

BANCO DE ESPAÑA

economic bulletin

January 2004

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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 <sup>9</sup> ).
m	Millions.
pp	Percentage points.
...	Not available.
—	Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth.
»	Less than half the final digit shown in the series.

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# Quarterly report on the Spanish economy

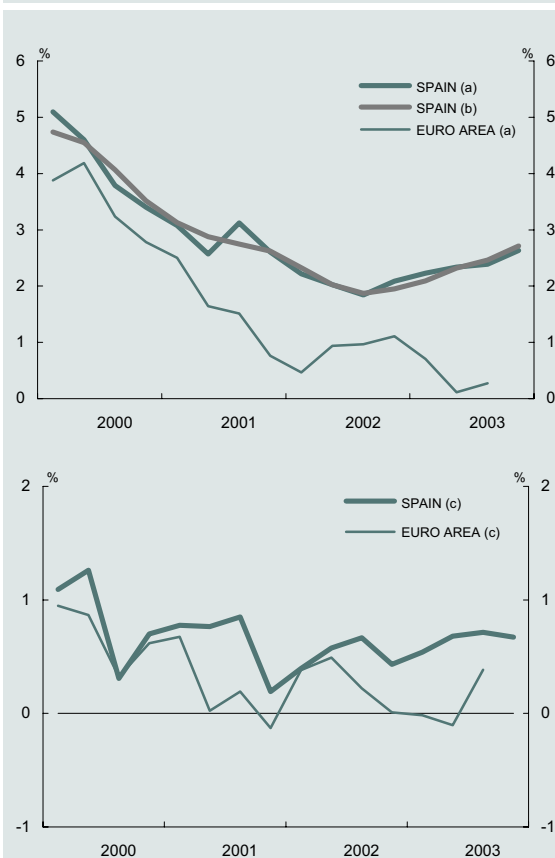
## 1. Overview

The lack of inflationary pressures and the favourable expectations about the course of prices saw the extension last year of the expansionary macroeconomic policies which, to differing degrees, the main economies have been pursuing. The way these economies have reacted to such impulses has been very uneven, depending on their different starting positions and on the varying degrees of flexibility with which their markets operate. At end-2003, then, the United States was in full recovery, while the euro area countries appear to have left behind more recently the stagnant phase besetting them in the first half of last year. As a result, the outlook for 2004 is brighter. Other east Asian, central European and Latin-American countries have also contributed to the pick-up in the world economy. Financial market conditions have remained conducive to a more buoyant economic picture: long-term interest rates, though fluctuating somewhat, have remained low, stock markets have picked up considerably, and the volatility of equity prices and credit risk premia has tended to diminish. The gradual depreciation of the US dollar, especially against the euro, has stepped up since last December. That has not prevented the prevalence of globally favourable financial conditions, although it may ultimately bear on trade and financial flows between the different regions and affect the contributions of external demand to growth in each area.

Against this international backdrop, with a relatively scant expansion for the year on average but with a recovery fully under way, the Spanish economy is estimated to have posted a real GDP growth rate of 2.4% in 2003, up 0.4 pp on the previous year. The increase in output was based on national demand which, with a growth rate of around 3.2%, was more than half a percentage point up on the related 2002 figure. That said, the negative contribution of net external demand widened by around 0.3 pp, subtracting approximately 0.9 pp from real GDP growth last year. The expansion of private and government consumption coupled with that of investment in construction were the two pillars underpinning the buoyancy of the economy last year. Undoubtedly, however, the most salient development was the start of the recovery in investment in equipment and a notable vigour of foreign trade flows, as a result of which the export share in Spain's foreign markets has increased and imports are serving a greater proportion of the domestic market. Job creation has been high and productivity gains limited, with unit labour costs holding at a rate of increase of over 3%. Notwithstanding, companies have increased their surpluses, but with substantial differences across the various branches. There was a 0.5 pp reduction in the annual average rate of CPI inflation, which is marginally

CHART 1

Gross domestic product



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

(a) Non-centred year-on-year rate of change calculated on the basis of the seasonally adjusted series.

(b) Non-centred year-on-year rate of change calculated on the basis of the trend-cycle series.

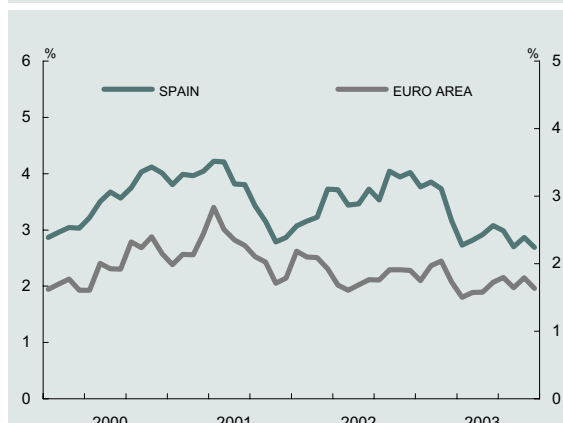
(c) Quarter-on-quarter rate of change calculated on the basis of the seasonally adjusted series.

less when measured with the GDP deflator. This reduction is on a greater scale if the December outturn is taken. For that month the year-on-year rate of consumer prices was 2.6%, a significant correction on the figure of 4% at end-2002. That has narrowed the inflation differential between the Spanish economy and the euro area countries as a whole. Finally, public finances posted a far higher than expected surplus of 0.5 pp of nominal GDP.

The Spanish economy attained these results after maintaining a sustained growth rate throughout the year, but they did not significantly alter the above-mentioned domestic components on which its buoyancy was based. Indeed, the estimated year-on-year growth rate of real GDP in Q4 was 2.6%, 0.2 pp up on the previous quarter. But the quarter-on-quarter rate calculated using the seasonally adjusted series,

CHART 2

Harmonised indices of consumer prices (a)



Sources: Eurostat and European Central Bank.

(a) Year-on-year rate of change. To December 2001, the rates relate to those released as at that date.

which stood at around 0.7%, showed a repetition of the figures released by INE (the National Statistics Office) for the two preceding quarters. The year-on-year increase in national demand, if stockbuilding movements are excluded, was practically identical in the four quarters (slightly above 3%), and it was the persistent negative contribution of net external demand which set the pace for output. In Q4, this variable subtracted far less than it did in the preceding quarters, which accounts for the pick-up in the year-on-year rate of GDP.

The improved international environment during 2003 was ultimately not reflected in the figures for Spanish exports, whose growth rate was around 2%, only marginally higher than the previous year and below the growth of world trade. This is because the most buoyant markets were to be found in those areas in which the presence of Spanish products is relatively small, the US economy being a case in point.

In the United States, the latest indicators are offering mixed signals. While employment has not grown as expected, consumer and corporate expectations have improved. In any event, the expectations that a rise in interest rates will be put back and the residual expansionary effect of the tax measures passed last year are upholding the strength of the US economy into 2004. Over a longer horizon, doubts remain about the potential impact of the fiscal deficit on long-term rates (which has not occurred to date), or about the inflationary pressures (a more uncertain development) that might stem from the trend of the exchange rate of the dollar, whose weakness appears to have begun to

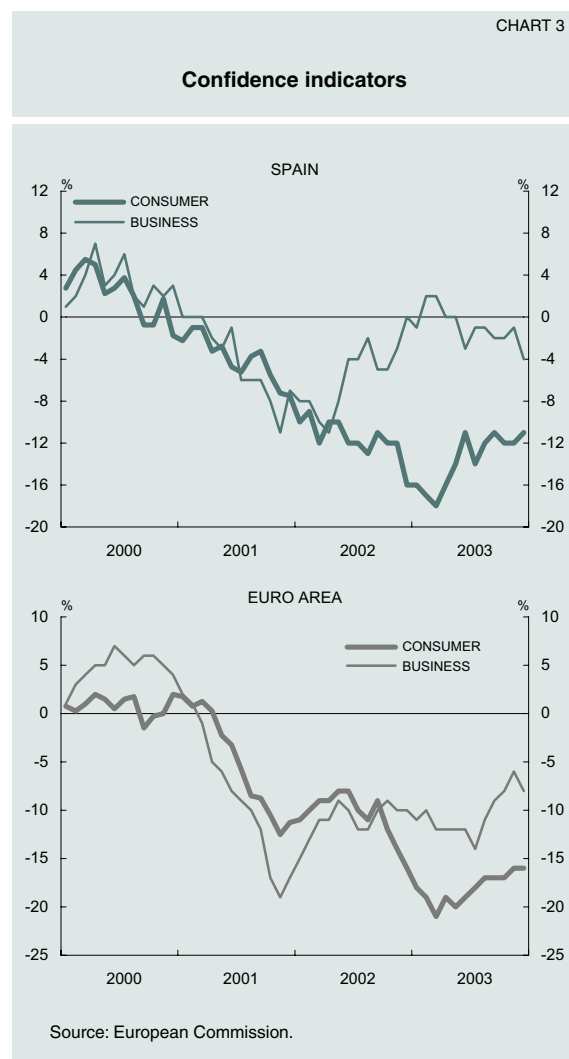


exert some effect on the correction of the burgeoning external deficit.

In the short run, no changes are expected either in the conditions prevailing in certain east Asian or central European countries, which are growing at high rates. There are greater doubts about the continuity of the recovery of the Japanese economy, which has so far been mainly export-led. The recovery of the main Latin American economies is turning on the favourable behaviour of financial conditions. Such behaviour is broadly providing for a narrowing of sovereign debt spreads, greater fiscal consolidation and improved current-account balances.

Turning to the euro area, the latest indicators have broadly been favourable. As a result, the rate of change of real GDP in Q4 is expected to confirm the recovery that started in the preceding quarter. The annual average growth of the area as a whole would thus be slightly below 0.5%. Given the uncertainty over the future course of the exchange rate and its impact on the contribution of foreign demand to growth, the firming of the recovery would require more robust domestic demand. The favourable monetary and financial conditions, characterised by relatively low interest rates and a sound stock market performance, should boost this variable. Nonetheless, doubts remain about private spending, as shown by the business and consumer confidence indicators which, despite having improved in recent months, are at fairly low levels compared with their historical average.

As regards budgetary policy, the European countries have recently unveiled their updated stability and convergence programmes, containing their fiscal targets for the coming years. The information from these programmes reveals that much of the increase in the budget deficit in 2003 was due to lower growth, whereas for the coming years an improvement in the budget balance is foreseen further to the implementation of a slightly restrictive fiscal policy. Broadly, the countries that have not achieved a balanced budget hope to improve their structural balances in the future by at least 0.5% of GDP, in line with the commitment reached by the Eurogroup. France and Germany have formulated budget targets that are in step with the conclusions of the Ecofin Council on 25 November where, following discussion of the fiscal position, the Commission's recommendations were rejected and the excessive deficit procedure was suspended. In this connection, the European Commission has initiated legal action before the European Court of Justice regarding the Ecofin's proceedings in order to clarify first, whether substantive decisions relating to the evaluation of fiscal policies can be taken outside the scope

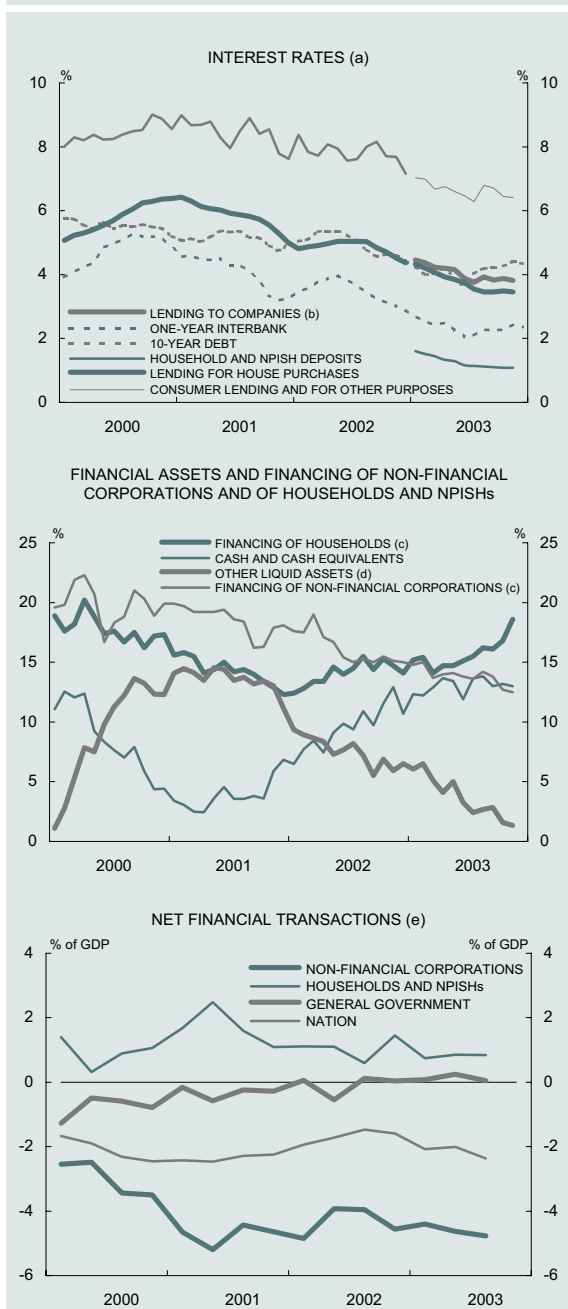


of the excessive deficit procedure; and further, the validity of the resolutions adopted by Ecofin. In turn, the Commission has announced that in the coming weeks it will publish an initiative to improve the economic policy co-ordination mechanisms in the euro area, possibly including a proposal to improve the application of the Stability and Growth Pact.

The euro-area inflation rate, measured on the basis of the HICP, fluctuated during the year around 2%, the figure recorded last December. Foreseeably, depending on how energy and food prices (the most inflationary component) trend, the rate of increase of the HICP will tend to fall slightly in the opening months of this year. Subsequent developments will largely hinge on the behaviour of the attendant fundamentals and, specifically, on how labour costs fare. In this connection, while labour costs have held at a relatively moderate growth rate, they have remained substantially unresponsive to changes in productivity, the gains in which in recent years have been limited. Consequently, the behaviour of unit labour costs is not proving con-

CHART 4

# Financial indicators of the Spanish economy



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) Calculated as a weighted average of the interest rates on various transactions grouped according to their volume. For loans exceeding 1 million, the interest rate is obtained by adding to the NEDR (Narrowly Defined Effective Rate), which does not include commission and other expenses, a moving average of such expenses.

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

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

(e) Cumulative four-quarter data.

ductive to greater corporate profitability, thereby restricting firms' readiness to create employment and undertake the investment needed to cement the incipient expansion.

The results achieved by the Spanish economy in 2003 and its position at the onset of a new year are running counter to the situation described for the euro area as a whole and to what some of its core economies are experiencing. The difference between the respective average growth rates last year has been favourable to the Spanish economy to the tune of approximately two percentage points, a figure which might well be the case for Q4.

There have been three main factors behind the sustained buoyancy of household spending, the most dynamic component of the Spanish economy during 2003: the increase in real household disposable income, to which the Spanish economy's job-creation capacity has contributed notably as has, more recently, the slowdown in the inflation rate; financial wealth gains; and the persistence of very generous monetary conditions. The growth rate of household spending in Q4 does not differ significantly from the results for the year on average.

The growth of real household disposable income in 2003 was about 3%, similar to the figure for private consumption, whereby the saving ratio may have increased very slightly. The resilience of residential investment has meant that the share of net household financial saving in GDP is liable to have diminished last year, with household debt having increased appreciably. Against a background of low interest rates, sustained house price rises (which only began to ease slightly in Q3) and improvements in their financial wealth, households have continued resorting persistently to credit to finance their expenditure. As a result, their borrowing in Q4 grew at over 18%, signifying an acceleration of more than two percentage points compared with the rate recorded at the end of Q3. Loans for house purchases were the driving force here. In any event, household wealth remains sound and their debt burden, in relation to their gross disposable income, has remained at moderate levels.

At between 2% and 2.5%, the growth of investment in equipment in 2003 was modest. But this result is in favourable contrast to the marked decline recorded the previous year, at over 5%. The rate for Q4 may have been lower than that for the year on average since, although investment project financing conditions may have been very favourable and corporate profitability ratios high, certain large corporations are undergoing financial restructuring and remain af-

affected by specific uncertainties associated with the international environment. Activity in industry, after having recovered in the first half of the year, has also tended to moderate, as reflected by the financial variables: credit received by companies slowed in the final three months of the year, reducing the related growth rate to around 12.5%. While the financing of activities relating to real-estate promotion and other services has grown substantially, credit to construction and that extended to the industrial sector have tended to slow.

Mention was made earlier of the estimated notable increase in cross-border trade flows during 2003. The real growth rates for exports and imports of goods and services might exceed 4% in the case of the former, and 6.5% in the case of the latter. These results are largely derived from the high rates attained in the first half of the year and which reflected, in turn, the recovery from the highly adverse results for the first half of 2002. The latest data point to a performance more in keeping with that of the relevant markets and, in Q4, it appears the loss of momentum of imports is proving somewhat greater than that of exports, hence the lesser negative contribution of the net external balance to the increase in GDP in this period. In any event, the key fact in the light of the future course of exports in a more expansionary international setting is that the appreciation of the euro has obliged exporting companies to reduce their export prices considerably in the dollar area, with the subsequent narrowing of their margins.

The final results for public finances last year marked an important step in the process of fiscal consolidation. Although fiscal policy taken as a whole was contractionary, general government conduct tended to boost those activities which were showing signs of greater robustness, namely consumption and construction. The fiscal impact on household disposable income in 2003 remained appreciable, albeit less than in 2002, and resided to a greater extent on the reduction of the habitual adverse impact exerted by direct taxation on income than on the positive contribution of net transfers to households, which have slowed. Government con-

sumption and public-sector investment were also notable, especially investment in infrastructure routed through private companies, which is not included in the budget. Naturally, this was all possible thanks to the forceful performance of certain taxes, especially value added tax and corporate income tax, and to the strength, despite reform, of personal income tax takings.

The persistence of a substantial job-creation rate and the fall in the inflation rate in Q4 were two key economic events in 2003. The increase in employment, in uniform National Accounts terms, may have been somewhat below 2% for the year on average. And the annual percentage change in the CPI in December, at 2.6% (2.7% for the HICP), entailed a 0.3 pp reduction on the end-Q3 figure, brought about mainly by the performance of the non-energy industrial goods component, which had been posting very high rates in the previous two years. This has meant that the inflation differential with the euro area as a whole, which had stabilised at close to one percentage point (the result for the year on average), has declined to 0.7 pp in the closing three months of the year.

To entrench the slowdown in prices and for the inflation differential with the euro area countries to ease in a lasting fashion, the growth rate of unit labour costs must slacken from the current rate of over 3% at which it has stabilised. To do this, the economy's productivity needs to improve. And wages, once the impact of the indexation clauses is behind, must resume – against the background of the declining inflation rate – a moderate course that will allow the rise in employment to continue.

Likewise, however, market efficiency and competition must be extended so that their slowing costs do not translate exclusively into wider margins. The increase in corporate margins last year was once again notable, especially in those branches less exposed to competition and in which demand pressure was higher. The exporting industries, which should play a more prominent role in the Spanish economy's growth process as the global economic recovery firms, were nevertheless those that posted the worst results given the appreciation of the euro.

## 2. The external environment of the euro area

In 2003 Q4 economic developments in the external environment of the euro area were characterised by a more vigorous and geographically more widespread recovery, underpinned by the buoyancy that the US and South-east Asian economies have been showing since Q3 against a backdrop of expansionary demand policies.

The most notable feature of the international financial markets up to mid-January was the increasingly marked depreciation of the dollar against the major currencies, particularly the euro. In this period the dollar slumped to record lows of nearly USD 1.29 per euro, although it subsequently regained some of the lost ground. One of the factors explaining this behaviour is unquestionably the high US current account deficit. The performance of the other financial variables was reasonably sound. Long-term interest rates remained very low, favoured by fairly accommodative monetary policies. Business financing conditions continued to improve and the sovereign debt spreads of emerging market countries narrowed in certain cases to historical lows. Equities also performed very favourably both in developed and in emerging markets, rising sharply in 2003 after three consecutive years of falls in the main stock market indices.

In the United States, following strong growth in Q3 (8.2% in annualised quarterly terms), the most recent indicators have been mixed, at least as far as firms are concerned, which augurs more moderate growth in 2003 Q4. November and December saw an unexpected fall-off in demand for durable goods and, also unexpectedly, job creation stagnated. While the fall-off in investment can be interpreted as a temporary halt following earlier growth, the employment figure is particularly unfavourable because in the last three months of the year scarcely 143,000 jobs were created, a lot fewer than expected. Although the unemployment rate decreased from 5.9% to 5.7% of the labour force, this was due to the reduction of 300,000 people in the labour force. These poor data were partially offset by the favourable business opinion indicators, particularly the ISM manufacturing index, which climbed to its highest level in 20 years, and by the fact that it is a good time for firms, which in Q3 reported one of the highest profit-to-GDP ratios in history. Household spending performed better than expected, given its strength in Q3. November and December retail sales showed notable growth and the consumer sentiment indicator rallied in January to its highest level since November 2000, following the slight fall-off in December due to the weakness of employment. The external deficit shrank unexpectedly in November thanks to an increase in exports and a moderate fall in im-

ports. Regarding prices, the CPI grew by 1.9% year-on-year in December, while the underlying rates of the consumer price, import and production indicators continued to be substantially contained at around 1%. This, along with the disappointing job creation figure, pushed back considerably the time when interest rate rises will foreseeably be forthcoming from the Federal Reserve.

In Japan the indicators available for Q4 show an upturn in activity after the slight deceleration in Q3 (1.9% year-on-year). The improvement was underpinned by export buoyancy, which was reflected in increases in industrial production, business confidence and investment demand. However, the relatively weak private consumption persisted, with falls in retail sales in November and December and in consumer confidence in December as a result of job losses in the two preceding months, which raised the unemployment rate to 5.2% of the labour force. Deflationary pressure reappeared in November with a year-on-year fall of 0.5% in the consumer price index following upon a rate of zero in October, albeit with an underlying rate of -0.1%. The Bank of Japan decided to further ease its monetary policy by raising the target for current account balances at the central bank from a range of 27-32 trillion yen to one of 30-35 trillion yen. Finally, the government announced that there would be no supplementary public expenditure packages in the last part of fiscal year 2003 and presented its budget plan for fiscal year 2004. There were no major changes in its fiscal policy stance, although mention can be made of the reduction in public investment, offset by higher social security spending.

In the United Kingdom, GDP grew by 0.9% in Q4 (2.5% year-on-year), up 0.1 pp on Q3. The December Purchasing Managers' Surveys reflected continuing intense activity in services and construction, although the good prospects for industry were frustrated by the fall of 1% in industrial production in November. Household spending continued to grow sustainably in Q4, underpinned by consumer credit and by the favourable juncture in the labour market, with an unemployment rate of 4.9% of the labour force. In the three months up to November the trade deficit continued to deteriorate, partly due to the appreciation of the pound sterling. The harmonised index of consumer prices grew at a rate of 1.3% in December, well short of the target of 2%, while the growth of house prices quickened in December.

The EU acceding countries saw a notable acceleration of activity in Q3, which continued in Q4. Particularly striking were the high growth

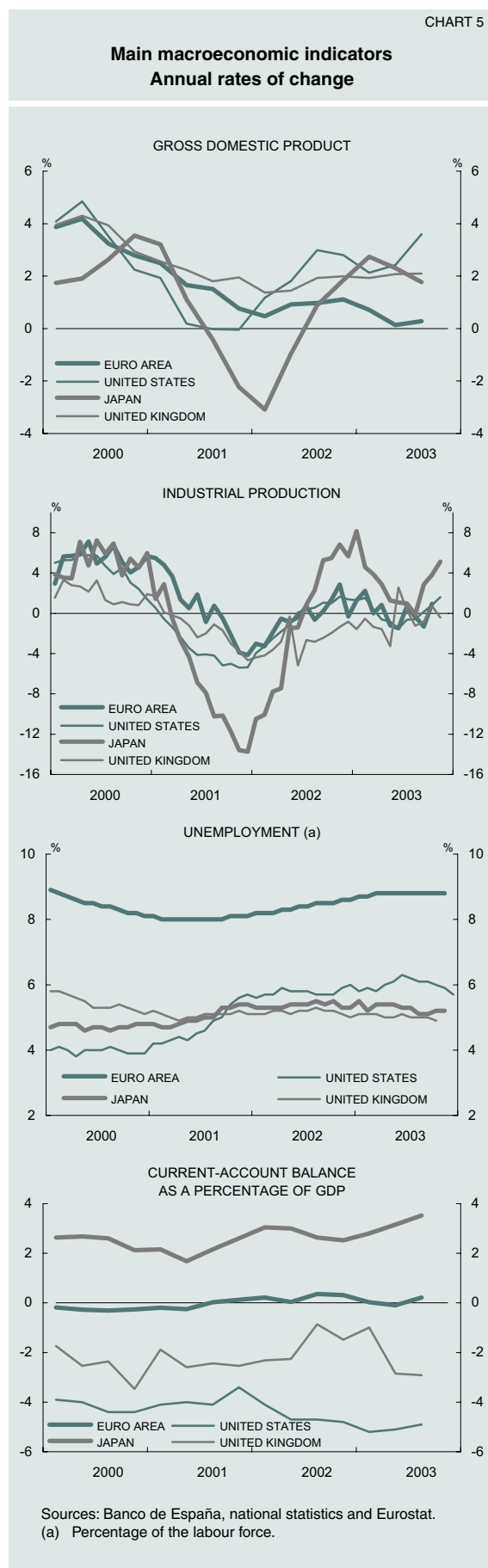
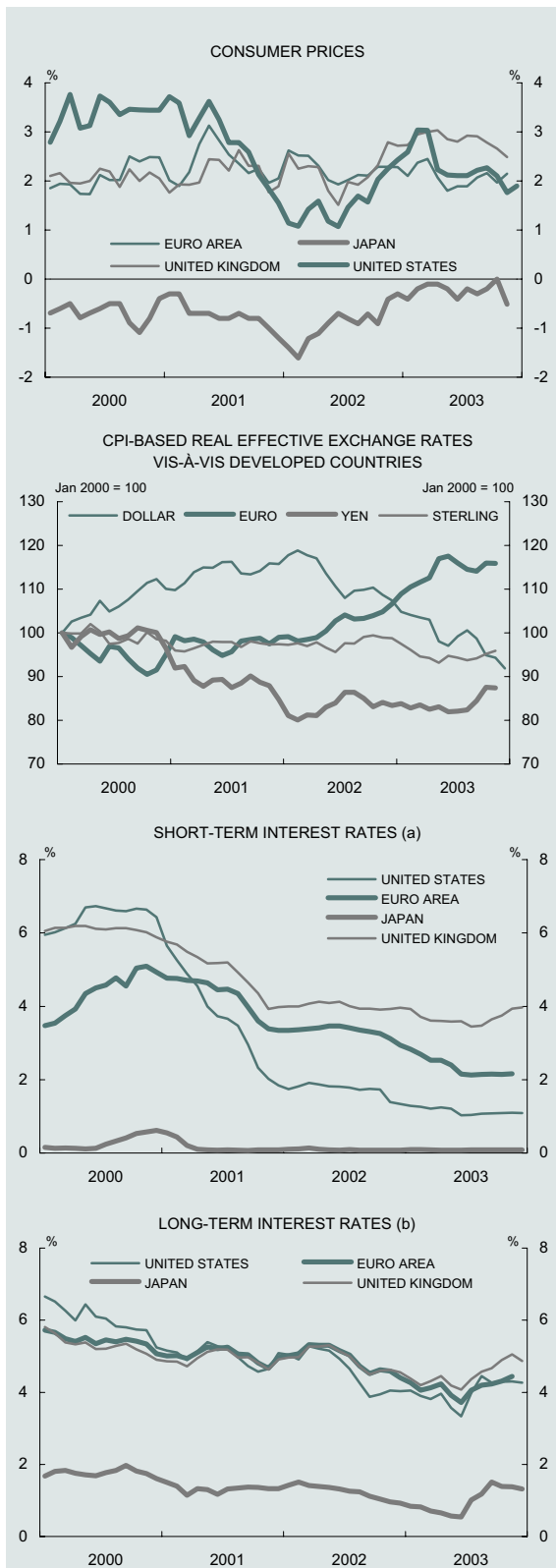




CHART 6

Prices, real exchange rate and interest rates

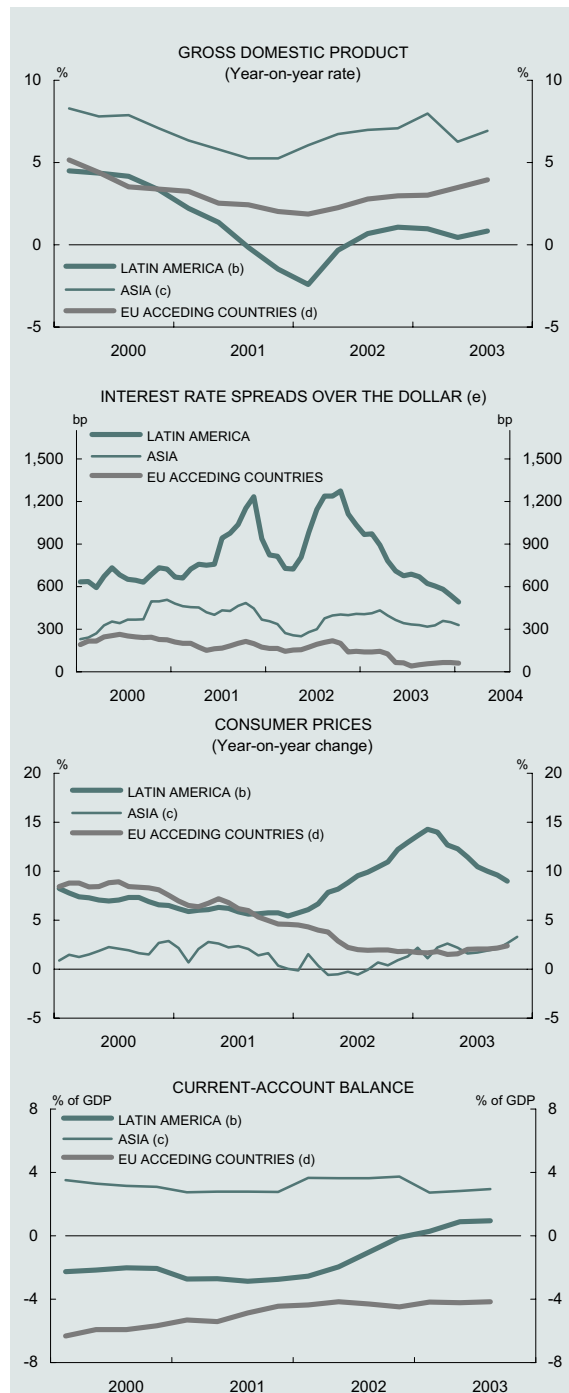


Source: Banco de España.

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

CHART 7

Emerging economies:  
main macroeconomic indicators (a)



Sources: National statistics and JP Morgan.

(a) The aggregate of the various areas has been calculated using the weight that their component countries have in the world economy, according to IMF information.

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

(c) China, Malaysia, Korea, Indonesia, Thailand, Hong Kong, Singapore and Taiwan.

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

(e) JP Morgan EMBI spreads. The EU acceding country data relate to Hungary and Poland.

of the Baltic countries, in certain cases above 6%, and the recovery of Hungary and the Czech Republic. As inflation rates edged up slightly in the closing months, the monetary authorities generally held official interest rates unchanged, except in Hungary, where they rose from 9.5% to 12.5% under strong pressure in the bond and foreign exchange markets due to the high fiscal and current account deficits. The Hungarian forint depreciated by more than 3% against the euro in Q4, while the other currencies with flexible exchange rates depreciated more moderately or even appreciated.

In Asia the recovery initiated in Q3 continued thanks to the buoyancy of exports, especially in China and South Korea. The Chinese economy is leading the growth in the region, with an estimated increase in GDP of 9.9% year-on-year in 2003 Q4 – even higher than the 9.6% recorded in Q3 – which meant that growth in 2003 was 9.1%. The indicators for Q4 confirm the acceleration of industrial production and of domestic demand, with sharp increases in fixed investment and in retail sales. All this came at the price of a rapid rise in inflation to 3% year-on-year in November. Also, the Chinese authorities commenced a bank capitalisation programme to place the financial system on a sounder footing.

The economic recovery in Latin America is progressing very slowly due to the poor results in terms of activity recorded in the region's two main economies, i.e. Brazil and Mexico. By contrast, the financial variables, particularly sovereign spreads and stock market indicators, continued to perform very favourably, to the extent that the Brazilian and Argentine stock market indices posted the highest rises in the world in 2003. This improved climate of confidence, along with the consolidation of fiscal accounts, the buoyancy of the external position (reflected

in current account surpluses unusual in the region) and the downturn in inflation to 1-digit figures for these countries as a whole, enabled a year of low growth of barely more than 1% to be ended with good prospects for 2004.

Looking at individual countries, mention should be made of the vigorous recovery in Argentina, with growth of 9.8% year-on-year in Q3 which, given the strength of activity in Q4, could exceed 8% for 2003 as a whole. This reflects above all the reversal of the big cumulative fall during the past four years of recession, which also implies very low inflation. Meanwhile, private international creditors were unenthusiastic about the external debt restructuring proposed by the Argentine authorities. In Brazil, despite the favourable behaviour of the external sector and the notable interest rate cuts justified by the moderate inflation, GDP growth fell to -1.5% year-on-year in Q3, although the most recent activity indicators point to a slight improvement. The financial variables continue to be highly optimistic, buoyed by the definitive approval of the main reforms to the social security and tax systems in December. In Mexico, by contrast, Congress failed to approve the fiscal reforms, which gave rise to some turmoil in the foreign exchange markets, although it had faded by the end of the year. Growth in Q3 was lower than expected (0.4% year-on-year), although in Q4 there were signs of greater activity in the industrial sector due to its recovery in the United States. Noteworthy in the other countries in the region were: the combination of relatively high growth and low inflation in Chile, which enabled it to end the year with historically low interest rates; the referendum result rejecting fiscal and political reform in Colombia, which led to the approval of a fiscal austerity programme; and the sharp fall in activity in 2003 in Venezuela (around 9%), albeit less than initially expected.

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

The information available on the economic performance of the euro area in 2003 Q4 seems to confirm the recovery in activity that commenced in summer. This increased buoyancy has so far been underpinned basically by the growth in demand for euro area exports, which have benefited from the expansion of global output. By contrast, there are few signs that domestic demand has overcome the weakness shown during the middle quarters of 2003, despite the predominance of elements conducive to its recovery, such as favourable monetary and financial conditions. This situation still harbours, however, certain risks that could limit the extent of the rebound in activity. First, the appreciation of the euro exchange rate has recently quickened, which will probably have a moderating effect on the rate of expansion of exports, casting some uncertainty on growth prospects. Second, the difficulties in applying and fulfilling the Stability and Growth Pact are a major source of concern. In this respect, delivering on the commitments assumed within the institutional framework of the euro area's fiscal policies is a key means of strengthening the confidence of agents and achieving sustained growth of the euro area economy.

#### 3.1. Economic developments

According to the most recent Eurostat estimate, the euro area's GDP grew by 0.4% in quarter-on-quarter terms in 2003 Q3, compared with the stagnation seen since end-2002 (see Table 1). The pace of 0.3% in year-on-year terms represented a slight acceleration compared with Q2. The breakdown by component shows that the recovery was underpinned by a sharp rise in exports, which grew by 2% quarter-on-quarter, following the fall-off suffered from 2002 Q4. This meant that, against a background of continuing sluggishness in imports, net external demand made a substantial positive contribution (0.8 pp) to output growth (see Chart 8). By contrast, domestic demand excluding inventories continued to show the scant strength characterising it throughout the whole of the year, with a contribution of only 0.1 pp to GDP expansion. The slow domestic spending was due to the scant momentum of private consumption and to the continuing fall in investment, although at a more moderate rate than in the previous two quarters. Finally, stockbuilding trimmed 0.5 pp from output growth. This reduction in inventories could be interpreted as a process not sought by firms, insofar it may have resulted from an unexpectedly strong rise in external demand.

The recovery of activity in Q3 was across the board in the nine euro area countries for



TABLE 1

**Euro area economic indicators**

	2002			2003				2004
	Q2	Q3	Q4	Q1	Q2	Q3	Q4 (a)	Q1 (b)
<b>GDP</b>								
Year-on-year growth	0.9	1.0	1.1	0.7	0.1	0.3		
Quarter-on-quarter growth	0.5	0.2	0.0	0.0	-0.1	0.4		
European Commission forecasts (c)							( 0.3; 0.7 )	( 0.3; 0.7 )
<b>IPI (d)</b>	-0.6	0.0	1.1	0.8	-0.5	0.1	1.1	
Economic sentiment	96.0	95.4	95.3	94.9	94.8	95.0	95.7	
Industrial confidence	-10.0	-11.3	-9.7	-11.0	-12.0	-11.4	-7.3	
Manufacturing PMI	51.4	50.5	49.0	49.3	47.1	49.1	52.0	
Services confidence	5.3	-0.7	-4.3	-5.7	-2.0	5.3	10.0	
Services PMI	52.9	50.9	50.5	48.9	47.9	51.9	56.7	
Unemployment rate	8.3	8.5	8.6	8.7	8.8	8.8	8.8	
Consumer confidence	-8.3	-10.0	-14.0	-19.3	-19.3	-17.3	-16.3	
<b>HICP (d) (e)</b>	1.9	2.1	2.3	2.4	1.9	2.2	2.0	
<b>PPI (d) (e)</b>	-0.9	0.2	1.5	2.4	1.4	1.1	1.4	
<b>Oil price in USD (e)</b>	24.1	28.4	28.2	30.3	27.6	27.1	29.9	31.5
<b>Loans to the private sector (d) (e)</b>	5.4	5.2	4.8	4.7	4.6	5.0	5.4	
<b>Euro area ten-year bond yield</b>	5.3	4.8	4.5	4.2	4.0	4.2	4.4	4.2
<b>US-euro area ten-year bond spread</b>	-0.10	-0.46	-0.51	-0.22	-0.32	0.09	-0.05	-0.03
<b>Dollar/euro exchange rate (e)</b>	0.998	0.986	1.049	1.090	1.143	1.165	1.263	1.254
<b>Appreciation/Depreciation of the euro (e)</b>	13.2	11.9	19.0	3.9	9.0	11.1	20.4	-0.7
<b>Dow Jones EURO STOXX Broad index (e)</b>	-15.2	-39.1	-34.5	-12.9	2.9	4.1	18.1	3.9
Sources: Eurostat, ECB and Banco de España.								
(a) The information in italics does not cover a full quarter.								
(b) Information available up to 20 January 2003.								
(c) Quarter-on-quarter growth forecasts.								
(d) Year-on-year growth.								
(e) End-period data. Figures for exchange rates and the stock market are percentage changes over the year.								

which quarterly national accounts data are available. They all recorded positive quarter-on-quarter growth in that period, except for the Netherlands, the GDP of which was unchanged. Moreover, the five countries whose output contracted in Q2 showed a strong rise in their growth rates. The expansion of exports and the consequent increase in net external demand contributed significantly to improving the results of certain economies, such as Germany and Italy, where the external sector's contribution to output growth amounted to 1.8 pp and 1.2 pp, respectively. Turning to domestic demand (excluding inventories), the three biggest euro area countries exhibited more varied behaviour: while Germany experienced a slight increase in the rate of fall of both private consumption and gross fixed capital formation, in France and Italy there was a recovery in private domestic spending.

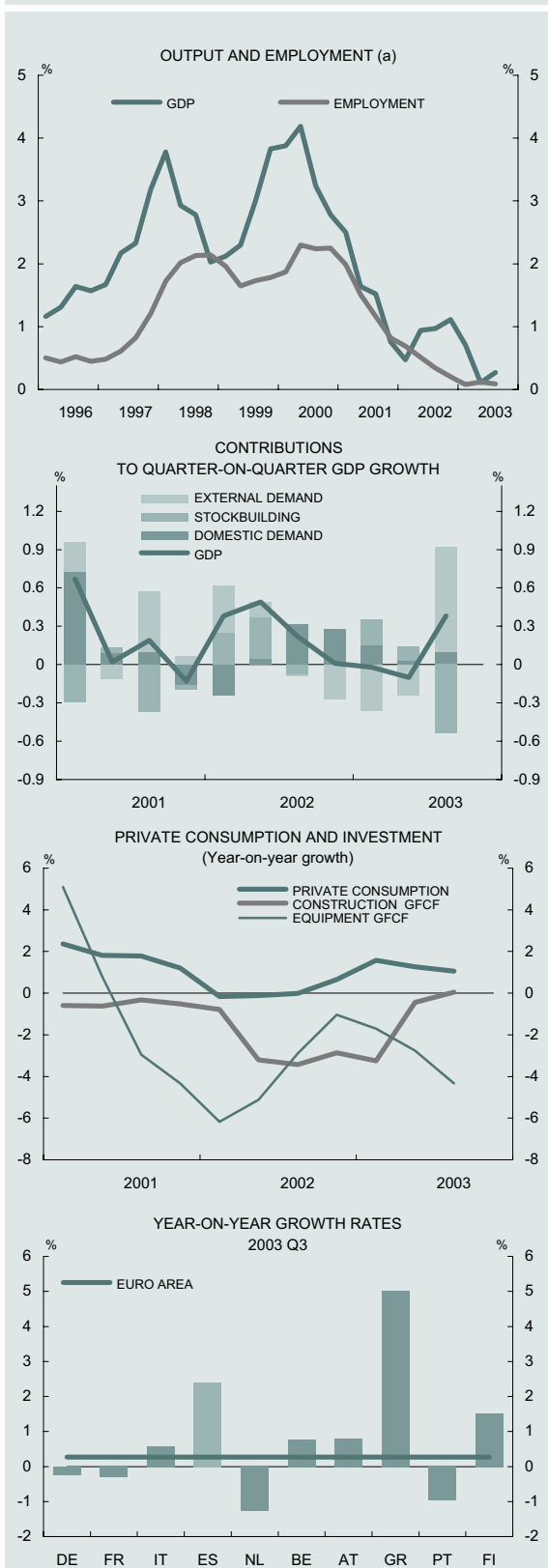
By branch of production, all sectors except agriculture saw a perceptible recovery in Q3 in

terms of value added growth. There was a notable recovery in industry (excluding construction), which returned to positive growth rates following a strong contraction in the previous quarter. The pick-up in the rates of expansion of construction and services was more moderate. The more pronounced recovery in industry than in services is consistent with the greater cyclical sensitivity of the former (see Box 1).

The information available on Q4 is consistent with a scenario of moderately strengthening demand. On the supply side, the qualitative indicators drawn from confidence surveys in manufacturing continued to show improvements in the quarterly average, reflecting a consolidation of the prospects for recovery (see Chart 9). However, although the purchasing managers' index in manufacturing moved continually upward during the whole quarter – exceeding by an increasingly broader margin the level of 50, which indicates an expansion of production – the results of the European Commission's in-

CHART 8

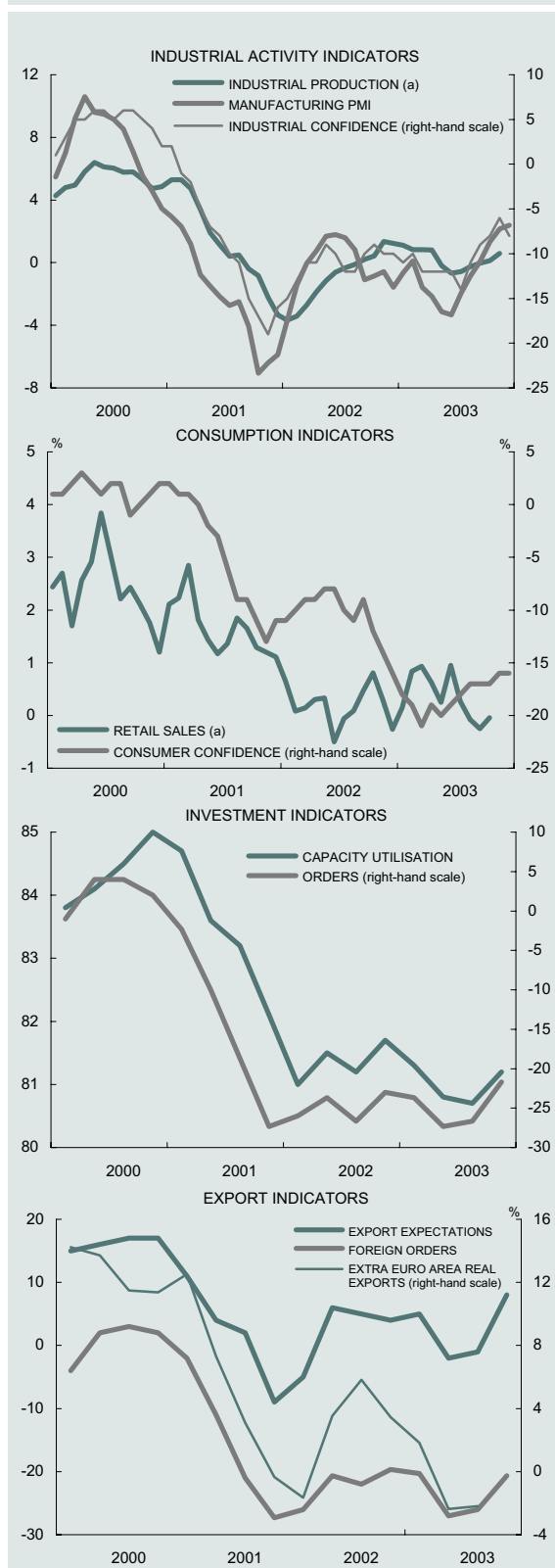
### Euro area national accounts



Sources: Eurostat and national statistics.  
(a) Year-on-year rates of change.

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.

## Cyclical behaviour of market services and of industry in the euro area

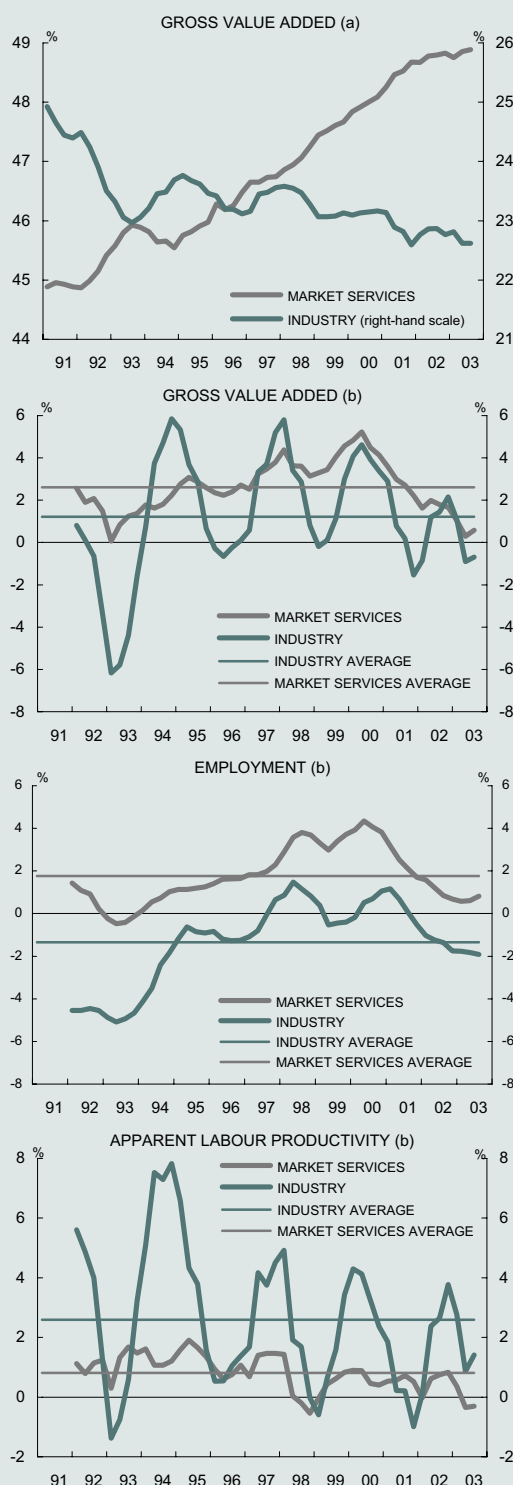
Since the early 1990s the two main branches of production in the euro area economy, i.e. market services (hereafter "services") and industry excluding construction (hereafter "industry") have seen a number of stylised facts that can be summarised as, firstly, an increasing weight of services – which have expanded in terms of both gross value added (GVA) and employment, at the expense of industry (and also agriculture and construction) – within the economy and, secondly, a lower relative volatility of growth of services in comparison with industry.

The weight of services in the GVA of the total economy has increased by 4 pp in the last decade, to the detriment of industry (see top panel). This is the result of a higher average year-on-year rate of change of services GVA in the period as a whole, which amounted to 2.6% against 1.2% in industry, as seen in the second panel. This phenomenon could be explained by a variety of factors. First, the relative demand for services in an economy grows as the level of income per capita rises (commensurately with, for example, needs that were previously satisfied within the household and are now met by services provided externally). Second, the growing importance of outsourcing, whereby industrial firms demand on the market a series of services that they previously provided to themselves internally, may be causing a certain shift in GVA from one sector to the other. Finally, the process of investment in countries outside the euro area in search of lower production costs and higher returns is giving rise to a certain industrial delocalisation which is reducing the weight of this sector within the euro area.

The growth of GVA in services shows, moreover, lower relative volatility. In the period considered, the standard deviation of the year-on-year rates of change of industry GVA was more than twice that recorded by services. This is probably related to the fact that services include a higher relative proportion of products the demand for which is less responsive to the business cycle – such as education or private health care – or the international tradability of which is low, meaning that they are not directly subjected to disturbances coming from abroad or generated by exchange rate movements. Also, the rates of change of services GVA show greater persistence over time than those of industry GVA, which is reflected in the longer cycle of the services sector.

The differential between the average year-on-year growth rates in the two sectors is much wider for employment than for GVA (see third panel). In the period considered, jobs have been destroyed in industry at an average annual rate exceeding 1%. In fact, only in two brief periods were jobs created in this sector in year-on-year terms. By contrast, in services employment only fell in one particularly unfavourable phase of the cycle (in 1993), while the average growth in the period was approximately 2%. This wider differential is associated with more dynamic behaviour of apparent labour productivity in industry – with annual average rises of around 2.5% – than in services, in which productivity gains are less than 1% (see bottom panel). Unlike the situation with GVA, the volatility of employment is not very different in the two sectors, suggesting that the short-term response of manufacturing firms to the high cyclical variability of their activity is basically to change the intensity with which they use labour, and not to change their workforce.

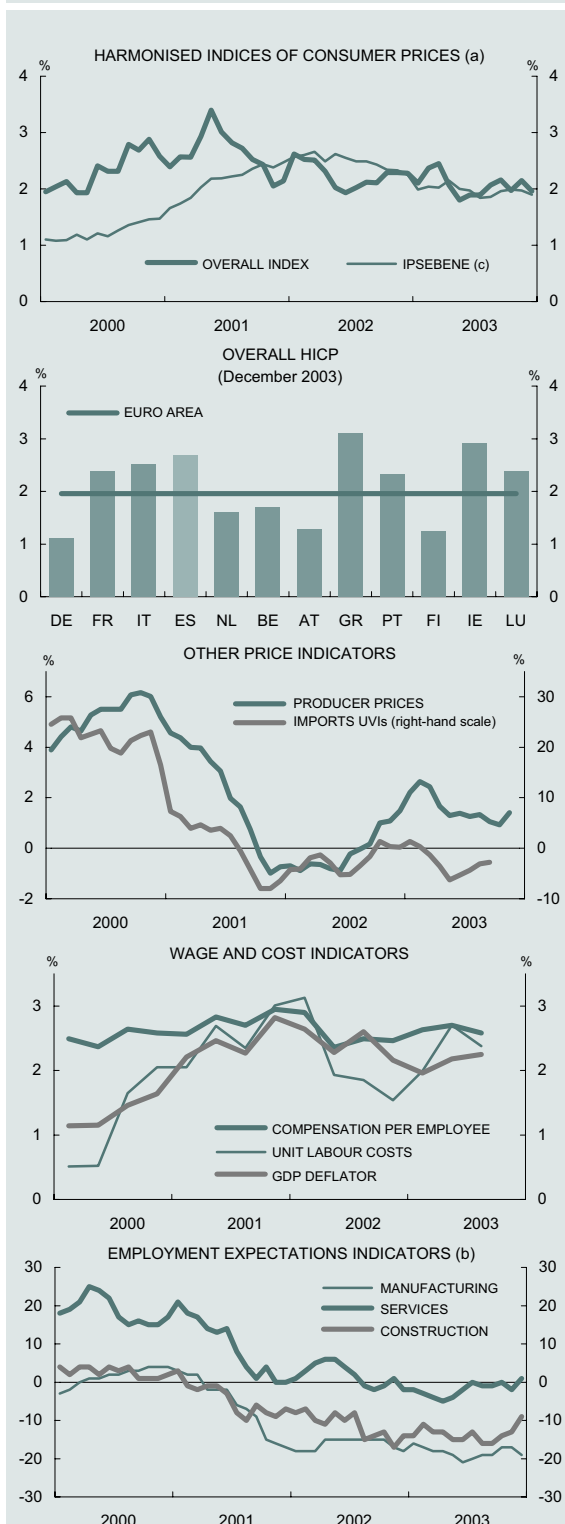
The recent pattern of GVA in the two sectors shows that they have made similar contributions to the deceleration of euro area output since mid-2000. The slowdown in activity has been more persistent in services, in which the year-on-year rates of change have progressively fallen over the last three years, following the prolonged period of acceleration from 1992 to 2000. Industry has continued to show the customary cyclical fluctuations, although within a general slowing trend in the pace of expansion of GVA. In 2003 Q3 the two sectors commenced a modest recovery which it would be premature to consider as definitive, although it seems set to continue in the immediate future given the sustained improvement in the confidence indicators (particularly those of services) since last spring.



Sources: Eurostat and European Central Bank.  
(a) As percentage of total gross value added.  
(b) Year-on-year rates of change.

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 January 2002 when the series was rebased to 2001.

(b) Expectations based on European Commission sentiment indicators.

(c) CPI excluding unprocessed food and energy.

dustrial confidence survey fell off in the last month of the year, as did all its components. The industrial production index available up to November reflected a trend towards progressive recovery in manufacturing during the second half of the year.

Turning to domestic demand, the available information tends to give a picture of a more faltering recovery, particularly in private consumption. In this component, consumer confidence improved very slightly in Q4, while retail confidence fell off in the last two months of the year. Among the quantitative indicators, car registrations and retail sales again failed to show clear signs of recovery. As regards demand for capital goods, there seem to be some encouraging signs compared with previous quarters in terms of trend in the degree of capacity utilisation and in the assessment of industrial order books by firms, since the best values of these indicators in 2003 were recorded in the fourth quarter. As regards external demand, the assessment of industrial orders received from abroad held on an upward trend reflecting buoyant world demand.

