20	2.17	2.16	2.07	2.18	2.08	2.03	1.90

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

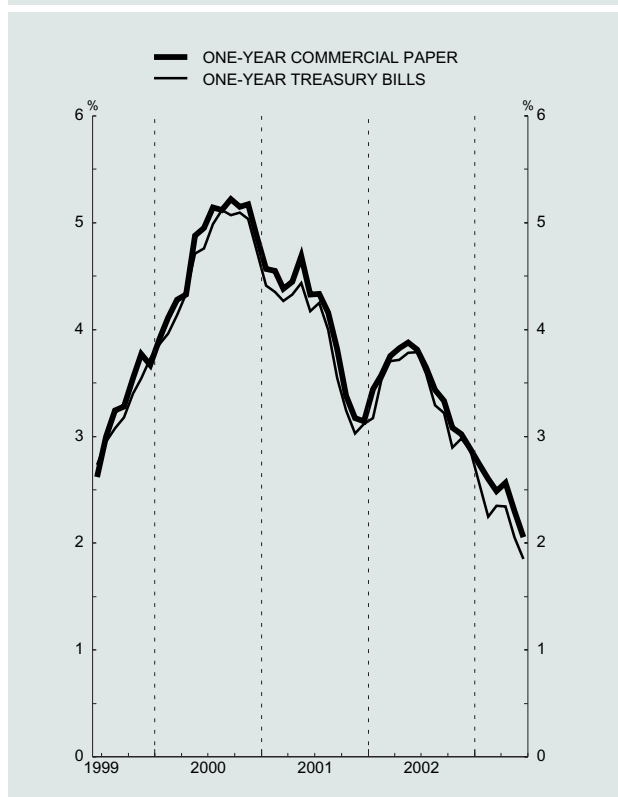
9.2. Interest rates: Spanish short-term and long-term securities markets

■ Series depicted in chart.

Percentages per annum

	Short-term securities				Long-term securities								Private bonds with a maturity of over two years traded on the AIAF
	One-year Treasury bills		One-year commercial paper		Central Government debt								
	Marginal rate at issue	Secondary market: outright spot purchases between market members	Rate at issue	Secondary market: outright spot purchases	Marginal rate at issue					Secondary market. Book-entry 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	
02 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	
Apr	2.34	2.30	2.57	2.45	2.74	-	-	4.57	-	2.81	4.19	4.06	
May	2.06	2.17	2.30	2.24	-	3.07	-	-	4.78	2.51	3.88	3.76	
Jun	1.85	1.84	2.06	2.03	2.22	-	3.75	-	-	2.24	3.69	3.35	

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.

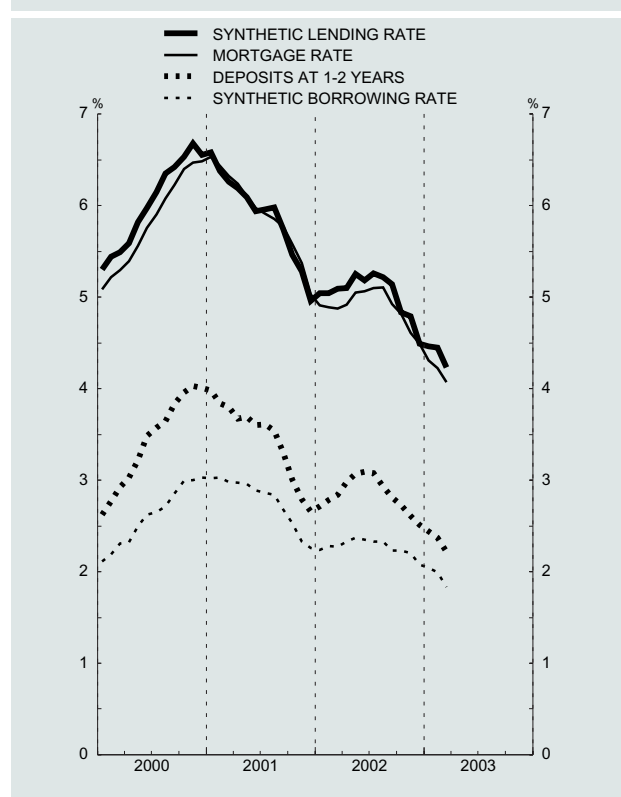
Percentages

		Banks									Savings banks								
		Lending rates					Borrowing rates				Lending rates				Borrowing rates				
		Syn- thetic rate	Commer- cial discount up to three months	Credit accounts at 1-3 years	Loans at 3 years and over	Mort- gage loans over 3 years	Syn- thetic rate	Current accounts	Repos on bills up to three months	Depos- its at 1-2 years	Syn- thetic rate	Credit accounts at 1-3 years	Loans at 3 years and over	Mort- gage loans over 3 years	Syn- thetic rate	Current accounts	Repos on bills up to three months	Depos- its 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	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	
	Mar	4.27	4.82	4.43	6.24	3.88	1.83	1.68	2.49	1.86	4.23	6.19	7.10	4.07	1.83	1.61	2.51	2.22	