Regarding the euro area labour market, in 2003 Q3 employment remained stagnant at the levels reached in early 2002, which meant that the unemployment rate also remained unchanged at around 8.8% of the labour force. The indicators of employment expectations in the various branches of production point to a modest improvement in prospects in construction and, to a lesser extent, in services (see bottom panel of Chart 10).

Therefore, after the strengthening of euro area economic activity over the second half of 2003, the outlook is for a mild and progressive consolidation of recovery during the coming months. The continued corporate balance-sheet restructuring, the solid financial position of households and the timid signs of recovery in employment that are emerging make for a setting conducive to the expansion of activity. However, there are certain risks that could jeopardise consolidation of the improvement. In particular, during the second half of the year this improvement was based on factors that make it somewhat vulnerable, since, from the standpoint of composition, it was based nearly exclusively on external demand, with scant buoyancy in domestic demand. Although this is consistent with the pattern observed at the beginning of other business cycle upturns, this time it is more risky than in the past because it coincides with a quickening of the process of euro appreciation. Although the impact of this phenomenon on net external demand seems to have been eclipsed in Q3 by the buoyancy of the world

TABLE 2

## General government budget balances of euro area countries (a)

% of GDP

	2000	2001	2002	2003 (b)	2003 (c)	2004 (b)	2004 (c)
Belgium	0.2	0.4	0.1	0.2	0.2	0.0	-0.4
Germany	-1.2	-2.8	-3.5	-4.0	-4.2	-3.5	-3.9
Greece	-1.9	-2.0	-1.2	-1.4	-1.7	-1.2	-2.4
Spain	-0.9	-0.3	0.1	0.5	0.0	0.0	0.1
France	-1.4	-1.6	-3.1	-4.0	-4.2	-3.6	-3.8
Ireland	4.4	0.9	-0.4	-0.4	-0.9	-1.1	-1.2
Italy	-1.8	-2.6	-2.3	-2.5	-2.6	-2.2	-2.8
Luxembourg	6.4	6.2	2.4	-0.6	-0.6	-1.8	-2.1
Netherlands	1.5	0.0	-1.6	-2.3	-2.6	-2.3	-2.7
Austria	-1.9	0.3	-0.2	-1.3	-1.0	-0.7	-0.6
Portugal	-3.1	-4.2	-2.7	-2.9	-2.9	-2.8	-3.3
Finland	7.1	5.2	4.2	2.3	2.4	1.7	1.7
MEMORANDUM ITEM:							
Euro area							
Primary balance	4.2	2.3	1.4		0.7		0.7
Total balance	-0.9	-1.6	-2.2	-2.7	-2.8	-2.4	-2.7
Public debt	70.2	69.2	69.0	70.1	70.4	70.0	70.7

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

(a) As a percentage of GDP. Proceeds from the sale of UMTS licences not included. Deficit (-) / surplus (+). The deficits that exceed 3% of GDP have been shaded.

(b) Targets of the stability programmes presented between November 2003 and January 2004.

(c) European Commission forecasts (autumn 2003).

markets, the resurgence of the upward trend in the exchange rate in Q4 could begin to affect euro area activity. In particular, there is certain evidence that so far export firms have passed through to their product prices only a part of the euro's appreciation. This implies a compression of their margins that will be difficult to maintain in the future.

The growth rate of the harmonised index of consumer prices (HICP) slowed by 0.2 pp between September and December, ending the year at 2%. The rate of increase of the CPI excluding unprocessed food and energy (the more volatile components) decreased during the quarter by 0.1 pp to 1.9%. This was a result of the more moderate momentum of services and non-energy industrial goods prices, since processed food prices rose by 0.6 pp, driven by the effect of the rise in excise taxes in France, particularly those on tobacco. The growth of industrial producer prices, which had been decelerating during the year, rose in November to 1.4%, due to the expansionary behaviour of energy prices, a component whose high volatility contrasts with the stability (at low levels) shown by the growth rates of the other components.

The performance of the underlying inflation trend in the second half of 2003 was moderately

more favourable than expected, which meant that at the beginning of 2004 the situation in the euro area was conducive to stable inflation of below 2%. Exchange rate behaviour should contribute to this, given the existing evidence that the euro's appreciation has so far been incompletely passed through to euro area import prices. In any event, the appreciation has neutralised the impact of the oil price escalation on the prices of energy goods expressed in euros. The factors pushing up oil prices include the continuing geopolitical uncertainty, the impact on oil demand of the unexpectedly strong recovery in the global economy, the low level of stocks in certain oil consuming countries and the apparent intention of the OPEC countries to raise prices to offset the effects of the dollar's depreciation on their purchasing power.

However, throughout 2003 prices generally exhibited persistent downward stickiness, despite the fact that the scant momentum of activity resulted in production below its potential level. Against this background the behaviour of domestic costs is a crucial factor for assessing the inflation outlook. Thus unit labour costs continued growing at high rates of around 2.5% despite the slight moderation in 2003 Q3. In particular, the rate of expansion of compensation per employee has shown persistent downward



stickiness and a notable lack of sensitivity to the cyclical position of the economy during the latest slowdown in activity.

The performance of the euro area balance of payments in the period January-October 2003 reflected the effects of the euro's appreciation. Thus the cumulative current account surplus decreased by approximately €28 bn in relation to the same period a year earlier, to €20 bn. This was due principally to an increase of €16 bn in the income deficit (because the value in euro of the income from the rest of the world fell as a result of the exchange rate appreciation) and to a decrease of €13 bn in the goods surplus, as a result of the value of exports falling by more than that of imports.

In the area of fiscal policy, in 2003 the euro area budget deficit deteriorated for the third consecutive year to stand, according to the European Commission's autumn estimates, at 2.8% of GDP, against 2.2% in 2002 (see Table 2). Therefore, the budget figure for the euro area as a whole differed by 0.9 percentage points of GDP from that resulting from the national stability programmes submitted in late 2002 and early 2003, largely due to the weak economic growth of the euro area.

On 25 November the ECOFIN Council rejected the European Commission's recommendations on the excessive deficit procedure against France and Germany. The Council decided to hold the procedure in abeyance and approved conclusions containing new recommendations. These called for postponement until 2005 of the deadline for correcting these countries' excessive deficits and asked for a larger reduction in the cyclically adjusted deficit than that envisaged in the latest Broad Economic Policy Guidelines. Although the content of these recommendations does not differ substantially from the proposals that had been made by the Commission, there are doubts concerning the procedure used by the Council and the binding nature of the conclusions, despite the fact that the governments of France and Germany have publicly announced their commitment to comply with them. Consequently, on 13 January the European Commission decided to appeal against the Council's decision to the Court of Justice of the European Communities to clarify to what extent the procedure used by ECOFIN conforms to that established in the Treaty. This initiative by the Commission forms part of a broader strategy aimed at clarifying and improving the mechanisms by which economic policies are co-ordinated and monitored in the euro area. The particular proposals have yet to be specified by the Commission.

Meanwhile, the Member States have submitted the updates of their stability programmes, in which they define their medium-term fiscal objectives. Aggregating the budget figures of the various countries results in a budget deficit for the euro area of 2.4% and 1.7% of GDP in 2004 and 2005, respectively. These projections are more favourable than the European Commission's autumn forecasts, according to which the euro area budget deficit would remain at 2.7% in 2004 and 2005. The differences are because the stability programmes of certain countries include more optimistic economic growth estimates and, moreover, consider fiscal consolidation measures not included in Commission forecasts. Therefore the expected improvement in the countries' public finances depends on the veracity of these two assumptions. According to stability programme figures, the cyclically adjusted budget deficit of the euro area as a whole will improve moderately in 2004, so the fiscal policy stance will foreseeably be slightly restrictive. Broadly, the budget strategies of the Member States fulfil the Eurogroup's agreement that countries with a budget deficit that is structural should reduce it by 0.5 pp of GDP each year until budget balance is reached. However, the information contained in the programmes indicates that by 2006 the euro area as a whole will still not be near to budget balance.

The worsening of public finances in a setting of unfavourably trending activity has given rise to two types of action by economic policy authorities. First, it has prompted the European Council to initiate a programme to foster investment, known as European Action for Growth, described in Box 2. Second, it has obliged Member States to seek a difficult balance between, on the one hand, measures aimed at consolidating their public finances and, on the other, those aimed at stimulating economic growth. Such is the case of Germany, which last December approved an extensive set of reforms forming part of the so-called Agenda 2010. In particular, these reforms brought forward to 2004 a portion of the marginal rate cuts under personal income tax initially planned for 2005, which was offset by reducing certain tax deductions. In the labour market, the reforms include unemployment benefits that are equal to the welfare aid for the long-term unemployed, obligatory acceptance by the unemployed of certain job offers under certain conditions and more flexible legislation on dismissals.

### 3.2. Monetary and financial developments

As described in the previous section, the economic setting in the euro area in 2003 Q4 was characterised by a moderate improvement

## European action for growth

In the second half of 2003, with Italy holding the EU Presidency, a number of initiatives were undertaken to promote various investment projects. Finally, in December the European Council approved what was known as European Action for Growth, a programme to foster investment which has two aims. In the short term, it seeks to increase demand and confidence in the European Union, against a background of relative economic weakness and scant investment buoyancy. In the longer term, it seeks to further the objectives of the Lisbon Agenda, which aspires to put Europe at the head of the developed economies in terms of productivity and innovative capacity by the end of this decade. In principle, this effort will not involve an additional budget burden, and the commitments made in the Stability and Growth Pact and the financial prospects of the EU will be observed. Regarding the planned actions, it is considered crucial to work on executing trans-European transport, energy and telecommunications networks and to invest in human capital, particularly that relating to R&D investment and technological innovation.

The trans-European network projects aim to improve the connection between the Member States of the European Union in order to foster integration of the internal market. In the development of transport networks, priority has been given to cross-border sections that improve the inter-connection of existing national networks, both between current Member States and with the countries that will shortly join the EU. The European Action for Growth programme also aims to complete the single market for electricity and gas, improving the inter-connection between European electricity networks and strengthening connections with northern Africa and northern and eastern Europe, which are areas that supply energy to Community countries. The third area of action in infrastructure is telecommunications. The European Union aims to ensure widespread access to broadband communications by 2005 and to stimulate supply in distant, rural or disadvantaged regions and to boost demand by setting up or fostering services that use these technologies.

In the area of research, the programme takes note of the objective set by the Lisbon Agenda to achieve R&D investment equal to 3% of GDP by 2010 (it is currently less than 2%), which entails raising private and public investment at an annual rate of 8% (it is currently growing at 1.3%). It is expected that private initiative will make up two-thirds of this investment effort. For this purpose, investment will be fostered in infrastructure for research, scientific parks, industrial innovation, R&D projects, information and communications technologies and the financing of education and training centres, through growing investment in education and closer integration with employment and social policies.

Within this framework of action, in December the European Council approved a group of priority initiatives known as the Quick Start Programme to ensure that a substantial level of investment has been undertaken by end-2006. For this purpose mature investment projects have been selected which can be commenced immediately or within a short period, with emphasis on cross-border transport links.

To finance these projects, the countries cannot increase their public budgets; rather, they have to change their spending mix, optimise the use of Community financing and let private initiative bear most of the weight of investment. To increase the incentives for the private sector to participate in infrastructure projects, it is intended to promote associations with the public sector (known as public-private partnerships, or PPP). In this way private initiative will own the physical assets and provide the infrastructure services, and, in exchange, the State will furnish the private operators with an adequate flow of revenue. In the financing of this type of projects and in those relating to the development of human capital, consideration is being given to involving the European Investment Bank to a greater extent and developing new guarantee instruments, specialised capital funds and structured financing operations. It is also wished to foster securitisation of the financing granted by banks for infrastructure projects, which would generate liquidity that could be reinvested in other projects of this type. To give an idea of the importance of the projects, the accompanying table includes information on the funds committed in the various fields of action.

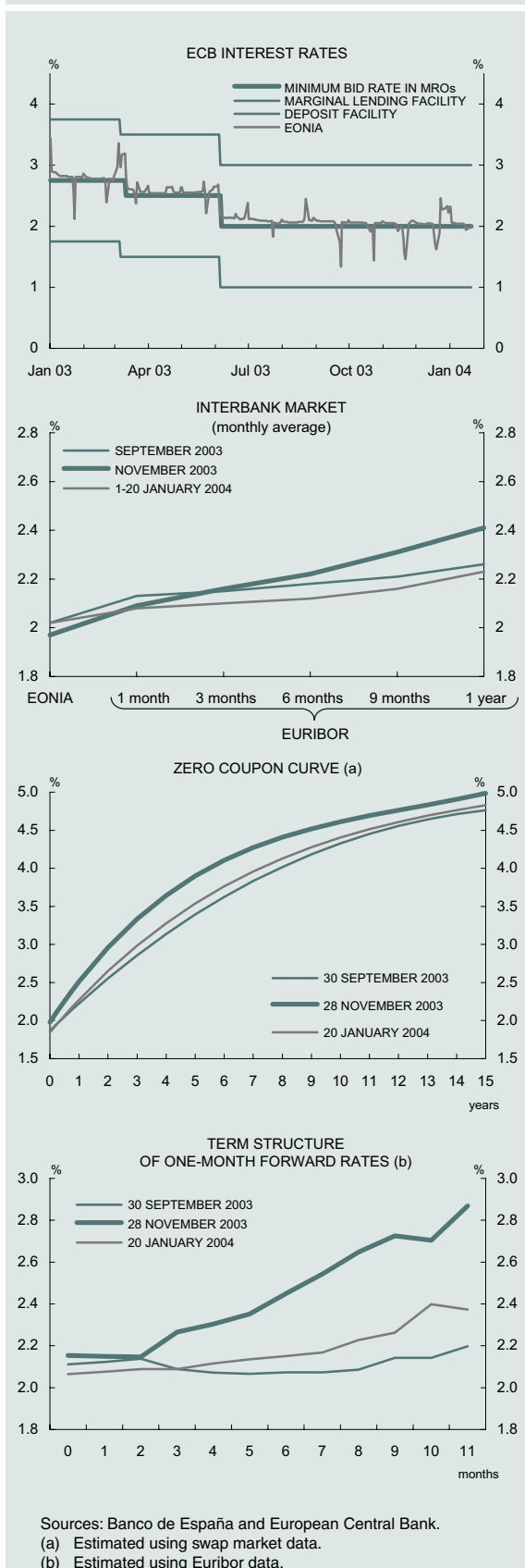
## Financing committed in the various areas

AREA OF ACTION	EUR bn	% GDP	period
<b>TRANS-EUROPEAN NETWORKS (TEN)</b>			
<b>Transport (TEN-T)</b>			
Total investment	220.0	3.0	To 2020
Of which:	160.0	2.2	To 2010
EU funds for TEN-T networks	0.6	---	Annual
EIB funds for TEN investment facility	50.0	0.7	2004-2010
Cohesion Fund (infrastructure)	1.5	---	2000-2006
<b>Galileo (European navigation satellite network)</b>			
UE funds for TEN-T networks	0.6	---	2002-2005
6th R+D Framework Programme	0.1	---	2003-2006
<b>Broadband and electronic Trans-European Networks (eTEN)</b>			
Structural funds	5.5	0.1	2002-2007
eTEN electronic networks	0.4	---	2000-2005
6th R+D Framework Programme	4.0	0.1	2000-2006
<b>KNOWLEDGE</b>			
<b>Research and Development (R+D)</b>			
6th R+D Framework Programme	17.5	0.2	2003-2006
Structural funds	10.5	0.1	2000-2006
EIB funds for "i2i" and "Innovation 2010" initiatives	50.5	0.7	2000-2010
European Investment Fund for venture capital funds	2.5	---	---
<b>Innovation and training related to research</b>			
European Social Fund training	27.0	0.4	2000-2006

Source: European Commission

CHART 11

# Euro area interest rates



in activity, along with favourable prospects for 2004, and by inflation behaviour in keeping with the definition of price stability. In light of these data, the ECB Governing Council decided that in the final stages of 2003 it would hold official interest rates at the levels set on June 5. Thus the rates for main refinancing operations, the deposit facility and the marginal lending facility remained at 2%, 1% and 3%, respectively.

Interest rate developments on the money markets can be divided into two distinct phases since the end of 2003 Q3, as shown in Chart 11. In October and November there was an upward shift in the yield curves at terms of approximately three months and longer, reflecting expectations of interest rate rises around spring 2004 due to an economic climate promising to become more favourable and to a slight worsening of the inflation outlook. However, since the beginning of December these expectations have been revised downwards – the reasons for this may have to do with the quickening appreciation of the euro against the dollar – and, as a result, at the end of January the markets seem to consider it very unlikely that official interest rates will rise before the end of next summer. Thus 1-year EURIBOR fell back to 2.2%, similar to its level in summer 2003. In the secondary debt markets, 10-year yields moved down slightly in the quarter as a whole and in the last few days of January stood in the vicinity of 4.2% (see Chart 12).

Finally, in the corporate bond markets the improved economic climate led to a gradual narrowing of corporate bond spreads. The interest rates charged by credit institutions on loans by them to households and firms continued at historically low levels. In line with the other international stock markets, the euro area bourses have performed well recently. The Dow Jones EURO STOXX broad index rose by around 16% in 2003 Q4 and by 18% in 2003 as a whole. This upward course continued in the early weeks of 2004, buoyed by the ongoing favourable global economic outlook.

As mentioned above, the sharp appreciation of the euro against the dollar in the second half of the year was one of the most notable economic developments in the period under analysis, although in the last few days it has been subject to some fluctuations. Since end-September, following the communiqué issued by the G-7 Dubai meeting that advocated greater exchange rate flexibility as conducive to the orderly adjustment of global imbalances, the euro has appreciated somewhat less than 10% against the dollar. In nominal effective terms, the euro's appreciation is lower, at 4% in the same period.



CHART 12

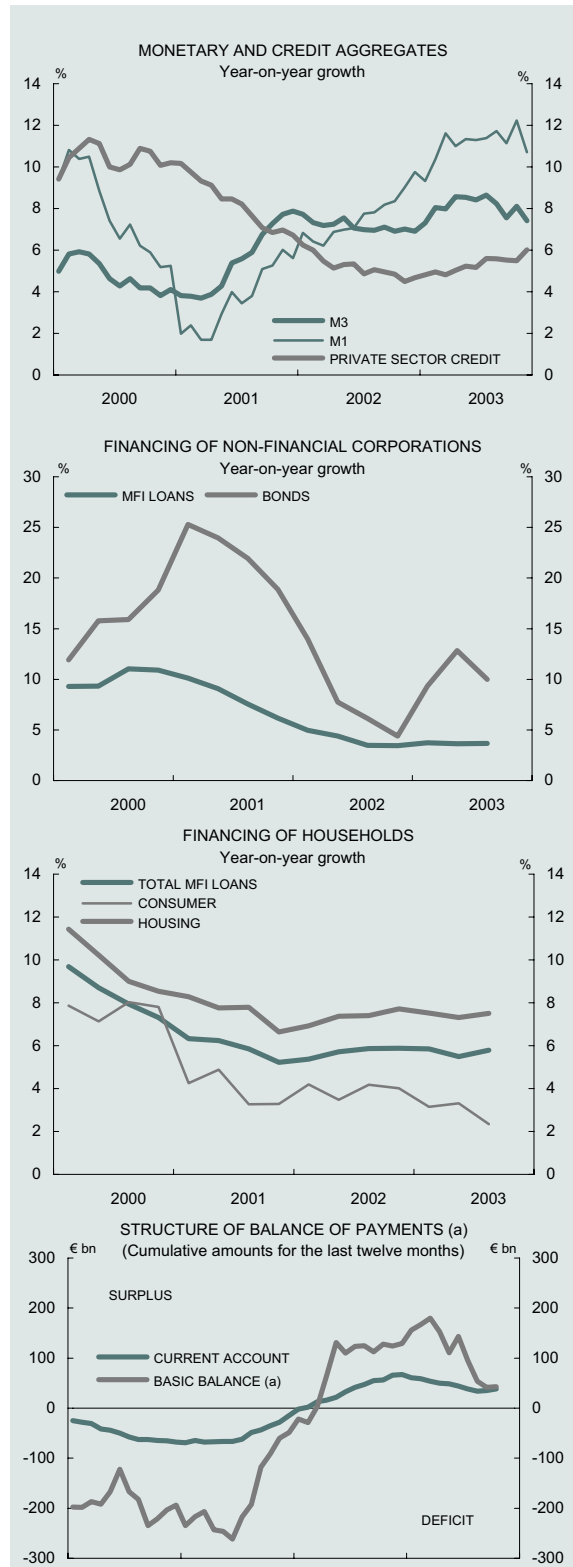
**Euro area interest rates, exchange rate and stock market index**



Sources: Banco de España and European Central Bank.  
 (a) Data drawn from new statistics on interest rates compiled by the ECB for new operations.  
 (b) Nominal effective exchange rate index. Narrow group of currencies defined by the ECB.

CHART 13

**Monetary and credit aggregates and balance of payments**



Sources: Banco de España and European Central Bank.  
 (a) The basic balance is approximated by the sum of the balance on current account and direct and portfolio investment.

In the last few months the M3 monetary aggregate has decelerated moderately, although its year-on-year rate of change remained high (7.1% in December). The incipient process of reallocation of portfolios held by the public towards longer-term financial assets carrying higher yield and risk, could be consistent with the diminution of financial market uncertainty. The available data on credit to the private sector evidence the continuation of the mild acceleration that commenced in the previous quarter, the year-on-year growth rate standing at 5.7% in December. This is in line with the background of economic recovery seen during the second half of the year and with the continuing favourable financing conditions. The fi-

nancing extended to households, particularly that used for house purchase, has been the most buoyant component of bank credit. As regards changes in the supply of credit by sector, the Bank Lending Survey in Q3 pointed to a decrease in the proportion of institutions stating that they had tightened the terms of loans to euro area firms. By contrast, Q3 saw an increase in the number of institutions reporting that they had adopted a tougher attitude on credit extension to households, although the institutions planned to apply easier terms to consumer credit in Q4. It has to be kept in mind, however, that the short history of this survey makes it advisable to interpret these results with caution.

## 4. The Spanish economy

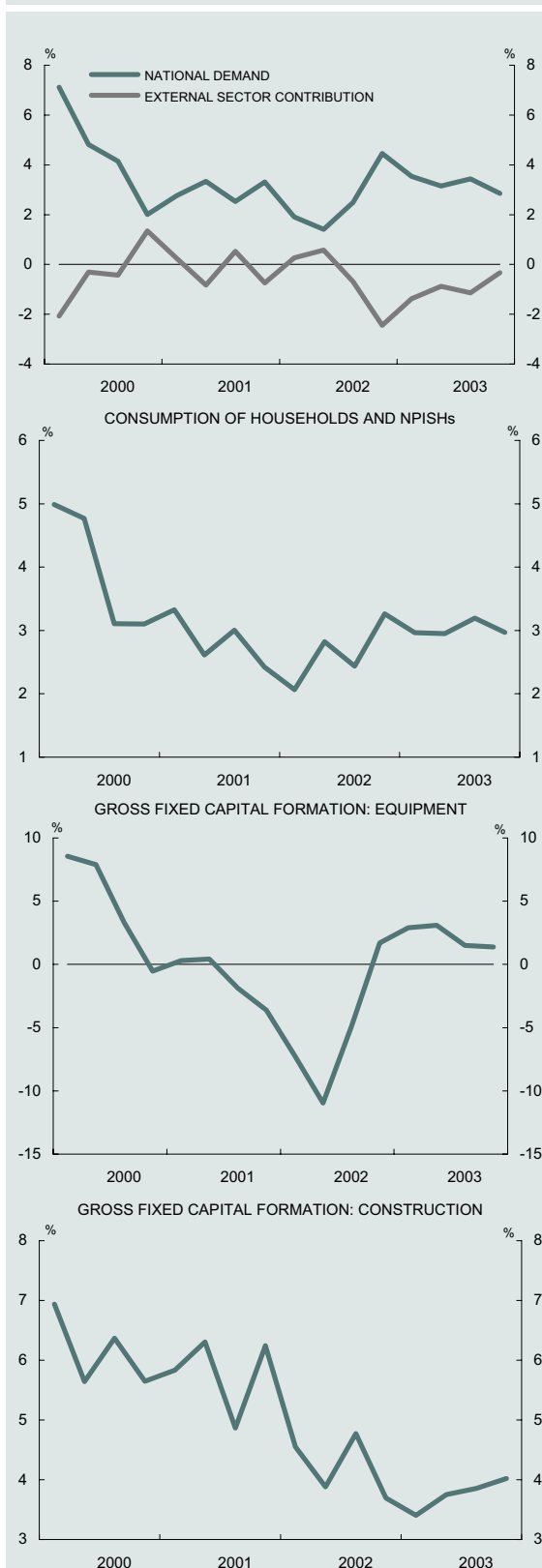
The QNA estimates for 2003 Q3 showed a strengthening of national demand in the Spanish economy during this period, in which its growth rate rose to 3.4% in real year-on-year terms. Contributing to this was the renewed buoyancy of private consumption and, to a lesser extent, of construction spending, while investment in capital goods slowed (see Chart 14). The negative contribution of the external sector to GDP growth edged up to -1.1 pp, such that the year-on-year increase in GDP stood at 2.4%, 0.1 pp up on the figure for Q2. The information available for Q4 suggests somewhat less expansionary behaviour by domestic demand, the increase in which would have been close to 3%, against a background of easing household consumption, stable expenditure on fixed capital and with a contribution of stockbuilding below that of the previous quarter. Nonetheless, the negative contribution to growth by the external sector should have abated considerably, owing to a sharper loss of momentum in imports compared with that in exports. Consequently, GDP is estimated to have increased by 2.6% in real terms in 2003 Q4 compared with the same period a year earlier, with its growth for the year on average standing at 2.4%.

The increase in output over 2003 as a whole, which was 0.4 pp up on the preceding year, was the result of resilient domestic demand, which grew by 3.2%, and, in particular, of investment in equipment, following the unfavourable performance of this variable in 2002. The growth of consumption also stepped up, underpinned by the pick-up in employment and by household wealth gains. Investment in construction, meanwhile, eased only slightly and remained the most buoyant component of expenditure. Conversely, the contribution of the external sector stood at -0.9 pp, reflecting a sharper recovery in imports than in exports, in a setting in which the Spanish economy's growth differential with the euro area widened.

From the standpoint of activity and on the indicators available, value added in 2003 Q4 would have grown at a similar year-on-year rate to the previous quarter. This is because the recovery in the agricultural branches extended into the final quarter and the weakness shown by industry in Q3 ceased. The rate of change of services tended to stabilise, while there was some slowdown in construction. Over the year as a whole the highlight was the recovery in industry, although the performance of agriculture and market services also improved in relation to 2002, while value added in construction continued to post high though somewhat lower rates than those of the previous year. Employment moved on a moderately recovering profile be-

CHART 14

### Main demand aggregates Percentage change on year ago (a)



Sources: INE and Banco de España.  
(a) Calculated using the seasonally adjusted series.

tween the first and second half of 2003, with the number of jobs increasing at an estimated rate of around 1.8% during the year as a whole, 0.3 pp up on 2002. In the market economy, employment was steadier during the first three quarters of 2003, when it advanced at rates of between 1.8% and 1.9%, accompanied by very modest apparent labour productivity gains. The information available indicates that there had been a mild acceleration in numbers employed by the end of the year. Across the different branches, job creation was concentrated in construction and, to a lesser extent, in services.

The behaviour of wages in 2003 was driven by a higher growth of wage settlements than in 2002 and by back-pay arising from the indexation clauses for the latter year, which translated into a rise in compensation per employee in the market economy, especially at the beginning of the year. Nonetheless, the growth of compensation moderated progressively during the year, passing through to unit labour costs. The expansionary trend of business margins lost steam in relation to 2002. Both factors explain the cut in the growth rate of the GDP deflator over the course of 2003. Against the backdrop of the appreciation of the euro, foreign prices also contributed to easing prices. As a result, in terms of the CPI the decline in the inflation rate exceeded 1 pp, standing at 2.6% in December.

#### 4.1. Demand

In real terms, Spanish household final consumption spending posted high growth in the first three quarters of 2003. In year-on-year terms, this growth increased slightly in Q3 to 3.2%, largely as a result of it having slowed a year earlier (see Chart 14). The information available for Q4 indicates that consumption remained strong during this period, ending the year 2003 with average growth of 3%. The buoyancy of private consumption last year was based on the sound growth of real household income, making it compatible with a slight rise in the household saving ratio, on continuing generous financial conditions and on the increase in the wealth of this sector. Likewise because of these factors, households' perception of the economic situation gradually improved.

Among the private consumption indicators, depicted in Chart 15, the index of apparent consumption of consumer goods, estimated with as yet incomplete information for Q4, has moved on a declining trend, mitigated by the course of apparent consumption of services. Other indicators more directly related to expenditure have behaved more favourably, such as the retail

sales index in real terms, or the confidence indicator, which stood in December at a high for the year. Under consumption, durable goods purchases were particularly resilient; in particular, new car registrations rose substantially in Q4, entrenching the recovery seen in the previous two quarters.

Among the determinants of consumption, real disposable income grew at a rate close to that of the previous year, against a background of lower inflation. In current prices, the bigger increase in total gross wages – the outcome mainly of the higher growth of employment – was countered by a somewhat less expansionary contribution of general government net transfers and of non-wage income. As indicated, household wealth also supported the growth of consumption; the significant rise in the value of property assets continued and, in turn, stock market prices rallied, thereby boosting financial wealth. Overall, consumption quickened by 0.4 pp in 2003 compared with 2002, despite which the ongoing recovery of the household saving ratio was maintained.

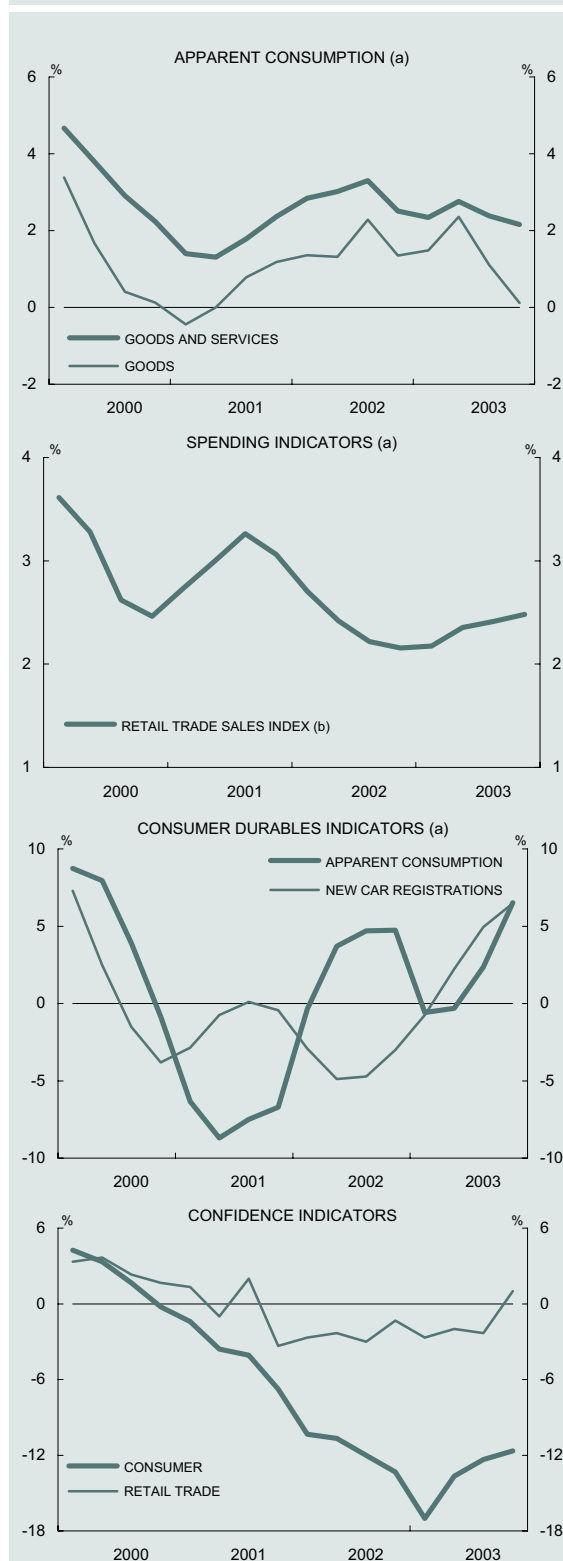
In 2003 Q3, final general government consumption posted growth of 3.6% year-on-year, 0.1 pp down on the previous quarter, and it is estimated that this slightly slowing trend may have run into Q4, in line with the course of salaries and wages observed in the State budget outturn.

Gross fixed capital formation rose by 3.1% year-on-year in Q3 last year, 0.3 pp less than in Q2, thereby checking the path of recovery initiated in the summer of 2002. The loss of momentum was confined to investment in capital goods, which slowed by 1.6 pp and grew by 1.5% in relation to the same period a year earlier. Spending on construction meanwhile, increased by 3.9%, 0.1 pp up on the previous period, and investment in other products – which mostly includes spending on services related to construction – rose by a somewhat greater degree. It may be inferred from the information available that gross fixed capital formation posted a growth rate in the final months of 2003 similar to that of the previous quarter, without significant changes in its main components.

According to the indicators for investment in capital goods, there may have been an additional slight loss of pace in 2003 Q4 (see Chart 16). In particular, with as yet incomplete information, the index of apparent investment in capital goods would have lost steam in this period, despite the sustained behaviour of domestic output. Among the most representative indicators of demand conditions, considerably

CHART 15

## Private consumption indicators



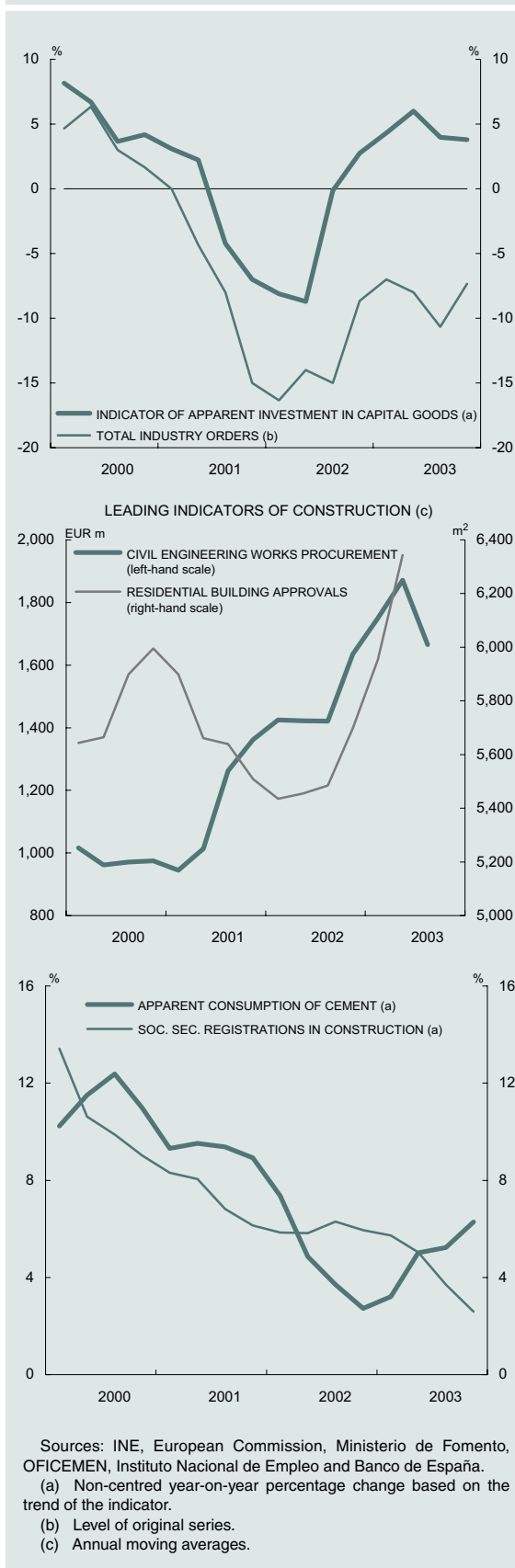
Sources: INE, European Commission, Dirección General de Tráfico and Banco de España.

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

(b) Deflated by the CPI.

CHART 16

### Gross fixed capital formation indicators



mixed behaviour is discernible. Thus, capital goods producers' forecasts for orders improved in the closing months of the year, as did orders in industry overall. However, capacity utilisation in industry has fallen slightly (though it is still above its historical average) and the business confidence indicator worsened in Q4 in relation to the previous quarter.

The information on non-financial corporations compiled by the Central Balance Sheet Data Office, referring to the first three quarters of 2003, indicates that, against a backdrop of moderately recovering activity, the corporations sampled maintained a favourable financial position. Ordinary returns on equity remain at high levels, while lower interest rates have placed the cost of borrowed funds at a historical low. Consequently, the spread between the return-on-investment and cost-of-debt ratios continued to show positive and growing values in respect of previous periods. As a result, Spanish corporations remain favourably poised ahead of the recovery in the global economy and, in particular, in the euro area.

As regards investment in construction, the robust growth by this aggregate throughout 2003 was accompanied by a slightly accelerating trend up to Q3, which may have extended into the final quarter. Attesting to this among the coincident indicators of construction are the apparent consumption of cement and the production of certain construction materials. However, the employment indicators appear to have lost momentum in relation to Q3, especially the number of social security registrations (see Chart 16).

The indicators relating to construction project starts would confirm the maintenance of a high rate of increase in construction, at least as far as residential building is concerned. The statistics on building permits and approvals (with information to October and July, respectively) indicate that the surface area of residential building to be built grew in 2003 at a far higher rate than in 2002. As to non-residential building, the indicators also point to a recovery compared with 2002. Finally, the value of civil engineering works tendered by general government and State-owned enterprises increased by only 2.9% to September owing to the loss of momentum observed in 2003 Q3 and despite the strong growth recorded in the first half of the year.

On QNA results, stockbuilding made a positive contribution of 0.2 pp to the year-on-year growth of GDP in 2003 Q3. This was consistent with the information provided by the monthly business survey, which showed an increase in



actual – in relation to desired – levels of stocks in industry over the course of the year.

As earlier mentioned, net external demand subtracted 1.1 pp from year-on-year GDP growth, against a background of strongly decelerating real foreign trade flows. The slowdown was sharper in the case of exports, the growth rate of which came to stand at 2.5% year-on-year, than imports, the rate of increase in which eased to 5.7%. In any event, the advance of exports continued to outperform the growth of world trade, despite the sharp deterioration in the competitiveness of Spanish products vis-à-vis the developed countries as a whole owing to the considerable strength of the euro in this period. The as yet incomplete information for 2003 Q4 points to the somewhat less contractionary behaviour of net external demand, in an international setting marked by the incipient recovery in the euro area. According to this information, the moderation of foreign sales seen the previous quarter would have continued, while imports would have undergone a sharper slowdown, partly reflecting the comparison with the high levels attained in the same period a year earlier (see Chart 17). Nonetheless, a further contractionary effect on exports, arising from the marked appreciation of the euro in recent months, should not be ruled out.

On QNA estimates, the pace of real goods exports eased notably to a rate of 3.8% in 2003 Q3 compared with the same period in 2002, down from a rate of 10.8% the previous quarter. Customs figures also showed a slowdown in this period, which would have firmed in October when foreign sales posted a year-on-year increase of 4% in real terms, very close to the figure for Q3. A degree of caution is required when assessing this single figure for Q4, although the trend of the indicator (see Chart 17) points to easing, in step with the slowness of the pick-up in the euro area and with the loss of competitiveness derived from the sharp appreciation of the euro. Over the first ten months of the year, goods exports grew by 7% in real terms, the combination of a 5.5% increase in sales to Community markets (most notably to Germany, Italy and France) and 10.3% growth in non-Community exports, against a background of strongly declining export prices in euro. Sales to China, Africa and the central and eastern European countries were very buoyant, while exports to the newly industrialised countries weakened notably. In terms of product groups, real exports of capital goods increased by 16.8% in the January-October period. Consumer goods were also firm, mainly as a result of the expansionary behaviour of car sales. Finally, real sales of non-energy intermediate goods slowed.



In 2003 Q3 the pick-up in tourism receipts observed the previous quarter slackened, increasing at a rate of 0.7% year-on-year. This result is consistent with the slowdown in the tourism indicators in this period. The as yet incomplete data for Q4 point to a fresh deterioration in the real indicators: the number of overnight stays by foreign visitors in hotels, the closest indicator of expenditure, resumed a negative course in October and November, while numbers of foreign tourists entering Spain at borders flattened out in this period. As regards countries of origin, British tourists were on the up compared with the fall-off in other European markets. Economic stagnation in the euro area would be the main determinant of this behaviour by incoming tourism, although the adverse trend of the competitiveness indicators – mainly against competitor countries – due to the growing strength of the euro would also be influential here. The slowing profile of services not related to tourism steepened in 2003 Q3, turning negative in real terms (–2.4%), in line with the continuing decline in the nominal Balance of Payments indicator.

The real rate of goods imports slackened to 7.2% year-on-year in 2003 Q3 from 11.5% the previous quarter. Goods imports nevertheless remained strong owing to the resilience of domestic demand and the notable appreciation of the euro. Customs figures also revealed a slowdown in imports during Q3 (7.8%), which became notably more severe in October, with real growth scarcely positive (0.8%). The deceleration in the final month was the outcome of the heavy slowdown in capital goods purchases and the fall-off in non-durable consumer goods and intermediate goods. However, over the course of the first ten months of 2003, the real increase in imports was high, with a notably sharp rise in capital goods purchases (17.3%). Real consumer goods imports grew by 9.9% over this same period, with purchases of foodstuffs and also consumer manufactures and cars to the fore. Nonetheless, non-energy intermediate goods were on a notably slowing path during the year, posting a cumulative increase of 5.2% to October. Real energy intermediate goods imports increased by 0.4% from January to October. They were affected by the strong decline in Q1, which coincided with a sharp climb in oil prices.

Lastly, real services imports declined by 2.6% in Q3, with the slowing profile that initiated the previous quarter steepening. There was a slide in imports of non-tourist services (–2.6%), in step with developments in this caption in the Balance of Payments. Tourism expenditure grew by 5% in real terms, boosted by the appreciation of the euro.

## 4.2. Output and employment

As indicated at the start of this section, activity picked up in Q3 in the main productive branches, with the exception of industry (see Chart 18). In the agriculture and fisheries branches, the improvement in activity in the first half of 2003 continued into Q3, when the related GVA grew by 1.8%, even though the weather was not as favourable as it might have been for many crops. This expansionary behaviour will have continued into the closing months of the year, favoured by the excellent olive harvest. The expansionary performance of grape and citric fruit yields will have largely offset the lower output in other crop yields. Livestock production has been losing momentum, with a notable contraction in milk output since end-2002. The initial outlook for 2004 is bright, given the start of the hydrological year, in which 23% more rainfall than the historical average was recorded for the October-December period as a whole.

After a period of stable growth, the industry and energy branch lost steam in 2003 Q3, with its year-on-year growth rate falling by 0.6 pp to 1.5%. Related to this loss of vigour was the slowdown in exports, which had been driving industrial activity. Nonetheless, in the closing months of 2003, fresh impetus is discernible. Among the conjunctural information available, the industrial production index posted improvements in October and November, leaving behind the slowdown seen in Q3. This momentum was centred on the production of capital and intermediate goods, while there was a decline in the output of consumer goods. The business confidence indicator compiled by the European Commission fell back slightly in the closing months of 2003 (although the business climate index released by the Spanish Ministry of Science and Technology tended to improve). In any event, the apparent expansion of activity would not be passing through in full to employment which, according to information on Social Security registrations, remained in Q4 on the contractionary course seen in the previous quarters.

Like construction spending, construction activity was once again highly buoyant in 2003 Q3 and even accelerated slightly. The year-on-year growth rate of its GVA increased by 0.1 pp to 4%, on QNA figures, meaning it remains the economy's most robust sector. The information available for Q4 confirms that the vigour of construction remains intact, although certain coincident indicators now point to a slowdown. As discussed in connection with expenditure, the leading indicators show that residential building retains expansionary potential, while greater



slackness is the case for the other building headings. The pace of government procurement of civil engineering works also diminished notably.

Services activity quickened by 0.4 pp in Q3, growing at a rate of 2.3% year-on-year. This acceleration was extensive to market and non-market services alike, although it was much more marked in the former, with an acceleration of 0.4 pp to 2.4%, while in the latter it was only 0.1 pp (to 1.8%). On the information available, market services would also have expanded in the final months of 2003. Specifically, the number of Social Security registrations in these activities showed renewed vigour in Q4 after having slowed in Q3, and the confidence indicator for the sector improved appreciably in this same period; the pace of the composite market services indicator (ISIS) was alone in stabilising in Q4. At the disaggregated level, most activities included in market services were more vigorous in the final quarter of the year. The distributive trade and repairs branch would have overcome the loss of momentum experienced in Q3, according to the retail sales index and Social Security registrations. And the retail trade confidence indicator also showed an improvement in Q4, based on a more favourable assessment of current business trends. In the real estate branch, rentals and corporate services likewise fared favourably, as reflected by Social Security registrations, which even increased in the IT and R+D sector. The hotel and restaurant trade also closed 2003 on a note of recovery, as reflected by Social Security registrations. However, qualifying this expansion was the loss of steam in overnight stays in October and November. Finally, registrations in transport and communications were less buoyant in Q4.

On QNA figures, the path of recovery of employment that began at the start of the year firmed in 2003 Q3; year-on-year growth of 1.9% was recorded, up from 1.7% the previous quarter. The acceleration in employment was somewhat sharper than that in GDP, whereby apparent labour productivity once again grew modestly (0.5%), in line with its behaviour in recent years. In the market economy, employment quickened slightly to 1.9% meaning that, in this case too, the gains in apparent labour productivity were very limited (0.3%), in step with the related figure for 2002, although outpacing the growth in the first half of the year.

The main indicators reflected the relative strength of employment in Q3, albeit with some differences. The EPA (Labour Force Survey) revealed a year-on-year increase in numbers employed of 2.8% in this period, 0.2 pp up on Q2,

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

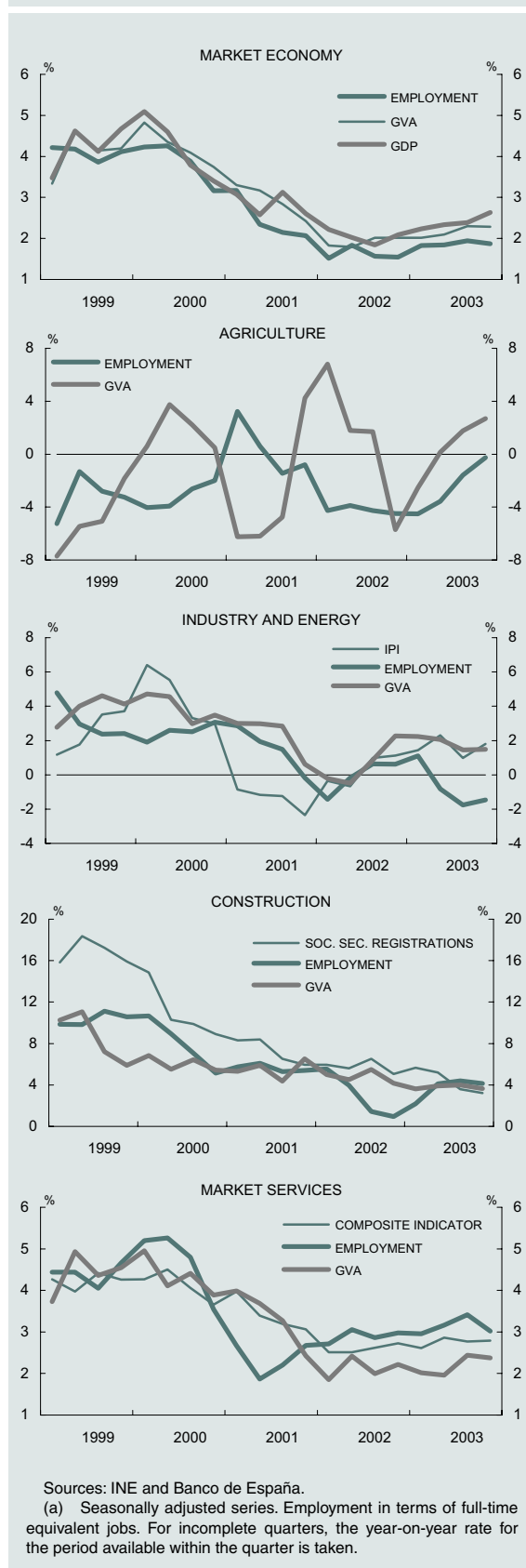
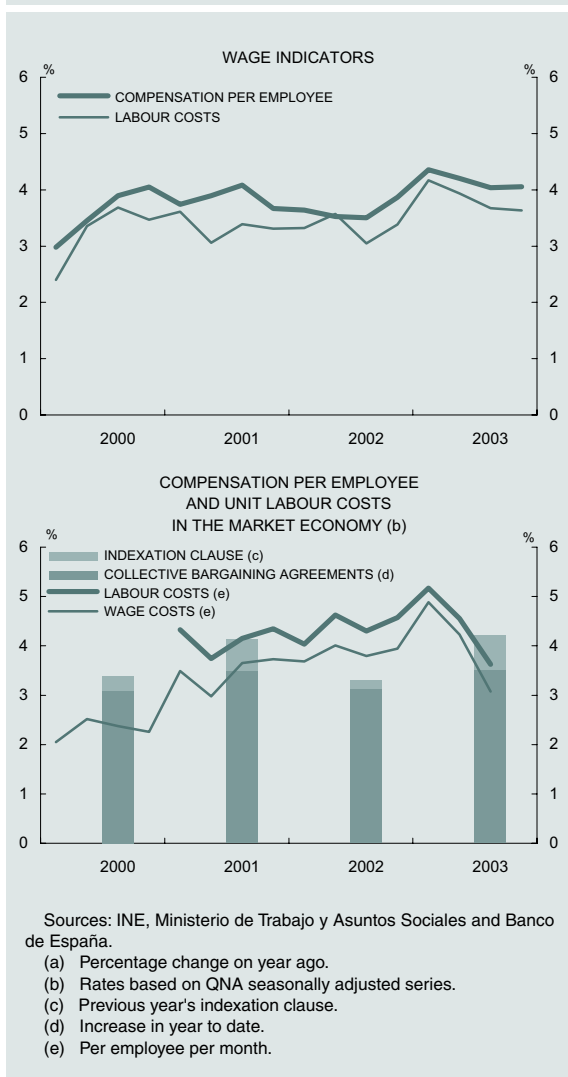


CHART 19

# Wages and labour costs (a)



while Social Security registrations slowed slightly to 2.8%, though their growth remained high. In the final quarter of the year registrations did, nevertheless, pick up slightly, posting average growth of 2.9% for this period, despite the strength reduction in December. According to INEM hiring statistics, the number of signed contracts recovered mildly in Q3, after declining in Q2, and firmed in Q4. In this latter period, growth in the number of contracts compared with the same period a year earlier was 8.1%, due largely to temporary hires. The EPA data for Q4, released as this Bulletin was going to press, showed a fresh acceleration in employment, with a year-on-year growth rate in numbers employed of 3%, 0.2 pp up on Q3. Overall, it is estimated that employment in 2003 Q4 will have grown at an even higher rate than the previous quarter. That, set against the additional pick-up in GDP, entails a prolongation of the trajectory

of limited apparent labour productivity gains in the market economy.

Across the branches of activity, the number of jobs in Q4 accelerated anew in services and agriculture, while the strong growth rate of employment in construction held stable and the process of job destruction in industry – a decline of 3% – became more severe. The trend of employment in Q4 means the very high growth of productivity in this branch is maintained, while the slippage in apparent labour productivity seen in previous quarters in construction and services will have continued.

The rise in employment in Q4 was once again notable among dependent employees, with a related year-on-year growth rate – according to the EPA – of 3.4%, against 3.5% the previous quarter. The numbers of self-employed increased by 1%, up on Q3. According to these figures, the proportion of wage-earners with a permanent contract continued to behave favourably, as in the preceding quarters, growing at a rate of 3.4%. This percentage was, however, 0.5 pp down on the previous quarter. Meanwhile, the number of workers with temporary contracts quickened again, growing by 3.3%. Overall, the positive contribution of temporary employment to the year-on-year growth of dependent employment increased, while the ratio of temporary to total employees held at 30.7%. The information on INEM contracts broadly coincides with the foregoing: in Q4 there was slight growth of 0.2% in permanent contracts (meaning they accounted for 8.3% of total signed contracts), while temporary contracts increased by 8.8%. These developments affecting contracts and wage-earners translated, however, into a fresh decline in labour market turnover. Nonetheless, the lesser weight of contracts of a duration of less than one month has been accompanied by an increase in contracts entered into for one week or less.

The labour force has retained a notable degree of dynamism. According to the EPA, it posted a year-on-year increase of 2.7% in Q3, representing a mild slowdown on the previous quarter (2.5%). The strength of the labour supply is the result of the rising path of the participation rate, which stood at 55.4% in Q4, up 1.1 pp on the previous year. This rise in labour market participation is proving more intense among women, the young and the most highly trained, although very sizable differentials persist between different groups in respect of labour participation: women, the over-45s and people with a lower level of education show notably lower-than-average participation rates. The unemployment rate in Q4 was, at 11.2%, 0.3 pp below its level a year earlier, while the average unem-

employment rate for 2003 was 11.3%, 0.1 pp below the related 2002 figure. Registered unemployment at INEM offices was unchanged on recent quarters, with an increase of 1.4% year-on-year, after growing by 1.3% the previous quarter.

### 4.3. Costs and prices

On QNA estimates, labour costs per unit of value added grew by 3.3% in Q3 across the whole economy, somewhat down on the preceding quarter. This was the result of an easing in the rise in compensation per employee, which increased by 3.7%, against a background of stable apparent labour productivity. In the market economy unit labour costs rose by 3.3% and compensation by 4%, moving on an equally moderate profile (see Chart 19).

According to the Labour Costs Index (LCI), the main indicator of compensation per employee in market activities, the increase in monthly labour costs per employee in 2003 Q3 was 3.6% compared with the same period a year earlier, the outcome of a 0.1% rise in the wage component and a 5.2% increase in non-wage costs. These figures mean labour costs have slowed by 1 pp compared with Q2. The source of this slowdown in wage costs was in ordinary wage costs and in the smaller increase in supplementary payments, while arrears quickened slightly. Other costs slowed by 0.3 pp. Across the branches of activity, the growth of average monthly labour costs fell by 1.1 pp in industry and services (to 4.4% and 2.9%, respectively), while their growth increased slightly in construction.

Regarding the information on collective bargaining agreements, those registered to 31 December 2003 incorporated an average wage settlement of 3.5%, 0.4 pp up on 2002, before including indexation clauses. These agreements affected somewhat over 8 million employees, most of them with revised agreements. On data to November, the agreed increase in revised agreements stood at 3.5%, while in newly signed agreements it was 3.6%, a rise above that agreed by the social partners in the 2003 Interconfederal Pact for Collective Bargaining. That said, the rise may, in certain cases, be reflecting the effect of the difference between actual inflation in 2002 and the official forecast. The effect of the application of the wage indexation clauses due to the deviation by inflation in 2002 from the agreed wage increase for that year is estimated to be 0.7 pp, which raises the average growth of wage rates that year to 3.8%. The proportion of collective agreements with indexation clauses in 2003 is expected to be similar to that of the previous year (higher than

CHART 20

#### Prices and costs by branch of activity (a)

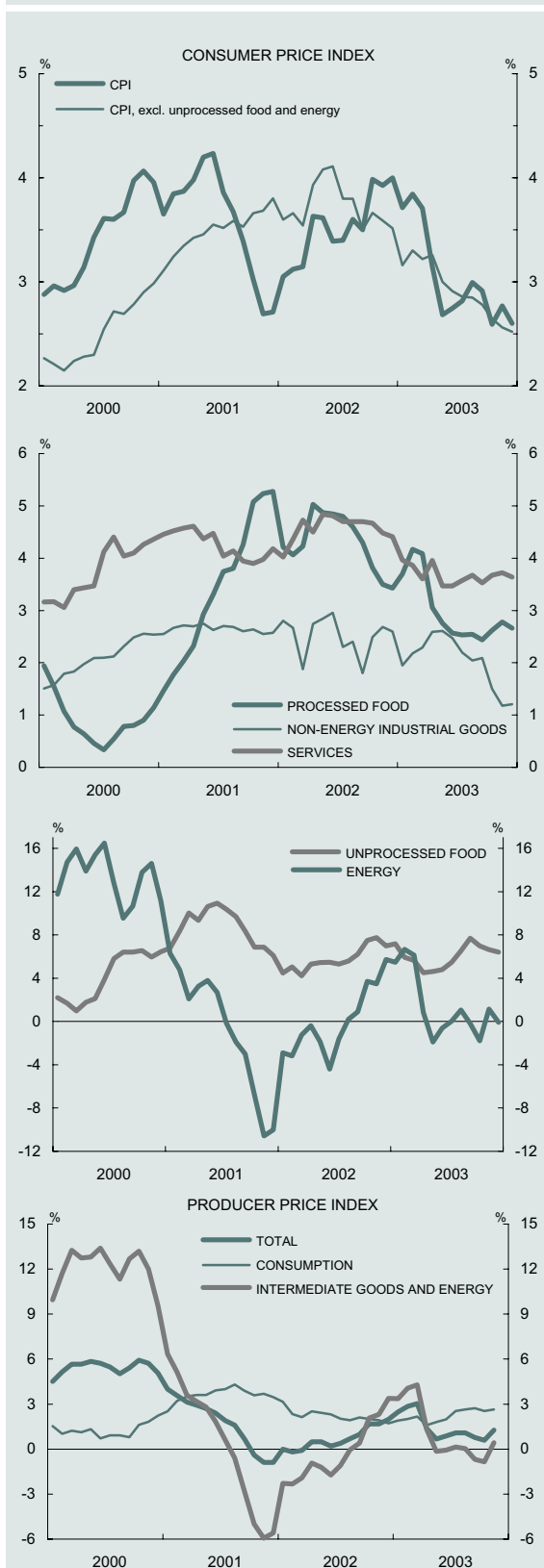


Sources: INE and Banco de España.

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

CHART 21

**Price indicators (a)  
Spain**



Source: INE.

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

70%), although their impact will foreseeably be much less, given the more favourable course of inflation.

Against the backdrop of the slight slowdown described above for labour costs, the increase in the value added deflator – a measure of the domestic pressures on prices – likewise tended to ease in 2003 Q3, moving on the same trajectory as in the first half of the year. However, the unit operating margin continued to widen in the economy as a whole. In the market economy, the deflator slowed by 0.1 pp (growing at a year-on-year rate of 4.2%), and there was also a rise in the unit surplus (see Chart 20). As this chart depicts, the value added deflator in industrial and energy activities slowed by 0.3 pp in Q3, to a rate of 1.5%, while unit labour costs decelerated to a lesser extent, meaning that the unit surplus recovered and sustained a higher growth rate than that of prices. As earlier indicated, there was a significant productivity gain in these activities, which lies behind the easing of labour costs and which was brought about through a net reduction in employment. In market services, the deflators grew somewhat less than in the previous quarter, while unit labour costs slowed to a greater extent with the unit margin continuing to narrow. Finally, in construction, unit labour costs quickened, accompanied by a decline in apparent labour productivity. Meanwhile, the deflator slowed, such that the widening of the unit margin was less sharp than in recent periods.

In 2003 Q3, the final demand deflator quickened by 0.2 pp to a year-on-year rate of 2.9%, in spite of the slowdown in the GDP deflator and, therefore, of domestic cost pressures. This reflects the behaviour of foreign prices, the rate of decline of which underwent a marked reduction in Q3. The strength of the euro against the dollar and the stabilising of oil prices on international markets were the main determinants of the favourable trend of import prices, particularly of energy goods. Significantly, however, the import prices of non-energy intermediate goods continued to post sustained growth rates.

Among final prices, those relating to private consumption, measured by the related deflator, quickened by 0.1 pp in 2003 Q3 to 3.1%, following the heavy downward correction they underwent in the first half of the year. This change coincides with that shown by the main indicator of these prices, namely the CPI, the growth rate of which stabilised at 2.9% in Q3. In Q4, however, the indicator slowed further, with its year-on-year rate of change standing at 2.6% in December (see Chart 21).



Among the CPI captions, industrial goods prices trended very favourably in Q4, especially those of non-energy goods, due to the moderate behaviour of clothing and footwear prices. Energy consumer prices, though fluctuating more, also slowed over the quarter as a whole. In this period crude oil prices on international markets showed relative stability, punctuated only by specific occasional pressures, which were more than offset by the depreciation of the dollar. Nonetheless, these pressures heightened in the opening days of 2004 when the price of a barrel of crude exceeded \$32. The rise in unprocessed food prices tended to move onto a normal footing in 2003 Q4, following the marked declines in the summer months. Finally, services and processed food prices rose slightly, this being more than offset by the improvement in other components. Notably, the slowdown in the overall CPI in Q4 was accompanied by a decline in the pace of the CPI excluding unprocessed food and energy, which posted a 12-month rate of 2.5% in December.

Spanish inflation measured by the HICP fell by almost 0.3 pp from September to December, while in the euro area as a whole the reduction was 0.2 pp. As a result, the inflation differential narrowed further to 0.7 pp (see Chart 22). Component by component, the differential in the case of services has widened, while in relation to goods it has narrowed substantially. The inflation differences for both energy and processed food remained favourable to Spain, worsening somewhat in the case of the former and improving slightly for the latter. The slippage by unprocessed food prices in the euro area extended into Q4, whereas in Spain there was a correction, meaning that the related differential narrowed by more than 1 pp. Lastly, the slowdown in non-energy industrial goods prices in Spain has meant that the differential here has narrowed, standing at less than 1 pp at the close of the year.

Among the remaining price indicators, the producer price index ended 2003 with a 12-month increase in December of 1.1%, partly reversing the acceleration recorded in the previous months. The slowdown in December essentially arose as a result of the behaviour of energy producer prices. Consumer goods manufacturing prices grew steadily at around 2.6% to November, standing at 2.4% in December, while intermediate goods prices continued to perform very moderately, as did capital goods prices. In the euro area the trend of industrial output prices was fairly similar to that in Spain, posting a year-on-year rate of 1.4% in November. Nonetheless, the acceleration in energy producer prices to November was somewhat sharper in Spain, contributing to a slight deterioration in

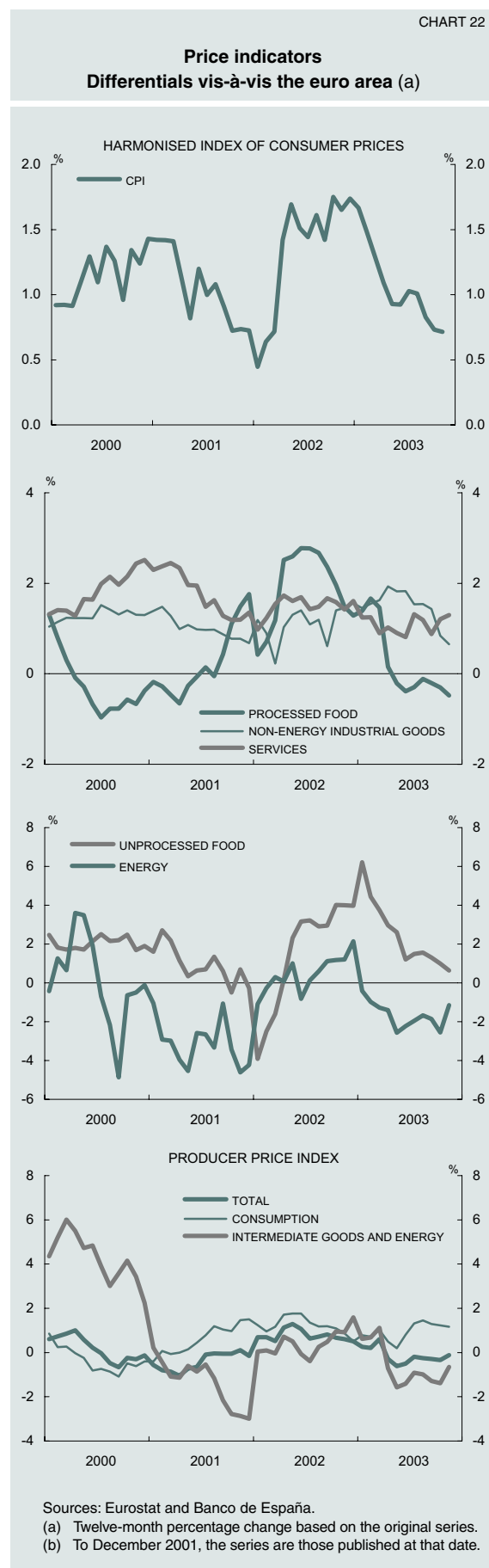


TABLE 3

## State budget outturn

EUR m and %

	Outturn 2002	Percentage change 2002/2001	Initial projection	Percentage change 2003/2002	Outturn JAN-SEP Percentage change 2003/2002	Outturn 2002 JAN-NOV	Outturn 2003 JAN-NOV	Percentage change 8=7/6
	1	2	3	4=3/1	5	6	7	8=7/6
<b>1. Revenue</b>	<b>108,456</b>	<b>-13.4</b>	<b>108,437</b>	<b>0.0</b>	<b>1.6</b>	<b>99,585</b>	<b>101,115</b>	<b>1.5</b>
Direct taxes	55,531	-0.3	57,082	2.8	3.5	50,620	51,388	1.5
<i>Personal income tax</i>	<i>32,268</i>	<i>-11.5</i>	<i>33,079</i>	<i>2.5</i>	<i>7.4</i>	<i>30,362</i>	<i>30,582</i>	<i>0.7</i>
<i>Corporate income tax</i>	<i>21,420</i>	<i>24.4</i>	<i>22,151</i>	<i>3.4</i>	<i>-1.9</i>	<i>18,520</i>	<i>19,230</i>	<i>3.8</i>
<i>Other (a)</i>	<i>1,843</i>	<i>-8.4</i>	<i>1,852</i>	<i>0.5</i>	<i>-8.7</i>	<i>1,737</i>	<i>1,576</i>	<i>-9.3</i>
Indirect taxes	38,026	-28.5	38,269	0.6	-0.5	36,429	37,656	3.4
VAT	25,720	-25.8	26,296	2.2	1.7	25,064	26,662	6.4
Excise duties	10,347	-37.7	9,819	-5.1	-7.7	9,569	9,027	-5.7
<i>Other (a)</i>	<i>1,959</i>	<i>4.7</i>	<i>2,154</i>	<i>9.9</i>	<i>8.7</i>	<i>1,796</i>	<i>1,968</i>	<i>9.6</i>
Other net revenue	14,898	-8.8	13,086	-12.2	0.6	12,537	12,071	-3.7
<b>2. Expenditure</b>	<b>111,082</b>	<b>-13.3</b>	<b>113,647</b>	<b>2.3</b>	<b>1.2</b>	<b>99,917</b>	<b>102,017</b>	<b>2.1</b>
Wages and salaries	17,554	4.3	18,536	5.6	5.4	15,328	16,079	4.9
Goods and services	2,843	11.3	3,123	9.9	9.3	2,355	2,484	5.5
Interest payments	18,863	3.3	19,990	6.0	1.2	18,681	19,284	3.2
Current transfers	58,324	-24.4	58,246	-0.1	-1.6	52,560	52,227	-0.6
Contingency fund	--	--	--	--	--	--	--	--
Investment	7,043	9.0	7,227	2.6	10.5	5,739	6,279	9.4
Capital transfers	6,455	-5.3	6,525	1.1	3.8	5,254	5,664	7.8
<b>3. Cash-basis balance</b>	<b>-2,626</b>	<b>--</b>	<b>-5,210</b>	<b>--</b>	<b>--</b>	<b>-332</b>	<b>-902</b>	<b>--</b>
MEMORANDUM ITEM: NATIONAL ACCOUNTS								
Revenue	108,387	-12.5	109,770	1.3	1.4	100,469	101,677	1.2
Expenditure	111,807	-12.4	113,390	1.4	1.6	94,757	96,521	1.9
<b>Net lending (+) or borrowing (-) (c)</b>	<b>-3,420</b>	<b>--</b>	<b>-3,620</b>	<b>--</b>	<b>--</b>	<b>5,712</b>	<b>5,156</b>	<b>--</b>

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) Figures in accordance with the method used in the Excessive Deficit Procedure.

the inflation differential. Prices received by farmers, though continuing to show sizable growth (11.9% in October), saw their pace notably curtailed. Finally, hotel prices trended fairly steadily at around 2% in the closing months of 2003.

#### 4.4. The State budget

After the approval and enactment in late December of the State Budget Law for 2004 (see Box 3), the Updated Stability Programme for the Kingdom of Spain was unveiled in January, with fiscal projections for the period 2003-2007. The

Programme, which does not alter the macroeconomic scenario used in preparing the Budget, augurs a 2003 budget surplus of 0.5% of GDP (compared with the figure of 0% forecast) and confirms the objective of a balanced budget for 2004. In terms of agents, the general government surplus in 2003 would have been the result of the State and Social Security balances (for which a deficit of 0.4% and a surplus of 0.9%, respectively, are projected – see Box 4), since it is assumed that the territorial government balance would remain in equilibrium. It is envisaged that the change from a surplus to a balanced position in the general gov-

## Expenditure budget and main budgetary measures for 2004

This box briefly presents information on the State Budget relating to the various general government discretionary measures impacting economic activity. In particular, the State spending ceiling, consolidated spending policies, budget incentives for business investment and, finally, the main budgetary measures for 2004 are all reviewed.

On the expenditure side, and in accordance with the guidelines laid down in the Budgetary Stability Law, a Parliamentary Plenary Session in Spring 2003 set the State non-financial expenditure ceiling at €117.26 billion for 2004, 2.4% up on the ceiling for the previous year. This rate is lower than that forecast for nominal GDP, and should thus contribute favourably to fiscal consolidation.

The State Budget offers a comparison of the initial budget for consolidated spending of the State, its related agencies and the Social Security system by function for the years 2003 and 2004. According to this information, the spending policies evidencing most momentum, with growth higher than nominal GDP, will be those for justice and combating street crime, social spending (particularly spending earmarked for promoting employment and for temporary disability) and infrastructure and research investment measures. The weight of spending set aside for debt service and for territorial government (the latter affected by the changes in the attendant financing arrangements) will decrease. The overall result will be a reduction in consolidated spending of 0.5 pp of GDP. Nonetheless, if the items relating to debt financing and territorial government are stripped out of this total, spending will grow by 6.2%, above the forecast for nominal GDP. Against the backdrop of a pick-up in economic activity, that gives the spending budget a slightly expansionary stance.

It should be borne in mind, moreover, that the investment spending computed in the consolidated spending budget does not include investment in infrastructure by companies (public or private) that are not part of the general government sector of National Accounts, to which the State provides resources through financial transactions for the promotion of industrial infrastructure and technological projects. The volume of investment by this set of entities has grown substantially in recent years (by around 26% in annual average terms over the past three years). According to the information drawn from the State Budget, resources for this type of investment will increase by 16.9% in 2004 whereby, overall, the sum of investment by the corporate public sector and the State will grow by 11.3%.

The spending measures introduced by the 2004 Budget Law and the accompanying budgetary legislation relax, as they did last year, the restrictive criteria governing the hiring of general government personnel in force in previous years (the replacement rate remains at 100%). Also, wage rates rise in line with forecast inflation (2%), but an improvement has been made to civil servants' supplementary payments and an initial provision to the pension fund for this group, evaluated at €55 million by the Stability Programme. Regarding economic benefits, pensions are updated in step with the foreseeable performance of the CPI in 2004 (2%) and the lowest pensions, especially widows' pensions, are improved. Finally, mention may be made of the provision to the Pension Reserve Fund, which will rise to €3.01 billion this year.

Regarding revenue, there are very few changes in the State Budget. In relation to promoting employment, the forecast increase in employers' social security contribution rebates for the permanent hiring of employees is over 20% (1) (in line with what is stipulated in the Agreement for the Improvement and Development of the Social Protection System). The reduction relating to the corporate contribution to common-contingency social security contributions for workers over 60 years of age is also raised. Conversely, under personal income tax, it has been decided not to update the tax schedule (2) or the personal and family tax-free allowances, and, under corporate income tax, new tax incentives have been introduced for R+D+i activities. Finally, excise duty rates have been frozen, which will naturally have a contractionary effect on revenue.

(1) Royal Decree-Law 2/2003 on Economic Reform Measures introduced a full rebate on contributions for one year in the case of women taking up their job again after maternity. Further, among the measures approved by this legislation is the extension of temporary-disability coverage for the self-employed; the contribution rates for this contingency duly increase by 1.5 percentage points.

(2) The partial reform of personal income tax implemented in 2003 will have an additional impact of €800 million in 2004.

TABLE 4

## Balance of payments: summary (a)

EUR m

	JANUARY-OCTOBER	
	2002	2003
	Credits	Credits
<b>Current account</b>	<b>196,443</b>	<b>206,109</b>
Goods	110,281	116,962
Services	55,754	57,650
<i>Tourism</i>	30,540	31,777
<i>Other services</i>	25,215	25,874
Income	17,280	18,522
Current transfers	13,128	12,975
<b>Capital account</b>	<b>7,970</b>	<b>7,247</b>
	Debits	Debits
<b>Current account</b>	<b>206,781</b>	<b>222,766</b>
Goods	137,264	147,756
Services	33,035	34,188
<i>Tourism</i>	5,954	6,141
<i>Other services</i>	27,081	28,048
Income	26,195	28,859
Current transfers	10,287	11,963
<b>Capital account</b>	<b>854</b>	<b>859</b>
	Balance	Balance
<b>Current account</b>	<b>-10,338</b>	<b>-16,657</b>
Goods	-26,984	-30,794
Services	22,720	23,462
<i>Tourism</i>	24,586	25,636
<i>Other services</i>	-1,866	-2,174
Income	-8,915	-10,338
Current transfers	2,841	1,012
<b>Capital account</b>	<b>7,116</b>	<b>6,388</b>

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

ernment accounts from 2003 to 2004 will come about due to the decline in the Social Security surplus from one year to the next.

On the information available according to National Accounts methodology, the State posted a surplus of 0.7% of GDP in 2003 to November, slightly lower than the previous year. This figure runs counter to the forecasts available for the year as a whole, although it is greatly influenced by the marked seasonality of State non-financial transactions. Conversely, in cash-basis terms the result was a deficit of €902 million to November. The discrepancy between the National Accounts and cash-basis criteria appears to be due essentially to the adjustment attributable to the different interest allocation criterion and the change in outstanding rights and obliga-

tions. Recent developments in State revenue and expenditure are discussed below using cash-basis information, due to the fact that the information published contains uniform data (1) on the revenue for fiscal years 2002 and 2003.

To November, revenue grew somewhat above the initial outturn projection, while the growth of expenditure was slightly more moderate than projected. As a result, the expected increase in the cash-basis deficit might be less than indicated in the initial projection. Greater revenue would have arisen from indirect taxes and non-tax revenue, while the containment of expenditure would be due to current expenditure, as capital expenditure grew at a higher-than-expected rate.

Compared with the figures to September, the growth of revenue has eased somewhat but expenditure has accelerated. For the analysis of revenue, information is available on total takings for the main taxes in terms both of those assigned to the State and those to the ordinary-regime autonomous communities (the data on the latter are not shown in Table 3). According to these figures, direct taxes have slowed slightly in recent months, unlike indirect taxes. Personal income tax edged down, reflecting the reduction in withholdings induced by the reform of this tax, while corporate income tax quickened notably because of the strong increase (of over 20%) in the October prepayment, owing to the course of corporate profits during 2003. VAT continued to quicken, in homogeneous terms, in the final months to a growth rate of 10.8% (far exceeding the initial projection of 7.7%). The growth of excise duties held virtually unchanged at a moderate rate, owing to the freeze on rates. Other revenue slowed over recent months due above all to the lower volume of capital transfers received by the State, virtually all of which were from the European Union.

On the expenditure side, mention should be made of the slowdown in operating expenses, particularly under the goods and services heading, which ran counter to developments in other current expenditure. Notable among the latter was the reduction in current transfers (by 0.6%), which was due to the change in territorial fi-

(1) In this respect, it should be recalled that both cash-basis and National Accounts figures are influenced by the fact that, for much of 2002, the transitory period in the application of the new autonomous (regional) government financing arrangements was in force. During this period, some ordinary-regime autonomous governments, which had not assumed responsibility for health care, received transfers from the State to finance it. As responsibility was gradually assumed, financing began to be through the indirect taxes transferred. This process hinders comparison of the figures for taxes, on the revenue side, and for transfers paid, on the expenditure side.



## Social Security budget outturn

The Social Security System posted a surplus of €9.21 billion in 2003 in the period to September, up 17.7% on the same period a year earlier and in line with the result to July (see adjoining table). This notable improvement in the balance over the first three quarters of the year is in contrast to the reduction in the surplus forecast in the initial budget for 2003 compared with the outturn the previous year. As in the case of the State budget, the year-to-year comparison of the data on revenue and expenditure is affected by the culmination during 2002 of the effective assignment of health-care management to all the regional (autonomous) governments. Revenue accelerated once more in the final months and its growth stood at 2.8%, compared with its initially budgeted reduction. The growth rate of expenditure also rose, posting an increase of 0.5%, in contrast to the decline envisaged in the budget.

Receipts from social security contributions grew by 8.4% to September, a far higher increase than budgeted and signifying a considerable acceleration on 2002. However, the number of Social Security registrations grew over 2003 as a whole at the same rate (3%) as the previous year.

Expenditure on contributory pensions held at growth rate of 6.9% to September, slightly up on 2002. Nonetheless, and given that the deviation by inflation in 2003 was far less than in 2002, the annual amount of pensions-related spending will foreseeably and finally show a similar increase to that budgeted. The number of contributory pensions continues to trend very moderately, with their growth rate standing at 1% to October, slightly higher than budgeted and up on the growth the previous year.

Contributions received by INEM increased by 8.9% to July, compared with a budgeted projection of 13.5%. Meanwhile, rebates on contributions in respect of employment-promoting contracts increased by 13.3% to August, in contrast to the 0.4% growth budgeted.

INEM expenditure on unemployment benefits rose by 6.3% in 2003 in the period to October, significantly slower than the related figure of 14.6% for 2002. Behind this was both the slowdown in registered unemployment (which increased by 2.9% to October, compared with 7.4% for 2002 as a whole) and the eligibility ratio, which stood at 71.8% to October, practically unchanged on end-2002, after having risen substantially that year. As a result, the number of beneficiaries grew by 2.8% to October, 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 rights and obligations)**

EUR m and %

	Outturn	Budget		Outturn	Outturn JAN-SEP		
	2002	2003	% change	JAN-JUL	2002	2003	% change
	1	2	3=2/1	4	5	6	7=6/5
<b>1. Revenue</b>	<b>80,280</b>	<b>77,096</b>	<b>-4.0</b>	<b>1.5</b>	<b>59,397</b>	<b>61,048</b>	<b>2.8</b>
Social security contributions (c)	71,703	72,174	0.7	8.5	52,754	57,204	8.4
Current transfers	7,701	4,294	-44.2	-51.4	6,075	3,325	-45.3
Other (d)	876	628	-28.3	28.7	569	519	-8.8
<b>2. Expenditure</b>	<b>73,374</b>	<b>73,187</b>	<b>-0.3</b>	<b>-1.0</b>	<b>51,574</b>	<b>51,842</b>	<b>0.5</b>
Wages and salaries	3,372	1,811	-46.3	-58.5	2,671	1,265	-52.7
Goods and services	2,361	1,403	-40.6	-45.9	1,564	936	-40.1
Current transfers	67,145	69,525	3.5	4.3	47,160	49,453	4.9
Benefits	67,131	69,524	3.6	4.3	47,159	49,452	4.9
Contributory pensions	56,853	60,024	5.6	6.9	39,787	42,537	6.9
Sickness	4,754	4,623	-2.8	8.3	3,297	3,562	8.0
Other	5,524	4,877	-11.7	-22.3	4,076	3,353	-17.7
Other current transfers	13	1	-89.4	—	0	1	—
Other (e)	495	448	-9.5	-0.2	180	188	4.6
<b>3. Balance</b>	<b>6,907</b>	<b>3,909</b>	<b>-43.4</b>	<b>21.8</b>	<b>7,824</b>	<b>9,206</b>	<b>17.7</b>

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 available only to May 2003.

(b) Transfers from the ISM 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) Including surcharges and fines.

(d) Excluding surcharges and fines.

(e) Reduced by the disposal of investments.

nancing. Once adjusted for this effect, the growth rate for this item would be 6.7%. Finally, capital expenditure is sustaining a very high growth rate, in contrast to the moderate growth forecast in the initial budget projection.

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

In the period from January to October 2003, the overall balance on current and capital account was a deficit of €10.27 billion, €7.05 billion more than the deficit in the same period a year earlier. This deterioration mainly reflects the heavy worsening in the current-account deficit, which widened by €6.32 billion to €16.66 billion. The surplus on capital transactions also worsened in the first ten months of 2003 to €6.39 million. Among the current-account items, there was a notable increase in the merchandise deficit and, to a lesser extent, in the income deficit, and a lesser surplus on current transfers. Meanwhile, the services surplus improved thanks to the favourable performance of the tourism surplus.

Over the first ten months of 2003 the trade deficit worsened by €3.81 billion in relation to the level attained a year earlier; in year-on-year terms, the deficit widened by 14.1%. The robustness of real import flows over the period as a whole – which outpaced exports despite the notable easing of imports in the last month – combined with the substantial rise in the energy bill in the opening months of the year would have been behind this notable widening of the trade deficit.

The surplus on the services balance in the period from January to October amounted to €23.46 billion, €742 billion up on the same period a year earlier. Conversely, the deficit on non-tourist services worsened. Tourism receipts performed well in this period, increasing at a year-on-year rate of 4.1%; however, the recovery slackened in the second half of the year, in

line with the slowdown in the indicators of foreign visitors lodged in hotels and overnight stays. Tourism payments grew by 3.1% in this period, showing renewed momentum as from the second half of 2003, driven by the strength of the euro and against the background of the progressive normalisation of global geopolitical tensions.

The deficit on the income account deteriorated by €1.42 billion in the first ten months of 2003 compared with the same period in 2002 to €10.34 billion. Receipts rose by 7.2% thanks to the buoyancy of income flows in the non-financial private sector, while they declined in the other sectors because of lower earnings on investment abroad, the depreciation of the dollar and the fall in direct investment flows since 2002. Payments grew at a higher rate of 10.2%, in step with the notable increase in payments by the non-financial private sector.

The current-transfers surplus stood at €1.01 billion over the first ten months of the year, a marked reduction of around €1.83 billion on the level observed in the same period of 2002. Receipts declined by 1.2% as a result of the notable fall-off in Community flows from the European Social Fund, since transfers for the private sector from the EU's EAGGF Guarantee Fund behaved favourably. Payments grew at a very high rate of 16.3%, largely due to the significant rise in payments to the EU, particularly under the additional GNP resource. Prominent once again was the continuing strong rise in emigrants' remittances.

Finally, the capital-account surplus stood at €6.39 billion in the period January-October 2003, €727 million down on the figure for the same period in 2002. This deterioration, representing a year-on-year decline of 10.2%, is due to the heavy slide in Community transfers under the Cohesion Fund. The performance in respect of the other structural funds was marginally positive.

## 5. Financial developments

### 5.1. Overview

Financing terms for the private sector remained very generous in 2003 Q4. In particular, euro area money-market interest rates held at around the low levels reached between July and September, although at the longer terms there was a rise between October and November, which was reversed during the second half of December. Meanwhile, bank lending rates to the private sector were generally little changed, remaining at moderate levels. On public debt markets, yields continued the upward trend that began in Q3, although they fell in December. In the case of Spanish 10-year Treasury bonds, yields ended the year more than 20 bp above their end-September levels. Credit risk premia stayed on the downward course of previous months, which meant that the increase in interest rates on long-term public debt was not fully passed through to the cost of capital for companies issuing fixed-income securities (see Chart 23).

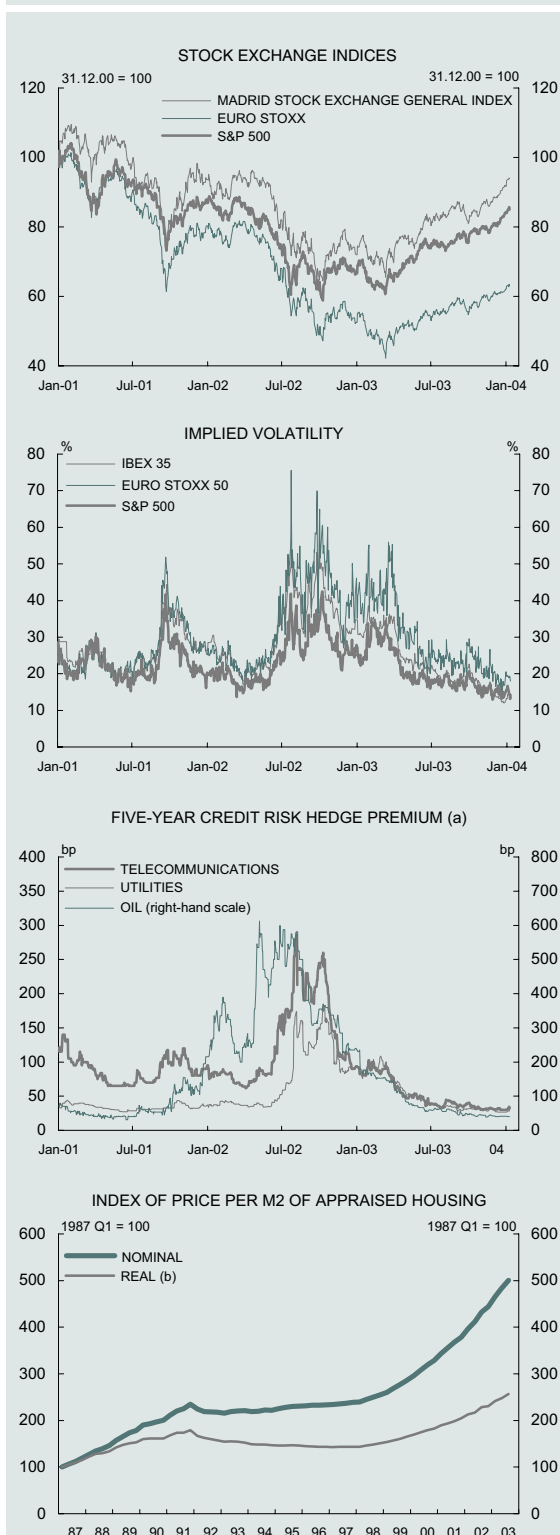
On national and international stock markets the upward path of prices during the previous two quarters continued during the last three months of 2003, reflecting the improved outlook for the world economy, so that most indices reached annual highs. The Madrid Stock Exchange General Index was up 27.4% from the beginning of the year, after posting negative returns in the preceding three years. This rise, similar to that recorded in the United States by the S&P 500 (26.4%), was larger than the increase in the euro area Euro Stoxx index (18.1%). The recovery in prices was accompanied by further reductions in volatility, which is currently below its historical average. On the housing market, prices decelerated somewhat in Q3, their year-on-year growth rate declining by 1.8 percentage points to 15.7% (see Chart 23).

Household spending decisions, in Q3 and Q4, were again underpinned by an expansion in the demand for credit. Thus, the year-on-year growth in the financing received by this sector increased between July and September by one percentage point to 16.1% and, according to the provisional information for the last three months of 2003, there may have been a further acceleration to above 18%. By contrast, the year-on-year rate of growth of corporate debt in September was unchanged from June (13.8%), and according to the initial Q4 data, it may have slowed during that period.

The latest indicators of the financial position of the private sector have been mixed. In the case of households, their net wealth continued to grow in Q3 thanks to the rise in the prices of housing and financial assets. At the same time,

CHART 23

## Price indicators for various assets



Sources: Bloomberg, Credit Trade and Banco de España.

(a) Average asset-weighted premia. On 22.6.03 a change came into effect in the contractual terms of European firms. The new contract carries lower associated premia (around 10%).

(b) Deflated by the CPI.

their saving after debt service continued to pick up and, according to the initial Q4 data, the sector's debt burden as a proportion of its GDI remained at moderate values. However, between July and September, their financial saving was, like saving after debt service, at low levels, debt ratios continued to rise and, according to the provisional information available, carried on doing so during the last three months of 2003. In the case of corporations, between July and September, the debt service burden was again at moderate levels and profitability improved. However, their financing needs increased and, as in the case of households, their debt ratios also rose during Q3. The data available for Q4 point to a continuation of this trend.

All in all, the financial condition of the private sector does not currently seem to be an obstacle to the buoyancy of its spending. That said, the high and growing level of debt may constrain households' and firms' consumption and investment in two ways. First, the leeway for expansion to be sustained by borrowing is smaller, and second, consumption and investment decisions are more sensitive than in the past to any adverse changes in the sector's income, wealth and cost of capital. The sensitivity to interest rate changes will also have been increased in the case of households by the rise in the proportion of variable-rate loans.

## 5.2. Households

According to the available Q4 information, the terms of financing for households remained generous. The interest rate on bank loans to households for house purchase was unchanged in November from its September level of 3.46%, while the rate on consumer loans and loans for other purposes fell by 30 bp to 6.41%. However, according to the Bank Lending Survey in Q3, the banks were anticipating that overall supply conditions in the last three months of 2003 would be rather more restrictive than in the previous quarter in the case of housing finance and similar in that of consumer loans and loans for other purposes.

In 2003 Q3 the year-on-year rate of growth of the financing obtained by the sector accelerated by one percentage point to stand at 16.1% (see Table 6 and Chart 24). In cumulative twelve-month terms, the new funds obtained represented 9.1% of GDP, 0.8 percentage points more than between April and June. This rise is basically attributable to the behaviour of lending for house purchase, since consumer loans and lending for other purposes contributed to a lesser extent to the growth in the liabilities of the sector. The provisional information for

TABLE 5

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

% GDP

	NET FINANCIAL TRANSACTIONS								
	1998	1999	2000	2001	2002		2003		
					Q3	Q4	Q1	Q2	Q3
<b>National economy</b>	<b>0.2</b>	<b>-1.0</b>	<b>-2.5</b>	<b>-2.2</b>	<b>-1.5</b>	<b>-1.6</b>	<b>-2.1</b>	<b>-2.0</b>	<b>-2.4</b>
<b>Non-financial corporations and households and NPISHs</b>	<b>2.1</b>	<b>-0.3</b>	<b>-2.4</b>	<b>-3.6</b>	<b>-3.4</b>	<b>-3.1</b>	<b>-3.7</b>	<b>-3.8</b>	<b>-3.9</b>
Non-financial corporations	-1.1	-2.3	-3.5	-4.6	-4.0	-4.6	-4.4	-4.6	-4.8
Households and NPISHs	3.3	2.0	1.1	1.1	0.6	1.5	0.7	0.9	0.8
<b>Financial institutions</b>	<b>1.1</b>	<b>0.5</b>	<b>0.8</b>	<b>1.6</b>	<b>1.8</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
<b>General government</b>	<b>-3.0</b>	<b>-1.2</b>	<b>-0.8</b>	<b>-0.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>
INTER-SECTORAL FLOWS (a)									
<b>Households and NPISHs</b>	<b>3.3</b>	<b>2.0</b>	<b>1.1</b>	<b>1.1</b>	<b>0.6</b>	<b>1.4</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>
Vis-à-vis:									
Credit institutions (b)	-4.6	0.5	-0.2	-1.5	-3.6	-2.5	-3.4	-3.5	-4.1
Institutional investors (c)	7.6	0.9	0.4	3.5	3.1	3.1	3.8	4.2	4.7
<b>Non-financial corporations</b>	<b>-1.1</b>	<b>-2.3</b>	<b>-3.5</b>	<b>-4.6</b>	<b>-4.0</b>	<b>-4.6</b>	<b>-4.4</b>	<b>-4.6</b>	<b>-4.8</b>
Vis-à-vis:									
Credit institutions (b)	-4.5	-4.1	-6.8	-3.9	-3.9	-3.5	-3.9	-4.2	-3.8
Rest of the world	0.7	-0.7	2.0	-2.3	-1.5	-1.1	-1.1	-0.6	-0.7
<b>General government</b>	<b>-3.0</b>	<b>-1.2</b>	<b>-0.8</b>	<b>-0.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>
Vis-à-vis:									
Credit institutions (b)	1.4	1.4	2.2	-2.3	0.9	0.9	-0.6	-0.3	-2.1
Institutional investors (c)	-2.6	1.7	3.9	2.8	0.8	0.5	0.7	0.4	0.6
Rest of the world	-1.1	-4.3	-5.9	-1.6	-1.6	-1.1	0.1	-0.1	1.0
<b>Rest of the world</b>	<b>-0.2</b>	<b>1.0</b>	<b>2.5</b>	<b>2.2</b>	<b>1.5</b>	<b>1.6</b>	<b>2.1</b>	<b>2.0</b>	<b>2.4</b>
Vis-à-vis:									
Credit institutions (b)	7.1	1.9	5.1	3.8	3.4	2.9	4.6	4.3	6.5
Institutional investors (c)	-6.3	-3.6	-5.7	-5.0	-3.6	-2.8	-3.6	-3.2	-4.0
Non-financial corporations	-0.7	0.7	-2.0	2.3	1.5	1.1	1.1	0.6	0.7
General government	1.1	4.3	5.9	1.6	1.6	1.1	-0.1	0.1	-1.0

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 portfolio investment institutions.

2003 Q4 points to a further pick-up in the rate of growth of household debt, especially as a result of the acceleration of housing credit

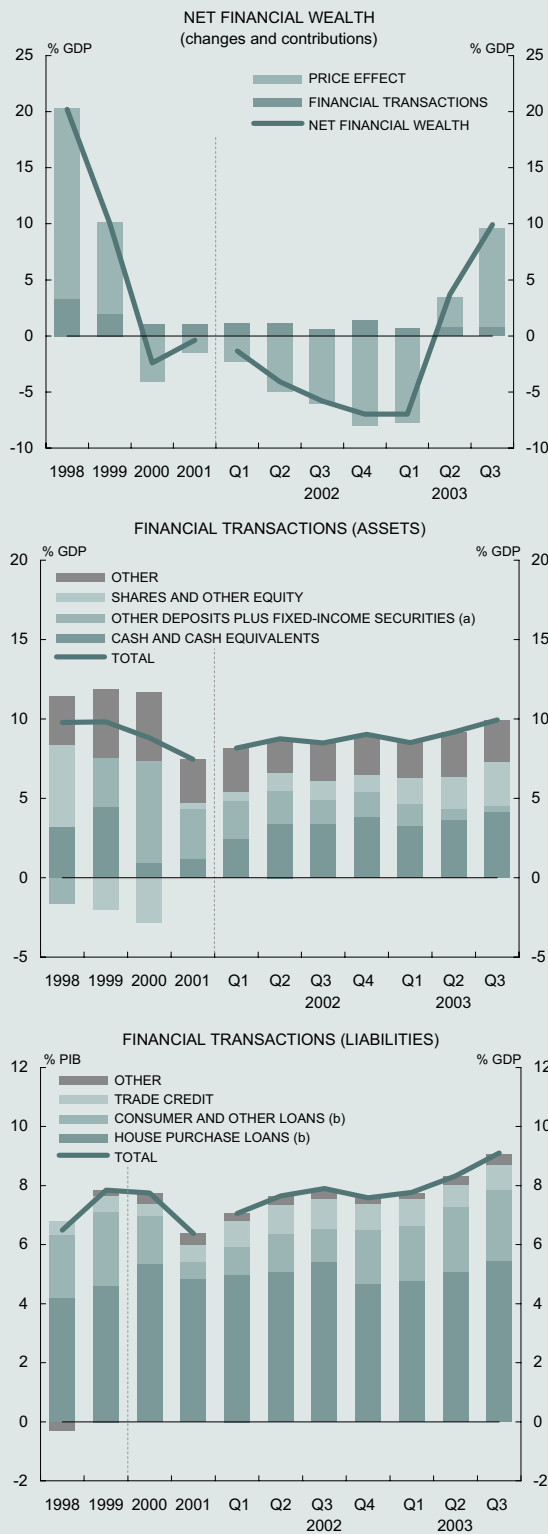
Regarding their portfolio decisions, in September, the rate of acquisition of financial assets by households stood at 9.9% of GDP, in cumulative twelve-month terms (see Table 6 and Chart 24). As for instruments, the shift seen in the previous quarter, from the heading "other deposits and fixed-income securities" towards cash and cash equivalents and, especially, shares in mutual funds, continued. Net purchases of mutual funds shares stood at 2.1% of

GDP, as against 1.4% in the previous quarter. This growth was the result of greater investment in FIAMM (money-market funds) and especially in FIM (capital-market funds). Meanwhile, the acquisition of shares and other equity during the last twelve months was slightly up from June.

In Q3, the financial saving of households was negative, although in cumulative twelve-month terms it was 0.8% of GDP, a similar level to June (see Table 5 and Chart 24). The sector's gross saving after debt service picked up again during this period, although it still remained at

CHART 24

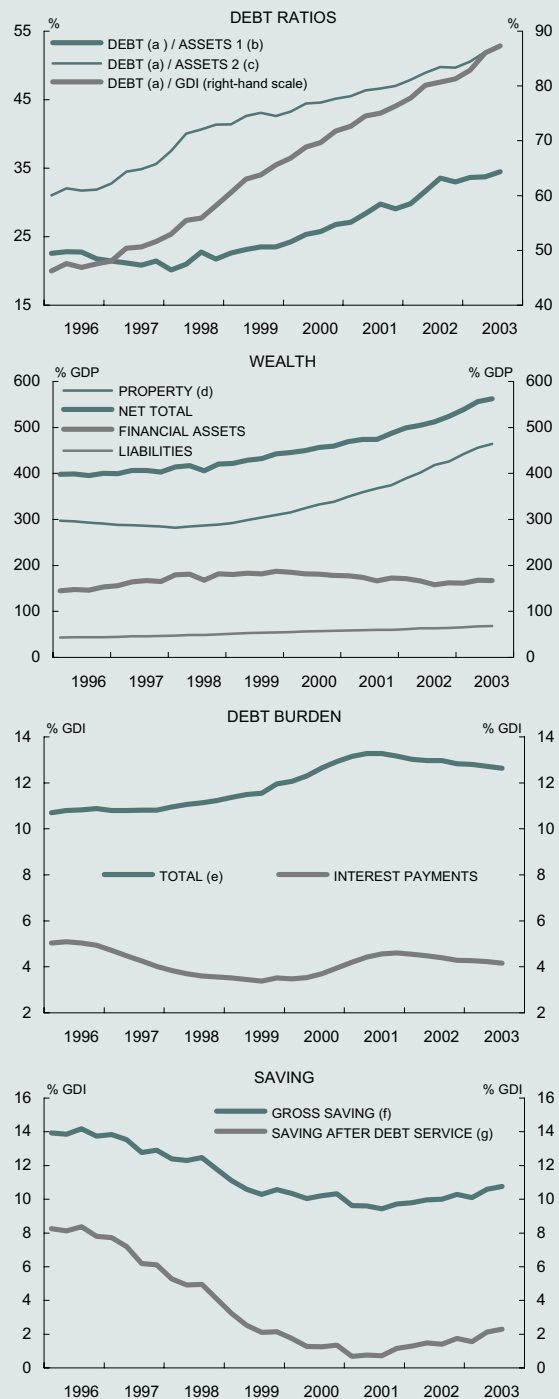
### Households and NPISHs (cumulative four-quarter data)



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



TABLE 6

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

% GDP

	2000	2001	2002	2003		
				Q1	Q2	Q3
<b>HOUSEHOLDS AND NPISHs</b>						
<b>Financial transactions (assets)</b>	<b>8.8</b>	<b>7.5</b>	<b>9.0</b>	<b>8.5</b>	<b>9.2</b>	<b>9.9</b>
	0.9	1.2	3.9	3.3	3.7	4.2
Other deposits and fixed-income securities (a)	6.4	3.2	1.6	1.4	0.7	0.4
Shares and other equity (b)	0.5	-0.4	0.8	0.5	0.6	0.7
Mutual funds	-3.4	0.8	0.2	1.1	1.4	2.1
<i>FIAMM</i>	-1.3	1.3	0.7	0.7	0.7	0.9
<i>FIM</i>	-2.0	-0.5	-0.5	0.3	0.7	1.2
Insurance technical reserves	3.4	2.4	2.6	2.4	2.4	2.2
Of which:						
<i>Life assurance</i>	1.9	1.4	1.5	1.3	1.4	1.3
<i>Pension funds</i>	1.3	0.7	0.9	0.9	0.8	0.7
Other	0.9	0.4	0.0	-0.1	0.4	0.4
<b>Financial transactions (liabilities)</b>	<b>7.7</b>	<b>6.4</b>	<b>7.6</b>	<b>7.8</b>	<b>8.3</b>	<b>9.1</b>
Credit from resident financial institutions (c)	7.0	5.4	6.5	6.6	7.3	7.9
House purchase credit (c)	5.4	4.8	4.7	4.8	5.1	5.5
Consumer and other credit (c)	1.6	0.6	1.8	1.9	2.2	2.4
Other	0.8	1.0	1.1	1.1	1.0	1.2
<b>NON-FINANCIAL CORPORATIONS</b>						
<b>Financial transactions (assets)</b>	<b>27.8</b>	<b>19.0</b>	<b>14.6</b>	<b>15.3</b>	<b>16.0</b>	<b>15.2</b>
Cash and cash equivalents	0.9	1.7	1.6	2.0	1.4	1.3
Other deposits and fixed-income securities (a)	1.2	1.1	1.5	2.3	2.3	2.4
Shares and other equity	14.9	5.8	4.0	3.9	3.3	3.6
Of which:						
<i>Vis-à-vis the rest of the world</i>	11.3	4.9	2.6	2.7	2.2	2.7
Other	10.8	10.5	7.4	7.2	9.0	7.8
<b>Financial transactions (liabilities)</b>	<b>31.3</b>	<b>23.7</b>	<b>19.1</b>	<b>19.7</b>	<b>20.7</b>	<b>19.9</b>
Credit from resident financial institutions (c)	7.6	6.9	7.2	7.5	7.9	7.3
Foreign loans	3.5	4.0	3.4	2.4	2.0	2.5
Fixed-income securities (a)	-0.7	0.1	-0.3	-0.3	-0.2	-0.2
Shares and other equity	12.8	5.3	3.1	3.5	3.4	3.2
Other	8.1	7.3	5.8	6.6	7.6	7.1
<b>MEMORANDUM ITEM: YEAR-ON-YEAR GROWTH RATES (%):</b>						
<b>Financing (d)</b>	<b>18.8</b>	<b>15.6</b>	<b>14.6</b>	<b>13.9</b>	<b>14.3</b>	<b>14.7</b>
Households and NPISHs	17.3	12.4	14.1	14.1	15.1	16.1
Non-financial corporations	19.9	18.1	15.0	13.7	13.8	13.8

Source: Banco de España.

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

(b) Not including mutual funds.

(c) Not including securitised loans.

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

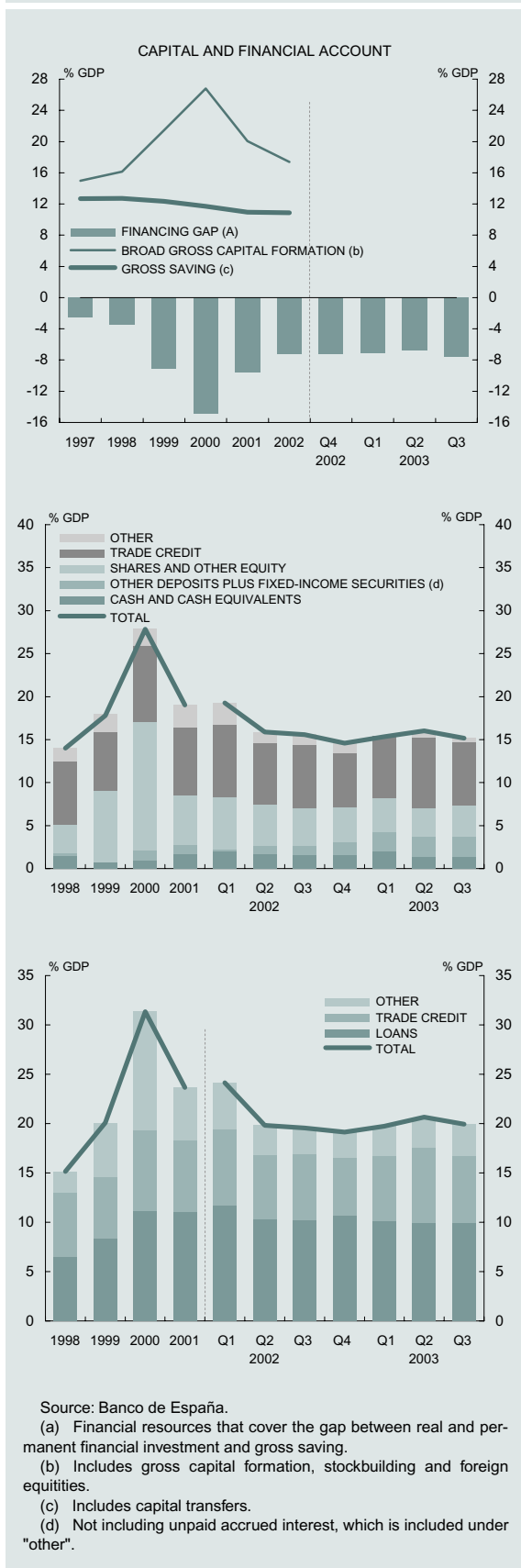
low levels, slightly above 2% of their GDI (see Chart 25). Meanwhile, the relative indebtedness of the sector continued to rise to stand at 87% of their GDI, and the provisional Q4 information suggest that this ratio has increased further. However, the maintenance of the low cost of capital meant that the associated debt burden stayed at moderate levels. Despite the expansion in the liabilities incurred by the sector, the

net wealth of households continued to grow, thanks to the rise in the prices of housing and shares.

In consequence, the available indicators of the financial position of households suggest that it remains solid, although the low level of saving after debt service means that the capacity of the sector to withstand an adverse change

CHART 26

### Non-financial corporations (cumulative four-quarter data)



in its wealth, income or cost of capital without changing its pattern of consumption and residential investment is lower now than in the past.

### 5.3. Non-financial corporations

The terms of financing for corporations remained generous during the last three months of 2003 and lending rates held at low levels. Specifically, in November, the cost of bank finance stood at 4.37% and 3.35% for transactions of less than and more than one million euro respectively, an increase of 2 bp and a decline of 5 bp relative to the September levels. Moreover, according to the Q3 Bank Lending Survey, the supply conditions anticipated by the institutions for Q4 were not significantly different from those in the previous three months. Meanwhile, the risk premia required on corporate finance continued to fall, which meant that the increase in the yield on long-term public debt was not completely passed through to the cost of bond finance. Likewise, the terms for obtaining funds on the equity markets improved again thanks to the rise in share prices and the reduction in their volatility.

In 2003 Q3, liabilities-side transactions in cumulative twelve-month terms stood at 19.9% of GDP, down slightly from 20.7% in June (see Table 6 and Chart 26). With regard to components, the year-on-year growth rate of interest-bearing external financing was unchanged in this period from the previous quarter (13.8%), although the provisional information for the last quarter points to a certain slowdown. The funds obtained through this channel represented 9.6% of GDP, in cumulative twelve-month terms, similar to the level in June, although with a somewhat different instrument composition. The importance of foreign loans rose to 2.5% of GDP, half a percentage point up on the preceding quarter, while the relative weight of loans from credit institutions fell. Meanwhile, the volume of net issuance of fixed-income securities stood at the same level as in the previous quarter (-0.2% of GDP). The funds raised by corporations through the issuance of shares and other equity totalled 3.2% of GDP, a slight reduction in relation to the previous quarter. Finally, there was also a fall in trade credit, which is included under the heading "other" (1).

Bank credit obtained by corporations displayed mixed behaviour across industries. Credit to property services accelerated slightly

(1) See Box 5 for an analysis of the changes in the composition of Spanish corporations' liabilities between 1990 and 2003.

### The financing of Spanish non-financial corporations

There is a wide range of instruments available to non-financial corporations to finance their financial and real investment. The choice they make depends on factors of various kinds, such as the relative cost of the various options, the degree of development of the financial markets and the relationships they may have with financial institutions. This choice has important implications, both for the assessment of their financial position and for the way in which the monetary policy transmission mechanism is characterised.

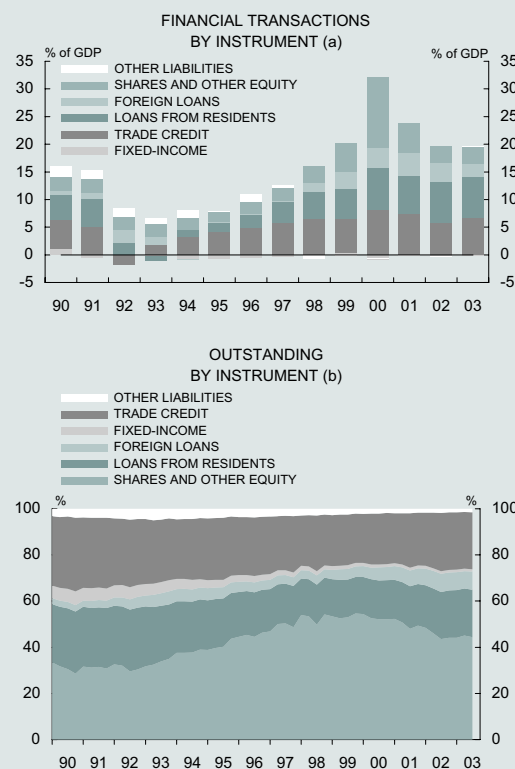
The upper panel of the adjoining chart shows the changes, over the period 1990-2003, in the liabilities transactions of Spanish non-financial corporations as a percentage of GDP, broken down by instrument. As regards the volume of these transactions, they have a strong cyclical profile, which is obviously linked to the behaviour of real and financial investment. As for their composition, the main sources of financing used by Spanish firms have been own funds (shares and other equity), trade credit and loans from residents (primarily credit institutions). On average, each of these instruments has accounted for around 30% of the funds raised, while the rest of the headings have been of merely residual importance. Fixed-income-securities issuance was negative most years, while foreign loans only began to acquire a certain weight from 1998. A significant proportion of the latter is made up of funds received by certain large Spanish firms from special purpose vehicles located abroad, which are basically financed by the issuance of fixed-income securities.