BANKS



SAVINGS BANKS



Source: BE.

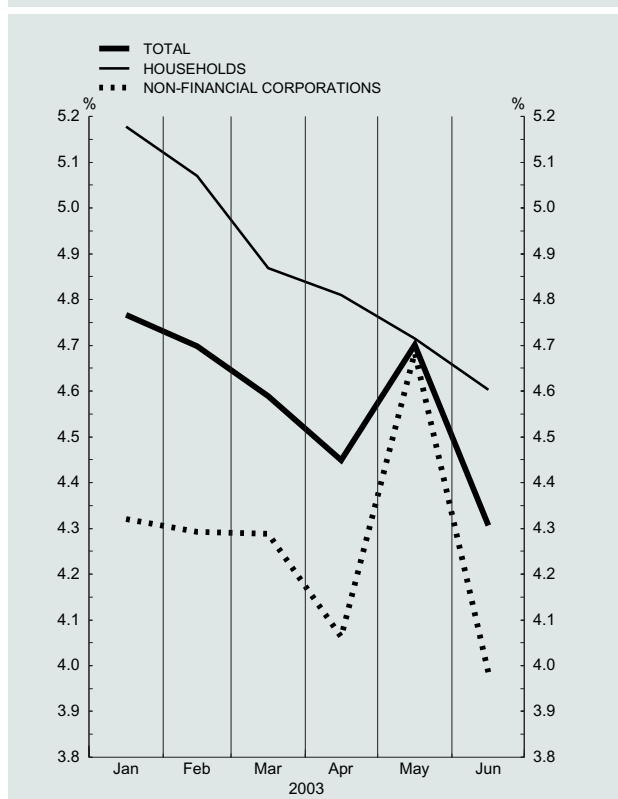
Note: The underlying series for this indicator are in Tables 18.3 and 18.4 of the BE Boletín estadístico.

9.3.Bis Interest rates on new business. Credit institutions.

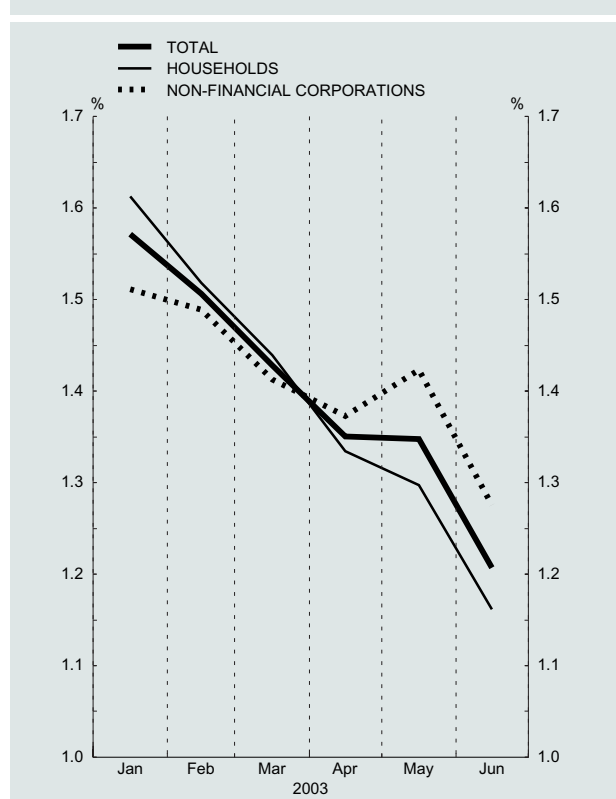
Percentages

		Loans (APRC) (a)							Deposits (NDR) (a)									
		Households and NPISH			Non-financial corporations				Syn- thetic rate	Households and NPISH				Non-financial corporations				
										Syn- thetic rate	Over- night and re- deema- ble at notice	Time	Repos	Syn- thetic rate	Over- night	Time	Repos	
		Syn- thetic rate	House pur- chase	Con- sump- tion and other	Syn- thetic rate	Up to EUR 1 million	Over EUR 1 million	Syn- thetic rate	Syn- thetic rate	Over- night and re- deema- ble at notice	Time	Repos	Syn- thetic rate	Over- night	Time	Repos		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
03 Jan	P	4.77	5.18	4.30	6.97	4.32	5.07	3.67	1.57	1.61	0.53	2.66	2.93	1.51	0.82	2.62	2.75	
Feb	P	4.70	5.07	4.18	6.88	4.29	4.96	3.72	1.51	1.52	0.54	2.47	2.65	1.49	0.82	2.54	2.73	
Mar	P	4.59	4.87	4.04	6.59	4.29	4.84	3.86	1.43	1.44	0.53	2.34	2.63	1.41	0.78	2.44	2.64	
Apr	P	4.45	4.81	3.90	6.65	4.06	4.80	3.45	1.35	1.33	0.51	2.16	2.52	1.37	0.76	2.36	2.55	
May	P	4.70	4.72	3.82	6.52	4.68	4.69	4.68	1.35	1.30	0.48	2.13	2.47	1.42	0.78	2.32	2.54	
Jun	P	4.31	4.60	3.72	6.37	3.99	4.48	3.64	1.21	1.16	0.44	1.94	2.22	1.28	0.77	2.03	2.20	

LOANS
SYNTHETIC RATES



DEPOSITS
SYNTHETIC RATES



(a) APRC: annual percentage rate of change. NEDR: narrowly defined effective rate, which is the same as the APRC without including commissions.

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

■ Series depicted in chart.