Most of the changes in the instrument composition of liabilities-side transactions seem, more than anything, to be short-term in nature. For example, the increase in the weight of loans from residents since 2000, along with the fall in equity financing, probably reflects the environment of low interest rates and higher share issuance costs, resulting from the unfavourable trend in share prices during most of this period. Meanwhile, the increase in the importance of fixed-income-securities issuance in Spain and abroad since 1998 (the latter approximated by foreign loans) is to some extent attributable to relatively temporary factors, like the increase in the fund requirements of large Spanish firms, which are those that use this form of financing. However, the possibility that other elements of a more structural nature, such as the introduction of the euro, might also have been conducive to this process, cannot be ruled out.

The middle panel of the chart shows outstanding liabilities, which change both as a result of the behaviour of the flows analysed above and of the changes in the market prices of the instruments. This analysis confirms that own funds, trade credit and loans from residents are, in relative terms, the three most important instruments. During the period there was an increase in the weight of own funds and a decline in that of the other two instruments, essentially as a consequence of the upward trend displayed by share values during most of the period. Meanwhile, financing with fixed-income securities on domestic markets has a very low weight. If the issuance of these instruments abroad (approximated, like the outstanding foreign loans) is included, an upward profile is obtained over recent years, but the levels reached at the end of the sample are close to those of 1990.

In short, the data for the stocks and flows of liabilities-side transactions over the last 15 years suggest that the structure of financing of Spanish companies has not changed significantly. The comparison made, for 2002, with euro area and United States firms (see bottom panel of the chart) shows that in Spain the degree of intermediation of corporate liabilities, approximated by the difference between the weights of credit financing and of fixed-income-securities issuance, is similar to that in the euro area, and much greater than in the United States. The main difference vis-à-vis the euro area lies in trade credit (included under the heading "other liabilities"), which is considerably more important in Spain.

#### Liabilities of non-financial corporations



Sources: Banco de España.

- (a) The 2003 data are for the four-quarters up to Q3.  
(b) The 2003 data correspond to Q3

#### International comparison 2002

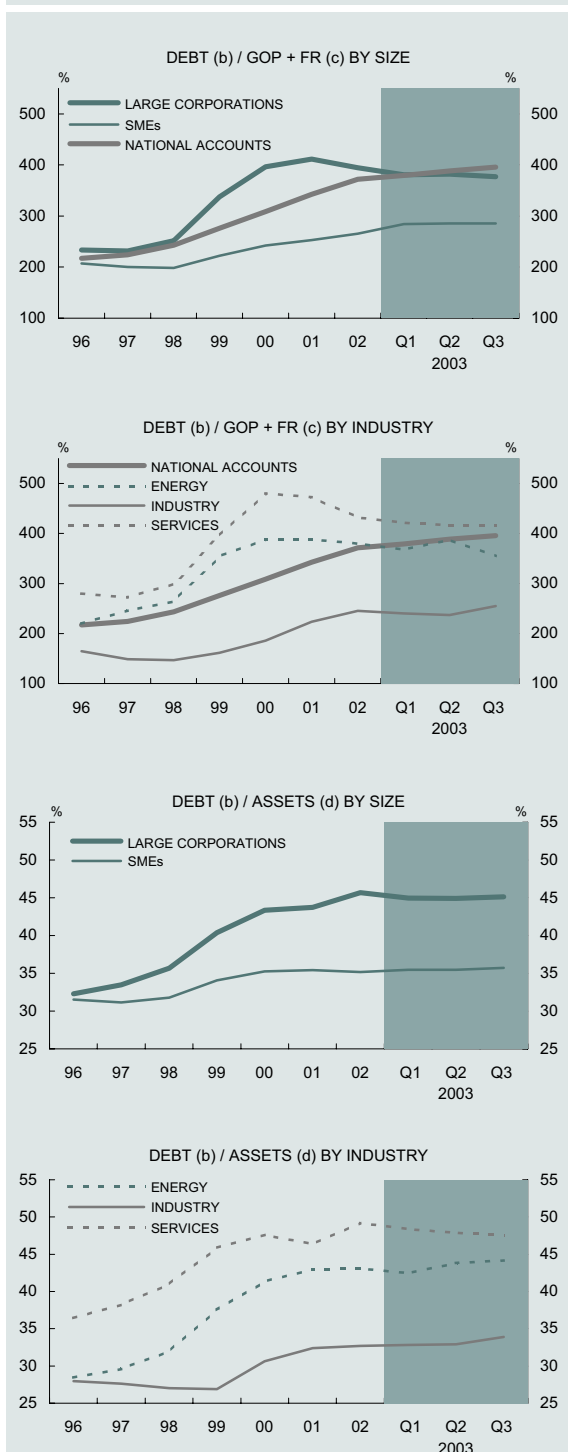
	Spain	Euro area	US
Equities (a)	44.1	48.1	37.1
Fixed-income	1.1	4.0	14.0
Loans	28.3	33.3	19.3
Other liabilities (b)	26.5	14.5	29.6

Sources: Banco de España.

- (a) Including shares and other equity.  
(b) Including trade credit.

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 2002, the information is from the CBSO annual survey (CBA). Thereafter, the indicators have been estimated drawing on the CBSO quarterly survey (CBQ).

(b) Interest-bearing borrowed funds.

(c) Gross operating profit plus financial revenue.

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

to 41.2%, while the rate of growth of credit to other activities fell, although in the case of construction the rates of expansion remained high.

As regards the acquisition of financial assets by corporations, between July and September, financial investment, in cumulative twelve-month terms, declined to 15.2% of GDP (see Table 6 and Chart 26). In relation to the preceding quarter, the most notable development was the fall in trade credit as a percentage of GDP, in cumulative twelve-month terms, included under the heading "other", and the increase in the acquisition of shares and other equity, especially vis-à-vis the rest of the world.

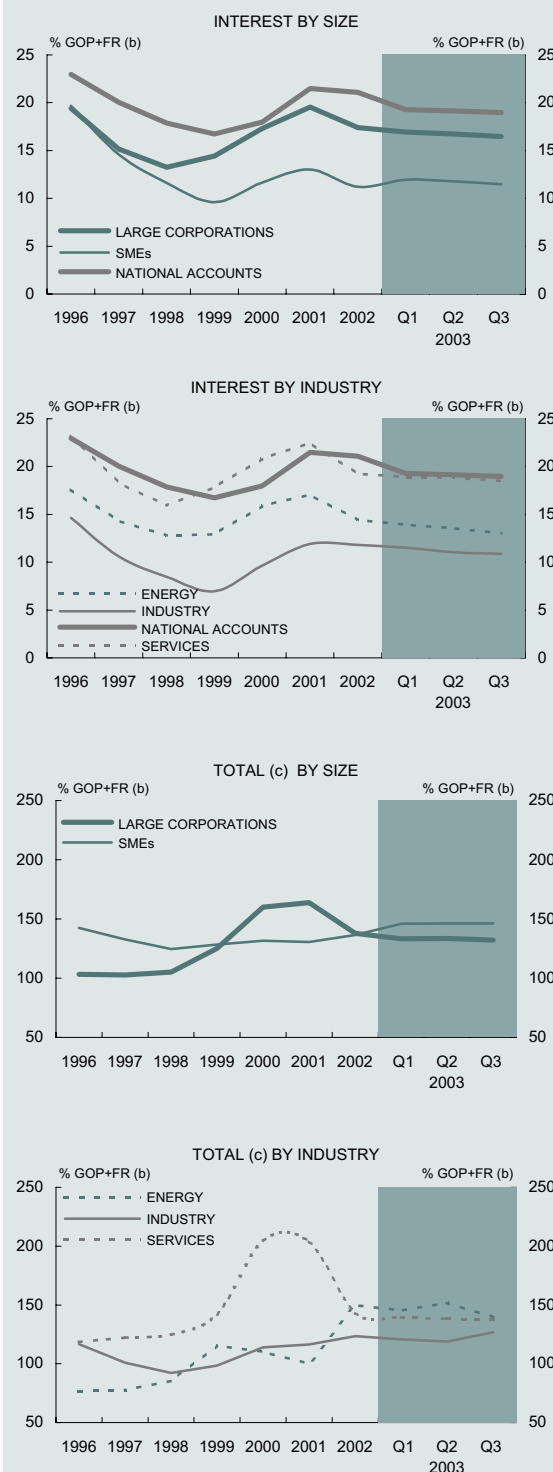
The financing needs of the sector between July and September represented, in cumulative twelve-month terms, 4.8% of GDP, slightly above the level in the preceding quarter (see Table 5). Meanwhile, the financing gap, which reflects the external funds necessary to carry out the real and permanent financial investment, also increased during the period to 7.5% of GDP, more than half a percentage point above the level in June (see Chart 26).

The high rate at which the financing received by the corporations grew led to a further rise, between July and September, in the sector's aggregate debt ratios (see Chart 27). However, according to Central Balance Sheet Data Office (CBSO) data the major firms continued to reduce their relative debt levels during this period. Despite this fresh increase in aggregate debt ratios, the debt service burden again contracted slightly, thanks to the low level of the cost of financing (see Chart 28). This decline occurred across firms of all sectors and sizes. The measure of the debt burden obtained by adding short-term debt to interest also fell slightly in Q3, in all sectors except industry. The provisional Q4 information suggests that firms' aggregate relative debt continued to expand.

Company results improved during the first three quarters of 2003. The ordinary net profit of the firms reporting to the CBSO quarterly survey, which excludes extraordinary revenue and expenses, rose by 15.4%, almost 10 percentage points more than in the same period of the previous year. This improvement was most apparent in the energy sector, while the results in industry stabilised at around the same levels as in the previous year. This favourable behaviour was reflected in an increase in the ordinary return on equity to 11%.

All in all, the solid balance sheet position of the firms, along with the generous financial conditions and the improvement in profitability, amounts to a scenario conducive to a recovery

CHART 28

**Debt burden of non-financial corporations (a)**


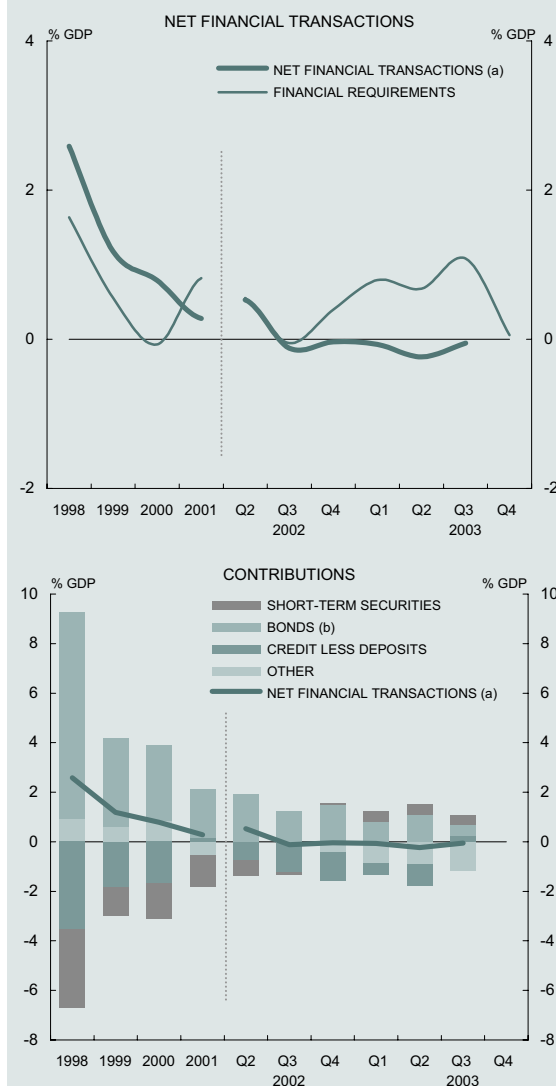
Source: Banco de España.

(a) All the series, except "National Accounts", are calculated with CBSO information. Up to 2002, the information is from the CBSO annual survey (CBA). Thereafter, the indicators have been estimated drawing on the CBSO quarterly survey (CBQ).

(b) Gross operating profit plus financial revenue.

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

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".

in productive investment. However, the financial adjustment undertaken by some large corporations may be constraining the expansion of their investment plans somewhat. At the same time, the sensitivity of firms' spending and hiring decisions to unanticipated changes in variables that affect their capacity to make debt payments is greater than in previous cycles, given the degree of their indebtedness.

**5.4. General government**

Between July and September 2003 the net

TABLE 7

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

% GDP

	2000	2001	2002	2003		
				Q1	Q2	Q3
<b>Net financial transactions</b>	<b>-2.5</b>	<b>-2.2</b>	<b>-1.6</b>	<b>-2.1</b>	<b>-2.0</b>	<b>-2.4</b>
<b>Financial transactions (assets)</b>	<b>25.2</b>	<b>12.2</b>	<b>11.4</b>	<b>12.9</b>	<b>12.1</b>	<b>13.0</b>
<b>Gold and SDRs</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash and deposits</b>	<b>2.8</b>	<b>-2.7</b>	<b>3.5</b>	<b>4.0</b>	<b>2.7</b>	<b>0.6</b>
Credit system	2.5	-2.7	2.0	2.3	1.6	-0.4
Other resident sectors	0.4	0.0	1.5	1.7	1.2	1.0
<b>Securities other than shares</b>	<b>3.9</b>	<b>7.2</b>	<b>4.3</b>	<b>5.3</b>	<b>5.8</b>	<b>8.6</b>
Credit system	-0.3	2.0	0.6	0.7	1.4	3.3
Other resident sectors	4.2	5.2	3.7	4.6	4.5	5.3
<b>Shares and other equity</b>	<b>15.6</b>	<b>5.2</b>	<b>3.1</b>	<b>3.0</b>	<b>2.2</b>	<b>3.2</b>
Credit system	1.8	0.0	0.2	0.0	-0.4	-0.3
Other resident sectors	13.8	5.2	2.9	2.9	2.6	3.5
Of which:						
Non-financial corporations	11.3	4.9	2.6	2.7	2.2	2.7
<b>Loans</b>	<b>2.8</b>	<b>2.5</b>	<b>0.6</b>	<b>0.6</b>	<b>1.3</b>	<b>0.7</b>
Credit system	0.5	0.8	0.1	0.2	0.2	0.3
Other resident sectors	2.3	1.7	0.4	0.4	1.1	0.4
<b>Financial transactions (liabilities)</b>	<b>27.7</b>	<b>14.4</b>	<b>13.0</b>	<b>15.0</b>	<b>14.1</b>	<b>15.4</b>
<b>Deposits</b>	<b>6.8</b>	<b>2.8</b>	<b>4.4</b>	<b>6.0</b>	<b>4.5</b>	<b>6.5</b>
Of which:						
Credit system	6.8	2.8	4.4	6.0	4.5	6.4
<b>Securities other than shares</b>	<b>7.0</b>	<b>3.1</b>	<b>4.2</b>	<b>4.1</b>	<b>5.3</b>	<b>4.5</b>
Credit system	0.7	0.6	1.4	1.8	2.7	3.0
General government	5.7	1.6	1.1	-0.1	0.3	-1.1
Other resident sectors	0.5	0.9	1.7	2.3	2.3	2.6
<b>Shares and other equity</b>	<b>9.4</b>	<b>4.6</b>	<b>1.8</b>	<b>2.5</b>	<b>2.0</b>	<b>1.7</b>
Credit system	1.8	0.5	0.1	0.2	0.0	0.0
Other resident sectors	7.7	4.1	1.7	2.4	2.1	1.7
<b>Loans</b>	<b>4.4</b>	<b>4.7</b>	<b>4.0</b>	<b>2.9</b>	<b>2.6</b>	<b>2.8</b>
General government	0.0	0.1	0.1	0.0	0.0	-0.1
Other resident sectors	4.4	4.7	3.9	2.8	2.6	2.8
<b>Other, net (a)</b>	<b>0.1</b>	<b>-0.8</b>	<b>-1.3</b>	<b>-0.5</b>	<b>-0.3</b>	<b>-0.1</b>

Source: Banco de España.

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

balance of the financial transactions of general government was positive and, in cumulative twelve-month terms, stood at 0.1% of GDP, slightly below the level in the preceding quarter (see Chart 29).

The net issuance of marketable securities by general government during that quarter was negative, since the volume of funds raised by issuing short-term securities (102 million) was less than the net redemption of bonds (6.1 bil-

lion). This reduction in general government liabilities was partly offset by a decline in the balance of its non-transferable deposits. In cumulative twelve-month terms, however, the net issuance of marketable securities stood at 0.8% of GDP. In terms of instruments, the sector continued to issue a larger proportion of long-term securities (0.5% of GDP), although to a lesser extent than in previous quarters.

The initial 2003 Q4 data point to a decline in



TABLE 8

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

% GDP

	1998	1999	2000	2001	2002	2003 (b)
<b>National economy</b>	<b>-21.8</b>	<b>-22.5</b>	<b>-20.4</b>	<b>-21.7</b>	<b>-24.6</b>	<b>-26.0</b>
<b>Non-financial corporations and households</b>	<b>-8.7</b>	<b>-8.7</b>	<b>-0.4</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-2.0</b>
Non-financial corporations	-14.9	-16.3	-8.2	-9.2	-10.2	-11.9
Households and NPISHs	6.2	7.6	7.7	7.9	8.7	9.9
<b>Financial institutions</b>	<b>4.8</b>	<b>6.8</b>	<b>4.9</b>	<b>4.6</b>	<b>2.2</b>	<b>-0.9</b>
Credit institutions (b)	-5.5	-7.6	-12.6	-14.5	-15.3	-19.1
Institutional investors (c)	10.7	15.0	18.3	20.9	21.0	22.9
Other financial institutions	-0.4	-0.6	-0.9	-1.7	-3.5	-4.7
<b>General government</b>	<b>-17.9</b>	<b>-20.6</b>	<b>-24.8</b>	<b>-25.0</b>	<b>-25.2</b>	<b>-23.0</b>

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) Q3 data.

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

(d) Insurance corporations and portfolio investment institutions.

the net issuance of both short and long-term securities and to an increase in the deposits held by the sector, in cumulative four-quarter terms. As a result, the general government's financial requirements, which reflect its recourse to the financial markets and which are a leading indicator of the sector's saving, have been reduced.

### 5.5. The rest of the world

The debit balance of the nation's financial transactions increased between July and September 2003 to stand, in cumulative twelve-month terms, at 2.4% of GDP, 0.4 percentage points higher than in the preceding quarter. This deterioration stemmed from the reduction in the credit balance of general government and the larger financing needs of non-financial corporations, since the financial saving of the other sectors did not change significantly. In cumulative four-quarter terms, the flows of assets and liabilities picked up somewhat, following their fall between April and June.

The net acquisition of external assets amounted to 13% of GDP, in cumulative twelve-month terms, as against 12.1% in the previous quarter (see Table 7). The behaviour across instruments was mixed. Thus, the positive flows

of cash and deposits and of loans declined, while those in the form of securities, both fixed-income and equities, picked up. According to provisional Balance of Payments information to October, foreign long-term (direct) investment declined by more than 70% from the same period a year earlier, while foreign portfolio investment accelerated with respect to 2002.

On the liabilities side, net flows amounted, in cumulative twelve-month terms, to 15.4% of GDP, as against 14.1% in the previous quarter. This increase stemmed from the rise in the weight of deposits, which was greater than the decline in the external finance raised through the sale of securities. The rest of the headings saw no significant changes. According to the Balance of Payments, inward foreign direct investment in Spain fell by almost 30% during the first ten months of 2003, relative to the same period of the previous year.

Finally, the provisional information available on the debit position of the Spanish economy vis-à-vis the rest of the world shows that it stood in 2003 Q3 at 26% of GDP, a decline of 1.4 percentage points relative to December 2002 (see Table 8).

26.1.2004.

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# Results of non-financial corporations in 2002 and in the first three quarters of 2003

## 1. INTRODUCTION

As is customary in late November or early December, the Banco de España presents here the results of non-financial corporations gathered by the Central Balance Sheet Data Office Annual Survey (CBA) for the previous year and those compiled by the Central Balance Sheet Data Office Quarterly Survey (CBQ) for the first three quarters of the current year, which are a preview of the results for the year as a whole (1).

According to the summary presented in Table 1 and Chart 1, the CBA data for 2002 confirm the broad lines previously identified by the CBQ that business activity seemed to undergo a moderate recovery in that year, with a nominal GVA growth rate of 6.1%, similar to that in the previous year. Against an international backdrop that was hardly propitious, Spanish non-financial corporations kept up a sustained rate of growth (which quickened as the year unfolded) underpinned by the sound performance of consumption and investment in construction reported by other alternative sources. The information on the first nine months of 2003 from the CBQ, which is still provisional, shows that the growth of business activity was somewhat more sustained at a rate of 6.3% (against 2.9% in the same period of 2002). Again, this was consistent with the performance of consumption and construction, as well as with an incipient recovery in investment in capital goods during that period. The more stable international financial environment, especially the improved economic situation in the United States, and the end of the more acute episodes of the Latin American crisis have helped to reinstate a climate of greater confidence in business activity. Despite this, the contribution of foreign trade to GVA growth continued to be negative as a result of the persisting sluggishness of the euro area and of unstable oil prices.

The greater exposure of industry to foreign trade means that the results of this branch are particularly affected by the international economic situation. Against this background, indus-

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(1) This article summarises the information reported by the 6,288 non-financial corporations that had completed the CBA survey form up to the end of October 2003. The full CBA results for 2002 are available in the publication *Banco de España. Central de Balances. Resultados anuales de las empresas no financieras 2002* (in Spanish only), which was issued on 2 December 2003 to coincide with the release of this article. The CBQ results for the first three quarters of 2003, which are also presented in this article, are compiled from the information reported by an average of 750 corporations up to mid-November 2003. The CBA sample corporations account for 24.9% of the total activity of the non-financial corporations sector (measured in terms of gross value added at basic prices for this sector), while the coverage of the CBQ is 13.5%.

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)		
	2002	2001	2002	02 Q1-Q4 / 01 Q1-Q4	02 Q1-Q3	03 Q1-Q3
Number of corporations / Total national coverage		8,124 / 28.6%	6,288 / 24.9%	851 / 15.5%	867 / 15.6%	750 / 13.5%
1. VALUE OF OUTPUT (including subsidies)	100.0	4.1	2.9	1.4	-0.5	4.5
Of which:						
1. Net amount of turnover and other operating income	132.3	6.2	3.7	2.7	1.7	4.6
2. INPUTS (including taxes)	67.9	3.3	1.4	-0.5	-2.5	3.4
Of which:						
1. Net purchases	40.4	-1.1	-1.0	-2.6	-5.1	1.9
2. Other operating costs	27.3	8.6	6.7	5.0	4.2	6.2
S.1. GROSS VALUE ADDED AT FACTOR COST [1 - 2]	32.1	5.7	6.1	4.5	2.9	6.3
3. Personnel costs	16.3	5.6	5.2	4.0	3.8	5.1
S.2. GROSS OPERATING PROFIT [S.1 - 3]	15.8	5.9	7.0	4.9	2.2	7.3
4. Financial revenue	2.9	40.8	-9.7	-8.7	0.4	10.6
5. Financial costs	3.3	19.1	-4.9	-2.8	-5.9	-1.4
6. Depreciation and operating provisions	7.2	3.5	3.5	1.2	1.6	2.4
S.3. ORDINARY NET PROFIT [S.2 + 4 - 5 - 6]	8.2	14.2	8.7	5.9	5.6	15.4
7. Capital gains and extraordinary revenue	8.8	1.6	98.1	78.4	157.1	-16.4
8. Capital losses and extraordinary expenses	5.3	5.6	44.1	85.7	72.8	-0.9
9. Other net provisioning	9.6	60.4	306.3	139.7	535.0	-93.2
10. Income tax	1.6	6.2	2.3	-4.1	2.3	12.2
S.4. NET PROFIT [S.3 + 7 - 8 - 9 - 10]	0.4	-2.1	-90.1	(b)	(b)	(b)
Memorandum item:						
FUNDS GENERATED FROM OPERATIONS [S.2 + 4 - 5 - 10]	13.8	9.3	6.6	4.8	4.0	9.5
PROFIT RATIOS						
R.1 Return on investment (before taxes)		7.6	7.7	8.4	7.6	7.7
R.2 Interest on borrowed funds/ interest-bearing borrowing		5.1	4.3	4.5	4.5	4.1
R.3 Ordinary return on equity (before taxes)		9.6	10.7	11.9	10.4	11.0
R.4 ROI - cost of debt (R.1-R.2)		2.5	3.4	3.9	3.1	3.6
R.5 Debt ratio		49.0	51.9	52.9	52.5	52.6

Source: Banco de España.

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

(b) Rate not significant or not calculable because the relevant figures are of different sign.

Note: Internal accounting movements have been edited out of items 4, 5, 7, 8, 9 and 10.

TABLE 2.a

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

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Compensation per employee			
	CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)		
	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3
<b>Total</b>	<b>6.1</b>	<b>4.5</b>	<b>2.9</b>	<b>6.3</b>	<b>1.6</b>	<b>0.2</b>	<b>0.1</b>	<b>0.8</b>	<b>5.2</b>	<b>4.0</b>	<b>3.8</b>	<b>5.1</b>	<b>3.6</b>	<b>3.8</b>	<b>3.7</b>	<b>4.3</b>
<b>SIZE:</b>																
Small	3.4	—	—	—	0.6	—	—	—	4.6	—	—	—	4.0	—	—	—
Medium	7.7	2.5	3.2	2.3	1.8	0.5	0.6	0.5	6.0	2.7	2.2	5.2	4.1	2.2	1.6	4.7
Large	6.0	4.6	2.9	6.6	1.6	0.2	0.1	0.8	5.2	4.1	3.9	5.1	3.5	3.9	3.8	4.3
<b>BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:</b>																
Energy	-0.8	-0.7	-5.7	9.7	-3.2	-3.2	-3.1	-1.9	0.4	0.2	-0.8	3.6	3.7	3.5	2.4	5.6
Industry	2.8	1.2	2.2	1.6	-0.8	-1.8	-2.1	-0.4	3.1	1.7	1.2	3.4	4.0	3.6	3.4	3.8
Wholesale and retail trade	11.4	10.0	9.3	10.2	6.8	4.1	4.3	4.3	8.7	6.4	6.5	7.9	1.8	2.2	2.1	3.5
Transport and communications	10.0	7.4	6.2	4.9	-2.5	-1.0	-1.1	0.3	5.4	4.4	4.0	5.1	8.1	5.5	5.2	4.8

Source: Banco de España.

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

trial activity posted moderate growth in the first nine months of 2003, with job losses of scant importance.

In overall terms, these results confirm the favourable performance of Spanish non-financial corporations as a whole during the slowdown initiated in 2000. Unlike on similar occasions in the recent past, the employment level in this period of deceleration continued to rise, even as measured by a sample as distinctive in this respect as that of the CBQ.

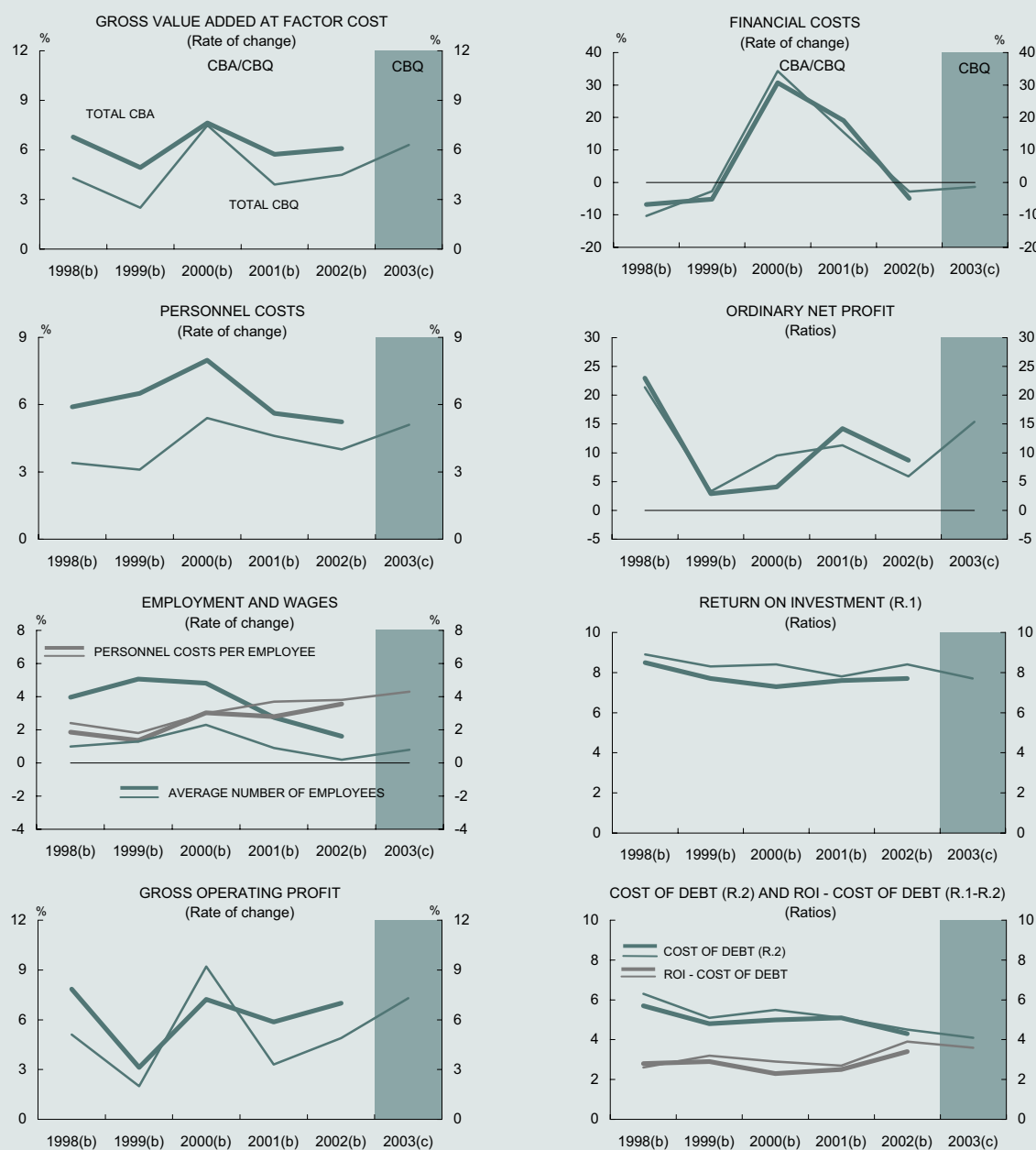
The employment data submitted by the sample corporations confirm the results already reported by other information sources. In 2002 the growth rate of employment slowed (to 1.6% from 2.7% in 2001), but there has been a slight recovery in 2003 to date with respect to the same period a year earlier (growth of 0.8% against 0.1%). Both these rates, although very low, will foreseeably increase appreciably when CBA data become available for 2003. Average compensation continued to show a certain downward stickiness, with rates of change holding at levels slightly above the price increases in 2002 (compensation per employee grew by 3.6%) and this behaviour tended to become more pronounced in the first three quarters of 2003 (with growth of 4.3%), perhaps to some extent due to

the upward movement in the price index during 2002 and its lagged pass-through to wages via indexation clauses. The recent course of inflation, which has started to turn downwards, means that more moderate rises in average compensation can be expected. The growth in employment and compensation pushed personnel costs up to rates above 5% both in 2002 and in 2003 to September. This enabled the growth rate of firms' gross operating profit to hold at around 7% in both periods, although it was slightly higher in the first three quarters of 2003 because of the more favourable behaviour of activity in that period.

Financial revenue from dividends and other income decreased in 2002 and rose at a rate of 10.6% in the first three quarters of 2003 when, unlike in 2002, significant returns were received on the foreign investments of certain Spanish holding companies. Financial costs continued to decrease both in 2002 and in 2003 to date, basically due to the favourable interest rate trend. As a result of these developments and of the moderate growth in depreciation and operating provisions in both periods, ordinary net profit (which is the variable used to calculate profitability) grew rapidly, reaching a rate of 15.4% in the first three quarters of 2003 in what was the largest increase in this caption since 1998. Ex-

CHART 1

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



NUMBER OF CORPORATIONS						
CBA	8,143	8,265	8,513	8,124	6,288	
CBQ	840	891	906	871	851	750

% OF GDP OF THE SECTOR NON-FINANCIAL CORPORATIONS						
CBA	33.6	31.8	30.8	28.6	24.9	
CBQ	18.3	17.9	16.6	15.6	15.5	13.5

CBA data.

NUMBER OF CORPORATIONS						
CBA	8,143	8,265	8,513	8,124	6,288	
CBQ	840	891	906	871	851	750

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CBA	33.6	31.8	30.8	28.6	24.9	
CBQ	18.3	17.9	16.6	15.6	15.5	13.5

CBQ data.

Source: Banco de España.

(a) Information available to 14 November 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 first three quarters of 2003 relative to the same period of 2002.

traordinary items included most notably the strong impact on 2002 business results of the extraordinary provisions that large corporations with substantial foreign investments recorded to adjust the value of their securities portfolios. These were affected in some cases by the deterioration in the Latin American economic situation (already noticeable in their 2001 results), and in others by the losses on UMTS telephony investments in Europe. The generation, also in 2002, of significant gains on share sales was insufficient to prevent the deterioration of total net profit in that period, the rate being -90.1% in the CBA. In the first nine months of 2003, firms' profits returned to their customary levels, although the growth rate with respect to the same period a year earlier cannot be calculated because in the first nine months of 2002 the total net profit of the overall sample was negative for the reason mentioned above. In any event, the total net profit in 2003 to date represents 32.2% of GVA, against -0.4% in the first nine months of 2002, evidencing the magnitude of the recovery in these results in 2003.

The overall picture described for 2002 and for the first three quarters of 2003 shows signs of moderate, progressive recovery in activity after a period of more sluggish growth which, according to data of the corporations reporting to the Central Balance Sheet Data Office, commenced in 2001. This, together with the performance of financial revenue and costs, has enabled firms to record ordinary returns of 7.7% in both 2002 and the first nine months of 2003. Also, the decline in interest rates, which has been accompanied by a moderation in resort to interest-bearing debt in these periods, allowed the ratio that measures the cost of borrowed funds to dip to historical lows (4.3% in 2002 and 4.1% in the first three quarters of 2003). The combined effect of these two phenomena took the "ROI less cost of debt" ratio once again to values that are positive and growing with respect to previous periods, thereby confirming the favourable position in which Spanish non-financial corporations will face the world economic recovery once the uncertainties still persisting have abated, particularly in the euro area countries. In any event, everything seems to indicate that interest rates have bottomed out, so the continued enjoyment of high returns will depend more directly on the ability to generate value added and, therefore, employment. The low interest rates are another factor that may explain the rising indebtedness of firms in recent times, as evidenced by the behaviour of the debt ratio, although this ratio, like other alternative measures of debt, has grown somewhat more slowly in the first three quarters of 2003 in the corporations reporting to the Central Balance Sheet Data Office.

TABLE 2.b

### Employment and personnel costs Details based on changes in staff levels

	Total CBQ corporations 03 Q1-Q3	Corporations increasing (or not changing) staff levels	Corporations reducing staff levels
<b>Number of corporations</b>	<b>750</b>	<b>415</b>	<b>335</b>
<b>Personnel costs</b>			
Initial situation 02 Q1-Q3 (€ m)	15,407.0	7,929.2	7,477.8
Rate 03 Q1-Q3/02 Q1-Q3	5.1	8.8	1.1
<b>Average compensation</b>			
Initial situation 02 Q1-Q3 (€)	27,451	24,398	31,820
Rate 03 Q1-Q3/02 Q1-Q3	4.3	3.4	6.8
<b>Number of employees</b>			
Initial situation 02 Q1-Q3 (000s)	560	325	235
Rate 03 Q1-Q3/02 Q1-Q3	0.8	5.3	-5.4
<b>Permanent</b>			
Initial situation 02 Q1-Q3 (000s)	463	261	202
Rate 03 Q1-Q3/02 Q1-Q3	0.2	3.4	-3.9
<b>Non-permanent</b>			
Initial situation 02 Q1-Q3 (000s)	97	64	33
Rate 03 Q1-Q3/02 Q1-Q3	3.8	13.1	-14.6

Source: Banco de España.

## 2. ACTIVITY

In 2002 business activity held on a course of sustained growth at a rate similar to that in the previous year. Table 1 shows that GVA increased by 6.1% in 2002, 0.4 pp more than in 2001. This was compatible with moderate growth in output and in input, and is consistent with the consumption and investment behaviour indicated by alternative sources. In 2003 to date productive activity appears to have recovered somewhat, as shown by GVA growth of 6.3%, against 2.9% in the same period a year earlier. This increase has been underpinned once again by domestic factors, including consumption and construction investment, and by the incipient recovery of capital goods investment. The gradual dissipation of international tension, the take-off of the US economy and the greater stability in Latin America, where Spanish holding companies have substantial investments, have also favoured the progressive recovery of confidence, which may be manifesting itself in the continuation of the activity levels recorded in Spain. However, the major euro area economies, which are one of the main destinations for Spanish exports, have yet to resume growth, so there is a certain stagnation in the sales of Spanish firms to these markets. The sluggishness of the foreign market has particularly affected industry (see Table 2.a) which,



TABLE 3

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

	CBA		CBQ (a)	
	2001	2002	02 Q1-Q4 / 01	Q1-Q4 03 Q1-Q3 / 02 Q1-Q3
<b>Total corporations</b>	<b>8,124</b>	<b>6,288</b>	<b>851</b>	<b>750</b>
Corporations reporting source/destination	8,124	6,288	821	736
	%	%	%	%
<b>Net purchases</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
SOURCE OF PURCHASES:				
Spain	66.8	67.6	79.2	78.9
Total abroad	33.2	32.4	20.8	21.1
<i>EU countries</i>	<i>19.9</i>	<i>19.4</i>	<i>15.6</i>	<i>16.6</i>
<i>Third countries</i>	<i>13.3</i>	<i>13.0</i>	<i>5.2</i>	<i>4.5</i>
<b>Net turnover</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
SALES DESTINATIONS:				
Spain	81.9	83.0	87.0	87.5
Total abroad	18.1	17.0	13.0	12.5
<i>EU countries</i>	<i>13.3</i>	<i>12.6</i>	<i>8.4</i>	<i>8.9</i>
<i>Third countries</i>	<i>4.8</i>	<i>4.4</i>	<i>4.6</i>	<i>3.6</i>

Source: Banco de España.

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

after a strong spurt in 2003 Q1, returned to negative rates in the rest of the year, although its activity grew by 1.6% in the first three quarters of 2003, down slightly on the growth of 2.2% in the same period of 2002 (see Box 1 for a more detailed analysis). Table 3 shows that in the first three quarters of 2003 the percentage of sales to Spain continued to grow, which amounts to an indicator confirming the stagnation of exports.

The sectoral breakdown of activity shows that the slowdown in industry in 2003 to date is offset by the recovery of the other sectors, in all of which GVA has either risen or, as in the case of transport and communications, decreased slightly while maintaining a notable growth rate (4.9%). Meriting special mention is the energy industry, where the GVA increases in 2003 (9.7%) are strongly affected by the performance of oil refining corporations. The factors that influence the GVA of oil refining corporations (which are well represented in the sample corporations reporting to the Central Balance Sheet Data Office and thus strongly affect the total sample results) are diverse and difficult to quantify separately. Evidently one of them is the price of crude oil, which is their main input, but it cannot be inferred that crude oil prices are totally and immediately passed through to the

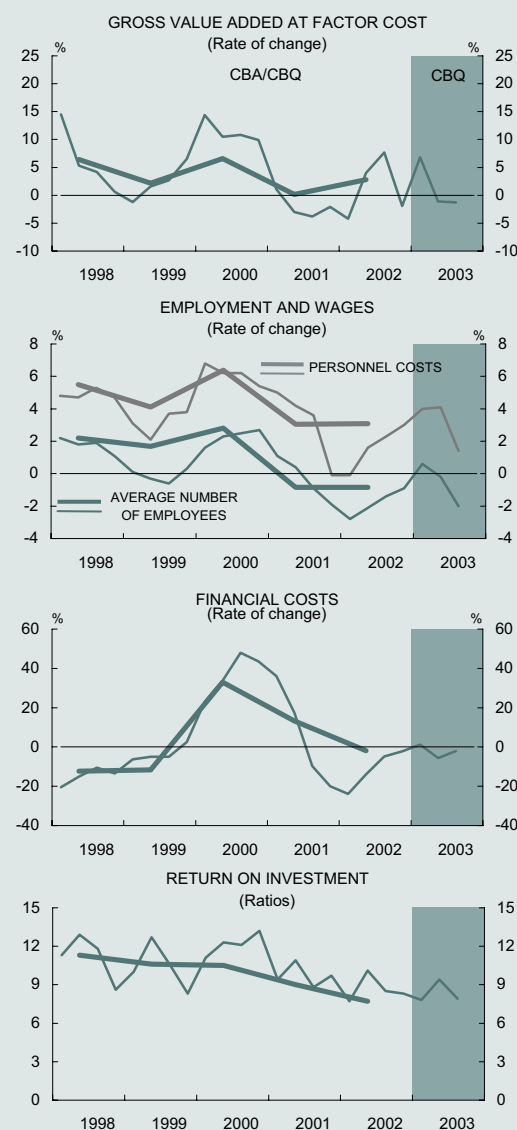
prices of the refined product that is the main output of refineries and the main input of fuel distributors; moreover, changes in international oil prices are not evident in the same way in all firms in the oil industry, since some of them receive oil supplies from foreign subsidiaries, which apparently apply a special price policy to their parent companies. These factors may explain the higher margins reported by some Spanish oil corporations and may account for these high GVA growth rates in the first three quarters of 2003, which subsequently slowed progressively during the year. If the firms most directly affected by oil price fluctuations (refining corporations and fuel distributors) are excluded from the quarterly sample, the resulting 2003 GVA growth rates are still higher than those in 2002. Indeed, in the period analysed of 2003, the GVA of the total sample without these corporations grew by 5.1%, against 4.4% in 2002. This further confirms the recovery of activity, as measured free from the bias introduced by refining corporations owing to the factors that influence their behaviour and to their over-representation in the sample.

Finally, Chart 2, which plots the percentage of firms in which GVA has increased or decreased, shows that in 2003 to date there has been a slight fall in the percentage of corpora-

## Analysis of the industrial sector

Industry is the area in Spain that has been hardest hit by the recent slowdown in worldwide activity. As shown by Table 2.a, its GVA grew in 2002 and in the first three quarters of 2003 at a subdued pace, with rates of change of 2.8% and 1.6%, respectively. The instability that has characterised the world economy and that is still apparent in the euro area has caused this sector's growth rates to moderate. On top of this is the behaviour of capital equipment investment in 2002, which performed negatively in 2002 but has shown signs, albeit insufficient, of recovery in 2003. Sectoral analysis shows that the electronic and optical material and equipment sector was responsible for the most negative GVA performance in both 2002 (-3.0%) and in the first three quarters of 2003 (-6.4%), although in this second period the transport equipment manufacturing and other manufacturing industries also recorded GVA declines. As a result of the trend in activity, this aggregate again failed to post positive employment rates in both 2002 (-0.8%) and the first three quarters of 2003 (-0.4%). In this latter period, it should be mentioned that the first quarter saw a recovery that resulted in net job creation in industry, although the progressive deterioration in activity in the following quarters brought a return to negative rates that worsened as the year proceeded. Average compensation, in line with the pattern noted for the total sample, shows growth rates of around 4% both for 2002 annual data and for 2003-to-date CBQ data. The reasons for the rise in inflation in 2002 and its pass-through to wages via indexation clauses, and the risk entailed by this downward stickiness, have been discussed in the article for the total corporations in both samples. In line with the behaviour of GVA, both gross operating profit and ordinary net profit held at very moderate rates (see Table 5), and gross operating profit even turned slightly negative in the first nine months of 2003 (-0.4%). Despite this, owing to the reduction in financial costs, the profit ratios did not deteriorate excessively, remaining at acceptable levels. Thus the return on investment (ROI) for 2002 stood at 7.7%, against 9% for 2001. Meanwhile, the industrial corporations of the CBQ posted a ROI of 8.4% for the first nine months of 2003, slightly below the 8.8% reported a year earlier. In any event, the lower cost of borrowed funds allowed the difference between these two ratios (ROI and cost of debt) to remain at positive levels very similar to those in previous periods, reflecting the fact that industrial corporations, although they have gone through a period of relative stagnation, are maintaining acceptable profitability. Although the pattern of activity does not hold out any promise of a recovery in employment in the short term, it can reasonably be expected that, given the starting conditions, when the international economic situation (and particularly that of the euro area countries) starts to recover, the activity of Spanish industrial corporations will pick up and the behaviour of employment will improve.

## Performance of the industrial corporations reporting to the CBSO (a)



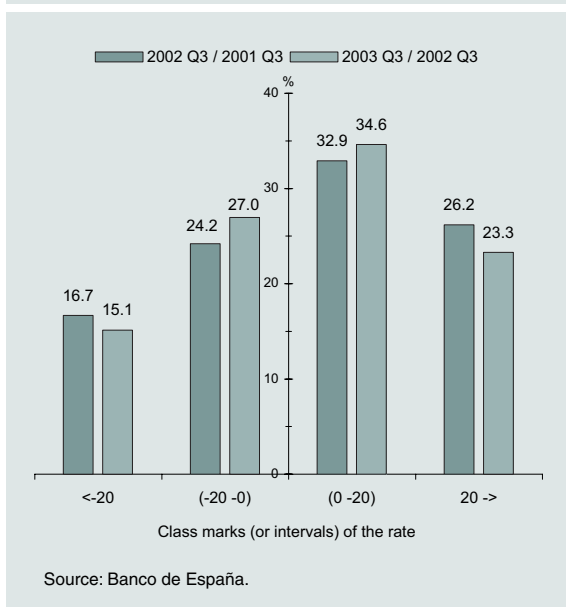
NUMBER OF CORPORATIONS					
CBA	3,244	3,038	2,974	2,728	2,137
CBQ	392	386	423	413	391
	378	407	398	378	364
	25.2	28.4	29.0	27.1	26.6
	26.2	27.1	26.6	25.2	22.2
	25.2	27.1	26.6	25.2	21.8
	25.2	27.1	26.6	25.2	21.0
	25.2	27.1	26.6	25.2	21.1
	25.2	27.1	26.6	25.2	21.2
	25.2	27.1	26.6	25.2	20.3
	25.2	27.1	26.6	25.2	18.5
	25.2	27.1	26.6	25.2	20.1
	25.2	27.1	26.6	25.2	19.1
	25.2	27.1	26.6	25.2	14.4

Source: Banco de España.

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

CHART 2

**Distribution of corporations by rate of change in GVA at factor cost  
(2002 Q3 / 2001 Q3, 2003 Q3 / 2002 Q3)**



tions whose GVA has risen. Other notable features are the shift in the first three quarters of 2003 to more moderate GVA changes and the fact that both in this period and in the same period a year earlier the firms with a rise in their GVA were in the majority. In summary, this indicator shows that, as is natural, the recovery evidenced by the results for the total sample was not equally spread across all corporations or across certain sub-sets of corporations. Information on the performance of small firms is only available up to 2002, so the situation of these firms in 2003 cannot be determined until CBA data for that year are available. Precisely regarding the CBA results for 2001 and 2002, it should be noted that growth in small firms' productive activity was below (although near) average, and that the gap did not widen much, as had occurred in past crises. Box 2 describes in greater detail the results of small non-financial firms, drawing on information provided by Spanish Mercantile Registers.

### 3. EMPLOYMENT AND PERSONNEL COSTS

Personnel costs rose by more than 5% both in 2002 (5.2%) and in the first nine months of 2003 (5.1%). Employment again posted positive, albeit moderate, growth in 2002 (1.6%) and in the first three quarters of 2003 (0.8%), although the latter rate is biased downwards because of the distinctiveness of the quarterly sample. In any event, it seems evident that the

course of employment in this period has been affected by the worldwide climate of uncertainty and instability during 2002 and by certain instances of workforce restructuring in reporting firms. Regarding type of employment, the rate of change of non-permanent personnel rose from -3.0% in the first nine months of 2002 to 3.8% in the first three quarters of 2003. However, this rate may slow in the coming months because of the possible impact of redundancy schemes announced in the telecommunications industry. Meriting mention among the other industries is wholesale and retail trade, which has continued to create jobs at a rate of 4.3% in the first three quarters of 2003. Finally, both energy and industry again recorded negative employment growth rates, although less so than in the previous year. In the first case, the main cause of this tendency was the electricity industry, since it is going through a process of liberalisation and of opening-up to competition and is thus gradually adjusting staff numbers. The pace of this adjustment, however, seems to have moderated in the last few years and particularly in 2003 to date. The rate shown by industry in the first three quarters of the year is the result of a good start in Q1, in step with the growth of activity, which however has progressively lost momentum to the point of showing a slight reduction of -0.4% in 2003 as a whole.

Average compensation in 2002 and in the first three quarters of 2003 continued its upward trend at rates of 3.6% and 4.3%, respectively, both these figures being above the inflation rate passed through to wage costs through indexation clauses. In 2003 to date, inflation has started to turn downwards, although for the time being this has not been reflected in any moderation of compensation per employee. Table 4, which classifies firms by the rise in average wage costs in comparison with the inflation rate, shows that the average wages in 57.5% of firms have grown by more than the CPI rise in 2003 to date. This is 7 pp more than in 2002, which may jeopardise the future competitiveness of Spanish corporations. Lastly, regarding the ratio of average compensation to employment level, Table 2.b shows that average compensation in firms that created jobs grew more slowly than the average (3.4%), largely due to the lower wages paid to new hires, whereas in firms that reduced staff numbers, this cost rose by 6.8%.

### 4. PROFITS, MARGINS AND RATES OF RETURN

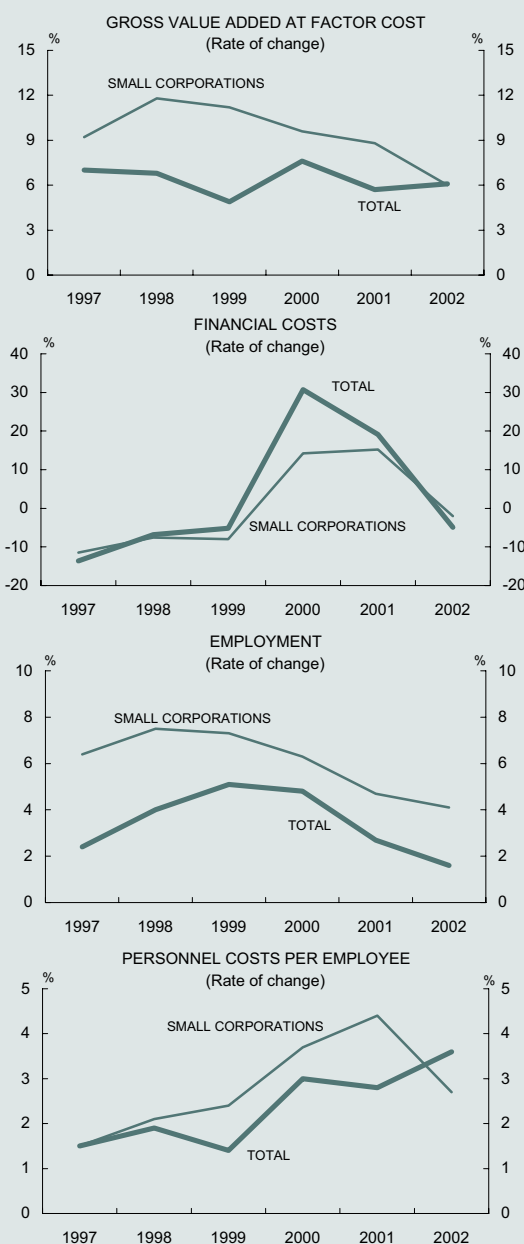
The behaviour of activity and personnel costs enabled the gross operating profit of firms

## Analysis of small and medium-sized enterprises (SMEs)

The annual monograph contains a chapter which analyses the performance of small and medium-sized enterprises (SMEs), drawing on the Central Balance Sheet Data Office's database (known as CBBE/RM or CBB) consisting of the annual accounts deposited by them with the Mercantile Registries. This database (which excludes those firms already included in the CBA and which, as indicated in the monograph, is edited and checked by the Central Balance Sheet Data Office), does not contain such detailed information as the CBA (for example, it does not facilitate analysis of investment and financing flows and does not allow certain profit ratios to be calculated). However, the CBB provides knowledge of many basic variables used to analyse the activity, employment and results of a large number of SMEs, which is a valuable supplement to the published CBA information. The CBB data (which are received with a greater lag than the CBA input) for 2001 refer to 245,897 firms representing 11% of the GVA of non-financial corporations, whereas the number of firms from which data for 2002 had been received at end-October 2003 was 47,518, which in terms of GVA coverage represents approximately 2% of the Spanish total.

Analysis of the 2002 information shows that the activity of SMEs decelerated, since their GVA grew by 6%, compared with 8.5% in 2001. No doubt the climate of uncertainty generated by the various pressures on the economy for most of 2002 and uncertain expectations had a negative impact on the activity of SMEs. The fall in activity was generally perceptible across all industries with the sole exception of real estate, the GVA of which grew faster in 2002 (7%) than in 2001 (6%). In line with the behaviour of productive activity, personnel costs also grew less in 2002 as a result of the lower increases in employment and in average compensation, the changes in which, however, are best analysed separately. Employment, although it did not match the 2001 rate of 4.6%, continued to grow by slightly more than 4%. Meanwhile, average compensation slowed notably in 2002 to a growth rate of 2.7%, which was 1.5 pp less than in 2001 and nearly 1 pp less than the rate recorded by the CBA corporations for 2002. This difference may indicate that SMEs have more flexible mechanisms for adjusting wage costs, which allow them to compensate for their higher vulnerability in other profit and loss account items.

The behaviour of GVA and personnel costs led to gross operating profit growth of 1.7% in 2002, which was substantially below the 5% recorded in 2001. Financial costs decreased by 2% in 2002, after two years of strong growth, unquestionably due to the fall in interest rates. Nevertheless, this lightening of the financial burden was insufficient to prevent ordinary net profit from posting negative rates of change for the second consecutive year, dropping to -4.8% in 2002, which was a slightly higher fall than in 2001 (-3.3%). Regarding profitability, the slowdown in activity of SMEs took the ordinary return on equity (the only profit ratio that can be calculated in the CBB) to a level of 9% in 2002, which, although down on previous years, was still high, especially for an unfavourable environment such as that of these firms in the period under analysis.



NUMBER OF CORPORATIONS (a)						
CBA	8,056	8,143	8,265	8,513	8,124	6,288
CBB (b)	223,477	238,378	211,894	231,932	245,897	47,518
% OF THE GDP OF THE SECTOR NON-FINANCIAL CORPORATIONS						
CBA	33.6	33.6	31.8	30.8	28.6	24.9
CBB (b)	10.9	12.1	10.6	10.8	11.0	1.9

— CBA data.

— Banco de España Central Balance Sheet Data Office / Mercantile Registry (CBBE/RM or CBB) data.

Source: Banco de España.

(a) Information available to 14 November 2003 (CBA and CBB).

(b) In the case of the charts on employment and personnel costs per employee, the data relate to the sub-set of companies with consistent employment data (50% of the CBB total).

TABLE 4

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

	CBA		CBQ			
	2001	2002	01 Q1-Q4 (a)	02 Q1-Q4 (a)	02 Q1-Q3 (a)	03 Q1-Q3 (a)
<b>Number of corporations</b>	<b>8,124</b>	<b>6,288</b>	<b>871</b>	<b>851</b>	<b>867</b>	<b>750</b>
<b>Personnel costs</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Falling	21.8	28.0	28.4	33.3	33.2	29.0
Constant or rising	78.2	72.0	71.6	66.7	66.8	71.0
<b>Average number of employees</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Falling	27.8	31.1	40.3	43.4	43.7	45.0
Constant or rising	72.2	68.9	59.7	56.6	56.3	55.0
<b>Average compensation (relative to inflation) (b)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Lower growth	39.0	48.0	46.9	49.5	49.9	42.5
Higher or same growth	61.0	52.0	53.1	50.5	50.1	57.5

Source: Banco de España.

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

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

to grow at a notable rate in both 2002 (7%) and the first three months of 2003 (7.3%). Financial costs continued to fall in 2002, as they did in 2003 to date. The reasons for these continual decreases in financial costs are:

	2002/ 2001	03 Q1-Q3/ 02 Q1-Q3
<b>Change in financial costs</b>	<b>-4.9%</b>	<b>-1.4%</b>
<i>A. Interest on borrowed funds (1 + 2)</i>	<i>-5.5%</i>	<i>-2.0%</i>
1. Due to the cost (interest rate)	-15.7%	-8.9%
2. Due to the amount of interest-bearing debt	+10.2%	+6.9%
<i>B. Commissions and cash discounts</i>	<i>+0.6%</i>	<i>+0.6%</i>

The table shows that, as usual, the reductions in interest rates led to a fall in financial costs, despite the continued resort to fresh borrowing by firms encouraged by the low rates. The decline in financial costs brought additional growth in ordinary net profit (ONP). This caption, which measures firms' ability to earn profits from ordinary operations and income generation (net financial revenue), after deducting depreciation and operating provisions, is the profit item used by the Central Balance Sheet Data Office to calculate profitability ratios. The growth rate of ONP was 8.7% in 2002, while in 2003 it was 15.4%. The ONP rate for the first three quarters of 2003 has been particularly influenced by the performance of financial revenue

in that period (growth of 10.6%, against a decline of 9.7% in the previous year), which reflects significant returns on the foreign investments of Spanish multinationals. The sectoral analysis of this variable revealed notable behaviour in industry and in transport and communications, which did not follow the general pattern of high ONP growth in 2003 to date. In industry this was because activity slowed during the period; in transport and communications, the ONP of which grew notably (by 8.5%), it was because of the high growth in 2002, due to the returns generated by the expanding mobile telephony business in that period.

Total net profit deteriorated sharply in 2002, the decrease amounting to -90.1% according to CBA data. This sizeable fall is explained by the weight in certain firms' profit and loss accounts of the provisions for potential losses on certain financial investments (those concentrated in Latin America and those in European third-generation telephony firms). However, the quarterly data show that in 2003, now that these extraordinary events have been left behind, the firms have recovered their former level of profit generation. The rate of change of this variable cannot be calculated in the CBQ in either of the last two periods observed, because the negative overall result in the initial quarters of 2002 means that the rate of change cannot be calculated for that period or for the first three quarters of 2003. In any event, the profit gen-



TABLE 5

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

	Gross operating profit				Ordinary net profit				Return on investment (R. 1)				ROI-Cost of debt (R.1-R.2)			
	CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)			CBA	CBQ (a)		
	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3	2002	02 Q1- Q4	02 Q1- Q3	03 Q1- Q3
<b>Total</b>	<b>7.0</b>	<b>4.9</b>	<b>2.2</b>	<b>7.3</b>	<b>8.7</b>	<b>5.9</b>	<b>5.6</b>	<b>15.4</b>	<b>7.7</b>	<b>8.4</b>	<b>7.6</b>	<b>7.7</b>	<b>3.4</b>	<b>3.9</b>	<b>3.1</b>	<b>3.6</b>
<b>SIZE:</b>																
Small	1.5	—	—	—	3.9	—	—	—	8.1	—	—	—	2.8	—	—	—
Medium	10.1	2.3	4.7	-1.5	10.9	-2.0	2.1	-0.5	8.6	9.2	9.4	8.9	4.2	4.3	4.7	5.0
Large	6.9	5.0	2.1	7.8	8.6	6.3	5.7	16.3	7.7	8.4	7.6	7.7	3.4	3.9	3.1	3.6
<b>BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:</b>																
Energy	-1.2	-1.0	-7.1	11.7	-1.1	5.0	-4.2	9.1	9.4	10.5	8.4	7.6	5.5	6.1	4.0	4.1
Industry	2.3	0.6	3.4	-0.4	0.8	1.2	4.5	0.6	7.7	8.7	8.8	8.4	3.0	4.1	4.2	4.3
Wholesale and retail trade	15.4	14.7	13.1	13.1	17.9	12.8	13.0	17.2	12.5	11.3	11.1	11.5	7.8	6.7	6.6	7.4
Transport and communications	13.4	9.6	7.7	4.8	40.8	21.8	17.9	8.5	8.9	10.5	10.3	13.1	4.3	5.7	5.5	8.5

Source: Banco de España.

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

erated in 2003 to date practically equals that earned in all 2001 according to the total annual database, and it represents 32.2% of GVA, compared with -0.4% of GVA in the first nine months of 2002.

The profitability analysis based on firms' ordinary activities (using ONP and financial costs) shows that the ordinary returns posted by the sample corporations as a whole held at high and similar levels in 2002 and in the first three months of 2003 (Table 5). This, together with the decline in the ratio that measures the cost of debt (as a result of the lower interest rates), explains why the difference between the two ratios has widened to 3.6 for the first three quarters of 2003, slightly higher than the figure of 3.1 recorded in the same period a year earlier. This figure confirms the comfortable position of most Spanish firms, which are maintaining an acceptable pace of activity and turning in very favourable results despite the uncertainties prevailing in the international environment. The doubts about the performance of foreign activity have affected industry, which saw the growth rates of its GVA decelerate during 2003. Nonetheless, the profitability of most Spanish firms enables them to look forward confidently to a firming of the signs of recovery that are beginning to appear in the international sphere.

## 5. FINANCING AND INVESTMENT FLOWS

The CBA provides a more complete and detailed view than the CBQ of the various factors that affect and explain the performance of the firms reporting to the Central Balance Sheet Data Office. One of its advantages is that the CBA enables an approximation of the financing and investment flows that cannot be analysed using the more limited information compiled by the CBQ, which is intended for analysing profit and loss accounts and for calculating profitability. The information referred to here is taken from Chapter III of the annual monograph setting forth the results of the Central Balance Sheet Data Office in national accounts terms.

Table 7 summarises the capital and financial flows recorded in the period 2000-2002 for the firms reporting to the CBA, expressed as a percentage of GVA. It would be meaningless to express the figures in absolute terms because they refer to the sample (reporting) corporations which, moreover, are not always the same from one period to the next. Obviously these flows are affected by the composition of the CBSO sample, which is biased towards large corporations and industrial firms and which in practice does not take into account the effect of small and newly created firms. The table shows that in



TABLE 6

## Structure of reporting corporations' return on investment and ordinary return on equity

	CBQ			
	Return on investment (R. 1)		Ordinary return on equity (R. 3)	
	02 Q1-Q3	03 Q1-Q3	02 Q1-Q3	03 Q1-Q3
<b>Total corporations</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
R ≤ 0 %	22.3	23.6	25.5	26.3
0 % < R ≤ 5 %	18.9	20.4	14.3	16.0
5 % < R ≤ 10 %	17.0	15.1	13.5	11.4
10 % < R ≤ 15 %	11.8	11.5	9.8	9.9
15 % < R	30.0	29.4	36.9	36.4
<b>Number of corporations</b>	<b>867</b>	<b>750</b>	<b>867</b>	<b>750</b>
	02 Q1-Q3	03 Q1-Q3	02 Q1-Q3	03 Q1-Q3
MEMORANDUM ITEM:				
Average return	7.6	7.7	10.4	11.0
Source: Banco de España.				

2002 the capital resources of the firms reporting to the CBA exceeded their capital uses by a very small amount (0.4% of GVA), which means that the sample corporations did not, in net terms, have to resort to the financial markets to finance their investments, but rather that they had a small remnant of loanable funds. Regarding gross fixed capital formation, which is the most important of the capital uses, the measured nominal growth rate for 2002 with respect to 2001 is -3.2% which, given the composition of the sample, can be attributed to investment in capital goods. Although gross capital goods formation in the Spanish national accounts fell by precisely 3.2% in nominal terms in that period, the changes in investment for the total non-financial corporations sector cannot be inferred from Central Balance Sheet Data Office information. The results for the non-financial corporations sector, both for the various capital account captions and for the other non-financial operations, can be found in the Spanish national accounts compiled by the INE.

For the same reasons, the financial variables of the sector can be consulted in *Financial Accounts of the Spanish Economy*, compiled by the Banco de España. The financial account included in Table 7 for the CBA corporations shows that they continued to increase their investments in shares, as in previous years, via operations that were basically financed by the issuance of shares and by loans from financial institutions and other resident sectors (mainly group companies). While the low interest rates

have obviously brought an increase in indebtedness in recent years, the table shows that the net liabilities of these firms have decreased. It also shows that for the third consecutive year there was a significant decrease in internal pension funds, i.e. in firms' obligations in this respect to their employees. This decrease has come about through the externalisation of pension commitments by shifting them to the technical reserves (liabilities) of insurance corporations, the asset-side balancing entry of which consists of the instruments in which these employees' rights are materialised. Under Legislative Royal Decree 1588/1999 and Law 14/2000, the externalisation should have been completed by mid-November 2002. However, Law 44/2002 granted an additional time extension until 31 December 2004 for some of these commitments, which apparently explains why firms' balance sheets still include pension funds that have not yet been externalised. Also worthy of mention are the changes in the indebtedness of the CBA corporations in the period under study. The memorandum item in Table 7 includes the amount of debt at year-end defined as the interest-bearing borrowings of the sample corporations, expressed as a percentage of GVA (2). This

(2) Interest-bearing borrowed funds are defined as securities other than shares and loans from credit institutions and from the rest of the world. Interest-bearing borrowed funds are taken to exclude loans from other resident sectors, which in practice are extended by group companies, whether or not they bear interest.

**Profit and loss account (structure)**

The information compiled by the CBQ allows overall analysis of the situation of firms with a lag of approximately three months with respect to the date of the latest quarterly data. The CBA makes more detailed analysis possible, but has a lag of nearly eleven months with respect to the date to which the latest annual information refers. The differences in the detail of certain captions in these two databases hinder compilation of a homogeneous profit and loss account compatible with both sources (see Table 1 of this article). The problem is that certain CBQ items are not identical to those of the CBA, so approximations have to be used to construct a brief time series from the data in the two databases. The following table (which reproduces the structure of the first column of Table 1) shows that these approximations entail little loss of information and therefore do not substantially affect the analysis or reduce the ability of the CBQ to anticipate trends in the results which, with an additional lag of several months, are released by the CBA. The profit and loss account in this box includes all the CBA items; the items not available in the CBQ are expressly indicated. It can be seen that these captions have a low weight in the total expenses and income that make up the profit and loss account in Table 1.

Databases	CBA 2002
Number of corporations / Total national coverage	6,288 / 24.9%
1. VALUE OF OUTPUT (including subsidies)	100.0
Of which:	
1. Net amount of turnover and other operating income	132.3
2. (-) Consumption (wholesale and retail trade and real estate sectors)	-34.4
a. Other items (not available in CBQ)	2.1
2. INPUTS (including taxes)	67.9
Of which:	
1. Net purchases	40.4
2. Other operating costs	27.3
b. Other items (not available in CBQ)	0.2
S.1. GROSS VALUE ADDED AT FACTOR COST (1 - 2)	32.1
3. Personnel costs	16.3
S.2. GROSS OPERATING PROFIT (S.1 - 3)	15.8
4. Financial revenue	2.9
5. Financial costs	3.3
6. Depreciation and provisions	7.2
S.3. ORDINARY NET PROFIT (S.2 + 4 - 5 - 6)	8.2
7. Capital gains and extraordinary income	8.8
8. Capital losses and extraordinary expenses	5.3
9. Other net provisioning	9.6
10. Corporate income tax	1.6
S.4. NET PROFIT (S.3 + 7 - 8 - 9 - 10)	0.4
Memorandum item:	
FUNDS GENERATED FROM OPERATIONS	13.8

Source: Banco de España.

TABLE 7

**Capital and financial flows**  
(Structure: GVA at basic prices = 100)

Databases	% of GVA at basic prices		
	2000	2001	2002
Number of corporations / Total national coverage	8,513 / 30.8%	8,124 / 28.6%	6,288 / 24.9%
Year	2000	2001	2002
<b>CAPITAL ACCOUNT:</b>			
1. <u>Capital resources</u>	<u>29.5</u>	<u>28.5</u>	<u>30.5</u>
1. Gross saving	28.9	29.3	33.0
2. Net capital transfers	0.6	-0.8	-2.4
2. <u>Uses of capital</u>	<u>33.9</u>	<u>32.5</u>	<u>30.1</u>
1. Gross capital formation	32.9	30.9	28.5
2. Other uses of capital	0.9	1.6	1.6
3. <i>Net lending (+), net borrowing (-) (1 - 2.1 - 2.2 = 6)</i>	-4.4	-4.0	0.4
<b>FINANCIAL ACCOUNT:</b>			
4. <u>Net financial assets acquired</u>	<u>52.5</u>	<u>40.6</u>	<u>19.8</u>
1. Cash and deposits	-0.9	0.2	-0.4
2. Securities other than equity	0.3	-0.3	0.2
3. Shares and other equity	53.1	40.6	20.0
5. <u>Net financial operations plus net liabilities incurred (6 + 7)</u>	<u>52.5</u>	<u>40.6</u>	<u>19.8</u>
6. <i>Net financial operations (4 - 7 = 3)</i>	-4.4	-4.0	0.4
7. <u>Net liabilities incurred</u>	<u>56.9</u>	<u>44.6</u>	<u>19.4</u>
1. Securities other than equity	-2.2	-0.4	-4.1
2. Loans	22.1	14.7	14.7
2.1. From financial institutions	12.0	7.3	7.1
2.2. From the rest of the world	14.6	-0.1	-10.0
2.3. From other resident sectors (net)	-4.4	7.5	17.6
3. Shares and other equity	42.8	31.4	6.8
4. Pension funds	-2.0	-2.3	-1.9
5. Trade credit and other accounts payable (net)	-3.9	1.2	3.9

**MEMORANDUM ITEM:****Debt (a) / Gross value added**

Ratio at end of previous year	113.8	135.4	140.5
Change due to period operations (7.1 + 7.2.1 + 7.2.2)	24.3	6.8	-7.0
Adjustments (a)	-2.7	-1.7	0.5
Ratio at end of year n	135.4	140.5	134.0

Source: Banco de España.  
(a) See text.

ratio reveals a rapid increase in the sample corporations' year-end debt in the most recent period, which has halted in 2002 (CBA data) and in 2003 to date according to partial CBQ information. The reconciliation between the increase in debt and the increase in liabilities that is included in the table takes into account, as mentioned above, that debt includes only interest-bearing liabilities, and also the existence of certain adjustments (3).

Finally, to supplement these considerations on the financing of the sample corporations, this article includes a reference to the average peri-

ods (number of days) that the CBA corporations take to collect from customers and to pay suppliers. Tables II.B.2.9 and II.B.2.10 of the annual monograph show that recently the average time taken by these corporations to pay suppliers has been 15 days longer than the average time taken to collect from customers and that services corporations (wholesale and retail trade, transport and communications) took 20 days longer in 2002. These trade practices have a bearing on corporate financing, as evidenced by the balance-sheet time series included in Table III.A.3.a of the monograph, in which the "Trade credit and other accounts payable" caption on the liability side is always higher than the "Trade credit and other accounts receivable" caption on the asset side.

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(3) Basically for revaluations and for double counting in that corporations with two different bases are compared and because the linkage between the debt in two consecutive periods refers to two different GVAs.

21.11.2003.

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# Determination of manufacturing exports in the euro area countries using a supply-demand model

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## 1. INTRODUCTION

In recent decades the weight of exports in economic activity has been increasing. Hence great importance is given to analysing the determinants of their behaviour. When such analysis is carried out, it often considers the determining variables to be only those that affect export demand, particularly competitiveness and external demand. Thus it does not take into account the factors that can influence the supply of exports, which is usually assumed to have infinite elasticity, i.e. export firms stand ready to supply any product quantity demanded of them at the prevailing market price, over which they have no control. However, this approach has certain limitations, since information on supplier behaviour is disregarded prematurely without checking its possible role in the behaviour of foreign sales. This article aims to advance in export analysis, allowing foreign sales to influence export prices. For this purpose, a two-equation supply-demand model is estimated in which prices and quantities are determined jointly, so as to enable determination of the extent to which supply is important in explaining the quantity exported by a country. In particular, a two-equation multivariate model with an error correction mechanism is estimated for eight euro area countries with quarterly manufacturing export data since the beginning of the 1980s.

The article has the following structure: Section 2 develops the theoretical model; Section 3 describes the variables used and analyses their behaviour during the sample period; Section 4 sets forth the econometric results; Section 5 shows simulation exercises; and, finally, Section 6 summarises the main conclusions.

## 2. THEORETICAL FRAMEWORK AND VARIABLES USED

Following Goldstein and Khan (1976), initially a two-area model (a country and the rest of the world) is used in which the former produces a good that can be exported or consumed within the country and the latter can purchase the country's exports or its domestic goods.

The export demand function is obtained from the solution to the problem of maximising con-

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(1) This article is a summary of a working paper to be published shortly.

sumer utility subject to the budget constraint, such that the quantity of country  $i$  exports demanded by the rest of the world ( $X^d$ ) will depend on the export prices in domestic currency ( $P_x$ ), on the prices of goods produced in the rest of the world ( $P_x^* \cdot e$ ) and on the income of the rest of the world ( $Y^* \cdot e$ ). Also, it is assumed that consumers are not prone to monetary illusion, so the demand function can be expressed in terms of real income and of the ratio of the price of country  $i$  exports to the price of goods produced in the rest of the world.

As regards the supply function, naturally a greater quantity of product will be supplied abroad as the return on this activity rises. In the simplest interpretation, the quantity supplied by a firm depends on export prices, on the cost of factors of production and on the opportunity cost of selling in the external market. For a given export price level, the return on foreign sales falls as the factor costs of the exporting industry rise. From the empirical standpoint, factor costs have been approximated by including a domestic price ( $P$ ) – which is used to represent the opportunity cost of selling on the foreign market and, in addition, usually moves together with the factor cost – and the export prices of competitors in local currency ( $P_x^* \cdot e$ ) – which is used to capture the effect on marginal cost of fluctuations in the exchange rate and in the prices of imported inputs – (2). Straub (2002) includes in the export supply function the export prices of competitors in local currency, arguing that, in addition to serving as indicators of costs, the role of strategic interaction and of pricing to market is important under the influence of imperfect competition (3).

Some studies that estimate export supply functions, apart from containing export price and cost variables, include a measure of trend income ( $\bar{y}$ ) and/or measures of demand pressure ( $P_d$ ). The idea underlying the inclusion of the first variable is that export capacity depends on the economy's ability to produce, i.e. secular changes in the aggregate production level due to improving factor supply, infrastructure and total factor productivity will lead to rises in export supply at any price level. The inclusion of a domestic demand pressure variable in the export supply function is based on the assumption that

sales in the domestic market could be more profitable than sales abroad, which would be related to a perception by producers of a higher risk associated with exports and to this difference in profitability not being fully captured by relative price movements.

Hence the quantity demanded and supplied of manufacturing exports ( $X^d$  and  $X^s$ ) and their price ( $P_x$ ) will be determined by the solution to the following system of equations (4):

$$\begin{cases} X^d = d\left(y^*, \frac{P_x}{P_x^* \cdot e}\right) \\ X^s = s\left(\frac{P_x}{P}, \bar{y}, P_d, P_x^* \cdot e\right) \\ X^d = X^s \end{cases}$$

To estimate the model, use is made of an error correction mechanism specification in which the long-term relationships are the log-linear transformations of the above system of equations.

For each country, the endogenous variables – exports ( $X$ ) and prices ( $P_x$ ) – are the volume of manufacturing exports and export prices, considering both intra- and extra-euro area trade. The variable used to measure external income ( $y^*$ ) is an export market index, calculated 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. The export price of competitors ( $P_x^* \cdot e$ ) is taken directly from the OECD, which calculates it as a weighting of the export prices of the main export markets. The domestic price ( $P$ ) is proxied by the producer price index of the manufacturing sub-group. The potential GDP ( $\bar{y}$ ) is taken directly from the OECD and demand pressure ( $P_d$ ) is calculated as the difference between the observed and trend industrial production price indices.

### 3. BEHAVIOUR OF THE DETERMINING VARIABLES OF EXPORT SUPPLY

The determining variables of export supply (5) include notably the relative return on exporting compared with the alternative of selling

(2) Empirically, unit labour costs of manufactures and the price of imported raw materials were tested as proxies for factor costs, but for no country was an acceptable supply specification obtained with either joint or separate inclusion of these variables.

(3) *Pricing to market* consists of the following. Firms, instead of transferring foreign exchange rate movements to export prices, seek to maintain their market shares by maintaining their prices in the importing country, evidencing oligopolistic behaviour by them [Dornbusch (1987)].

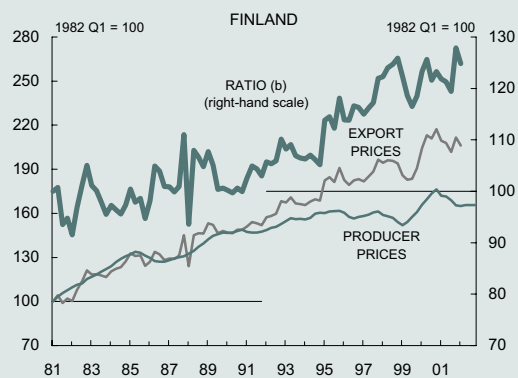
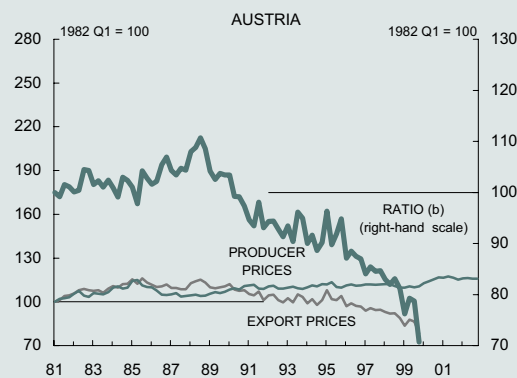
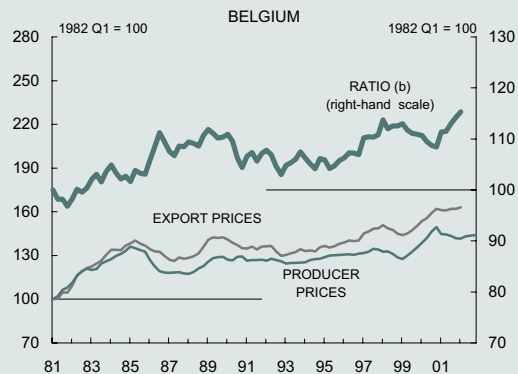
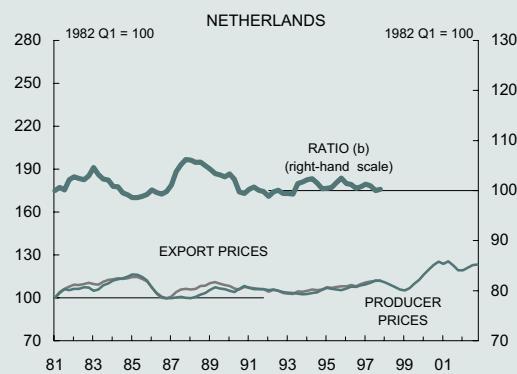
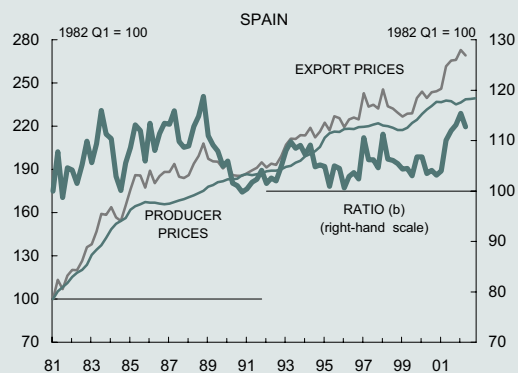
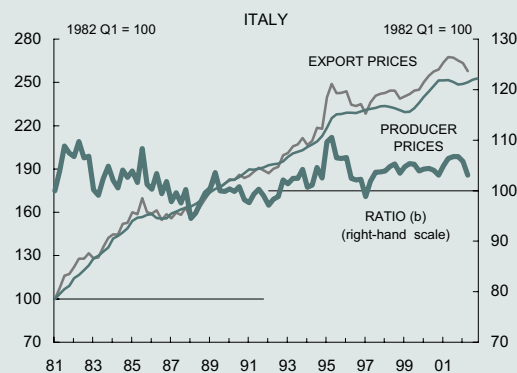
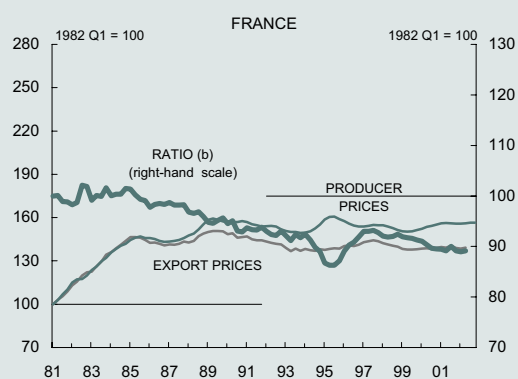
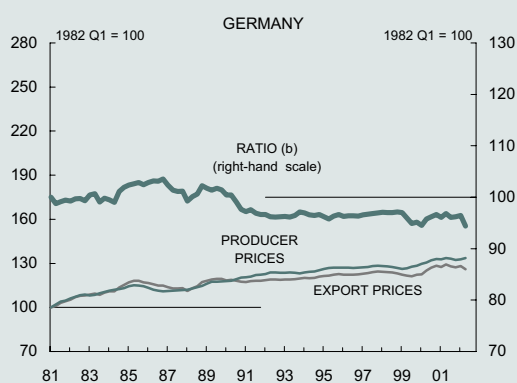
(4) Observe that the supply equation contains the ratio of export prices to domestic prices, but not these prices separately.

(5) See Buisán and Caballero (2003) for a detailed description of the behaviour of the variables affecting export demand.



CHART 1

## Changes in export prices and in producer prices (a)



Sources: Eurostat and OECD.

(a) Both refer to manufacturing.

(b) Export prices/Producer prices\*100.

CHART 2

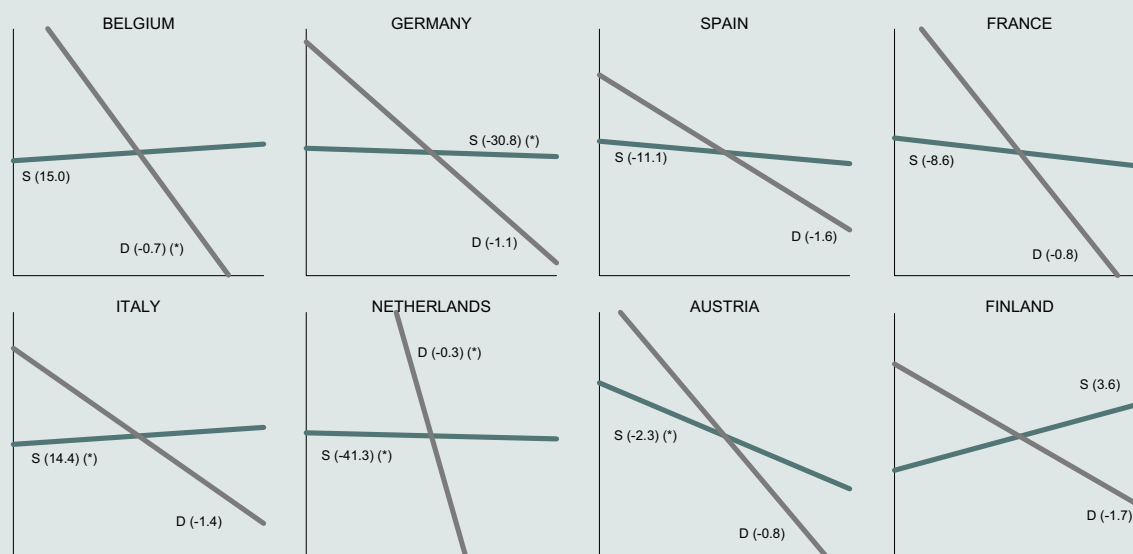
## Changes in competitors' export prices and in the NEER



Source: OECD.

CHART 3

**Estimated export supply and demand equations  
(X-axis, quantities exported; Y-axis, export prices) (a)**



Source: Banco de España.

(a) The estimated value of the elasticity is indicated in brackets. An asterisk denotes that the coefficient is not significant at the 5% level.

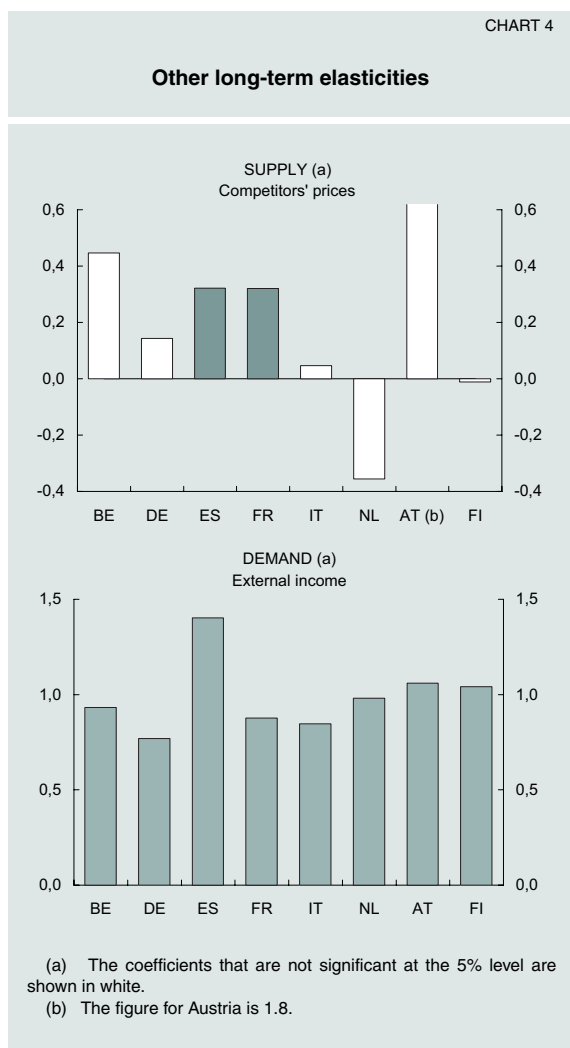
the production on the domestic market, measured by the export prices/producer prices ratio (6). Chart 1 shows the behaviour of this ratio and of its two components for the euro area countries. It can be seen that, in the countries where the ratio shows higher variability, this is mainly caused by the behaviour of export prices, whereas producer prices show more stable behaviour. This could be related to the sharp fluctuations in exchange rates over the period considered, while producer prices, by contrast, move basically in line with the domestic conditions in each country.

More detailed examination distinguishes various types of behaviour. Most noteworthy is the high stability of the ratio in the Netherlands and in Belgium – in this case interrupted by the brief divergence between the two prices in the mid-1980s – which is consistent with their high degree of openness to foreign trade. In Germany and France the ratio shows a slightly declining trend, possibly associated with the growing level of competition from foreign competitors, particularly from those euro area countries that were initially less open to trade. The high volatility of the exchange rate in Spain and Italy and the appreciation of the Austrian schilling explain the movement of their respective domestic prices/external prices ratios. Finally, the acceleration of Finnish export prices in the first half

of the 1990s is related not only to exchange rate fluctuations – the sharp depreciation of the Finnish mark following the collapse of the Soviet Union –, but also to the substantial change in its export structure: specifically, the foreign sales of the paper and wood industries have fallen and those of telecommunications equipment have risen, which has boosted the average price of exports.

Chart 2 plots export prices in domestic currency of competitors and their components: aggregate export prices of competitors expressed in a common currency (the US dollar) and the nominal effective exchange rate (NEER) of each country. As regards the first variable, the behaviour of export prices is very similar in all countries. The small differences are basically due to divergences in the inflation rates of the countries with which trade is conducted: in the German case, for example, the average export price of competitors grew faster than the prices of domestic production, while in Spain average inflation during the period considered was higher than that of its competitors, including Germany. Nevertheless, the NEER is the variable that most fully explains the dynamics of competitors' export prices in domestic currency. Regarding the behaviour of this variable, three groups of countries can be distinguished. In the first, consisting of Spain and Italy, the NEER tends to depreciate, so there is a higher rise in competitor prices when they are expressed in domestic currency. In the second

(6) Both prices refer to manufactures.



group, formed by Germany, the Netherlands and Austria, the NEER appreciated over most of the period, so competitor prices expressed in domestic currency showed high stability. Finally, in France, Belgium and Finland, the NEER does not follow such a well defined trend as in the above cases and, as a result, the export prices of competitors show similar behaviour regardless of the currency in which they are expressed.

#### 4. SUPPLY-DEMAND MODEL ESTIMATES

As regards demand, in the short term, whereas the export market variable is significantly positive, the volume of past exports and the relative price index do not seem to be significant in explaining the changes in real exports in any country. By contrast, in the long term, price elasticity is significantly different from zero in all cases except Belgium and the Netherlands, and has the expected negative sign (see Chart 3). The magnitude of the elasticity varies from country to country, with Spain,

Italy, Finland and, to a lesser extent, Germany being most sensitive to changes in relative prices. Finally, the long-term income elasticity of demand is relatively homogeneous among countries and has a value of around one in most cases, Spain being most sensitive to this variable with an elasticity of 1.4 (see bottom panel of Chart 4).

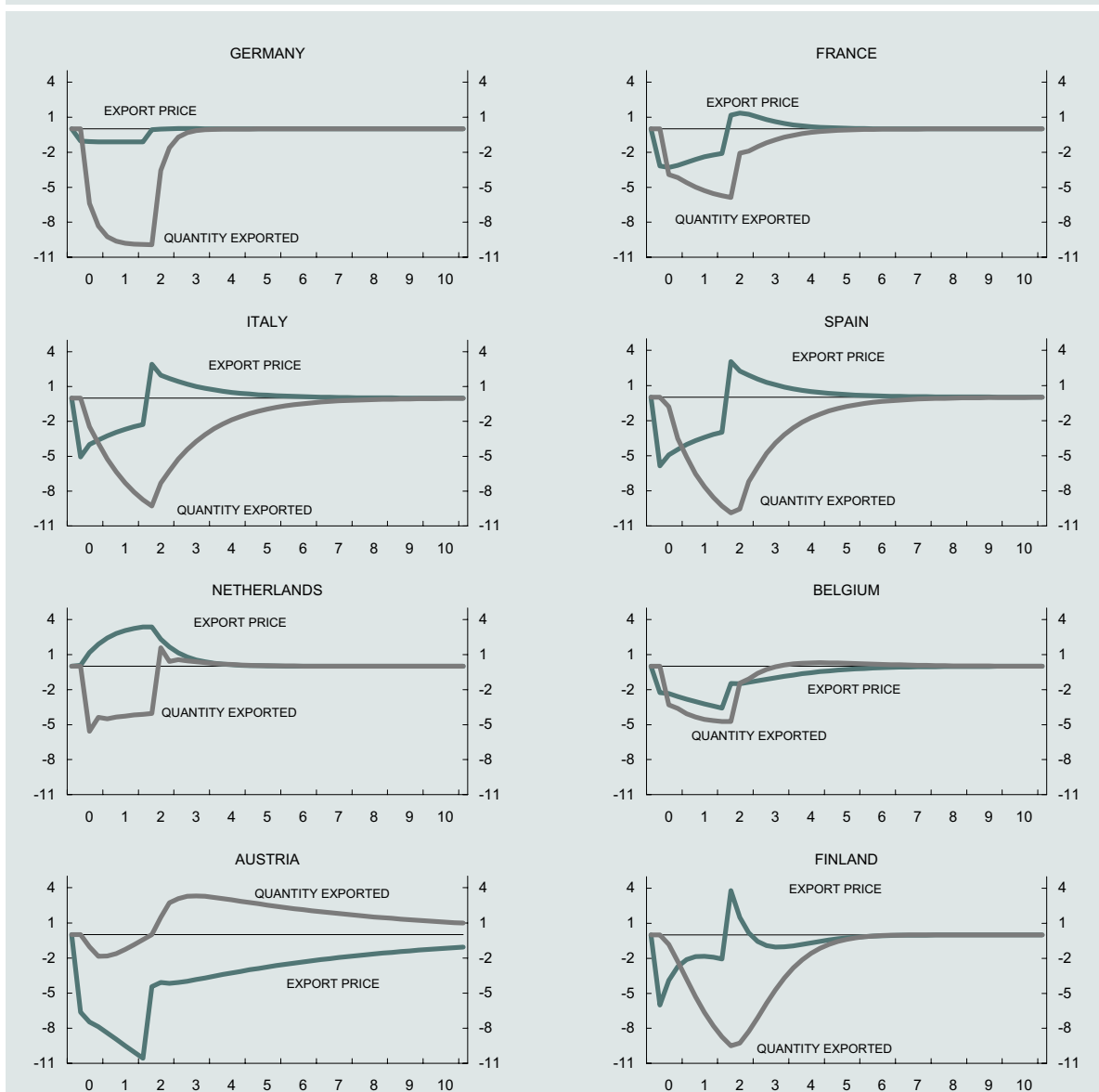
In the supply function it was found that neither pressure of domestic demand nor trend production seemed to have a significant effect. The most characteristic trait, shared by all countries except Finland and Austria, is the high elasticity of the long-term curve, which is reflected in its very low slope, as seen in Chart 3. This finding would support the estimation of a model in which the quantity exported were determined using a single export demand equation, as in Buisán and Caballero (2003), since it would be reasonable to accept the assumption of an infinitely elastic supply curve. In fact, in certain countries – Germany, Italy and the Netherlands – the slope is not significantly different from zero. Moreover, although in some cases the estimated slope is negative, the absolute value of the supply curve's elasticity is also very high on these occasions, so the assumption can be maintained. As seen in Chart 4, competitor prices do not have an effect significantly different from zero in the long term, except in Spain and France, where the impact is approximately 0.3. In the short term, only competitor prices have an impact on export prices that is positive and significantly different from zero (except in the Netherlands).

#### 5. SIMULATIONS

Based on the above-mentioned estimates, a simulation exercise is presented to give a general idea of the responses predicted by the model in the face of changes in variables as important as competitiveness and income. Estimates were made of responses to a permanent 10% rise in the income of demanders and to a 10% loss in competitiveness as a result of a decrease in competitor prices. The effects were also estimated for a non-permanent loss of competitiveness in which after two years, competitor prices again increase to their initial value.

A decrease in competitors' prices in local currency represents a loss of competitiveness for domestic producers which, in principle, should lead to a loss of export volume and a decrease in prices. Charts 5 and 6 show that generally the adjustments to declining competitor prices take place more through quantity than through price, as a result of the low slope of the supply curve

CHART 5

**Simulation: effect of a 10% loss of competitiveness for two years (a)**

(a) The charts show the difference between the variable under a 10% decrease in competitors' prices for two years and the variable in the absence of that decrease.

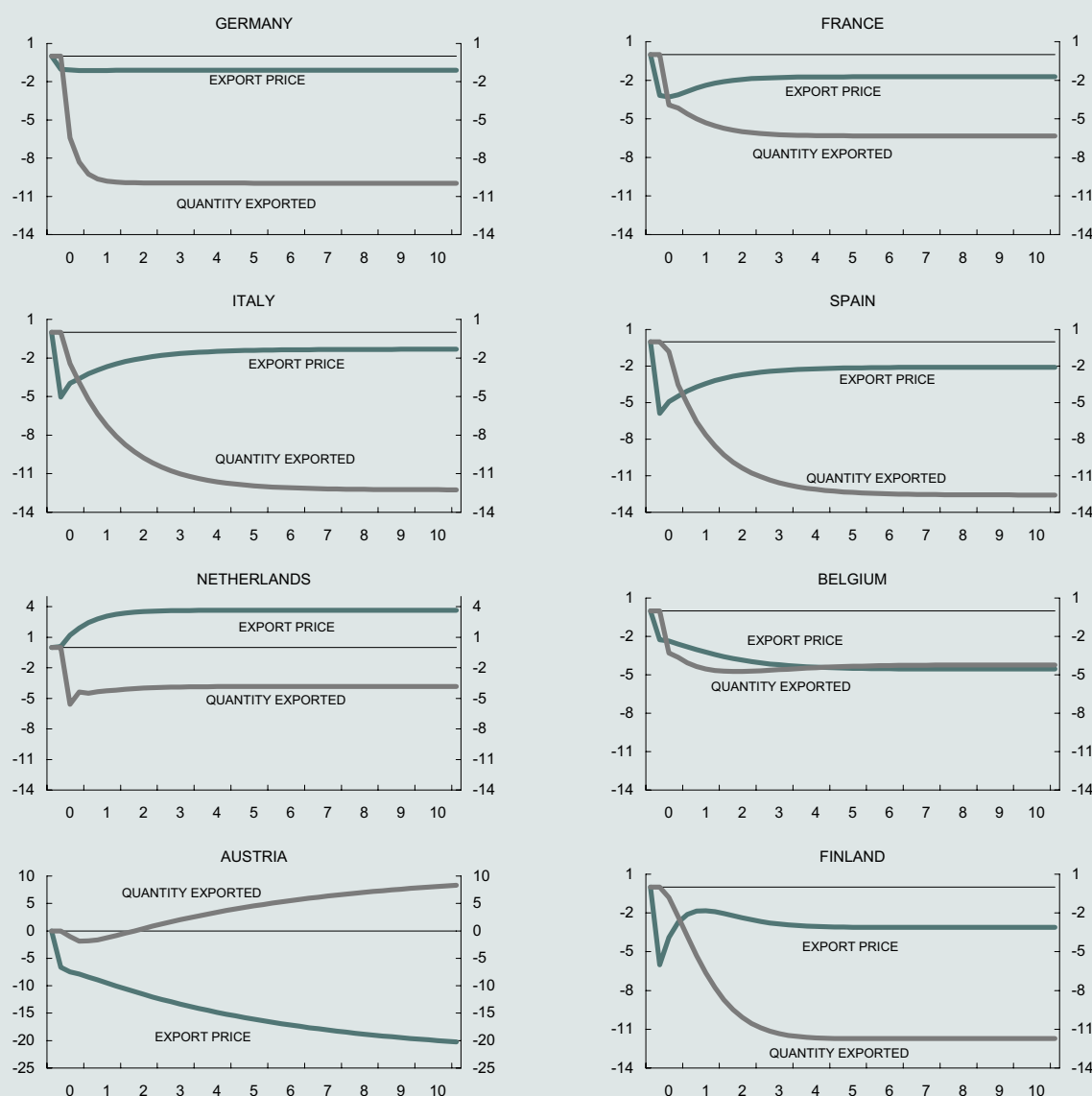
estimated above (7). When the shock is temporary (Chart 5), exports decrease to their lowest level in all countries about two years after the loss in competitiveness and subsequently, between years 2 and 5, recover to approximately their initial level. In particular, France, Italy, Spain and Finland take longer to return to the initial quantities, while Germany, for example, returns very suddenly in the second year. In addition, the size of the decrease in quantities differs

across countries. Thus in Germany, Italy, Spain and Finland the impact of the moderation in competitor prices is stronger than in the other countries. The decline in prices is not, however, as sharp. Generally they fall for approximately two years and then return to their initial path.

When the loss of competitiveness is of a permanent nature (Chart 6), anomalous behaviour is shown by the Netherlands and Austria, with price growth in the former and a rise in exports in the latter. In most countries, the high elasticity of supply gives rise to larger adjustments in quantities than in prices, and these

(7) The charts plot the amount by which price and quantity after a shock differ from their values in the absence of such a shock.

CHART 6

**Simulation: effect of a 10% permanent loss of competitiveness (a)**

(a) The charts show the difference between the variable under a 10% permanent decrease in competitors' prices and the variable in the absence of that decrease.

adjustments peter out in approximately two years. The loss of markets is particularly marked in Germany, Italy, Spain and Finland, while the impact is milder in France and Belgium. Prices seem to initially over-react to competitor prices in France, Italy, Spain and Finland, while the adjustment is more gradual in the other countries.

Chart 7 shows how a rise in the income of export demanders affects the prices and quantities of exported goods. Again, the flatness of the supply curve means that this shock has a large positive impact on quantity and a smaller

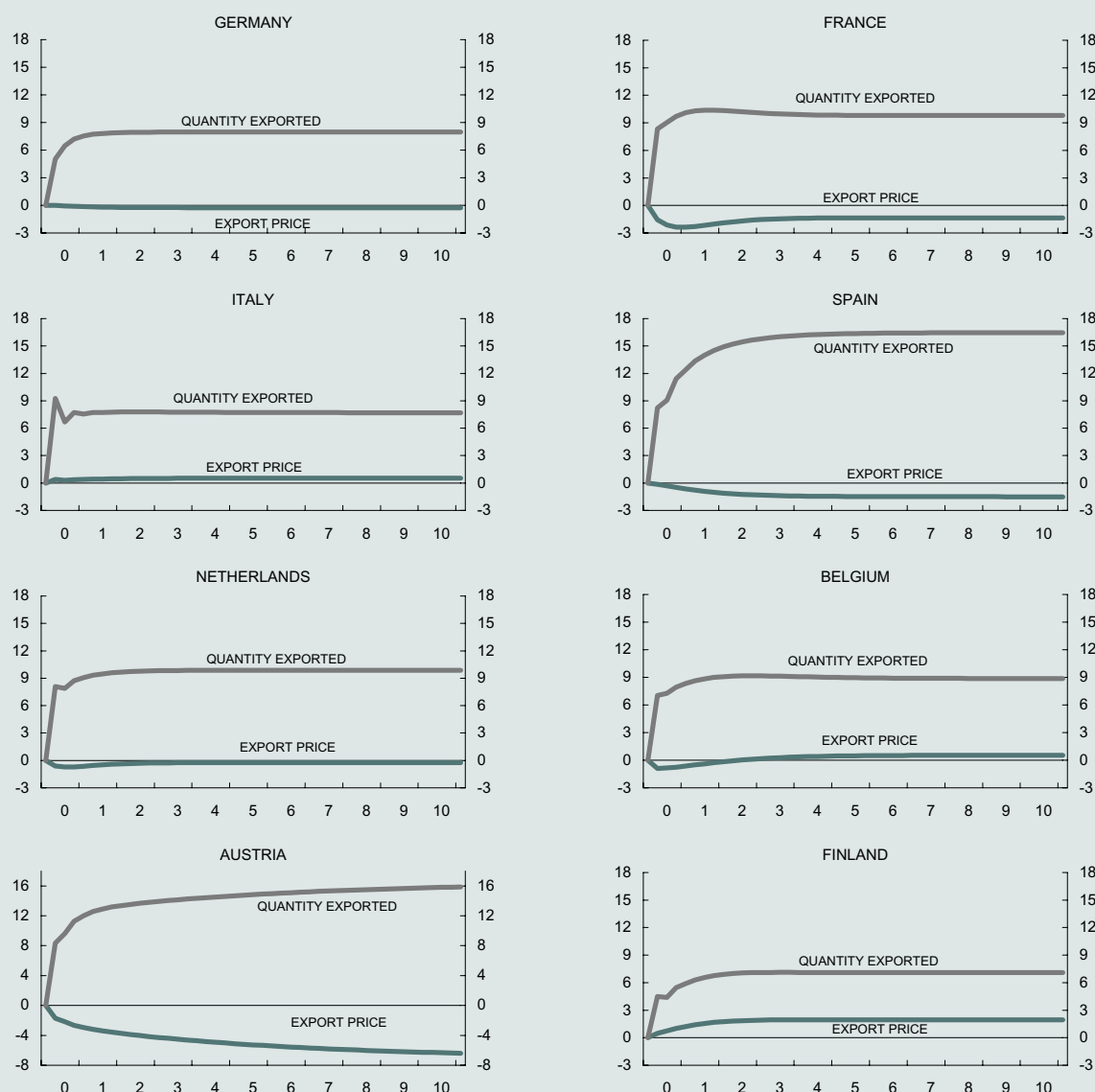
impact on price. Indeed, export quantities are boosted in all countries in line with the income elasticity estimated by the model. Thus Spain – which has the highest long-term income elasticity – and Austria form a first group in which the impact is larger, followed by France, Germany, Belgium and the Netherlands and, lastly, by Finland and Italy.

## 6. CONCLUSIONS

This article has analysed the manufactured goods export market for some euro area coun-



CHART 7

**Simulation: effect of a 10% permanent increase of export markets (a)**

(a) The charts show the difference between the variable under a 10% permanent increase in export markets and the variable in the absence of that increase.

tries by overall estimation of an aggregate export supply and demand model. The estimation was performed by means of an error correction mechanism model using quarterly data since the early 1980s.

The main result is the robustness shown by demand to the various supply specifications which, together with an estimate of supply that in most cases is very elastic, agrees with a large part of the literature on export determination whereby producers generally adjust their foreign sales depending on their ability to compete and on the behaviour of world demand. It

should be noted that neither the possible positive externalities on cost arising from growth of the domestic economy nor the demand pressure by domestic consumers have an appreciable effect on export prices.

The simulations of the impact of a loss of competitiveness and of an increase in demanders' income show that, due to the near-zero slope of the supply function, the adjustments to these shocks take place mainly through changes in quantities, which decrease in the first case and increase in the second. The response of export prices, by contrast, is milder: in the first

case, they decrease slightly to compensate for the loss of competitiveness, while in the case of a rise in external income, they show a wide range of behaviour.

The sensitivity of exports to a loss of competitiveness, whether it be temporary or permanent, is higher in Spain, Germany, Finland and Italy, while it is lower in Belgium and the Netherlands. The foreign sales of the latter two countries also show a lower response to possible shocks in export markets, which affect the other countries very uniformly, except for Spain, where exports are more sensitive.

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# Financial regulation: 2003 Q4

## 1. INTRODUCTION

As has become usual in recent years, a substantial number of new provisions of a financial nature were enacted in Q4, basically owing to the need to adapt Spanish law to a large number of Community directives. Some of those provisions, like the Law on fiscal, administrative and social measures (customarily known as the accompanying law), were particularly extensive and detailed.

This article first discusses the new provision that has reduced the contributions that credit co-operatives are required to make to their deposit guarantee fund. Then, in relation to the securities market and other financial institutions, it summarises the main aspects of the new law on portfolio investment institutions, which aims to make more flexible and liberalise certain structural aspects, as well as to adapt Spanish law to various Community directives. Also, it sets out the changes made by the new private insurance law, which transposes certain Community directives into Spanish law.

As usual for this quarter, there is a discussion of the measures, mainly of a monetary, financial and fiscal nature, contained in the 2004 State Budget and in its so-called accompanying Law.

Finally, there is a brief discussion of the new general budgetary Law and the economic reform measures law, which gives parliamentary support to Royal Decree Law 2/2003 of April 2003.

## 2. DEPOSIT GUARANTEE FUND: REDUCTION FOR CREDIT CO-OPERATIVES

Royal Decree Law 18/1982 of 24 September 1982 and, subsequently, Royal Decree Law 12/1995 of 28 December 1995 on urgent budgetary, tax and financial measures established, first, that credit co-operatives would make annual contributions equal to 0.2% of their deposits to their Deposit Guarantee Fund (the Fund) and, second, that when the net assets of a fund reach a level sufficient for the performance of its objects, the Minister of Economy and Finance (the Ministry), would be able to resolve to reduce such contributions. It was also provided that those contributions would be suspended when the uncommitted net assets of the fund in question were greater than or equal to 1% of the deposits of the member institutions.

Subsequently, Ministerial Order ECO 316/2002 of 14 February 2002 (1) set the contribu-

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(1) See "Financial regulation: 2002 Q1, in *Economic bulletin*, Banco de España, April 2002.

tions to the Fund at 0.1% of credit co-operatives' deposits. However, given the level of the net assets of the Fund, and the outlook for the sector, the Ministry has approved *Order ECO/2801/2003 of 3 October 2003*, which reduces the contributions to the Fund (BOE (Official State Gazette) of 14 October 2003).

In particular, this Order has set the amount of the contributions of credit co-operatives to the Fund at 0.08% of a base consisting of the deposits covered by the guarantee. This base shall be calculated in accordance with the provisions of Royal Decree 2606/1996 of 20 December 1996 on Credit Institutions' Deposit Guarantee Funds.

Finally, this Order entered into force upon its publication in the BOE. It is applicable to contributions payable from 1 January 2004.

### 3. PORTFOLIO INVESTMENT INSTITUTIONS: NEW LAW

Law 46/1984 of 26 December 1984 (2) on Portfolio Investment Institutions (PIIs), now repealed, established a legal system intended to facilitate the full development of collective investment in Spain (which the previous regulation had been incapable of promoting), within the framework of a financial system which was then entering the decisive phase of its reform and modernisation.

However, some twenty years later, successive legislative changes have made necessary a fundamental reform of the legal system for Spanish collective investment, which accounts for net assets that have stabilised at around 30% of GDP, with a composition that is beginning to be very sophisticated. Among the set of provisions justifying this reform, two groups should be highlighted. First, there are those more recent domestic provisions, such as Law 37/1998 of 16 November 1998 reforming Law 24/1988 of 28 July 1988 on the Securities Market, Law 44/2002 of 22 November 2002 on Financial System Reform Measures and Law 46/2002 of 18 December 2002 partially reforming the personal income tax and amending the laws on corporate income tax and the tax on the income of non-residents. Second, there are two directives that have recently modified the Community regulation of Undertakings for Collective Investment in Transferable Securities (UCITS): Directive 2001/107/EC of the European Parliament and of the Council of 21 January 2002

amending Council Directive 85/611/EEC, which regulates UCITS, with a view to regulating management companies and simplified prospectuses and Directive 2001/108/EC of the European Parliament and of the Council of 21 January 2002 amending the aforementioned Council Directive 85/611/EEC with regard to investments of UCITS. These directives complete the incorporation of collective investment in transferable securities into the single market for financial services, by extending the Community passport to their management companies and by widening the range of financial assets and instruments in which UCITS can invest.