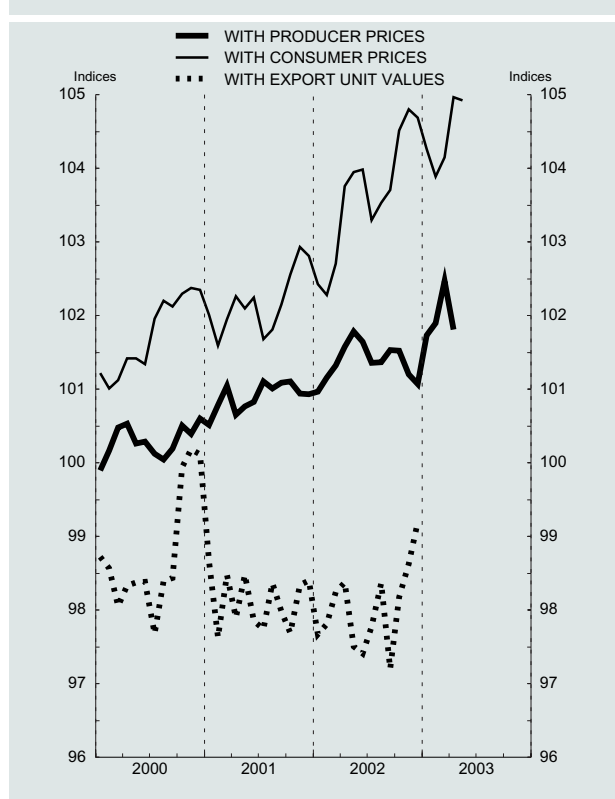
Base 1999 Q1 = 100

	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	98.8	100.4	101.6	96.8	98.5	100.3	101.9	103.2	98.3	100.3	101.7	102.9	98.8
01	100.0	101.4	104.7	96.3	99.0	101.0	102.4	105.8	97.3	100.9	102.2	105.6	98.1
02	100.6	103.0	107.7	96.3	99.1	101.6	104.0	108.7	97.2	101.4	103.6	108.6	98.0
01 Q2	99.6	101.2	104.2	96.1	98.8	100.8	102.4	105.5	97.3	100.7	102.2	105.3	98.1
Q3	100.1	101.1	104.6	96.2	99.0	101.1	102.2	105.7	97.2	101.1	101.9	105.5	98.0
Q4	100.2	102.0	105.2	96.5	99.0	101.2	103.0	106.2	97.5	101.0	102.8	106.1	98.1
02 Q1	100.2	101.6	106.2	96.2	98.8	101.4	102.9	107.4	97.4	101.1	102.5	107.3	97.9
Q2	100.9	103.3	107.2	95.9	99.1	101.8	104.3	108.2	96.8	101.7	103.9	108.2	97.8
Q3	100.8	103.1	108.5	96.1	99.2	101.6	103.9	109.4	96.8	101.4	103.5	109.1	97.8
Q4	100.6	104.2	109.0	97.0	99.2	101.4	105.0	109.9	97.8	101.3	104.7	109.6	98.7
03 Q1	101.8	104.3	110.0	...	99.8	102.0	104.5	110.3	...	102.0	104.1	110.0	...
02 Sep	100.8	103.1	...	95.4	99.1	101.7	104.1	...	96.3	101.5	103.7	...	97.2
Oct	100.7	103.9	...	96.4	99.1	101.7	104.9	...	97.3	101.5	104.5	...	98.2
Nov	100.6	104.3	...	96.9	99.2	101.4	105.1	...	97.7	101.2	104.8	...	98.6
Dec	100.5	104.3	...	97.7	99.3	101.2	105.0	...	98.4	101.1	104.7	...	99.2
03 Jan	101.4	104.2	...	...	99.6	101.9	104.7	...	...	101.7	104.3	...	...
Feb	101.7	104.1	...	...	99.8	101.9	104.3	...	...	101.9	103.9	...	...
Mar	102.3	104.6	...	...	100.0	102.3	104.6	...	...	102.5	104.1	...	...
Apr	101.9	105.5	...	...	100.1	101.8	105.4	...	...	101.8	105.0	...	...
May	...	105.9	...	...	100.5	...	105.3	...	...	...	104.9	...	...
Jun	...	...	...	...	100.3	...	...	...	...	...	...	...	...

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.

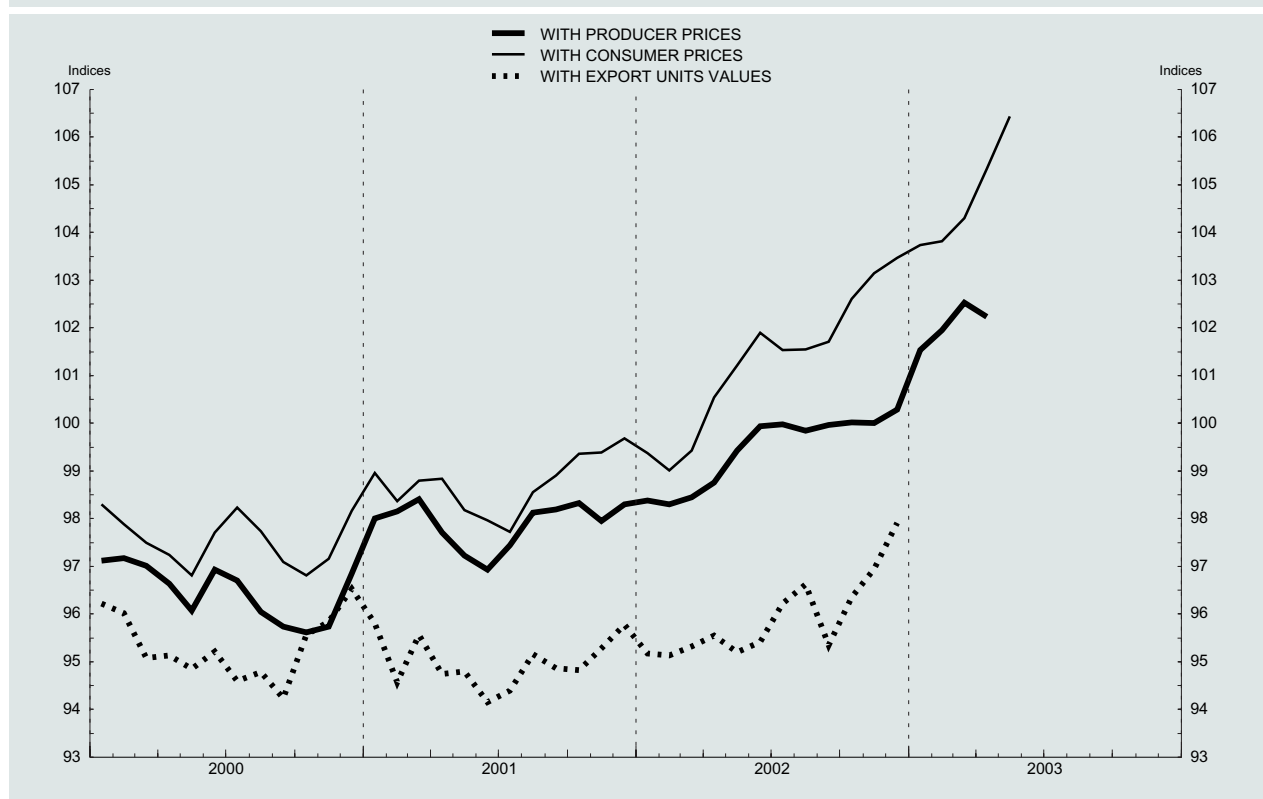
9.5 Indices of Spanish competitiveness vis-à-vis the developed countries.