This is the background against which *Law 35/2003 of 4 November 2003* on Portfolio Investment Institutions (BOE of 5 November 2003) has been approved. That law aims to adapt to this new reality, following three basic principles:

- a) The deregulation of investment policy. Restrictions on PIIs' freedom of investment could become an obstacle preventing Spanish collective investment from fully satisfying the aspirations of an increasingly demanding and diverse investor base. The experience of recent years has shown that it is preferable to abandon the approach based on a large number of legal categories of PII, with restrictions on the assets suitable for investment, and to introduce more flexibility and freedom into the definitions of PIIs' investor profiles.
- b) Strengthening investor protection with new instruments. The reinforcement of transparency obligations and rules of conduct to prevent conflicts of interest has proved to be a more effective way of protecting investors than the imposition of restrictions on PIIs' freedom of action.
- c) Improving the system of official intervention. The Law makes a considerable effort to speed up the administrative procedure and to improve legal certainty for those subject to intervention. In a sector in which, like in other financial activities, there is a relatively high level of intervention compared to other sectors of economic activity, the quality of regulation largely depends on these two factors.

This Law entails a substantial change in the regulation of this form of investment. A significant part of the regulation is left to the implementing regulations, but the philosophy of this Law takes a more liberalising and flexible approach than the previous one. The changes made by this new Law and its most relevant aspects are described below.

(2) See "Regulación financiera: cuarto trimestre de 1984, in *Boletín económico*, Banco de España, January 1985.

First, as regards the *definition and classification of PII*s, the Law contains a broad and flexible definition of PIIs and its scope of application extends to PII located in Spain, PII authorised in other states and marketed in Spain and to PII management companies and custodians. It also regulates the general principles of the two possible legal forms of PII: mutual fund or company. An innovation that should be highlighted is the possibility of PII being created with investment compartments; different classes of units or series of shares can exist within a single PII and, within the limits set by regulations, different commissions may be set for the different classes of units in the same fund or compartment. Also, a list of minimum shareholder rights is included, which were dispersed or not explicitly recognised under the previous law. These include the right to contact the customer service department or the ombudsman or, as the case may be, the Commissioner for Investor Protection. As a general rule, the minimum number of shareholders shall be 100.

Two classes of PII are defined: financial and non-financial PII. Financial PII are those that invest in financial assets and instruments, and can only take the form of a mutual fund, or of an open-end investment company (SICAV). The Law therefore abolishes closed-end investment companies (these must alter their status to that of a SICAV within two years or have their licence revoked), which were established by the previous law and, therefore, eliminates the distinction between a SIMCAV (the acronym used to refer to an open-end investment company under the previous law) and a SIMCF (closed-end investment company under the previous law). SICAVs shall operate on the basis of increases and decreases of their capital within the upper and lower limits set in their articles of association, by means of the sale or redemption by the company of its own shares at their net asset value without the need for a resolution of the shareholders in general meeting. The obligation in the previous law for the shares of a SICAV to be listed has been removed, although listing remains as one possible option for giving liquidity to such shares.

As regards non-financial PII, the Law distinguishes between real-estate PII (real-estate mutual funds and real estate investment companies) and miscellaneous non-financial PII. The main object of real-estate PII is investment in urban property for rental and their investment policy must comply with a liquidity ratio and a double risk diversification ratio (referring to both investments and rentals). Owing to the less liquid nature of their assets, real-estate mutual funds (FII) may limit their sales and redemptions of units to once a year. Miscellaneous

non-financial PII shall be those that may be set up in future with an object other than that of real-estate PII and the ordinary regime of the ordinary provisions shall apply to them.

Second, as regards the *investment regime*, the Law sets the three main principles governing investment policy: liquidity, risk diversification and transparency. These general principles are supplemented by other provisions applicable to each kind of PII. In this sense, it broadens the range of assets suitable for investment while liberalising investment policies. Thus, financial PII may invest in all kinds of financial assets and instruments, including derivative instruments, company shares, the shares and units of other PII and unlisted securities. The restrictions on the range of assets suitable for investment contained in the previous text have therefore been lifted. However, certain precautions and quantitative limits have been maintained in order to observe the principle of risk diversification. Moreover, financial PII must comply with the liquidity ratio that sufficiently guarantees redemption on such terms as may be established in regulations, and shall clearly define, observing the principle of transparency, their investment objectives. The CNMV shall establish various categories of PII in accordance with such objectives, and PII shall supply information thereon to their shareholders and unit-holders, and incorporate in their articles of association or regulations the basic elements of their investment policy. As a general rule, financial PII may not invest more than 5% (in certain circumstances 10%) or 15% of their assets in securities issued by the same issuer or by entities belonging to the same group, respectively. In addition to this diversification percentage, a PII may only be permitted to hold a certain percentage of the total securities in circulation of a single issuer. Another change is that, as a result of the greater flexibility of the Law, PII that invest in monetary assets are no longer distinguished from those that invest in medium and long-term assets, so that the separate legal category of money market mutual funds (FIAMM, by their Spanish acronym) effectively disappears.

Third, as for *administrative and financial requirements*, this Law establishes that investment companies shall have sound administrative and accounting procedures: their directors or executives shall have recognised commercial and professional standing; a majority of the members of the board of directors shall have adequate knowledge and experience; and they shall have internal rules of conduct. Also, they shall appoint a management company if their capital does not exceed €300,000. In addition, the Law regulates the grounds for the suspension and revocation of licences and the restric-



tion of certain activity to PII's and the use of their name. The Law regulates, for the first time, the cross-border marketing of shares and units in PII's, with a special regime for the marketing in Spain of the shares and units of foreign PII's (distinguishing between those that are harmonised or not harmonised and from non-EU Member States) and, also, the procedure applicable to the marketing of harmonised Spanish PII's in other European Union countries.

Fourth, with regard to *reporting aspects*, this Law includes the necessary provisions to make the principle of transparency effective. The minimum content, periodicity and manner of distribution of full and simplified prospectuses and of the annual, half-yearly and quarterly reports are determined, as a means of making public all the circumstances that may influence appreciation of the value of the net assets. The information in these informative documents shall be supplemented by the preparation and auditing of accounts and the dissemination of relevant facts and significant holdings in the capital or net assets of PII's.

Fifth, the *ordinary regime* is supplemented by the regulation of the winding-up, liquidation, alteration of status, merger and demerger of PII's. Two changes should be highlighted: first, PII's with a different legal status are permitted to merge provided that they belong to the same class and that the merger is carried out by takeover. Second, the transfer of units or shares in PII's is regulated and the procedure determined whereby unit-holders or shareholders may transfer their investments from one PII to another taking advantage of the regime for the deferral of personal income tax, introduced by Law 46/2002 of 18 December 2002 partially reforming the personal income tax and amending the laws on corporate income tax and the tax on the income of non-residents.

Sixth, the Law determines the *rules governing the activities of PII management companies*, regulating the conditions for taking up the business and the operating conditions, giving legal support to the effective operation of the Community passport. A significant change is the extension of the sphere of activity of management companies, who may be authorised to perform the discretionary and bespoke management of portfolios, including those belonging to pension funds, to advise on investments in financial instruments, to perform the custody and administration of units or shares in funds or management companies, as well as the administration, management and marketing of venture capital funds, in the latter case in accordance with the provisions of Law 1/1999 of 5 January 1999 regulating venture capital entities and their

management companies. The possibility is also provided for of delegation to third party entities of the management of the assets, which shall not entail the delegation of liability. Among the obligations of PII management companies, the Law includes that of informing unit-holders or shareholders of the rules regarding the exercise of the voting rights associated with the securities included in the fund's portfolio, giving reasons for the decision either not to exercise a vote or else for the vote cast.

The Law also regulates *the rules governing the activities of custodians*. It establishes the conditions that credit institutions, securities agencies and securities-dealer companies must satisfy to be able to act as custodians, entrusting them generally with the custody of the PII's assets and with oversight of the management performed by the management company.

Finally, the Law regulates the *rules of conduct, supervision, intervention and replacement, as well as the sanctioning regime* applicable to the different institutions. It subjects management companies, custodians, those investment companies that do not fully entrust their management to a management company, as well as those persons who hold directorships and management posts in them, to the rules of conduct established in the Securities Market Law. This regime is supplemented by the regulation of two specific types of rules of conduct to prevent conflicts of interest that may prejudice unit-holders or shareholders: a) in relation to related transactions, carried out between the management company, the investment company, the custodian and their directors and managers, the management company is required to establish an internal control procedure for such transactions and to report on their performance in the relevant informative documents; b) the separation of the custodian, which requires that, in cases in which the custodian of a PII belongs to the same group as the management company or as the investment company, the management company or, where applicable, the investment company has a specific internal procedure to prevent conflicts of interest. The fulfilment of the requirements necessary to guarantee independence shall be entrusted to an independent committee within the management company or investment company, that shall report thereon. Finally, the powers of supervision and inspection are assigned to the CNMV (which shall exercise over the entities subject to the provisions of the law and over whoever may be carrying out transactions specific to such entities, in particular to check whether the restriction on the pursuit of activities to PII's and to their management companies and on the use of their names have been infringed) and the sanctioning regime is established.



Finally, the Law determines the tax regime for PILs. The Law shall enter into force on 5 February 2004.

#### 4. PRIVATE INSURANCE: ADAPTATION TO COMMUNITY LAW

Private insurance activity in Spain has been undergoing major transformation as reflected in the many regulations enacted in recent years to modernise the industry and converge with insurance activities in the other Member States of the European Economic Area and, ultimately, foster the development and expansion of the private insurance market.

It is necessary to continue with the process of legislative change and adapt Spanish legislation to Community law. In particular, Law 30/1995 (3) of 8 November 1995 on the Regulation and Supervision of Private Insurance has to be adapted to the new Community directives approved in the field of insurance: Directive 2001/17/EC on the reorganisation and winding-up of insurance undertakings; Directive 2002/13/EC amending the solvency margin requirements for non-life insurance undertakings; and finally, Directive 2002/83/EC concerning life assurance.

To this end *Law 34/2003 of 4 November 2003* amending private insurance legislation and adapting it to Community law was enacted (BOE of 5 November 2003). The subject matter of this law and the new features introduced by it can be summarised as follows. First, it includes changes relating to reorganisation and winding-up of insurance undertakings, solvency, duty to inform policyholders and requirements for the establishment of branches by insurance undertakings from third countries outside the European Economic Area.

Second, amendments have been made to establish information requirements and obligations for the conclusion of distance contracts in insurance. Third, various amendments are made to the consolidated Law on motor vehicle third-party liability and insurance, including most notably a new scale for assessing injuries to people in road accidents. Fourth, certain aspects of the memorandum and articles of association of the Consorcio de Compensación de Seguros (Insurance Compensation Consortium, a public-sector corporate entity which, among other activities, underwrites extraordinary risks) have been amended to allow the indemnifica-

tion of personal injuries as a result of extraordinary events abroad.

Finally, provisions have been set in place to regulate the fee for issuing diplomas to graduate insurance intermediaries and the interest rates applicable should an insurance undertaking choose to pay in instalments the surcharge imposed to finance the Consortium's insurance entity winding-up functions together with the premia.

#### 5. STATE BUDGET FOR 2004

In December 2003 the State budget for 2004 was approved by means of *Law 61/2003 of 30 December 2003* (BOE 313/2003 of 31 December 2003).

2004 is the second year in which Law 18/2001 of 12 December 2001 on General Budgetary Stability will be effective. This law aims to ensure that the target for the deficit is achieved and it affects the State budget at three different stages: prior to its preparation, as it stipulates that a spending ceiling must be fixed, which shall apply to the allocations in the budget expenditure statements; during its preparation, as it affects the structure of expenditure statements by requiring a new budgetary section called "Contingency Fund"; and during its execution, since, when modifications to the budget cannot be financed by a reduction in another appropriation, they must be financed out of the Contingency Fund so as to leave the deficit target set by the government unaffected.

From the viewpoint of financial regulation, the following aspects should be highlighted owing to their importance or novelty:

As regards the financial system, the legal interest rate and the interest rate charged on overdue tax were reduced to 3.75% (previously 4.25%) and 4.75% (previously 5.5%), respectively. An increase in State debt of not more than €12,838 million over its level as at 1 January 2003 has been authorised for 31 December 2004. This limit may be exceeded during the year, following authorisation from the Ministry of Economy, and the cases in which it will be automatically reviewed are established. In the case of public bodies, the level of debt authorised for each in 2004 is determined. Also, the overall limits are determined for government guarantees and other guarantees given by the State and public bodies. A notable new development intended to improve the financing of firms' productive activities is that €1,803 million of guarantees have been authorised to back fixed-income securities issued by asset securitisation

(3) See "Regulación financiera: cuarto trimestre de 1995, in *Boletín económico*, Banco de España, January 1996.

vehicles, unlike in 2003 when such guarantees were only provided for “FTPymes”.

In the fiscal area, and specifically as regards personal income tax, for the purpose of calculating capital gains on property, the coefficients to adjust the acquisition value have been increased by 2%, this being the percentage rate of inflation forecast for the coming year. Also, provisions have been established to compensate for the loss of tax benefits suffered by certain taxpayers, including lessees and purchasers of habitual dwellings, under the current personal income tax law when comparing with the situation under the previous one.

With regard to corporate income tax, the measures included are, as in the case of the personal income tax, those effective for a year specifically referred to in the Law on Corporate Income Tax. They therefore include the updating of the coefficients applicable to property assets, which enable monetary depreciation to be corrected for in cases of transfer, and the way instalments are to be determined during 2004.

There are no major changes to the financing arrangements established for the regional (autonomous) governments (RGs) last year. The ordinary-regime RGs are financed through the following mechanisms: receipts from assigned taxes and charges; the regional tax rate schedule for personal income tax, which corresponds to 33% of the total schedule for the tax; the assignment of 35% of the net VAT receipts corresponding to the consumption of each region, and the assignment of 40% or, in certain cases, 100% of the net receipts from specific excise duties. For its part, the Sufficiency Fund, set up two years ago, is the main mechanism for levelling and closing the system, and covers the difference between the spending needs of each RG and its revenue-raising capacity in the base year of the system (1999). The Sufficiency Fund is made up of State funds, which are transferred to the RGs. The financing arrangements for the ordinary-regime RGs provide for the incorporation of the cities with autonomous region status, through their participation in the Sufficiency Fund in the base year of 1999 at an amount comprising the valuation of the services transferred and incorporating the subsidisation of the self-government bodies.

Finally, the Inter-territorial Compensation Fund is regulated, distinguishing between the Compensation Fund and the Supplementary Fund. The Compensation Fund is equivalent to the former Inter-territorial Compensation Fund. The Supplementary Fund is initially used to finance investment expenditure by the regional (autonomous) governments, but it is possible for the regional (autonomous) governments to use

it to finance current spending associated with investment financed out of the Compensation Fund or the Supplementary Fund itself.

## 6. FISCAL, ADMINISTRATIVE AND SOCIAL MEASURES

As in recent years, to help achieve the economic policy objectives set in the State budget for 2004, a number of fiscal, administrative and social measures have been adopted, this time in *Law 62/2003 of 30 December 2003* (BOE of 31 December 2003).

This Law contains various measures relating to direct and indirect taxation, to social security and the social area, to general government personnel, to government administration and organisation and to financial institutions and operations. Given the nature of this article, we highlight below the main changes relating to the monetary and financial system, those of a fiscal nature and, finally, other changes of interest.

### 6.1. Financial system

As regards new financial transactions, Law 62/2003 regulates for the first time the synthetic securitisation of loans and other creditors' rights. These transactions enable the credit risk arising from an asset portfolio to be transferred to the capital market via a securitisation vehicle without need to sell the assets to the vehicle as in traditional securitisation. In particular, asset securitisation vehicles may synthetically securitise loans and other creditors' rights, and assume all or part of the related credit risk by means of one or more credit derivatives. The counterparty in the credit derivative contract must be a credit institution, an investment services firm or a non-resident institution authorised to conduct the activities which Spanish law reserves exclusively for the above-mentioned entities.

There are five amendments relating to savings banks: three concerning their governing bodies (amendments to Law 31/1985 of 2 August 1985) and two addressing the securities market (reform of Law 24/1988 of 28 July 1988). First, when savings banks have branches in more than one region, the voting power of municipal corporations and depositors in the general assembly shall, in application of the principle of equality, be in proportion to the share of deposits accounted for by each region in which there are branches, provided that it is within the percentage assigned to each of them.

Second, the regulatory provisions applicable to the remuneration and investments commit-

tees established by Law 26/2003 of 17 July 2003 have been amended. As a result, the Board of Directors ("the Board") of savings banks has to set up a remuneration committee with the remit of reporting on the general remuneration and incentives policy for directors and management. This committee will consist of a maximum of three people appointed by the Board from among its members. The terms of reference of the remuneration committee will be established by the articles of association and rules of procedure of each savings bank.

In addition, it has been clarified that each savings bank Board has to set up an investments committee (IC) consisting of a maximum of three people, the remit of which will be to report to the Board on the investments and divestments of a strategic and stable nature made by the savings bank, whether directly or through entities in its group, and on the financial viability of such investments and how consistent they are with the savings bank's budgets and strategic plans. The members of the IC will be appointed by the Board from among its members on the basis of their technical ability and professional experience. The annual report drafted by the IC will be included in the savings bank's corporate governance report. The terms of reference of the IC will be established by the articles of association and rules of procedure of each savings bank.

Fourth, Law 62/2003 expressly lays down the functions of the audit committee that can now be taken on by the control committee of those savings banks that issue securities listed on official secondary stock markets. Fifth, regarding the annual corporate governance report, savings banks have to list the credit, guarantee or collateral transactions (previously the provisions only referred to "transactions", which could be taken to be ordinary ones) conducted by Board members, control committee members and relatives in the first degree with firms or entities in the financial group. Also, transactions with public institutions are expressly deemed to include those with territorial (local and regional) entities, provided that such institutions and entities have appointed general councillors (*consejeros generales*).

Concerning investment ratios, own funds and reporting requirements of financial intermediaries, Law 13/1985 of 25 May 1985 has been amended in various respects.

In order to comply with the requirement to compile consolidated accounts pursuant to the Commercial Code, when the accounting rules approved by European Commission regulations are not applied, the rules used shall be those

specified by the procedure and criteria provided for in the first paragraph of section 1 of Article 9 in the corporate groups: a) whose controlling company is a credit institution, b) whose controlling company's main activity is the ownership of stakes in credit institutions and c) which include one or more credit institutions the activity of which is the major activity of the group.

The obligation to compile consolidated accounts for prudential purposes falls on the Board of Directors or equivalent body of the controlling entity of a consolidatable group of credit institutions, unless the Banco de España, in certain circumstances, designates another entity in the group as being subject to this obligation.

Also, the Banco de España may require the year-end consolidatable accounts referred to in this section to be subject, in certain circumstances, to the control of the auditors of the entity obliged to compile them.

Furthermore, groups—including groups of credit institutions—in which one or more entities are listed must compile their annual accounts and directors' report according to the international accounting standards approved by the European Commission regulations. Annual accounts can also be compiled under international accounting standards by groups that, although not containing a listed entity, have opted to do so as an alternative to the rules set forth in the Commercial Code.

Finally, the issuance of debt instruments is liberalised under certain circumstances for subsidiaries of credit institutions and listed entities other than credit institutions, provided in both cases that they are resident in a EU country and they engage exclusively in the issuance of preference shares.

As regards *securities market regulation*, two facets of Law 24/1988 of 28 July 1988 have been amended. First, the CNMV has been expressly empowered to supervise and, where appropriate, authorise the advertising of activities relating to the securities market. Second, the ceiling on issuance of debentures established in the public limited companies law for listed public limited companies has been abolished.

Regarding the *regulation of coins*, it shall be an offence to alter or change in any way the physical characteristics of legal tender coins for use in advertising or for any other purpose not envisaged in issuance law, unless authorised by the Directorate General of the Treasury and Financial Policy.

## 6.2. Tax measures

There are four salient elements as regards taxation affecting transactions and financial institutions. First, it has been established that the tax regime for *savings banks' non-voting equity units* ("cuotas participativas") shall be the same as that applied – in all instances, for all taxes and for all purposes – to the shares and other equities of institutions' capital stock or equity capital.

Second, there is the tax regime for *specific securities lending*, in particular securities traded on stock exchanges and organised trading markets and systems based in OECD member states. Broadly, it has been stipulated that there will be no change for the lender in the composition of its assets and, therefore, neither the delivery of the securities on loan nor the return of other such homogenous securities upon the loan maturing will constitute taxable income for personal or corporate income tax purposes. Conversely, the remuneration on the loan and the amount of compensation relating to the dividend rights arising on the securities lent during the term of the loan shall, for the lender, be considered as income obtained on the transfer of own capital to third parties.

As far as borrowers are concerned, dividends, participations in profit and other returns arising on the securities borrowed shall be included in their income. Also, the full amount received by the borrower further to a distribution of the share premium or to a capital reduction involving a reimbursement of contributions to shareholders affecting the securities borrowed (or their market value if this were in kind), shall be considered as income from capital.

Third, as regards *venture capital funds and companies*, specific improvements have been made in the attendant arrangements under corporate income tax. Firstly, the term of the 99% exemption has been extended, from the second to the fifteenth year (hitherto the twelfth); next, the term over which this tax benefit may exceptionally be extended has also been increased (to a maximum of 20 years, as opposed to 17 years to date); and finally, the period that may elapse from the time of the investee listing on the stock exchange without forgoing this partial exemption has been extended from two to three years. The beneficial treatment for dividends and positive income arising on the transfer or reimbursement of shares hitherto envisaged for resident shareholders is extended to non-resident shareholders. Hence, non-residents with a permanent establishment shall be subject to the same regime as corporate income tax taxpayers, while for those who do not have a perma-

nent establishment it is stipulated that income shall be understood as not obtained in Spain.

Lastly, in the case of corporations whose sole activity and purpose is the *issuance of preference shares* and/or other financial instruments, tax has been reduced in the case of the actual management headquarters or the registered office being moved to Spain. In particular, such moves have been declared exempt from tax under capital transfer tax and stamp duty.

## 6.3. Personnel in the service of general government

With regard to personnel in the service of general government, the law accompanying the Budget has regulated certain aspects of the regime governing Banco de España members of staff. Specifically, this legislation states that employment law shall govern the relations between the Banco de España and its members of staff.

Further, Banco de España members of staff who may have access to confidential information shall report, in accordance with the applicable internal rule approved by the Executive Commission, the securities market operations they carry out, whether directly or through an intermediary. This internal rule shall determine the restrictions applying to these members of staff concerning the purchase, sale or availability of these securities, in addition to the reporting obligations and restrictions applying to financial operations carried out by members of staff with entities subject to the Banco de España's supervision, whether by themselves or by an intermediary. Infringement of the provisions of this paragraph shall be subject to the sanctions laid down in the Banco de España's internal rules. Data provided under these reporting obligations shall be kept for a maximum of five years.

## 7. GENERAL BUDGETARY LAW

General Budgetary Law 47/2003 of 26 November 2003 has been enacted. Given the nature of this article, the following comments shall cover exclusively aspects relating to the definition and conduct of the Treasury's financial operations.

First, the Law, in the same terms employed by the consolidated text, defines the Treasury as the financial resources of State Finances. The main functions attributed to the Treasury are, among others, the collection of State creditors' rights and the payment of State obligations, and observance of the principle of a single cen-



tralised centre in this connection. Government debt, comprising the overall capital borrowed by the State, may be in the form of various vehicles, such as the issuance of government debt, the arranging of loans, etc., the specific means thereof not being exhaustively stipulated. Lastly, a section of the Law is set aside for establishing the information which, as regards financial operations, the Government and the Ministry of Finance shall submit to Parliament.

Second, the legislation implements the regulations affecting government debt, establishing the legal authorisation for the creation of such debt and determining the manner in which the authorised limits on changes to its outstanding balance should be calculated. It further determines which section of the budget shall be assigned for the appropriations intended to cover expenses relating to government debt, and the form in which both revenue and expenses arising from these operations shall be allocated to the appropriations in question.

It also regulates government debt operations, covering both the trading thereof and the undertaking of financial operations aimed at restricting, reducing or diversifying the risk or the cost of debt incurred both in domestic and foreign currency.

Third, it stipulates the powers of the various State agencies involved in the execution of these operations and, finally, it implements the regulations governing securities issuance, credit operations, hedging operations and other operations relating to government debt, from a standpoint more in keeping with the current financial climate.

Fourth, the legal regime is established for government debt in respect of the securities representing such debt. The transfer thereof is regulated as is the statute of limitations for the Administration's obligations.

Finally, concerning the management of State treasury services, the Law has introduced the annual approval of a Monetary Budget. This instrument is intended to provide for a proper distribution over time of payments and to avoid inefficiency in the distribution and management of the broadly defined money supply. As regards relations with the Banco de España and other credit institutions, the current regulation does not substantially modify what is laid down in the consolidated text.

## 8. ECONOMIC REFORM MEASURES

*Law 36/2003 of 11 November 2003* on economic reform measures (BOE of 12 November 2003) has been enacted, giving parliamentary backing to Royal Decree Law 2/2003 of 25 April 2003, which was previously discussed in the Economic Bulletin (4). Particular mention may be made of the measures to improve the workings of the mortgage market, the regulation aimed at fostering the activity and creation of small and medium-sized enterprises, the regulations to promote the house-rental market and the investment-boosting tax measures.

9.1.2004

(4) See "Financial regulation: 2003 Q2", in *Economic bulletin*, Banco de España, July 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).

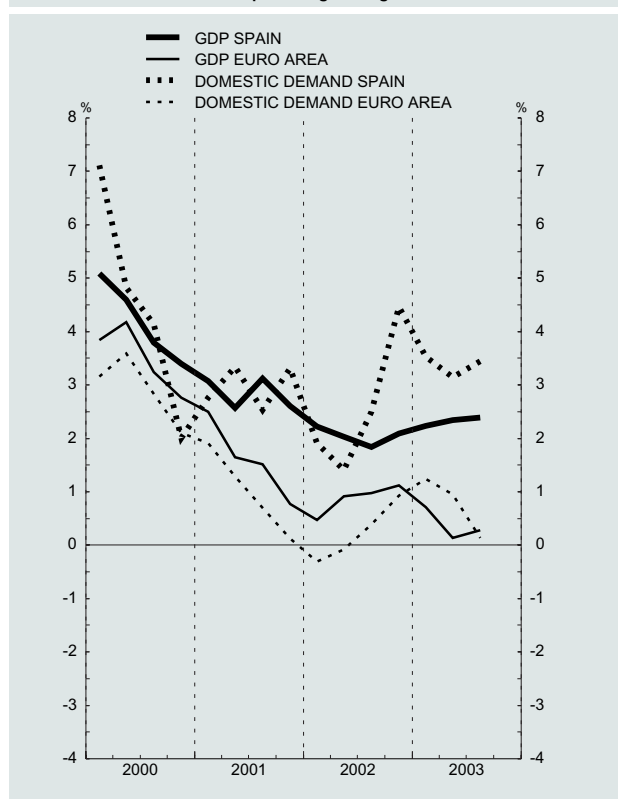
## 1.1. Gross domestic product. Constant 1995 prices. Demand components. Spain and Euro area (a)

■ Series depicted in chart.

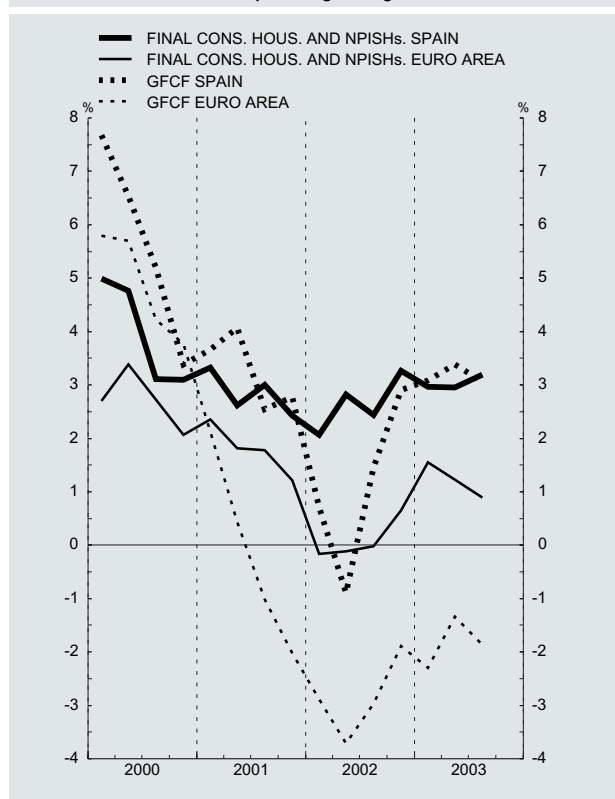
Annual percentage changes

	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	4.0	2.7	5.1	2.1	5.7	4.9	4.5	2.9	10.0	12.6	10.6	11.3	610	6 453
01	2.8	1.6	2.8	1.8	3.6	2.4	3.3	-0.1	3.0	1.0	3.6	3.4	4.0	1.9	653	6 844
02	2.0	0.9	2.6	0.1	4.4	2.8	1.0	-2.9	2.6	0.2	-0.0	1.8	1.8	0.1	696	7 071
00 Q3	3.8	3.2	3.1	2.7	4.9	1.8	5.2	4.2	4.1	2.8	10.5	12.3	11.2	11.5	154	1 620
Q4	3.4	2.8	3.1	2.1	4.4	2.2	3.4	3.8	2.0	2.1	11.9	12.7	6.8	11.3	156	1 636
01 Q1	3.1	2.5	3.3	2.4	3.5	2.2	3.7	2.1	2.8	1.9	9.8	8.8	8.2	7.5	159	1 694
Q2	2.6	1.7	2.6	1.8	3.2	2.2	4.1	0.4	3.3	1.3	4.3	4.8	6.6	4.0	162	1 707
Q3	3.1	1.5	3.0	1.8	3.9	2.6	2.6	-1.0	2.5	0.7	3.4	2.1	1.6	-0.1	165	1 715
Q4	2.6	0.8	2.4	1.2	3.9	2.7	2.8	-2.0	3.3	0.1	-2.6	-2.0	-0.2	-3.8	167	1 728
02 Q1	2.2	0.5	2.1	-0.2	4.6	2.7	0.7	-2.9	1.9	-0.3	-3.8	-2.0	-4.3	-4.3	169	1 748
Q2	2.0	0.9	2.8	-0.1	4.5	3.2	-0.9	-3.7	1.4	-0.1	-1.9	1.6	-3.5	-1.0	173	1 762
Q3	1.8	1.0	2.4	-0.0	4.2	3.1	1.5	-3.0	2.5	0.4	1.4	3.4	3.5	1.9	176	1 776
Q4	2.1	1.1	3.3	0.6	4.2	2.2	2.9	-1.9	4.5	0.9	4.4	4.1	11.8	3.8	179	1 785
03 Q1	2.2	0.7	3.0	1.5	4.0	1.9	3.1	-2.3	3.5	1.2	4.7	2.4	8.7	4.0	181	1 795
Q2	2.3	0.1	3.0	1.2	3.7	1.6	3.4	-1.3	3.1	1.0	8.0	-0.9	10.2	1.3	184	1 802
Q3	2.4	0.3	3.2	0.9	3.6	1.5	3.1	-1.9	3.4	0.1	2.5	-0.1	5.7	-0.5	187	1 815

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



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



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

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

(b) Private consumption.

(c) Government consumption.

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

(e) Billions of euro.

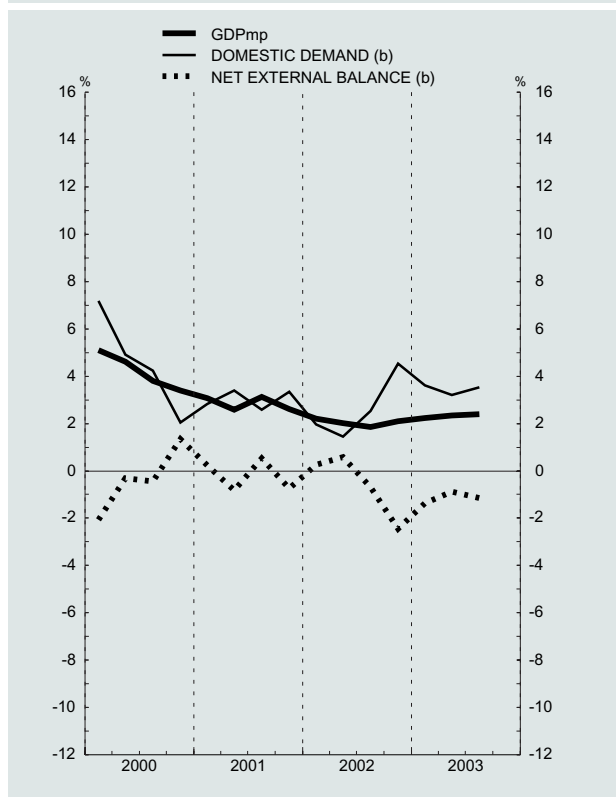
## 1.2. Gross domestic product. Constant 1995 prices. Demand components. Spain (a)

■ Series depicted in chart.

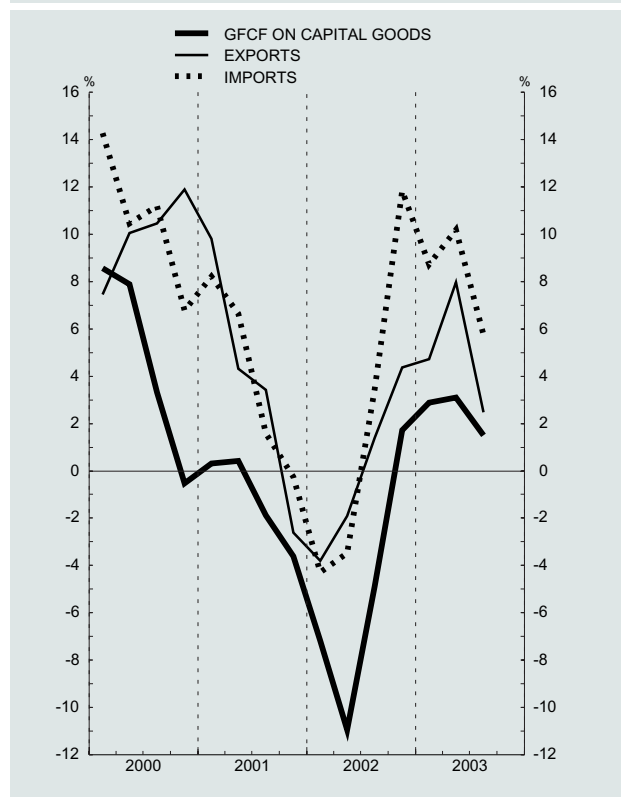
Annual percentage changes

		Gross fixed capital formation			Change in Stocks (b)	Exports of goods and services				Imports of goods and services				Memorandum items:		
		Total	Capital goods	Construction		Total	Goods	Tourism	Services	Total	Goods	Tourism	Services	External balance of goods and services (b)	Domestic demand (b)	GDP
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
00	P	5.7	4.7	6.1	-0.1	10.0	10.0	5.3	17.5	10.6	10.5	9.7	11.4	-0.4	4.6	4.2
01	P	3.3	-1.2	5.8	-0.1	3.6	2.4	3.2	11.0	4.0	3.3	9.5	7.4	-0.2	3.0	2.8
02	P	1.0	-5.4	4.2	0.0	-0.0	1.2	-7.3	3.4	1.8	1.5	4.7	2.4	-0.6	2.6	2.0
00	Q3	5.2	3.3	6.4	0.2	10.5	10.3	7.2	16.1	11.2	11.5	10.0	9.3	-0.4	4.2	3.8
	Q4	3.4	-0.5	5.6	-1.4	11.9	12.1	5.5	20.6	6.8	6.1	9.6	10.1	1.3	2.1	3.4
01	Q1	3.7	0.3	5.8	-0.7	9.8	8.4	9.9	17.6	8.2	7.7	20.3	9.3	0.2	2.8	3.1
	Q2	4.1	0.4	6.3	0.3	4.3	3.7	3.9	8.5	6.6	5.5	8.3	13.3	-0.8	3.4	2.6
	Q3	2.6	-1.9	4.9	-0.5	3.4	2.6	1.0	11.8	1.6	1.0	4.8	4.8	0.5	2.6	3.1
	Q4	2.8	-3.6	6.2	0.5	-2.6	-4.6	-1.5	6.9	-0.2	-0.9	5.8	2.5	-0.7	3.3	2.6
02	Q1	0.7	-7.2	4.6	-0.3	-3.8	-3.8	-7.7	1.8	-4.3	-5.0	0.9	-1.3	0.3	2.0	2.2
	Q2	-0.9	-10.9	3.9	-0.8	-1.9	-1.6	-9.3	6.4	-3.5	-3.9	2.5	-2.4	0.6	1.5	2.0
	Q3	1.5	-4.9	4.8	-0.0	1.4	2.9	-6.9	4.0	3.5	3.0	10.1	4.6	-0.7	2.5	1.8
	Q4	2.9	1.7	3.7	1.1	4.4	7.4	-5.2	1.4	11.8	12.6	5.7	9.0	-2.4	4.5	2.1
03	Q1	3.1	2.9	3.4	0.4	4.7	6.6	-2.7	4.4	8.7	9.0	4.6	8.2	-1.4	3.6	2.2
	Q2	3.4	3.1	3.8	-0.0	8.0	10.8	1.4	1.6	10.2	11.5	5.6	3.8	-0.9	3.2	2.3
	Q3	3.1	1.5	3.9	0.2	2.5	3.8	0.7	-2.4	5.7	7.2	5.0	-2.6	-1.1	3.5	2.4

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.

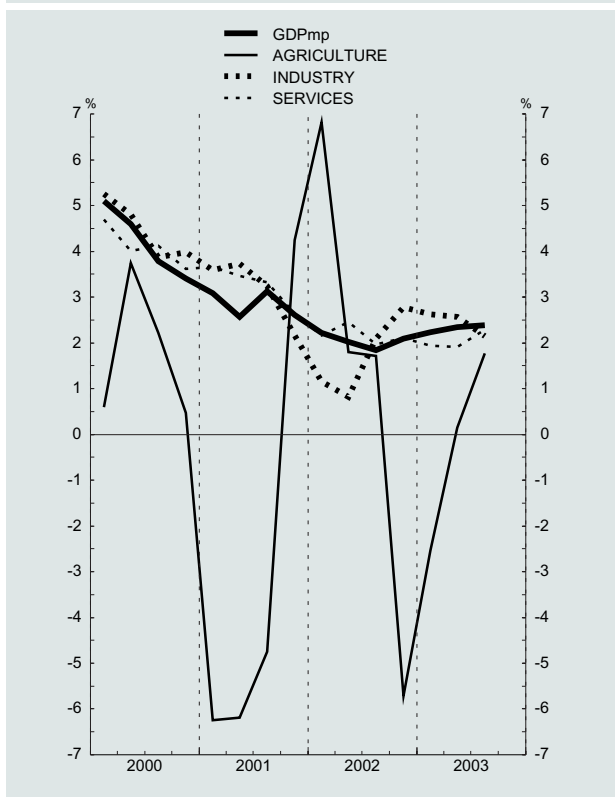
### 1.3. Gross domestic product. Constant 1995 prices. Branches of activity. Spain (a)

■ Series depicted in chart.

Annual percentage changes

		1	2	3	4	5	Services			9	10	11
							Total	Market services	Non-market services			
00	P	4.2	1.8	4.4	3.8	6.0	4.1	4.3	3.3	5.1	6.9	5.5
	P	2.8	-3.3	4.3	1.9	5.5	3.3	3.3	3.0	2.3	0.9	1.0
	P	2.0	1.0	0.3	0.7	4.8	2.2	2.1	2.3	2.6	0.5	3.1
00	Q3	3.8	2.2	3.6	2.9	6.4	4.1	4.4	3.1	1.3	12.6	2.9
	Q4	3.4	0.5	7.9	2.6	5.4	3.6	3.9	2.7	0.2	5.3	3.7
01	Q1	3.1	-6.2	5.4	2.5	5.3	3.7	4.0	2.5	3.0	5.9	-0.3
	Q2	2.6	-6.2	5.7	2.4	5.9	3.5	3.7	2.7	-6.0	2.0	3.3
	Q3	3.1	-4.8	4.1	2.6	4.4	3.3	3.3	3.5	6.2	-3.5	3.9
	Q4	2.6	4.2	2.2	0.3	6.5	2.6	2.4	3.3	6.3	-0.4	-2.9
02	Q1	2.2	6.8	2.1	-0.7	5.0	2.2	1.9	3.2	4.8	-3.6	3.3
	Q2	2.0	1.8	-1.2	-0.3	4.5	2.5	2.4	2.6	6.9	-	-3.2
	Q3	1.8	1.7	-0.3	1.1	5.5	2.0	2.0	1.9	-0.4	2.4	1.5
	Q4	2.1	-5.7	0.4	2.7	4.2	2.1	2.2	1.7	-0.5	3.1	11.2
03	Q1	2.2	-2.5	0.6	2.6	3.6	1.9	2.0	1.6	3.5	7.0	8.2
	Q2	2.3	0.2	2.2	2.0	3.9	1.9	2.0	1.7	5.6	8.3	5.0
	Q3	2.4	1.8	3.6	1.0	4.0	2.3	2.4	1.8	4.5	10.2	3.0

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).

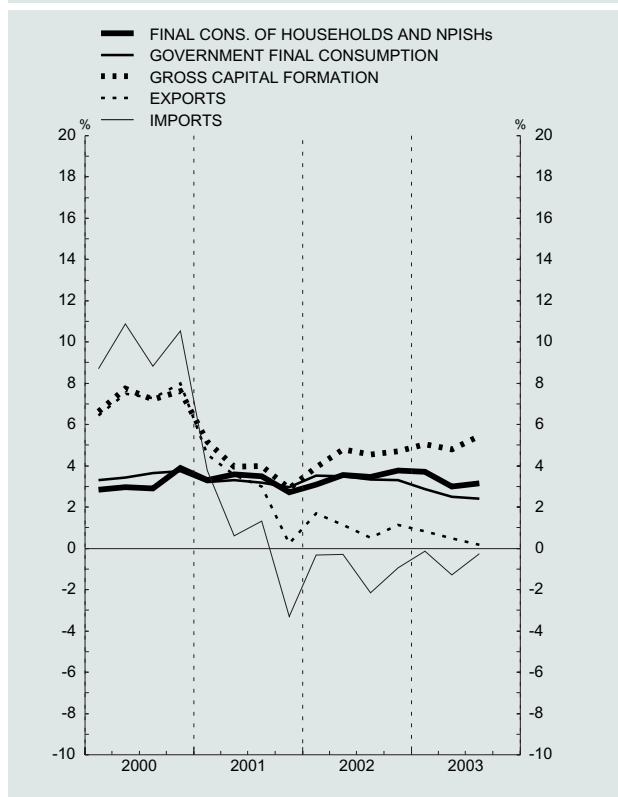
## 1.4. Gross domestic product. Implicit deflators. Spain (a)

■ Series depicted in chart.

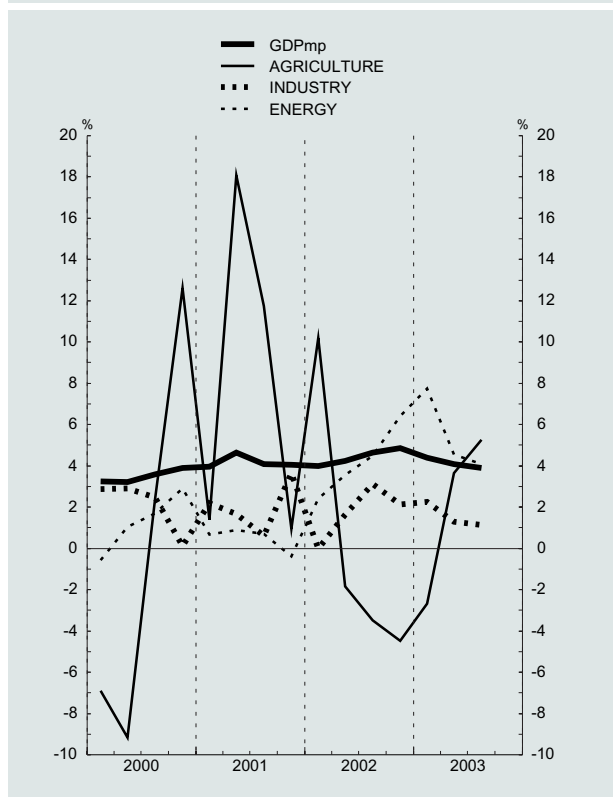
Annual percentage changes

		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	2.1	8.6	3.5	3.5	
	01	P	3.3	3.2	4.0	1.0	5.4	2.7	0.5	4.2	7.9	0.5	6.6	4.6	5.1	
	02	P	3.5	3.4	4.5	1.7	5.3	1.1	-1.0	4.4	-0.3	4.2	1.7	6.8	4.8	5.1
00	Q3	P	2.9	3.6	7.2	4.5	9.2	7.3	8.8	3.6	2.4	1.7	2.5	8.6	3.5	3.5
	Q4	P	3.9	3.7	7.6	3.8	9.0	8.0	10.5	3.9	12.6	2.9	0.1	9.2	4.0	4.2
01	Q1	P	3.3	3.2	5.2	2.1	6.5	4.6	3.8	4.0	1.4	0.7	2.2	7.6	4.5	4.9
	Q2	P	3.6	3.3	4.0	1.0	5.9	3.5	0.6	4.6	18.1	0.9	1.7	7.3	5.0	5.6
	Q3	P	3.5	3.2	4.0	0.6	5.1	3.0	1.3	4.1	11.7	0.7	0.6	6.6	4.6	5.0
	Q4	P	2.7	3.0	2.9	0.3	4.2	0.2	-3.3	4.0	0.9	-0.4	3.6	4.9	4.5	4.8
02	Q1	P	3.1	3.5	3.9	1.1	4.8	1.7	-0.3	4.0	10.2	2.4	-0.0	5.7	4.4	4.6
	Q2	P	3.6	3.5	4.8	1.5	5.1	1.1	-0.3	4.2	-1.8	3.6	1.6	6.5	4.7	4.9
	Q3	P	3.5	3.3	4.6	1.9	5.5	0.5	-2.2	4.6	-3.5	4.5	3.1	7.3	4.8	5.2
	Q4	P	3.8	3.3	4.7	2.2	5.8	1.1	-0.9	4.9	-4.5	6.4	2.1	7.8	5.3	5.9
03	Q1	P	3.7	2.9	5.0	1.8	6.1	0.8	-0.2	4.4	-2.7	7.7	2.3	7.9	4.3	4.8
	Q2	P	3.0	2.5	4.8	2.1	5.8	0.5	-1.3	4.1	3.7	4.5	1.3	7.7	4.1	4.6
	Q3	P	3.1	2.4	5.4	1.9	6.0	0.2	-0.3	3.9	5.3	4.1	1.1	7.4	4.0	4.5

**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).



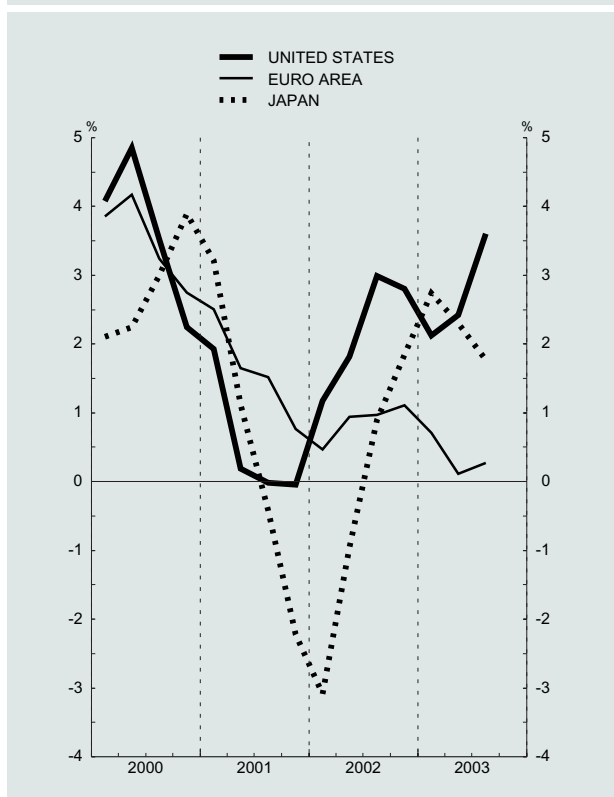
## 2.1. International comparison. Gross domestic product at constant prices

■ Series depicted in chart.

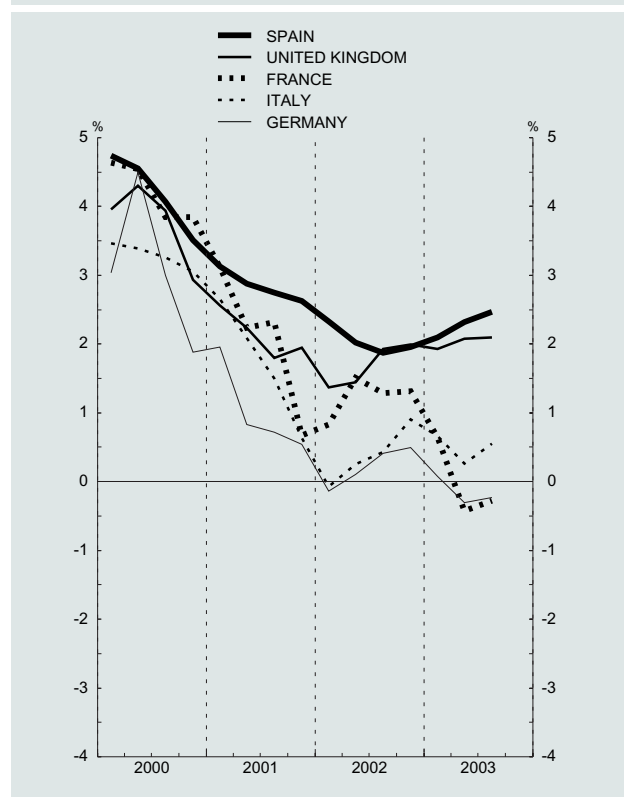
Annual percentage changes

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
<b>00</b>		3.9	3.6	3.5	3.1	4.2	3.7	4.2	3.3	2.8
<b>01</b>		0.9	1.7	1.6	1.0	2.8	0.5	2.1	1.7	0.4
<b>02</b>		1.9	1.0	0.9	0.2	2.0	2.2	1.2	0.4	-0.3
<b>00 Q3</b>		3.9	3.4	3.2	3.0	3.8	3.5	3.8	3.3	3.0
<b>Q4</b>		3.1	2.8	2.7	1.9	3.4	2.2	3.8	3.1	3.9
<b>01 Q1</b>		2.2	2.5	2.5	2.0	3.1	1.9	3.1	2.7	3.2
<b>Q2</b>		0.8	1.7	1.6	0.8	2.6	0.2	2.2	2.1	1.1
<b>Q3</b>		0.3	1.5	1.5	0.7	3.1	-0.0	2.3	1.5	-0.4
<b>Q4</b>		0.2	0.9	0.8	0.5	2.6	-0.0	0.7	0.6	-2.2
<b>02 Q1</b>		0.8	0.6	0.5	-0.1	2.2	1.2	0.8	-0.1	-3.1
<b>Q2</b>		1.7	1.1	0.9	0.1	2.0	1.8	1.5	0.3	-1.0
<b>Q3</b>		2.5	1.1	1.0	0.4	1.8	3.0	1.3	0.4	0.9
<b>Q4</b>		2.5	1.2	1.1	0.5	2.1	2.8	1.3	0.9	1.8
<b>03 Q1</b>		2.0	0.9	0.7	0.1	2.2	2.1	0.6	0.7	2.7
<b>Q2</b>		1.9	0.4	0.1	-0.3	2.3	2.4	-0.4	0.3	2.3
<b>Q3</b>		...	0.6	0.3	-0.2	2.4	3.6	-0.3	0.5	1.8

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.

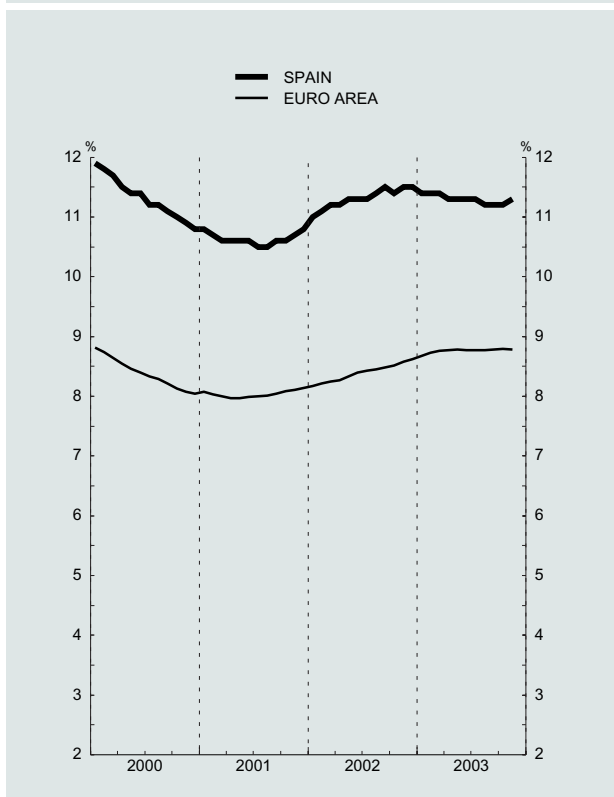
## 2.2. International comparison. Unemployment rates

■ Series depicted in chart.