■ Series depicted in chart.

Base 1999 Q1 = 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									
01	96.5	97.6	99.1	95.3	95.8	100.7	101.9	103.5	99.6
02	97.9	98.7	102.1	95.0	96.3	101.7	102.6	106.1	98.7
	99.5	101.3	106.3	95.9	97.1	102.4	104.3	109.5	98.8
01 Q2	97.3	98.3	101.3	94.6	95.9	101.5	102.6	105.7	98.6
Q3	97.9	98.4	102.0	94.8	96.2	101.8	102.3	106.0	98.6
Q4	98.2	99.5	102.8	95.3	96.3	101.9	103.3	106.7	98.9
02 Q1	98.4	99.3	104.0	95.2	96.2	102.2	103.2	108.0	98.9
Q2	99.4	101.2	105.5	95.4	96.8	102.7	104.6	109.0	98.5
Q3	99.9	101.6	107.4	96.1	97.5	102.5	104.2	110.1	98.5
Q4	100.1	103.1	108.3	97.1	97.8	102.3	105.3	110.7	99.2
03 Q1	102.0	104.0	110.1	...	99.1	102.9	104.9	111.1	...
02 Sep	100.0	101.7	...	95.4	97.5	102.6	104.4	...	97.8
Oct	100.0	102.6	...	96.4	97.6	102.5	105.2	...	98.8
Nov	100.0	103.1	...	96.9	97.8	102.2	105.4	...	99.1
Dec	100.3	103.5	...	97.9	98.1	102.2	105.4	...	99.8
03 Jan	101.5	103.7	...	...	98.8	102.8	105.0	...	...
Feb	101.9	103.8	...	...	99.2	102.8	104.7	...	...
Mar	102.5	104.3	...	...	99.4	103.2	105.0	...	...
Apr	102.2	105.3	...	...	99.6	102.7	105.8	...	...
May	...	106.4	...	...	100.7	...	105.7	...	...
Jun	...	...	...	...	100.7	...	...	...	...

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



Source: BE.

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

ARTICLES IN ENGLISH AND PUBLICATIONS
OF THE BANCO DE ESPAÑA

ARTICLES PUBLISHED IN THE ECONOMIC BULLETIN IN RECENT YEARS

1997	Month	Page	1998	Month	Page
Presentation by the Governor of the Banco de España of the monetary policy objectives for the Spanish Parliamentary Commission on Economic Affairs	Jan	5	Quarterly report on the Spanish economy	Apr	29
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Net bank and savings-bank indebtedness vis-à-vis the Banco de España and intermediation activity	Jul	73	The controllability of monetary aggregates	Oct	65
Address by the Governor of the Banco de España to the Spanish Parliamentary Budget Committee	Oct	5	Financial regulation: third quarter 1998	Oct	71
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An approximation to changes in the market value of financial wealth	Oct	65			
1998	Month	Page	1999	Month	Page
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Financial regulation: fourth quarter of 1997	Jan	83	Quarterly report on the Spanish economy	Apr	7
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			Quarterly report on the Spanish economy	Jul	9
			Results of non-financial firms in the first quarter of 1999	Jul	51
			Financial regulation: second quarter of 1999	Jul	61
			Quarterly report on the Spanish economy	Oct	9
			Results of non-financial firms in the second quarter of 1999	Oct	51
			Unit labour costs and monetary policy decision-making in the context of EMU	Oct	63
			Financial regulation: third quarter of 1999	Oct	73

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Financial regulation: fourth quarter of 1999	Jan	99	Results of non-financial corporations in 2001 Q4 and summary year-end data	Apr	55
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Results of non-financial firms in 1999 Q4 and summary year-end data	Apr	49	Quarterly report on the Spanish economy	Jul	9
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Financial regulation: 2000 Q3	Oct	71			
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Financial regulation: 2001 Q2	Jul	79	The Argentine crisis a year on	Apr	67
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