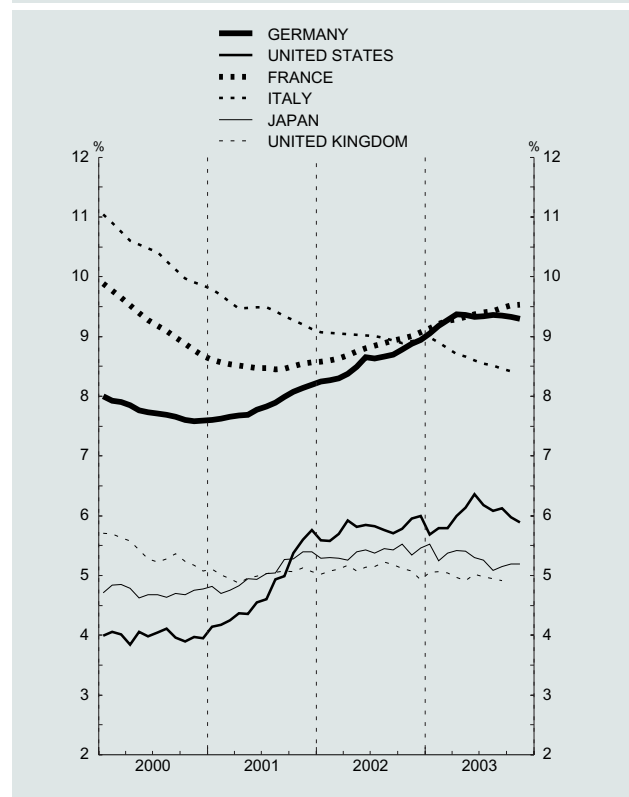
Percentages

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
<b>00</b>	6.3	7.8	8.4	7.7	11.3	4.0	9.3	10.4	4.7	5.4
<b>01</b>	6.5	7.4	8.0	7.8	10.6	4.8	8.5	9.4	5.0	5.0
<b>02</b>	7.0	7.7	8.4	8.6	11.3	5.8	8.8	9.0	5.4	5.1
<b>02 Jun</b>	7.0	7.7	8.4	8.7	11.3	5.9	8.8	9.0	5.4	5.1
<b>Jul</b>	7.0	7.7	8.4	8.6	11.3	5.8	8.9	9.0	5.4	5.2
<b>Aug</b>	7.0	7.7	8.5	8.7	11.4	5.8	8.9	9.0	5.5	5.2
<b>Sep</b>	7.0	7.8	8.5	8.7	11.5	5.7	8.9	8.9	5.4	5.2
<b>Oct</b>	7.0	7.8	8.5	8.8	11.4	5.8	9.0	8.9	5.5	5.1
<b>Nov</b>	7.0	7.8	8.6	8.9	11.5	6.0	9.0	8.9	5.3	5.1
<b>Dec</b>	7.1	7.9	8.6	8.9	11.5	6.0	9.1	9.0	5.5	4.9
<b>03 Jan</b>	7.0	7.9	8.7	9.1	11.4	5.7	9.1	9.0	5.5	5.1
<b>Feb</b>	7.0	8.0	8.7	9.2	11.4	5.8	9.2	8.9	5.3	5.1
<b>Mar</b>	7.0	8.0	8.8	9.3	11.4	5.8	9.3	8.8	5.4	5.0
<b>Apr</b>	7.1	8.0	8.8	9.4	11.3	6.0	9.3	8.7	5.4	5.0
<b>May</b>	7.2	8.0	8.8	9.4	11.3	6.1	9.3	8.7	5.4	4.9
<b>Jun</b>	7.2	8.0	8.8	9.3	11.3	6.4	9.4	8.6	5.3	5.0
<b>Jul</b>	7.2	8.0	8.8	9.3	11.3	6.2	9.4	8.6	5.3	5.0
<b>Aug</b>	7.1	8.0	8.8	9.4	11.2	6.1	9.4	8.5	5.1	5.0
<b>Sep</b>	7.1	8.0	8.8	9.4	11.2	6.1	9.5	8.5	5.2	4.9
<b>Oct</b>	7.1	8.0	8.8	9.3	11.2	6.0	9.5	8.4	5.2	...
<b>Nov</b>	7.0	8.0	8.8	9.3	11.3	5.9	9.5	...	5.2	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB and OECD.

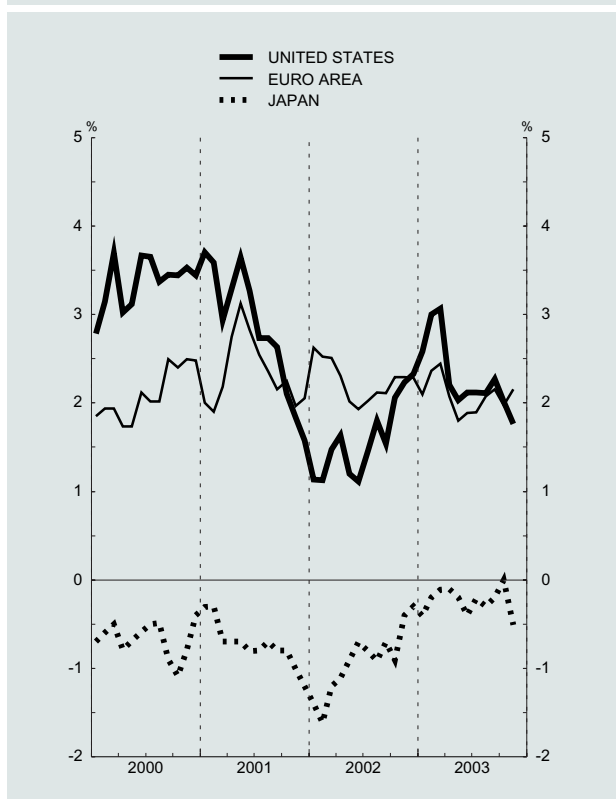
### 2.3. International comparison. Consumer prices (a)

■ Series depicted in chart.

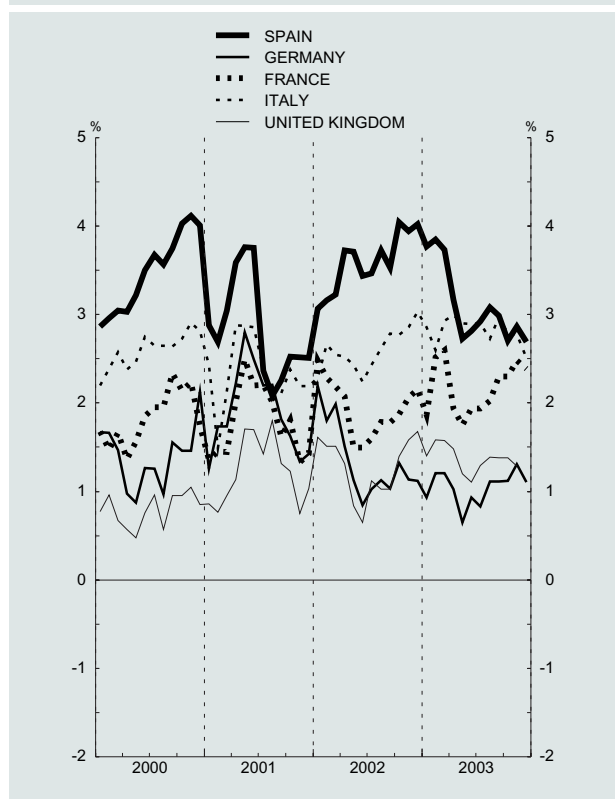
Annual percentage changes

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
<b>00</b>	2.5	1.9	2.1	1.4	3.5	3.4	1.8	2.6	-0.7	0.8
<b>01</b>	2.3	2.2	2.3	1.9	2.8	2.8	1.8	2.3	-0.7	1.2
<b>02</b>	1.6	2.1	2.3	1.4	3.6	1.6	1.9	2.6	-0.9	1.3
<b>02 Jul</b>	1.4	1.9	2.0	1.0	3.5	1.5	1.6	2.4	-0.8	1.1
<b>Aug</b>	1.6	1.9	2.1	1.1	3.7	1.8	1.8	2.6	-0.9	1.0
<b>Sep</b>	1.5	1.9	2.1	1.0	3.5	1.5	1.8	2.8	-0.7	1.0
<b>Oct</b>	1.8	2.1	2.3	1.3	4.0	2.1	1.9	2.8	-0.9	1.4
<b>Nov</b>	2.1	2.2	2.3	1.1	3.9	2.2	2.1	2.9	-0.4	1.6
<b>Dec</b>	2.1	2.2	2.3	1.1	4.0	2.3	2.2	3.0	-0.3	1.7
<b>03 Jan</b>	2.2	2.0	2.1	0.9	3.8	2.6	1.9	2.9	-0.4	1.4
<b>Feb</b>	2.5	2.3	2.4	1.2	3.8	3.0	2.5	2.6	-0.2	1.6
<b>Mar</b>	2.5	2.3	2.4	1.2	3.7	3.1	2.6	2.9	-0.1	1.6
<b>Apr</b>	2.0	2.0	2.1	1.0	3.2	2.2	1.9	3.0	-0.1	1.5
<b>May</b>	1.9	1.7	1.8	0.6	2.7	2.0	1.8	2.9	-0.2	1.2
<b>Jun</b>	1.8	1.8	1.9	0.9	2.8	2.1	1.9	2.9	-0.4	1.1
<b>Jul</b>	1.8	1.8	1.9	0.8	2.9	2.1	1.9	2.9	-0.2	1.3
<b>Aug</b>	1.9	2.0	2.1	1.1	3.1	2.1	2.0	2.7	-0.3	1.4
<b>Sep</b>	2.0	2.0	2.2	1.1	3.0	2.3	2.3	3.0	-0.2	1.4
<b>Oct</b>	1.8	1.9	2.0	1.1	2.7	2.0	2.3	2.8	-	1.4
<b>Nov</b>	1.6	2.0	2.2	1.3	2.9	1.8	2.5	2.8	-0.5	1.3
<b>Dec</b>	...	...	...	1.1	2.7	...	2.4	2.5	...	...

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.

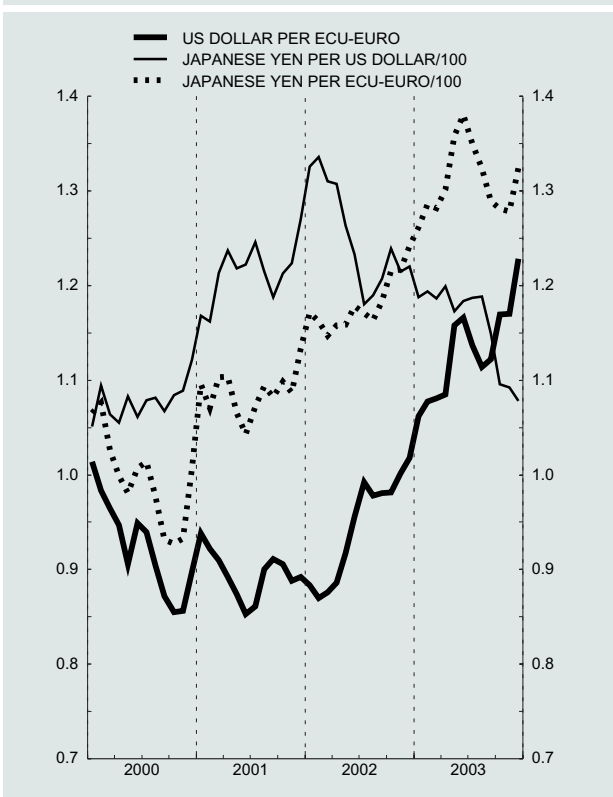
## 2.4. Bilateral exchange rates and nominal and real effective exchange rate indices for the euro, US dollar and Japanese yen

■ 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	106.5	111.9
01	0.8955	108.76	121.50	87.3	111.8	106.9	89.0	116.1	99.3	89.2	112.9	100.2
02	0.9454	118.08	125.18	90.0	110.5	101.1	92.9	115.3	91.4	92.6	109.9	94.7
02 J-D	0.9454	118.08	125.18	90.0	110.5	101.1	92.9	115.3	91.4	92.6	109.9	94.7
03 J-D	1.1313	130.98	115.93	100.2	97.5	99.9	103.5	103.2	88.1	102.9	99.4	91.3
02 Oct	0.9811	121.57	123.92	91.7	108.4	100.0	94.7	113.4	89.8	94.4	108.9	92.8
Nov	1.0014	121.65	121.49	92.5	106.8	101.0	95.7	111.7	90.8	95.1	106.5	94.1
Dec	1.0183	124.20	122.00	93.6	106.0	99.8	96.7	110.4	89.6	96.8	105.0	93.0
03 Jan	1.0622	126.12	118.74	95.8	103.0	100.5	98.9	107.7	89.7	99.1	103.1	92.9
Feb	1.0773	128.60	119.38	97.1	102.2	99.3	100.2	107.4	87.8	100.1	103.4	91.0
Mar	1.0807	128.16	118.61	97.9	101.4	99.9	101.2	106.7	88.2	100.0	103.2	91.0
Apr	1.0848	130.12	119.95	98.6	101.3	98.6	102.1	106.5	87.4	101.1	101.6	90.9
May	1.1582	135.83	117.28	102.5	96.6	97.7	106.1	101.3	86.9	105.2	96.7	90.3
Jun	1.1663	138.05	118.37	102.7	96.0	96.3	106.6	100.8	85.2	106.4	96.3	88.9
Jul	1.1372	134.99	118.70	101.4	97.6	97.2	105.2	102.7	85.9	105.0	98.0	89.7
Aug	1.1139	132.38	118.83	100.3	98.9	98.2	103.9	104.2	86.7	103.6	99.5	90.4
Sep	1.1222	128.94	114.95	99.9	97.0	101.0	103.5	102.3	89.0	103.1	97.6	92.9
Oct	1.1692	128.12	109.58	101.3	93.1	103.6	105.2	98.1	91.3	104.4	94.4	94.8
Nov	1.1702	127.84	109.25	101.2	92.7	103.7	105.1	97.8	91.2	104.4	...	...
Dec	1.2286	132.43	107.80	104.0	90.4	102.7	...	...	...	...	...	...

### 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.

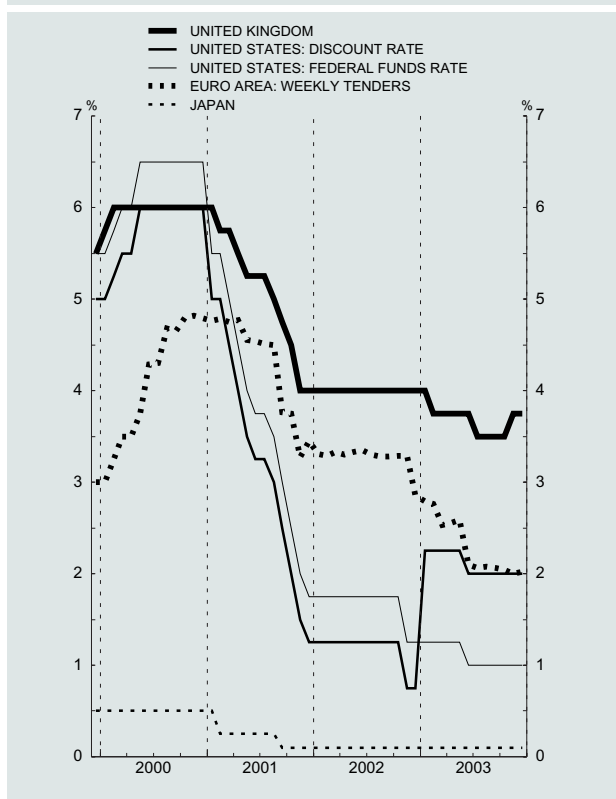
## 2.5. Official intervention interest rates and short-term interest rates

■ Series depicted in chart.

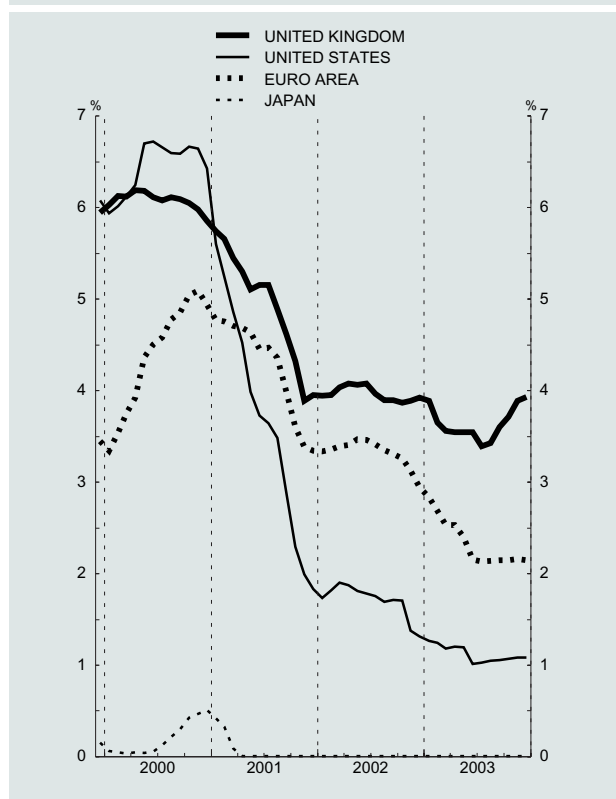
Percentages

	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 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
Jul	2.00	2.00	1.00	0.10	3.50	1.51	2.33	2.13	-	-	1.03	-	-	0.01	3.39
Aug	2.00	2.00	1.00	0.10	3.50	1.52	2.35	2.14	-	-	1.05	-	-	0.01	3.43
Sep	2.00	2.00	1.00	0.10	3.50	1.53	2.38	2.15	-	-	1.05	-	-	0.00	3.60
Oct	2.00	2.00	1.00	0.10	3.50	1.54	2.40	2.14	-	-	1.07	-	-	0.00	3.71
Nov	2.00	2.00	1.00	0.10	3.75	1.57	2.43	2.16	-	-	1.08	-	-	0.01	3.89
Dec	2.00	2.00	1.00	0.10	3.75	1.57	2.43	2.15	-	-	1.08	-	-	0.01	3.93

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.

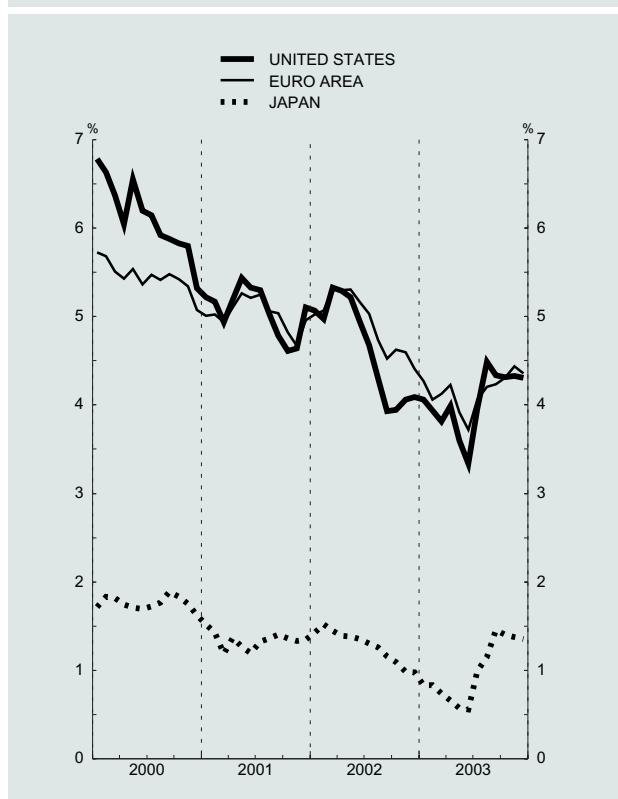
## 2.6. 10-year government bond yields on domestic markets

■ Series depicted in chart.

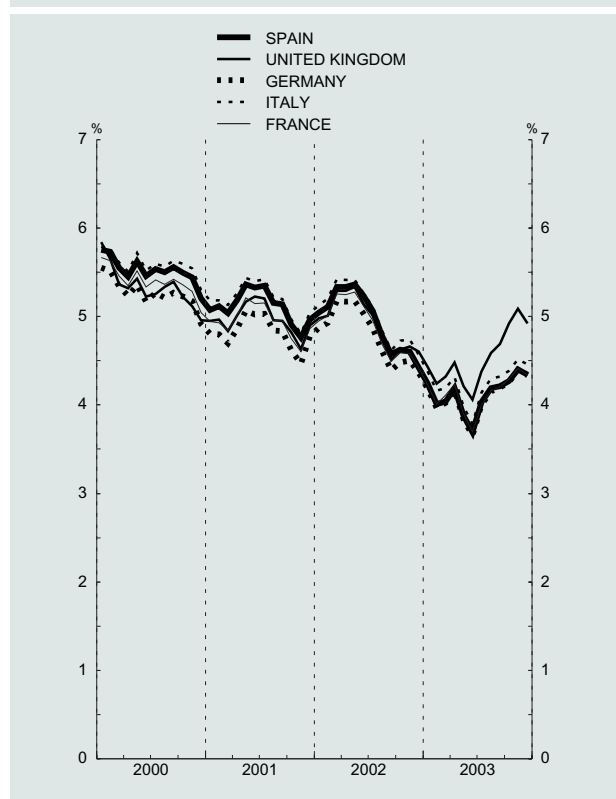
Percentages

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
<b>00</b>	5.17	5.45	5.45	5.27	5.53	6.12	5.40	5.59	1.76	5.34
<b>01</b>	4.47	4.98	5.03	4.82	5.12	5.06	4.95	5.19	1.34	4.97
<b>02</b>	4.27	4.92	4.92	4.80	4.96	4.65	4.88	5.04	1.27	4.93
<b>02 Jul</b>	4.33	5.01	5.03	4.87	5.07	4.67	4.96	5.11	1.30	5.02
<b>Aug</b>	4.06	4.74	4.73	4.60	4.78	4.30	4.68	4.84	1.26	4.73
<b>Sep</b>	3.80	4.53	4.52	4.39	4.58	3.93	4.49	4.62	1.16	4.51
<b>Oct</b>	3.84	4.62	4.62	4.48	4.62	3.95	4.59	4.72	1.09	4.63
<b>Nov</b>	3.86	4.63	4.59	4.50	4.60	4.06	4.58	4.74	0.99	4.66
<b>Dec</b>	3.81	4.48	4.41	4.36	4.43	4.09	4.42	4.57	0.97	4.60
<b>03 Jan</b>	3.70	4.29	4.27	4.19	4.24	4.06	4.23	4.38	0.84	4.43
<b>Feb</b>	3.57	4.08	4.06	3.96	4.01	3.94	4.01	4.16	0.83	4.24
<b>Mar</b>	3.53	4.14	4.13	4.02	4.04	3.82	4.11	4.19	0.74	4.32
<b>Apr</b>	3.64	4.28	4.23	4.17	4.19	3.99	4.23	4.32	0.66	4.48
<b>May</b>	3.33	3.96	3.92	3.84	3.88	3.60	3.90	3.98	0.57	4.21
<b>Jun</b>	3.13	3.78	3.72	3.65	3.69	3.34	3.70	3.78	0.56	4.06
<b>Jul</b>	3.60	4.11	4.06	4.00	4.03	3.96	4.01	4.14	0.99	4.38
<b>Aug</b>	3.91	4.28	4.20	4.16	4.19	4.48	4.16	4.30	1.15	4.59
<b>Sep</b>	3.91	4.32	4.23	4.20	4.21	4.33	4.21	4.32	1.45	4.69
<b>Oct</b>	3.93	4.41	4.31	4.25	4.27	4.31	4.29	4.39	1.41	4.92
<b>Nov</b>	4.00	4.55	4.44	4.40	4.40	4.33	4.41	4.52	1.38	5.09
<b>Dec</b>	3.94	4.47	4.36	4.34	4.34	4.31	4.34	4.46	1.35	4.92

10-YEAR GOVERNMENT BOND YIELDS



10-YEAR GOVERNMENT BOND YIELDS



Sources: ECB, Reuters and BE.



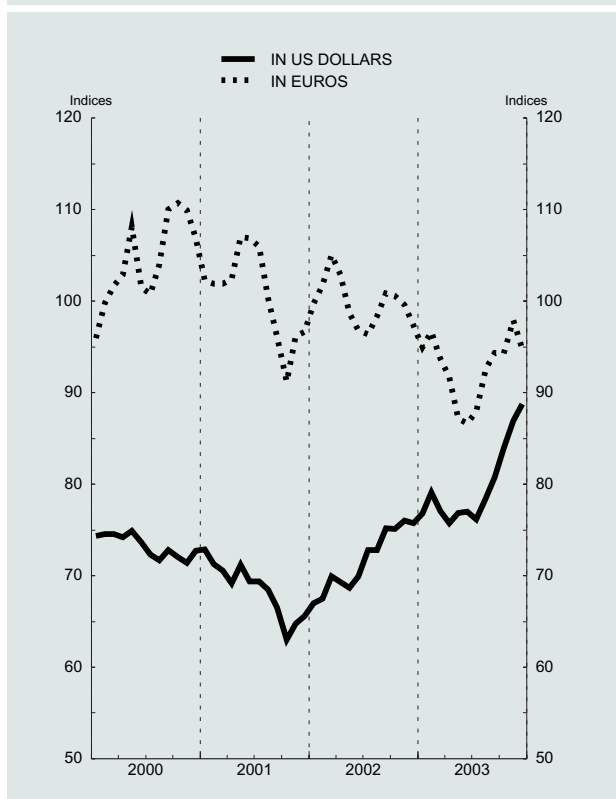
## 2.7 International markets: Non-energy commodities price index. Crude oil and gold price.

■ Series depicted in chart.

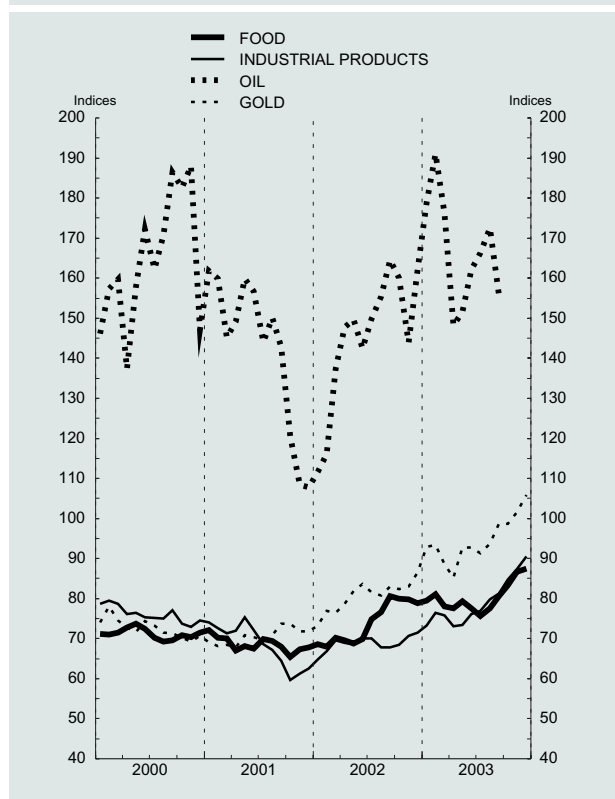
1995 = 100

	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-D		99.8	71.7	73.8	68.8	69.7	68.0	145.2	25.0	80.7	310.0	10.55
03 J-D		92.7	79.8	80.3	79.1	81.9	76.6	...	28.9	94.6	363.6	10.33
02 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	148.2	25.0	85.3	327.7	9.72
May		87.2	76.9	79.4	73.4	75.1	72.0	151.6	25.8	92.8	356.4	9.89
Jun		86.7	77.0	77.6	76.2	79.2	73.7	162.2	27.6	92.8	356.4	9.82
Jul		87.9	76.2	75.6	76.9	79.5	74.7	166.3	28.5	91.4	351.0	9.92
Aug		92.6	78.5	77.6	79.7	82.9	77.0	172.5	29.8	93.6	359.8	10.38
Sep		94.4	80.8	80.6	81.3	86.5	76.5	155.8	27.1	98.6	378.9	10.83
Oct		94.3	83.9	83.3	84.7	88.4	81.6	...	29.6	98.6	378.9	10.41
Nov		97.9	86.9	86.6	87.3	90.0	85.1	...	28.9	101.5	389.9	10.70
Dec		94.8	88.7	87.4	90.5	89.3	91.4	...	29.9	105.9	407.0	10.66

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.

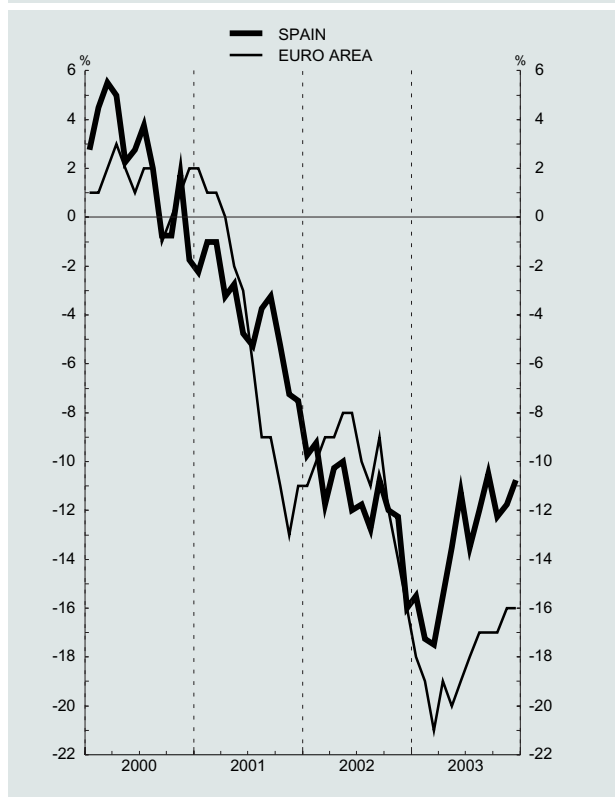
### 3.1. Indicators of private consumption. Spain and euro area

■ Series depicted in chart.

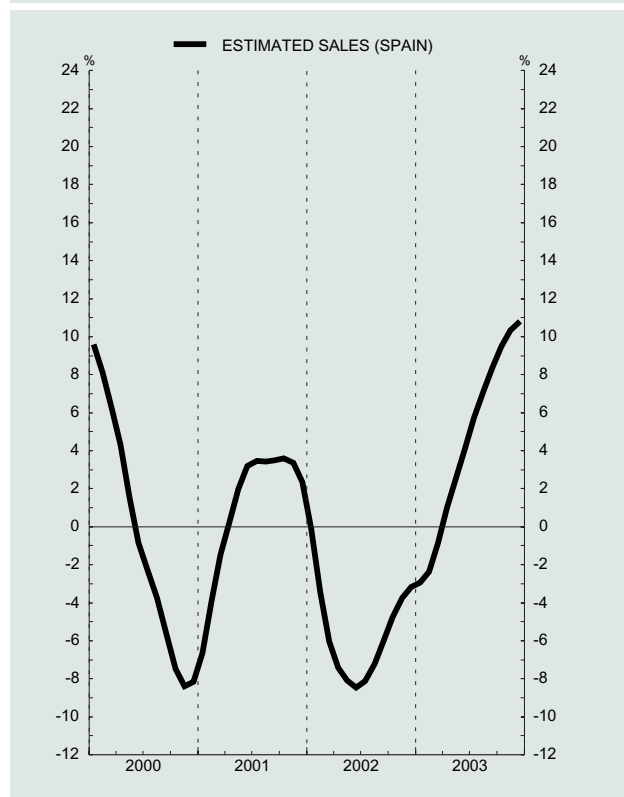
Annual percentage changes

	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		Consumer confidence index	Retail trade confidence index	Registrations	Private use			Registrations	Nominal	Deflated (a)	Large retail outlets (a)		Food (b)	Other (c)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
00	2	5	7	3	1	-2	-2.4	-3.6	-1.8	-2.1	6.2	3.0	5.3	2.9	3.9	2.2	
01	-4	-3	4	-0	-5	-7	2.2	1.9	3.2	-0.8	7.1	3.4	3.5	5.1	1.5	1.7	
02	-12	-7	-1	-2	-11	-16	-6.0	-5.6	-6.6	-4.3	5.7	2.2	7.9	1.7	2.8	0.0	
02 J-D	-12	-7	-1	-2	-11	-16	-6.0	-5.6	-6.6	...	5.7	2.2	7.9	1.7	2.8	0.0	
03 J-D	A -13	-9	-2	-2	-18	-14	6.0	4.0	3.8	...	...	...	...	...	...	...	
03 Jan	P -16	-13	-3	-5	-18	-19	-4.1	-4.3	-5.6	-5.3	6.1	2.3	9.5	0.7	3.1	2.9	
Feb	P -17	-15	-4	-	-19	-14	-5.1	-1.9	-6.6	-3.5	6.1	2.2	7.9	0.6	3.1	1.2	
Mar	P -18	-18	-4	-3	-21	-18	-3.1	2.6	-5.0	0.6	4.6	0.9	3.4	-2.6	3.3	-1.5	
Apr	P -16	-12	-2	1	-19	-17	8.0	-3.8	6.8	-3.8	5.6	2.4	8.2	1.1	3.0	2.2	
May	P -14	-8	-2	-4	-20	-13	-4.7	-5.9	-5.5	-5.3	6.0	3.2	10.6	1.2	4.3	0.1	
Jun	P -11	-7	-	-3	-19	-14	11.7	-7.8	10.0	0.8	6.2	3.3	7.4	0.2	5.3	0.6	
Jul	P -14	-8	-1	-3	-18	-12	8.2	6.5	5.7	2.6	5.6	2.7	7.1	1.8	3.0	-0.1	
Aug	P -12	-7	-	-3	-17	-14	5.7	5.9	3.6	-0.9	2.7	-0.3	5.7	0.5	-1.3	-1.1	
Sep	P -11	-4	1	-1	-17	-12	17.3	18.0	14.6	1.7	6.7	3.7	9.0	3.7	3.1	-0.3	
Oct	P -12	-7	-3	2	-17	-9	11.5	12.9	8.2	-0.1	7.2	4.5	8.4	1.7	5.8	-	
Nov	P -12	-5	-1	1	-16	-10	15.8	17.8	12.6	0.1	3.6	0.8	4.3	-2.2	2.4	...	
Dec	A -11	-4	-	-	-16	-13	13.7	13.2	10.3	...	...	...	...	...	...	...	

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.

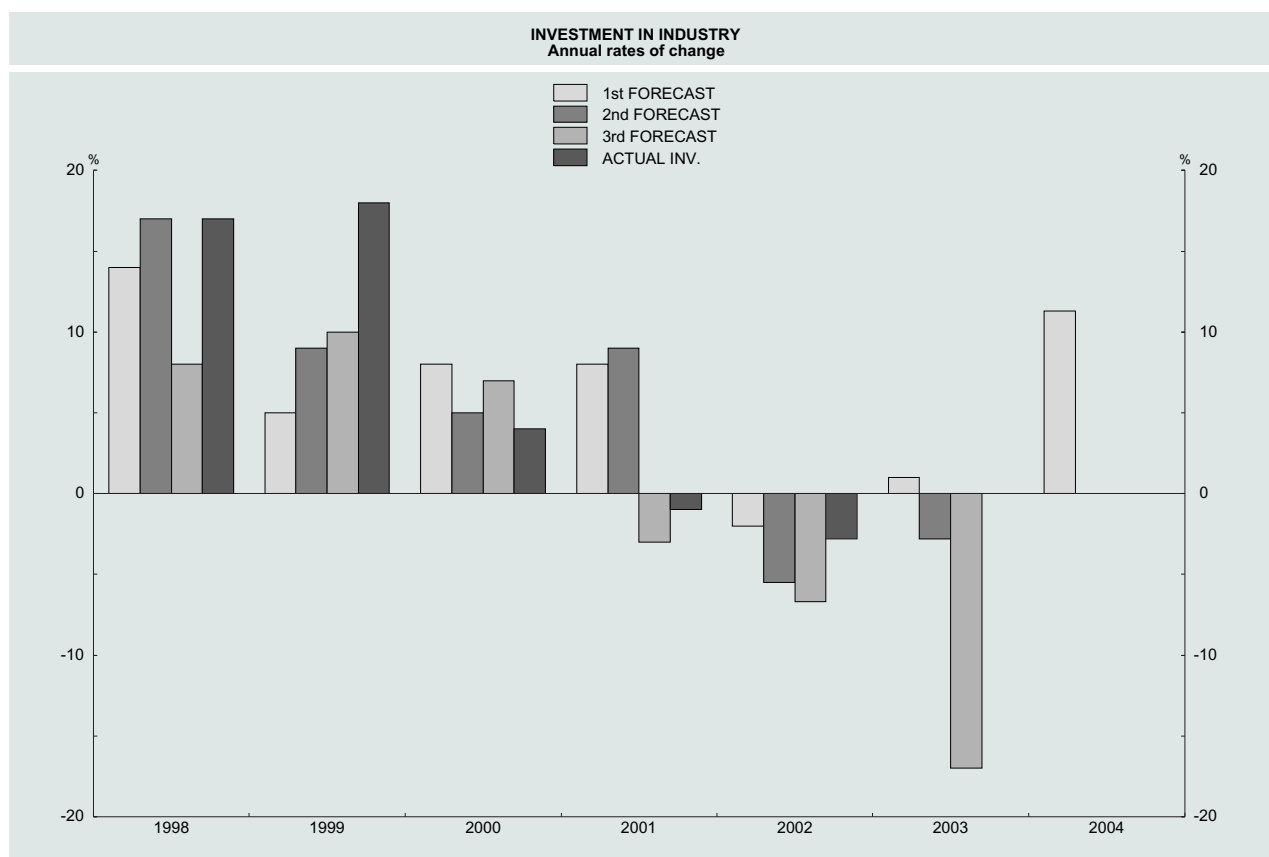
(c) Deflated by the total CPI excluding foods, beverages, and tobacco.

### 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	
98		17	14	17	8
99		18	5	9	10
00		4	8	5	7
01		-1	8	9	-3
02		-3	-2	-6	-7
03		...	1	-3	-17
04		...	11	...	...



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  $t+1$ .

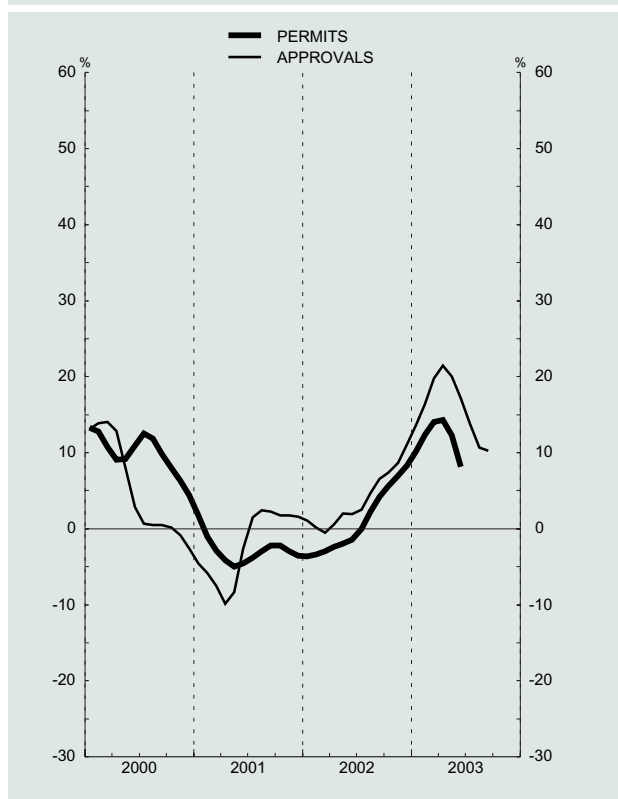
### 3.3. Construction. Indicators of building starts and consumption of cement. Spain

■ Series depicted in chart.

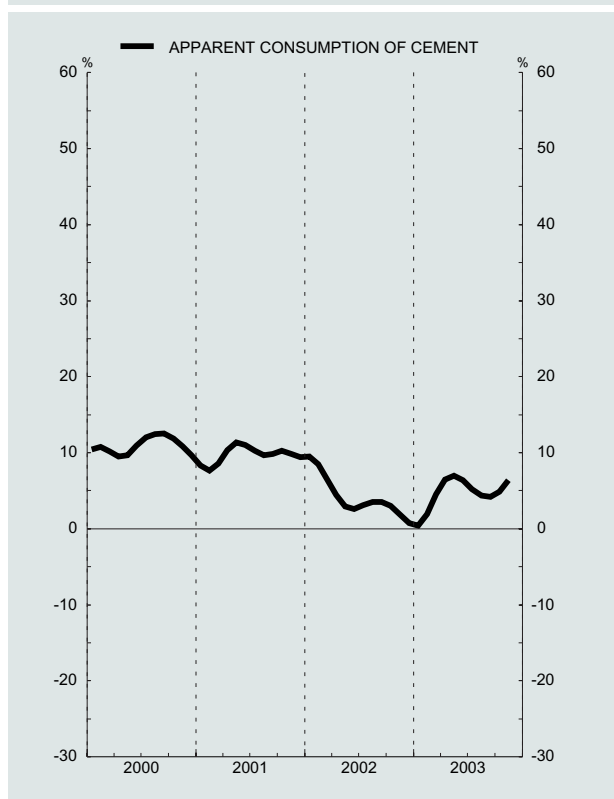
Annual percentage changes

	Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)							Apparent consumption of cement	
	Total	Residential	of which Housing	Non-residential	Total	of which Housing	Total		Building				Civil engineering		
							For the month	Year to date	Total	Residential	of which				Non-residential
											Housing	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	13.2	13.2	-2.2	-15.2	3.9	3.5	20.1	4.7	
02 J-N	-1.0	1.1	1.7	-8.9	1.6	3.2	8.8	8.8	1.3	-11.4	7.1	6.9	12.0	4.7	
03 J-N	...	...	...	...	...	...	...	...	...	...	...	...	...	4.0	
02 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	3.3	4.5	47.3	289.7	19.3	5.9	-9.1	4.2	
Nov	3.2	6.3	6.6	-8.0	-3.2	-3.7	52.8	8.8	-37.9	-58.8	-74.7	-29.3	111.0	-0.9	
Dec	6.6	20.4	21.4	-37.3	21.0	15.2	60.0	13.2	-31.8	-49.1	-25.6	-24.9	116.1	4.6	
03 Jan	7.4	14.4	12.6	-15.7	14.3	21.1	9.2	9.2	38.2	199.5	103.8	-21.8	-2.9	-5.1	
Feb	14.3	14.1	14.6	14.9	10.6	11.9	13.9	11.0	12.1	-20.2	18.9	32.0	15.1	-2.3	
Mar	30.7	36.8	35.5	9.0	27.7	36.5	78.8	34.7	-1.3	71.3	8.1	-16.5	105.6	19.8	
Apr	23.5	32.5	31.1	-17.5	26.3	21.6	2.1	25.9	-22.4	-1.9	-59.6	-27.9	17.4	-0.2	
May	45.2	49.2	51.5	26.3	18.9	19.1	69.4	34.8	-18.8	-3.0	-44.6	-22.4	128.5	5.1	
Jun	-0.3	4.6	6.1	-22.2	19.0	21.7	-12.9	25.4	-45.5	-46.9	-26.1	-45.2	-0.1	10.4	
Jul	...	...	...	...	22.0	26.8	-48.4	2.4	-1.5	-66.4	1.6	34.2	-61.5	5.4	
Aug	...	...	...	...	-5.1	-9.5	-21.8	-0.4	3.9	-17.9	-18.5	11.7	-32.1	-1.8	
Sep	...	...	...	...	9.8	10.8	1.6	-0.2	-31.6	-30.5	-44.9	-31.9	21.4	9.0	
Oct	...	...	...	...	...	...	...	...	...	...	...	...	...	-0.3	
Nov	...	...	...	...	...	...	...	...	...	...	...	...	...	4.9	

CONSTRUCTION  
Trend obtained with TRAMO-SEATS



CONSTRUCTION  
Trend obtained with TRAMO-SEATS



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

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

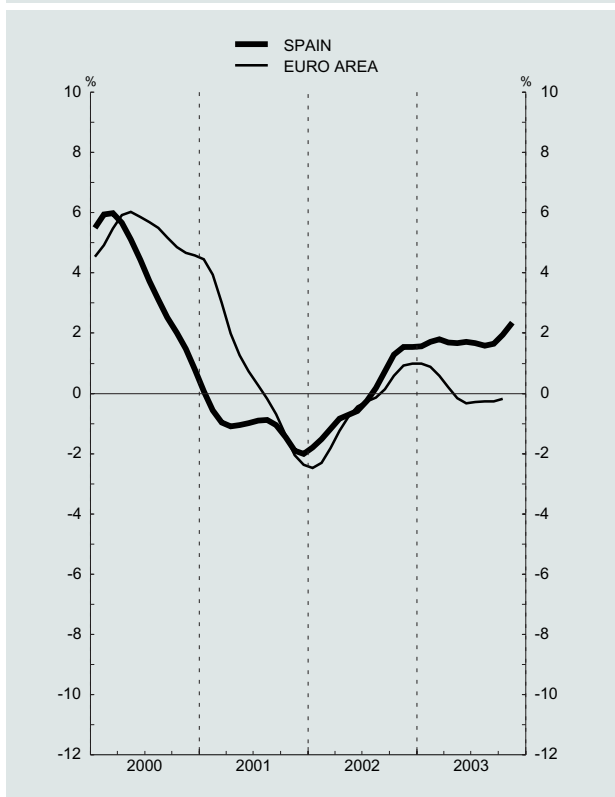
### 3.4. Industrial production index. Spain and euro area

■ Series depicted in chart.

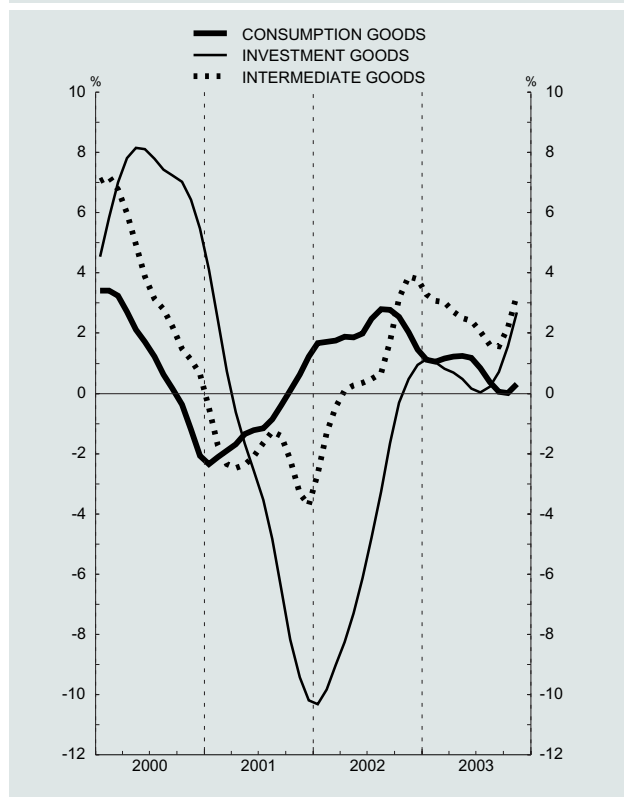
Annual percentage changes

		Overall Index		By end-use of goods				By branch of activity			Memorandum item: euro area				
		Total		Consumption	Investment	Intermediate goods	Energy	Mining and quarrying	Manufacturing	Production and distribution of electricity, gas and water	of which		By end-use of goods		
		Original series	12-month %change 12								Total	Manufacturing	Consumption	Investment	Intermediate 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	1.9	8.4	5.9
01	MP	98.8	-1.2	-0.7	-3.3	-2.1	3.0	-3.2	-2.0	4.3	0.5	0.4	0.5	1.5	-0.5
02	MP	98.9	0.1	2.3	-4.9	1.4	0.0	-0.5	0.4	0.0	-0.5	-0.7	-0.4	-1.9	0.4
02 J-N	MP	99.7	-0.2	2.2	-6.0	0.9	0.6	-0.3	-0.1	0.8	-0.5	-0.8	...	-2.1	0.2
03 J-N	MP	101.2	1.5	0.3	0.5	2.2	3.6	-0.7	1.4	2.3	...	...	...	...	...
02 Aug	P	70.6	-3.4	3.0	2.9	-6.7	-5.4	-12.2	0.1	-6.7	-0.6	-0.7	-1.5	-0.5	-0.2
02 Sep	P	101.3	2.4	4.7	-0.1	3.7	-2.2	3.9	2.9	-2.0	0.2	0.1	-0.3	-2.0	2.5
02 Oct	P	111.8	5.1	5.9	4.0	6.5	-0.1	3.2	5.5	0.3	1.4	1.0	0.9	0.5	1.4
02 Nov	P	103.7	0.3	-1.5	2.9	3.1	-5.9	-0.8	1.2	-5.4	2.9	3.3	2.0	3.4	4.8
02 Dec	P	90.6	3.5	3.0	10.4	7.9	-5.3	-4.5	7.0	-7.3	-0.3	0.4	-0.4	0.1	1.9
03 Jan	P	98.9	-0.1	-0.3	-2.5	1.7	-2.0	-6.5	0.3	-2.9	1.3	1.0	-0.9	1.6	2.8
03 Feb	P	99.3	1.7	-	0.7	2.9	4.6	-1.0	1.1	8.7	2.2	1.1	-0.5	3.1	1.0
03 Mar	P	105.0	9.7	8.7	11.6	12.1	3.3	8.3	10.9	1.6	-0.0	0.5	-0.5	0.1	0.5
03 Apr	P	99.1	-4.5	-5.0	-6.8	-4.1	-1.2	-7.3	-4.5	-3.4	0.8	-0.1	-0.1	-0.6	0.7
03 May	P	104.0	-1.2	-2.3	-2.6	-0.5	1.9	-1.2	-1.1	-1.7	-1.2	-1.3	-2.9	-1.0	-0.9
03 Jun	P	104.4	4.5	6.3	2.7	5.3	1.1	3.3	5.1	-0.3	-1.5	-1.9	-1.1	-4.2	-0.5
03 Jul	P	110.1	1.9	1.5	-1.5	2.7	6.2	-1.0	1.9	2.7	0.7	0.5	1.3	1.1	0.1
03 Aug	P	69.6	-1.4	-2.9	-7.5	-3.9	10.7	-4.1	-3.3	10.1	-0.4	-1.2	0.2	-3.4	0.3
03 Sep	P	103.8	2.5	2.2	0.9	2.7	3.7	4.1	2.4	2.5	-1.3	-1.6	-1.3	-2.0	-1.7
03 Oct	P	113.0	1.1	-1.5	3.7	0.4	5.3	-2.1	0.7	3.8	1.0	0.9	-1.4	2.2	1.0
03 Nov	P	105.8	2.0	-3.1	4.2	3.5	6.8	-0.6	1.6	5.8	...	...	...	...	...

INDUSTRIAL PRODUCTION INDEX  
Trend obtained with TRAMO-SEATS



INDUSTRIAL PRODUCTION INDEX  
Trend obtained with TRAMO-SEATS



Sources: INE and BCE.

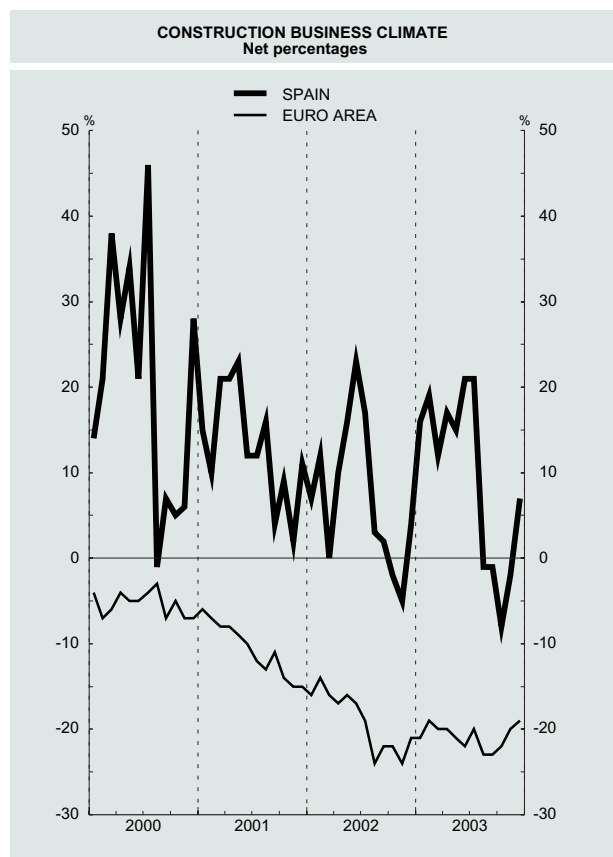
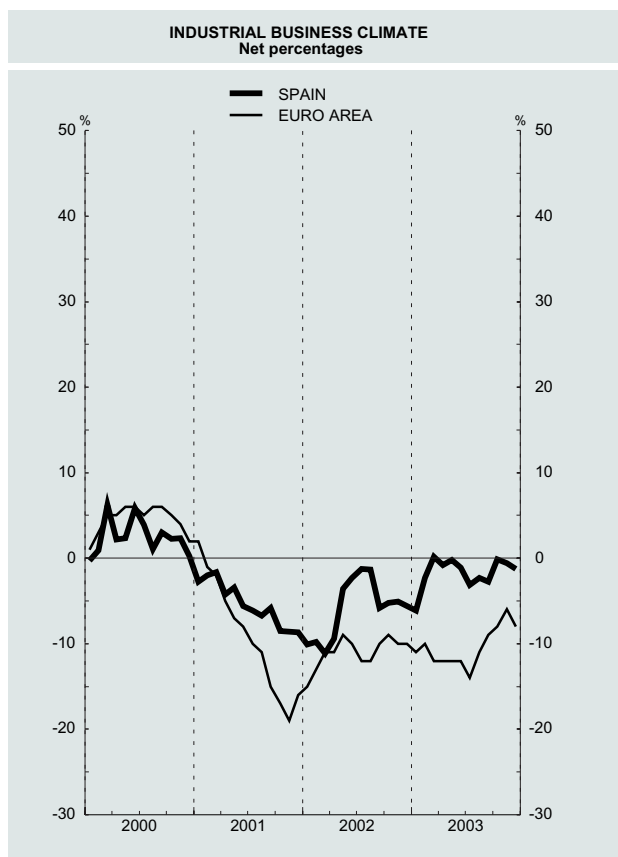
Note: The underlying series for this indicator are in Table 23.1 of the BE Boletín estadístico.

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

■ Series depicted in chart.

Balance

		Industry, excluding construction									Construction					Memorandum item: euro area (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	-19
02 J-D	M	-6	-1	2	-11	-16	9	-7	-6	-5	7	10	13	11	25	-11	-25	-19
03 J-D	M	-2	5	8	-8	-10	5	1	-2	-4	10	9	20	30	19	-10	-25	-21
02 Sep		-6	-	5	-15	-17	8	-7	-8	-4	2	10	12	6	19	-10	-26	-22
Oct		-5	-4	-	-11	-12	11	-3	-6	-7	-2	14	15	8	-24	-9	-25	-22
Nov		-5	2	-13	-8	-12	8	-2	-6	-7	-5	7	9	-11	-34	-10	-22	-24
Dec		-6	9	-5	-5	-5	11	4	-7	-12	4	-11	17	-18	-45	-10	-22	-21
03 Jan		-6	-1	-1	-8	-13	6	-4	-4	-9	16	-5	24	35	20	-11	-22	-21
Feb		-2	-6	23	-14	-16	8	-6	-1	-	19	7	32	46	37	-10	-23	-19
Mar		0	-7	22	-10	-9	5	3	-5	0	12	3	22	25	14	-12	-26	-20
Apr		-1	14	18	-8	-13	6	1	-1	-2	17	32	24	15	15	-12	-27	-20
May		-0	11	12	-6	-9	4	3	1	-4	15	16	20	19	11	-12	-27	-21
Jun		-1	12	8	-6	-13	7	3	4	-7	21	14	30	26	14	-12	-28	-22
Jul		-3	10	5	-12	-14	5	3	-3	-8	21	13	36	35	23	-14	-28	-20
Aug		-2	2	8	-11	-13	3	2	-0	-8	-1	2	20	42	17	-11	-26	-23
Sep		-3	3	3	-7	-4	5	-3	2	-5	-1	7	17	28	25	-9	-26	-23
Oct		-0	3	3	-5	-3	5	4	1	-4	-8	-15	6	17	-2	-8	-23	-22
Nov		-1	14	-2	-7	-7	4	2	-5	-1	-2	16	9	32	35	-6	-21	-20
Dec		-1	10	-5	-6	-9	6	3	-6	-3	7	16	2	38	20	-8	-21	-19



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.



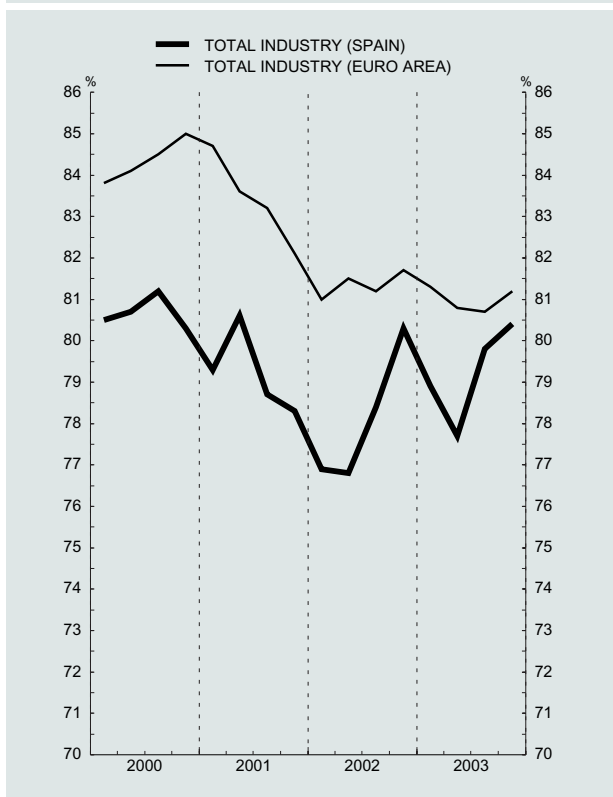
### 3.6. Business survey: capacity utilisation. Spain and euro area

■ Series depicted in chart.

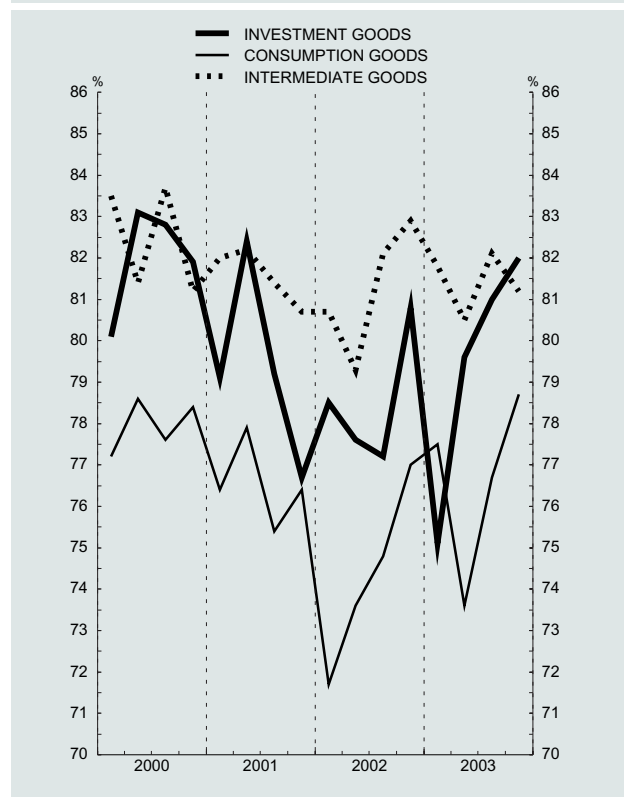
Percentages and balances

	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	84.4
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-Q4	78.1	80.0	8	74.3	76.6	13	78.5	80.9	7	81.3	82.6	4	81.4
03 Q1-Q4	79.2	81.1	6	76.6	79.3	7	79.4	81.1	5	81.4	82.7	4	81.0
01 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	82.1
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
Q3	79.8	81.3	8	76.7	79.0	8	81.0	82.1	5	82.1	82.9	5	80.7
Q4	80.4	82.0	7	78.7	80.7	11	82.0	83.5	4	81.2	82.6	5	81.2

CAPACITY UTILISATION. TOTAL INDUSTRY  
Percentages



CAPACITY UTILISATION. BY TYPES OF GOODS  
Percentages



Sources: Ministerio de Ciencia y Tecnología and ECB.

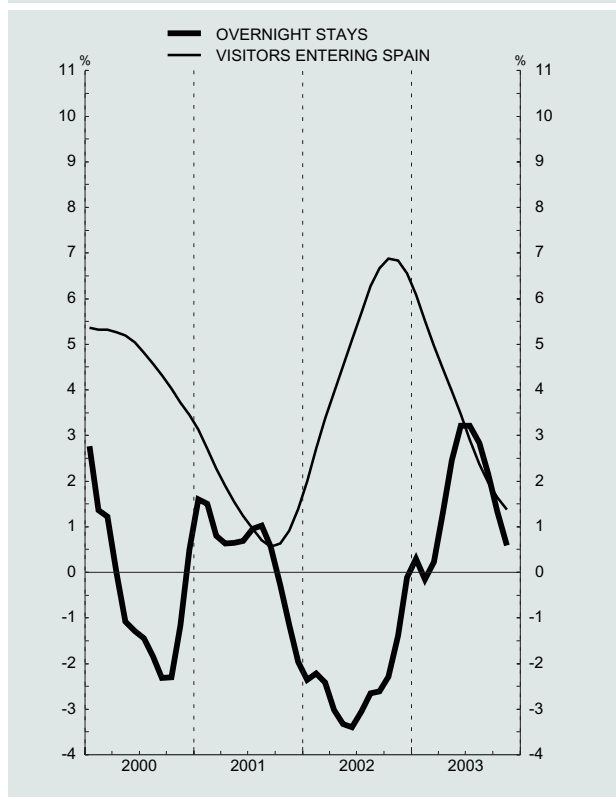
### 3.7. Tourism and transport statistics. Spain

■ Series depicted in chart.

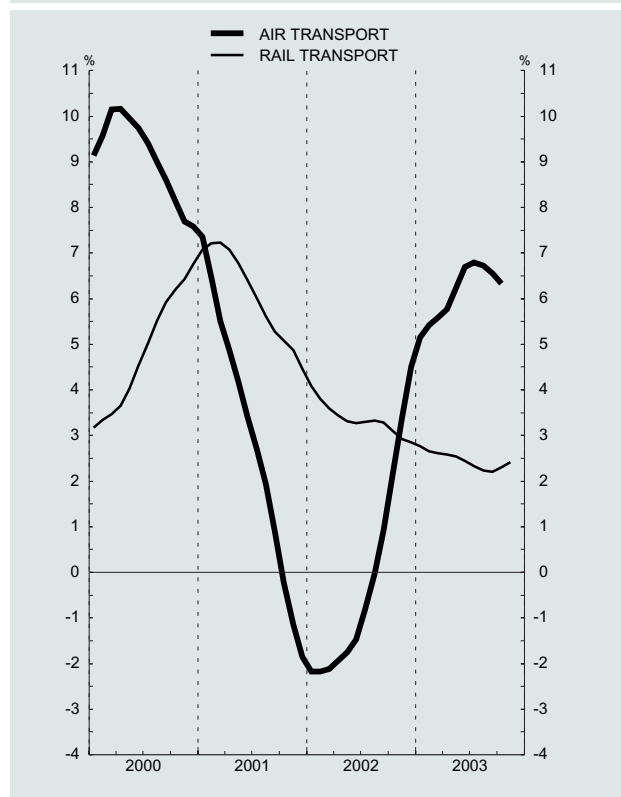
Annual percentage changes

		Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
		Total	Foreigners	Total	Foreigners	Total	Tourists	Day-trip-pers	Passengers			Freight	Passengers	Freight	Passengers	Freight
									Total	Domestic flights	International flights					
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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	-1.5	-2.7	-5.3	5.6	4.3	8.3	-1.0	-2.2	-0.3	-0.7	4.2	5.0	3.8	2.8
02 J-N		-0.4	-1.7	-2.9	-5.4	5.7	4.3	8.4	-1.6	-2.9	-0.7	-1.3	3.7	5.6	3.3	2.4
03 J-N	P	3.6	2.1	2.3	0.7	2.9	0.0	8.5	...	...	...	...	...	...	1.7	...
02 Aug		2.9	0.9	0.4	-3.1	13.4	14.1	12.1	0.8	-1.5	2.1	0.2	5.6	1.7	3.3	6.0
Sep		-1.3	-2.1	-4.1	-6.5	1.8	-0.7	8.0	-2.6	-2.7	-2.5	5.3	3.1	1.2	5.6	-0.0
Oct		0.9	2.8	-3.1	-4.0	8.8	8.1	10.2	2.1	-2.2	4.9	3.2	9.9	6.0	7.3	7.0
Nov		1.6	2.2	-3.2	-5.7	12.1	9.2	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	-10.6
May	P	4.8	4.1	2.5	1.7	8.7	4.7	17.4	7.3	4.4	9.2	-1.3	0.0	11.0	1.8	1.1
Jun	P	8.9	6.8	5.4	4.2	5.3	0.2	18.2	8.3	11.5	6.5	-2.5	0.4	5.1	3.4	2.2
Jul	P	5.8	4.0	2.7	0.3	2.5	1.0	5.9	7.8	10.2	6.4	-0.7	0.4	5.3	1.7	6.0
Aug	P	3.5	2.7	5.1	4.8	-2.9	-6.8	4.1	10.2	10.0	10.3	-1.5	4.0	1.5	0.6	-4.5
Sep	P	3.7	-0.4	1.7	-1.8	0.3	-2.8	7.3	4.9	7.4	3.5	-1.5	1.8	8.6	0.4	...
Oct	P	2.8	2.2	1.0	-1.5	4.0	0.1	12.5	7.3	8.6	6.6	3.5	...	...	1.0	...
Nov	P	2.9	2.1	0.6	-0.9	4.0	0.0	9.8	...	...	...	...	...	...	5.5	...

**TOURISM**  
Trend obtained with TRAMO-SEATS



**TRANSPORT**  
Trend obtained with TRAMO-SEATS



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

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

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

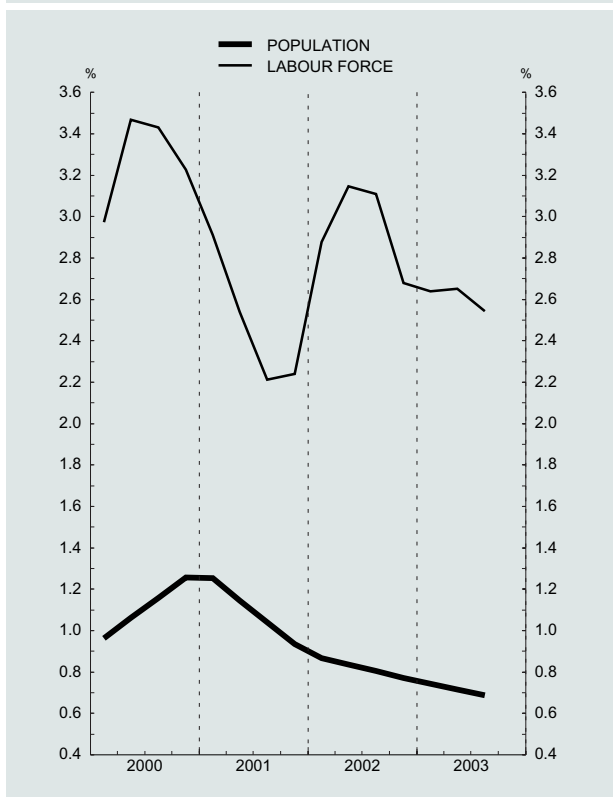
#### 4.1. Labour force. Spain

■ Series depicted in chart.

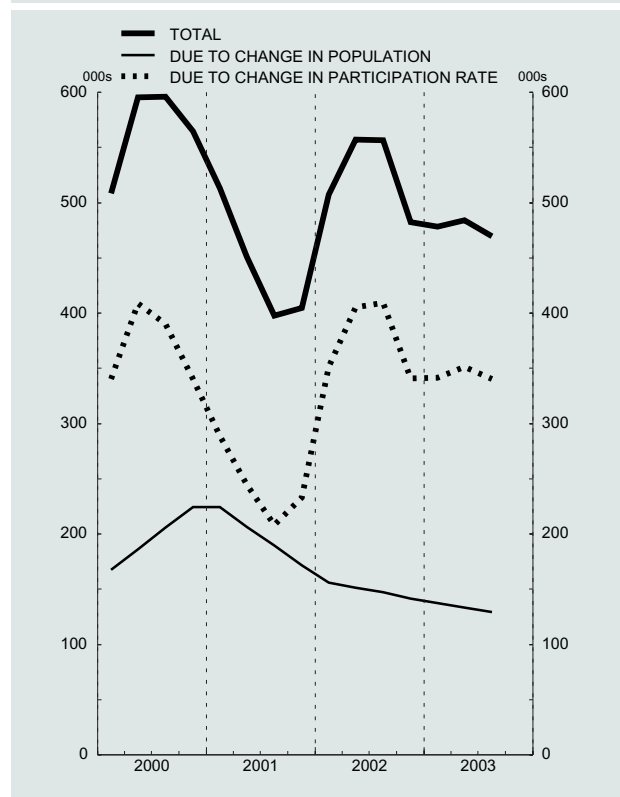
Thousands and annual percentage changes

		Population over 16 years of age			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-Q3M	33 933	281	0.8	53.90	18 289	1 621	455	1 166	3.0
03	Q1-Q3M	34 176	243	0.7	54.91	18 766	1 432	400	1 033	2.6
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
	Q2	34 176	243	0.7	54.87	18 751	484	133	351	2.7
	Q3	34 231	234	0.7	55.31	18 932	469	129	340	2.5

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](http://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](http://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).

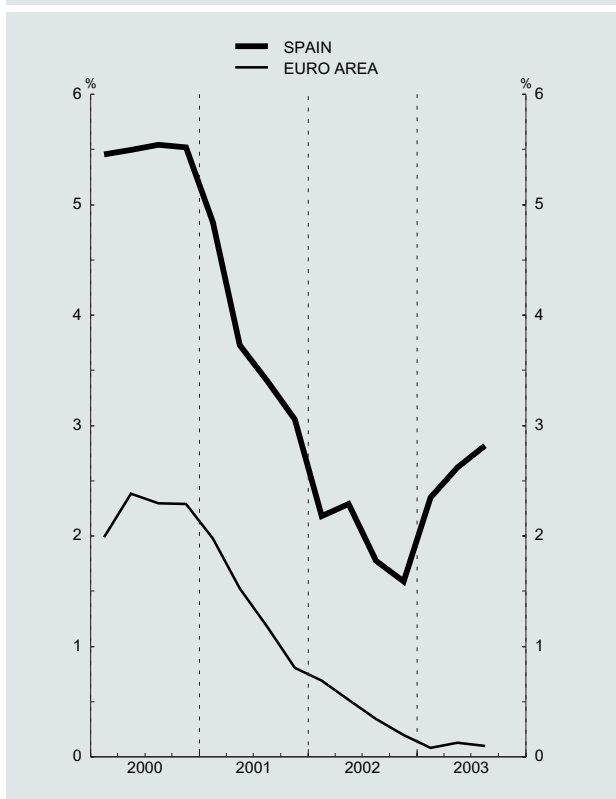
## 4.2. Employment and wage-earners. Spain and euro area (a)

■ Series depicted in chart.

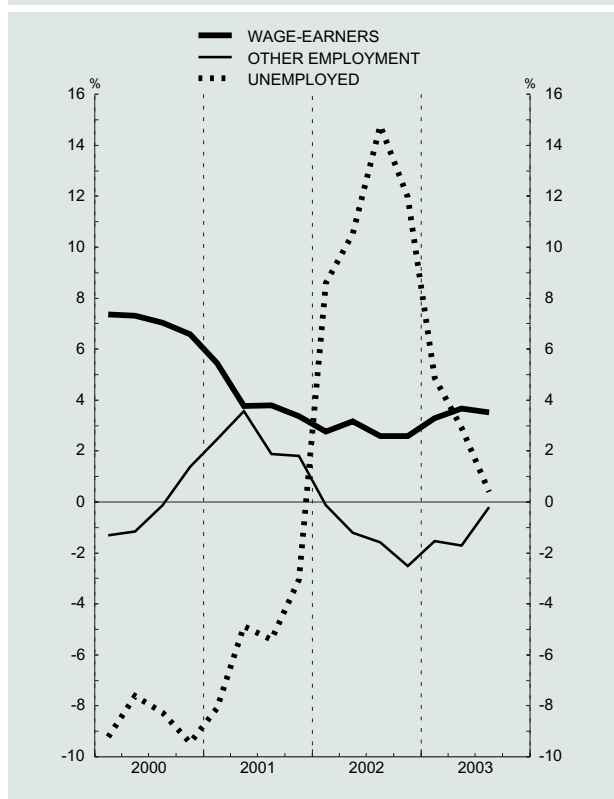
Thousands and annual percentage changes

		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	8.39
01	M	15 946	576	3.7	12 787	501	4.1	3 159	75	2.4	1 869	-134	-5.4	10.49	1.4	8.03
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	8.39
02	Q1-Q3M	16 218	331	2.1	13 089	361	2.8	3 129	-31	-1.0	2 071	210	11.3	11.32	0.5	8.33
03	Q1-Q3M	16 639	421	2.6	13 546	457	3.5	3 092	-36	-1.2	2 127	56	2.7	11.34	0.1	8.76
01	Q1	15 713	725	4.8	12 563	649	5.4	3 150	76	2.5	1 916	-212	-8.1	10.87	2.0	8.03
	Q2	15 877	571	3.7	12 692	461	3.8	3 184	109	3.6	1 833	-120	-4.9	10.35	1.5	7.98
	Q3	16 072	529	3.4	12 928	472	3.8	3 144	58	1.9	1 835	-132	-5.4	10.25	1.2	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	0.8	8.11
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	8.45
	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	8.57
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	8.72
	Q2	16 666	425	2.6	13 574	479	3.7	3 092	-54	-1.7	2 085	59	2.9	11.12	0.1	8.78
	Q3	16 818	461	2.8	13 730	467	3.5	3 088	-6	-0.2	2 115	9	0.4	11.17	0.1	8.77

**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](http://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](http://www.ine.es)).

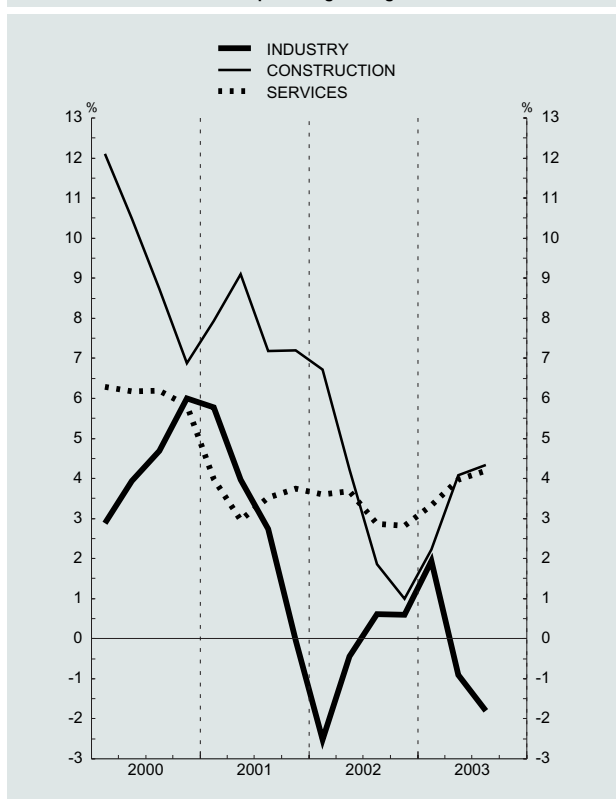
### 4.3. Employment by branch of activity. Spain (a)

■ Series depicted in chart.

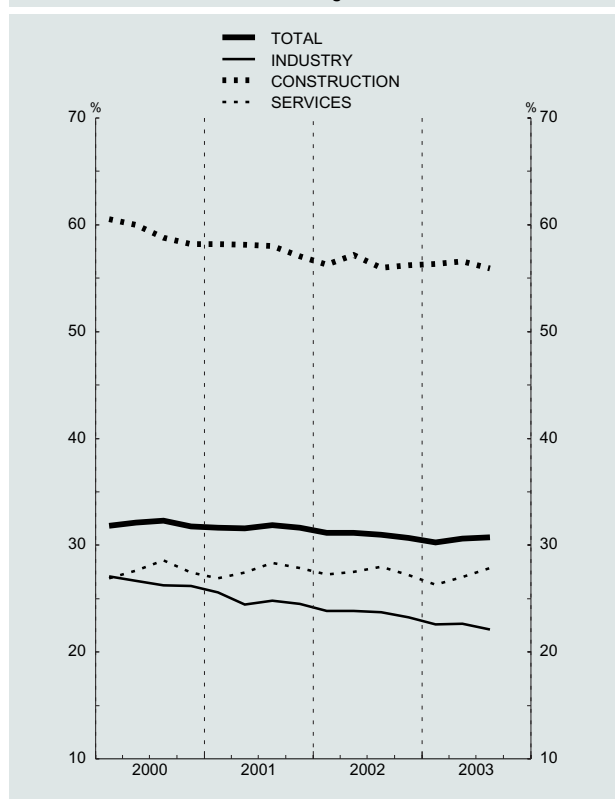
Annual percentage changes

		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-Q3M	2.1	2.8	-1.8	-5.4	-5.3	-6.5	-0.8	-0.5	-4.6	4.2	4.1	-2.8	3.4	4.2	0.1	2.3	2.1	2.8
03	Q1-Q3M	2.6	3.5	-1.9	-3.0	-0.9	1.1	-0.3	-0.6	-5.6	3.5	4.8	-0.4	3.8	4.9	-1.9	3.0	2.7	4.0
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
	Q2	2.6	3.7	30.6	-3.0	1.2	57.7	-0.9	-1.5	22.7	4.1	5.5	56.6	4.0	5.2	27.0	3.0	2.5	3.5
	Q3	2.8	3.5	30.7	0.2	2.0	54.6	-1.8	-1.9	22.1	4.3	5.4	55.9	4.2	5.0	27.9	3.0	2.7	4.0

**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.

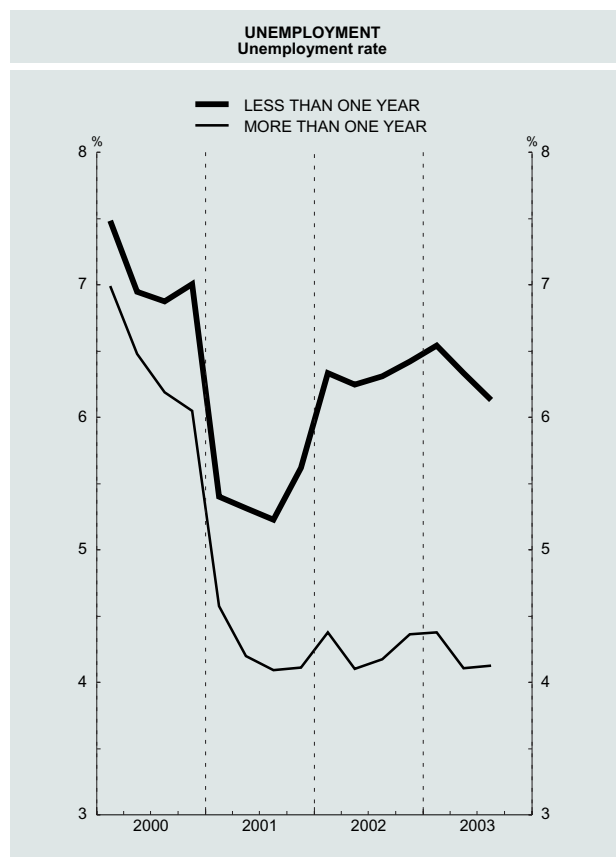
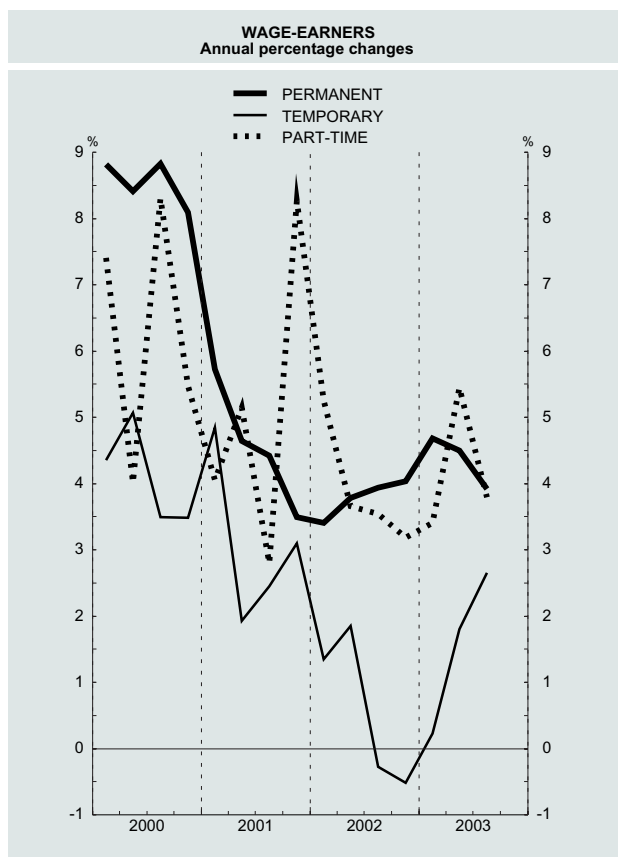
(a) Branches of activity in accordance with NACE-93.

#### 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	Requi-ring fever 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-Q3M	323	3.7	39	1.0	31.11	299	2.5	43	4.1	8.19	6.30	22.1	4.22	1.4	20.38	43.21	49.08	
03	Q1-Q3M	393	4.4	64	1.6	30.53	428	3.5	45	4.2	8.25	6.34	3.2	4.20	2.3	19.84	41.63	47.09	
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	
	Q2	406	4.5	74	1.8	30.60	420	3.5	60	5.4	8.49	6.34	4.1	4.10	2.7	19.97	43.92	49.45	
	Q3	358	3.9	109	2.7	30.74	428	3.5	40	3.8	7.91	6.13	-0.4	4.13	1.4	19.34	38.53	43.88	



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](http://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](http://www.ine.es)).



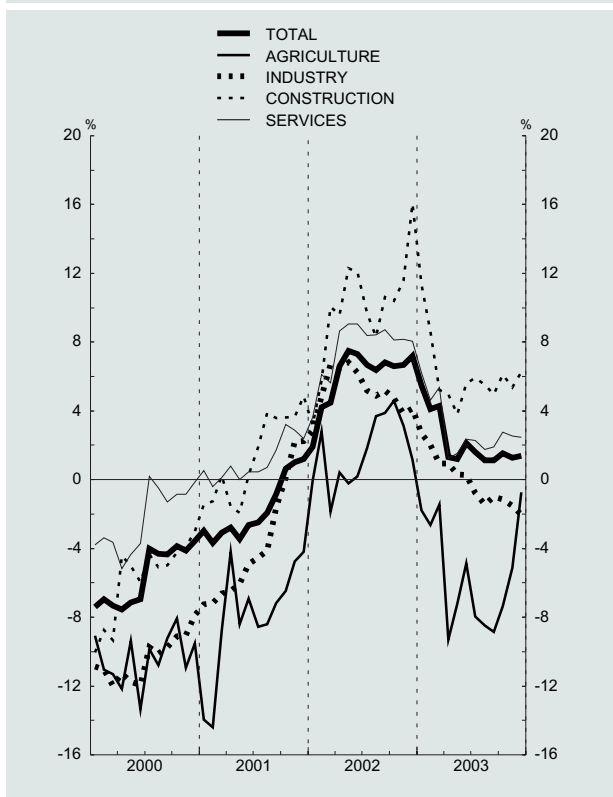
#### 4.5. Registered unemployment by branch of activity. Contracts and placements. Spain

■ Series depicted in chart.

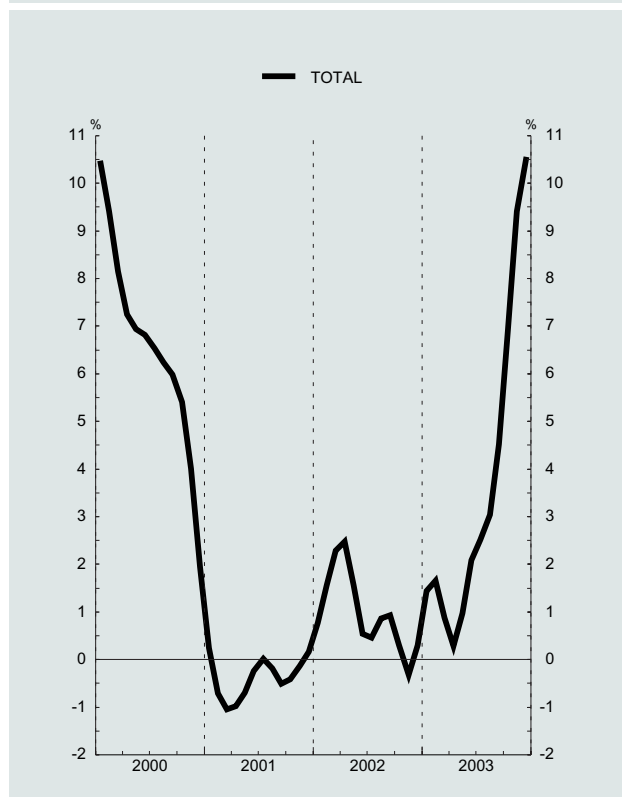
Thousands, annual percentage changes and %

		Registered unemployment										Contracts					Placements		
		Total			First time job-seekers	Previously employed					Total		Percentage of total			Total			
		Thousands	Annual change Thousands	12 month % change		12 month % change	12-month % change						Thousands	12 month % change	Perma- nent	Part time	Tempo- rary	Thousands	12 month % change
Total	Agri- culture				Branches other than agriculture			Total	Industry	Construc- tion	Services								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
00	M	1 558	-94	-5.7	-10.1	-4.7	-10.4	-4.5	-10.4	-5.9	-2.3	1 152	4.5	8.73	18.47	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-D	M	1 621	92	6.0	-0.7	7.2	1.6	7.4	5.1	9.9	7.6	1 182	0.9	9.05	20.80	90.95	1 145	1.0
03	J-D	M	1 658	36	2.2	0.4	2.5	-5.5	2.8	-0.1	6.2	2.9	...	3.4	8.67	21.21	91.33	1 193	4.2
02	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		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		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		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		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		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
	Jul		1 573	25	1.6	0.3	1.9	-8.0	2.2	-0.8	5.9	2.3	1 302	-1.2	7.37	21.93	92.63	1 270	-0.8
	Aug		1 569	17	1.1	-0.2	1.3	-8.5	1.6	-1.5	5.5	1.8	971	-4.8	6.96	21.02	93.04	953	-3.9
	Sep		1 608	18	1.1	-0.7	1.4	-8.9	1.7	-1.0	5.0	1.9	1 284	8.2	8.08	22.36	91.92	1 268	9.9
	Oct		1 667	25	1.5	-2.0	2.1	-7.4	2.4	-1.1	6.1	2.8	1 558	0.8	8.51	24.14	91.49	1 529	2.1
	Nov		1 699	21	1.3	-2.6	1.9	-5.1	2.1	-1.5	5.4	2.5	1 289	9.0	8.31	23.13	91.69	1 278	10.9
	Dec		1 711	23	1.4	-2.8	2.1	-0.8	2.1	-2.0	6.2	2.5	1 136	18.6	7.94	23.10	92.06	1 129	20.6

**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.

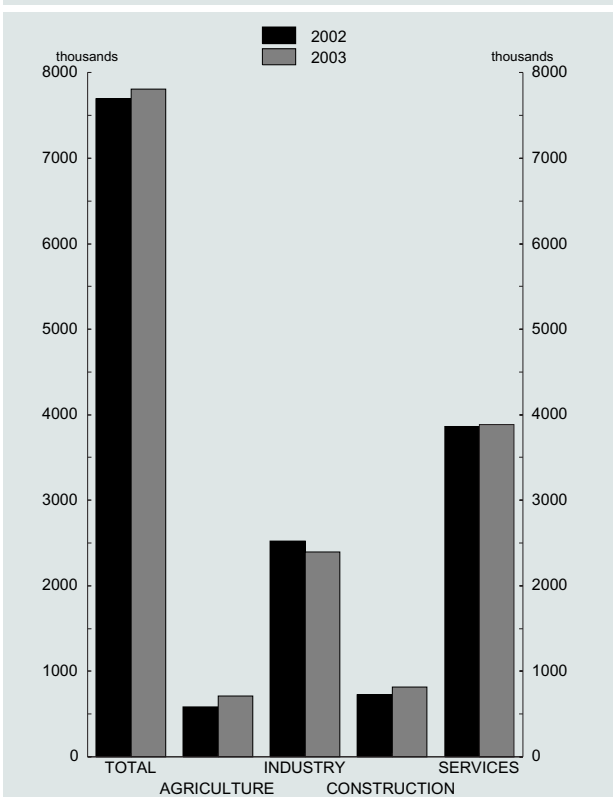
## 4.6. Collective bargaining agreements

■ Series depicted in chart.

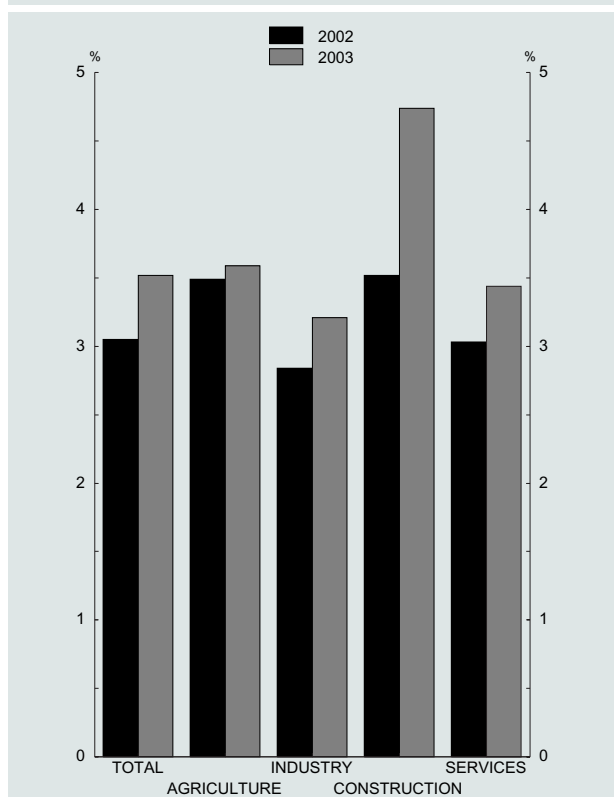
Thousands and %

	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	Automa- tic adjust- ment	Newly- signed agree- ments	Total	Annual change	Agricul- ture	Indus- try	Construc- tion	Services	Auto- matic adjust- ment	Newly signed agree- ments	Total	Agricul- ture	Indus- try	Construc- tion	Services	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
00	9 230	3.72	4 886	2 977	7 863	80	470	2 603	875	3 915	2.90	3.09	2.97	3.43	2.87	3.42	2.88	
	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	
	9 648	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	
02	Jun	9 428	3.82	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	9 450	3.82	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	9 454	3.82	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	9 534	3.83	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	9 644	3.83	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	9 644	3.83	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	9 648	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	7 166	3.50	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
Feb		7 197	3.50	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		7 258	3.49	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		7 501	3.50	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		7 672	3.51	4 429	375	4 804	-350	545	1 431	38	2 790	3.42	2.90	3.38	3.46	3.06	4.09	3.52
Jun		7 689	3.51	4 598	449	5 048	-514	546	1 498	38	2 966	3.42	3.10	3.39	3.46	3.07	4.09	3.54
Jul		7 692	3.51	4 784	596	5 380	-472	546	1 561	47	3 226	3.39	3.22	3.37	3.46	3.08	3.83	3.49
Aug		7 692	3.51	4 931	1 138	6 069	74	552	1 925	197	3 395	3.43	3.17	3.38	3.45	3.03	4.72	3.49
Sep		7 704	3.51	5 123	1 836	6 959	245	557	2 271	446	3 685	3.43	3.55	3.46	3.45	3.23	4.72	3.45
Oct		7 805	3.53	5 313	2 164	7 477	344	584	2 368	732	3 793	3.47	3.58	3.50	3.43	3.22	4.73	3.45
Nov		7 805	3.53	5 475	2 331	7 807	115	711	2 392	818	3 885	3.49	3.60	3.52	3.59	3.21	4.74	3.44

**EMPLOYEES AFFECTED**  
January-November



**AVERAGE WAGE SETTLEMENT**  
January-November



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

(a) Cumulative data.

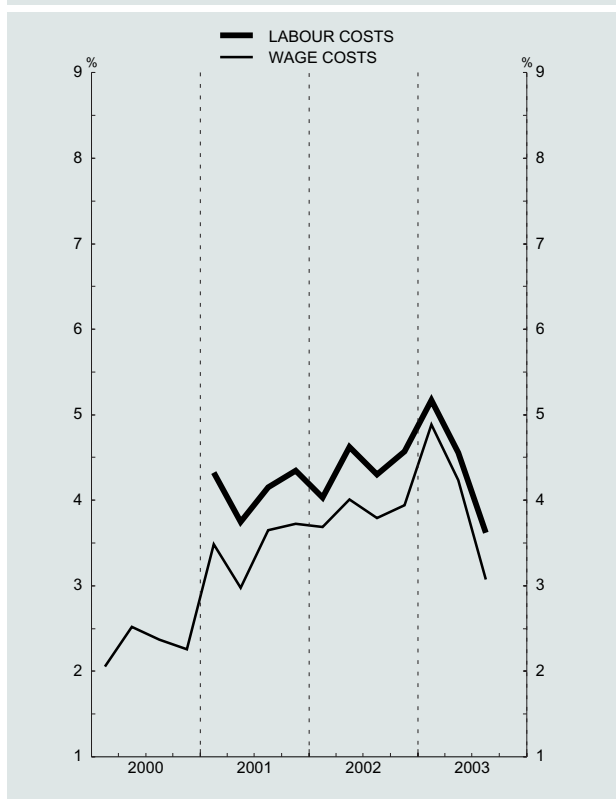
#### 4.7. Labour costs index

■ Series depicted in chart.

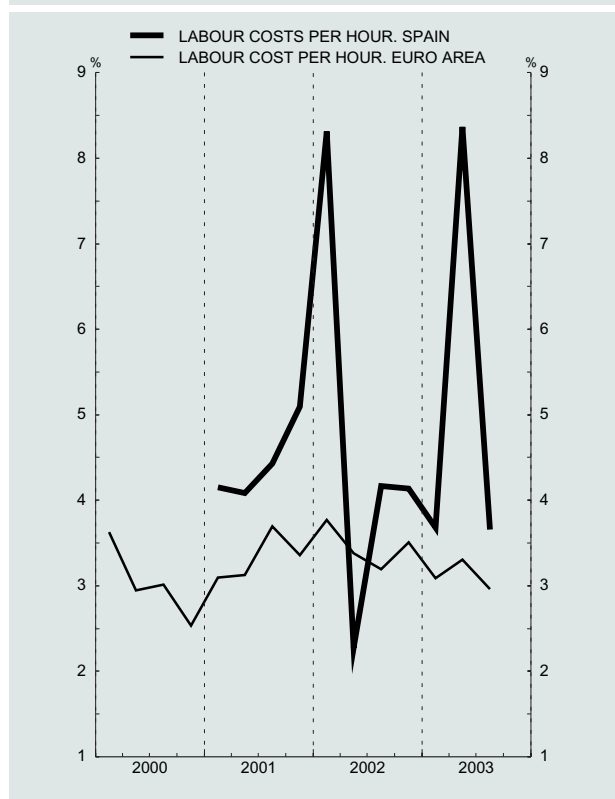
Annual percentage change

		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	...	3.0
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	3.5
02	Q1-Q3M	4.3	4.6	4.8	4.4	4.8	3.8	4.5	4.0	3.8	4.4	5.8	3.4
03	Q1-Q3M	4.4	5.0	6.2	4.0	5.2	4.1	4.6	5.0	3.8	4.8	5.6	3.1
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	3.8
	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	3.2
	Q4	4.6	5.4	4.7	4.4	4.1	3.9	5.0	4.4	3.6	3.5	6.6	3.5
03	Q1	5.2	5.2	6.0	5.0	3.7	4.9	5.0	5.1	4.8	3.3	6.0	3.1
	Q2	4.6	5.5	6.3	4.0	8.4	4.2	5.1	4.9	3.9	8.0	5.5	3.3
	Q3	3.6	4.4	6.4	2.9	3.7	3.1	3.7	5.1	2.6	3.1	5.2	3.0

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.

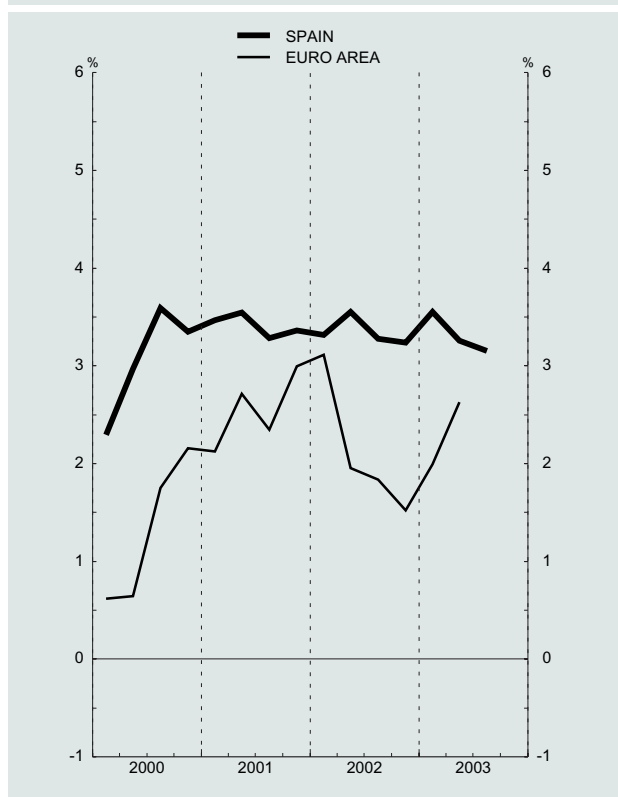
#### 4.8. Unit labour costs. Spain and euro area (a)

■ 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	3.1	1.3	3.7	2.5	0.6	1.2	4.2	3.5	3.6	2.2	2.4	...
01	3.4	2.5	3.8	2.8	0.4	0.2	2.8	1.6	2.4	1.4	4.0	...
02	3.3	2.1	3.9	2.6	0.5	0.4	2.0	0.9	1.5	0.4	2.9	...
00 Q3	3.6	1.8	3.5	2.7	-0.1	0.9	3.8	3.2	3.9	2.3	4.1	...
Q4	3.3	2.2	3.1	2.6	-0.2	0.4	3.4	2.8	3.6	2.3	4.6	...
01 Q1	3.5	2.1	3.0	2.6	-0.4	0.5	3.1	2.5	3.5	2.0	6.0	...
Q2	3.5	2.7	3.8	2.8	0.2	0.1	2.6	1.7	2.3	1.5	3.8	...
Q3	3.3	2.3	4.5	2.7	1.1	0.4	3.1	1.5	2.0	1.2	2.9	...
Q4	3.4	3.0	4.0	3.0	0.6	-0.0	2.6	0.8	2.0	0.8	3.3	...
02 Q1	3.3	3.1	4.0	2.9	0.7	-0.2	2.2	0.5	1.5	0.7	2.5	...
Q2	3.6	2.0	3.8	2.4	0.3	0.4	2.0	0.9	1.8	0.5	4.1	...
Q3	3.3	1.8	3.6	2.5	0.3	0.6	1.8	1.0	1.5	0.3	3.0	...
Q4	3.2	1.5	4.0	2.5	0.7	0.9	2.1	1.1	1.4	0.2	1.9	...
03 Q1	3.6	2.0	4.2	2.6	0.6	0.6	2.2	0.7	1.6	0.1	2.4	...
Q2	3.3	2.6	3.9	2.6	0.6	0.0	2.3	0.1	1.7	0.1	1.4	...
Q3	3.2	...	3.7	...	0.5	0.2	2.4	0.3	1.9	0.1	1.2	...

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.

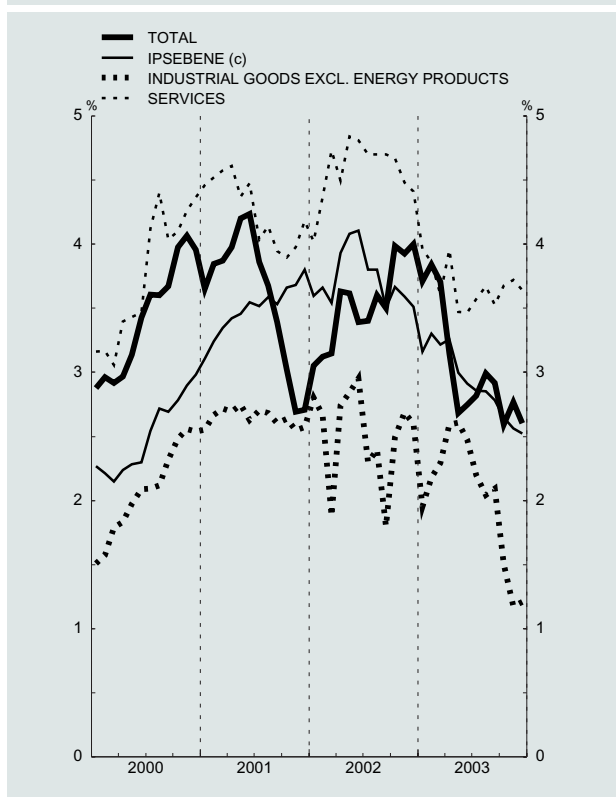
## 5.1. Consumer price index. Spain (2001=100) (a)

■ Series depicted in chart.

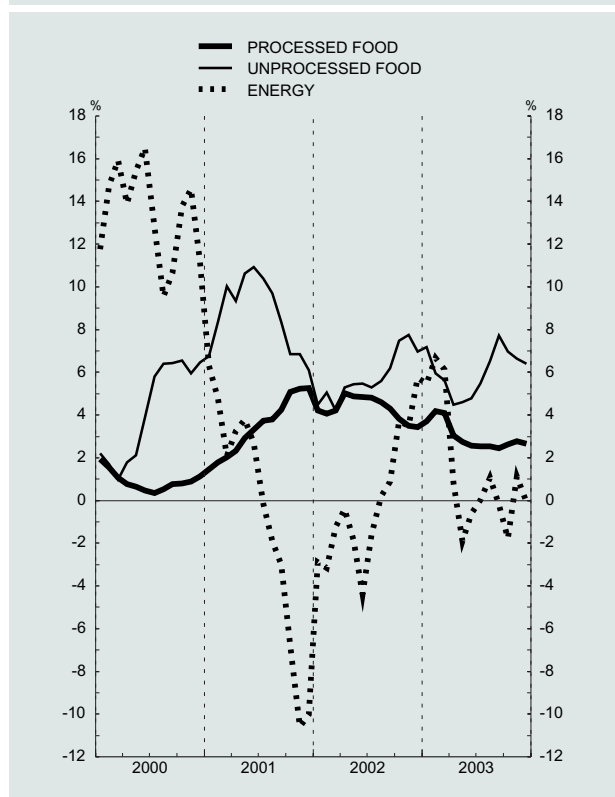
Indices and annual percentage changes

		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-D	M	103.5	0.3	3.5	2.1	5.8	4.3	2.5	-0.1	4.6	3.7	100.2	-3.9
03 J-D	M	106.7	0.2	3.0	1.2	6.0	3.0	2.0	1.4	3.7	2.9	...	...
02 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	110.2	7.5
Jun		106.8	0.1	2.7	1.3	4.8	2.6	2.5	-0.6	3.5	2.9	107.1	6.6
Jul		106.1	-0.6	2.8	0.6	5.5	2.5	2.2	0.0	3.6	2.9	98.4	3.7
Aug		106.6	0.5	3.0	1.1	6.5	2.5	2.0	1.1	3.7	2.8	98.5	8.3
Sep		106.9	0.3	2.9	1.4	7.7	2.4	2.1	-0.2	3.5	2.8	104.7	14.5
Oct		107.7	0.7	2.6	2.1	7.0	2.6	1.5	-1.8	3.7	2.6	107.3	11.9
Nov		108.0	0.3	2.8	2.4	6.7	2.8	1.2	1.1	3.7	2.6	...	...
Dec		108.2	0.2	2.6	2.6	6.4	2.7	1.2	-0.1	3.6	2.5	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS  
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS  
Annual percentage changes



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

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

(a) 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](http://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.

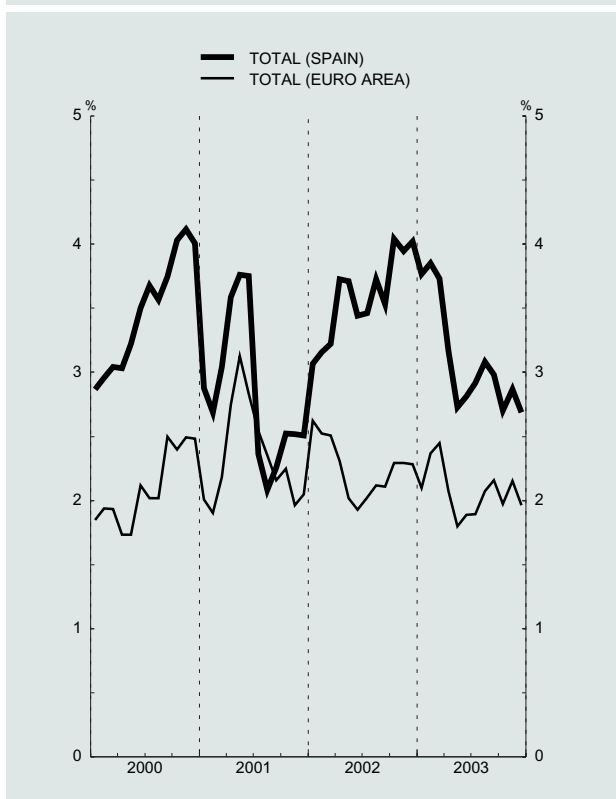
## 5.2. Harmonised index of consumer prices. Spain and euro area (1996=100)(a)

■ Series depicted in chart.

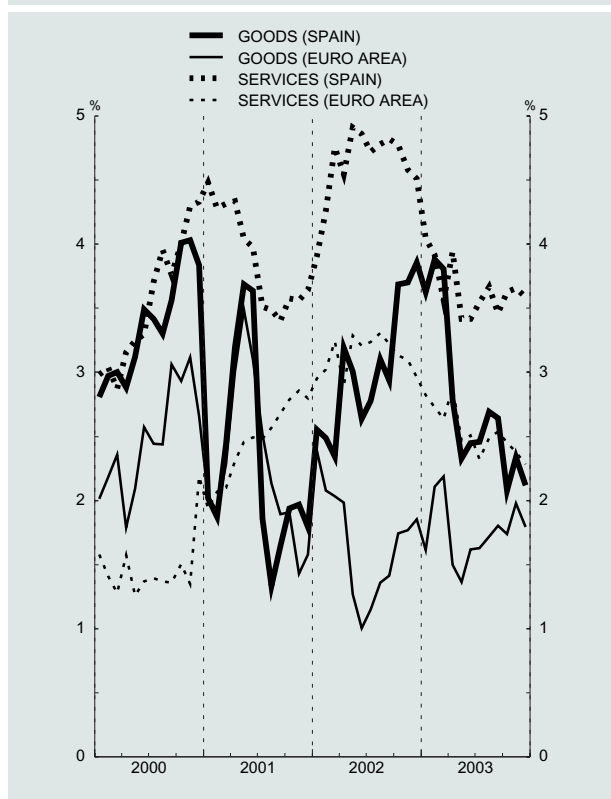
Annual percentage changes

		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-D	M	3.6	2.3	3.0	4.8	3.1	4.9	3.1	4.7	3.1	1.9	1.0	2.6	1.5	-0.2	-0.6	4.6	3.1		
03	J-D	M	3.1	2.1	2.8	4.0	2.8	3.5	3.3	4.6	2.2	2.0	1.2	2.2	0.8	1.3	3.0	3.7	2.5		
02	Sep		3.5	2.1	2.9	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	5.0	2.2	4.5	2.6	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	4.9	2.3	4.0	2.6	5.8	1.9	3.0	1.5	2.8	1.3	3.5	2.4	4.6	3.1		
	Dec		4.0	2.3	3.9	4.6	2.1	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	4.9	1.4	4.2	2.8	5.5	-0.7	2.9	1.7	2.1	0.6	5.5	6.0	4.0	2.8		
	Feb		3.8	2.4	3.9	4.8	2.0	4.8	3.2	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	4.6	2.2	4.7	3.3	4.5	0.7	3.3	2.2	2.4	0.8	6.1	7.5	3.6	2.6		
	Apr		3.2	2.1	2.8	3.6	2.3	3.4	3.3	3.7	0.9	2.3	1.1	2.7	0.8	0.8	2.2	3.9	2.9		
	May		2.7	1.8	2.3	3.4	2.4	3.1	3.3	3.7	1.1	1.7	0.9	2.8	0.9	-2.0	0.6	3.4	2.5		
	Jun		2.8	1.9	2.4	3.3	2.9	2.9	3.2	3.8	2.5	1.9	1.0	2.6	0.8	-0.6	1.6	3.4	2.5		
	Jul		2.9	1.9	2.5	3.5	3.0	2.9	3.1	4.2	2.7	1.8	1.0	2.3	0.7	-	2.0	3.5	2.3		
	Aug		3.1	2.1	2.7	3.9	3.1	2.9	3.0	4.8	3.3	2.0	1.0	2.2	0.6	1.0	2.7	3.7	2.5		
	Sep		3.0	2.2	2.6	4.2	3.6	2.9	3.2	5.5	4.2	1.7	1.0	2.2	0.8	-0.2	1.6	3.5	2.5		
	Oct		2.7	2.0	2.1	4.1	3.7	3.3	3.5	4.9	3.9	0.8	0.8	1.6	0.8	-1.8	0.7	3.6	2.5		
	Nov		2.9	2.2	2.3	4.1	4.0	3.5	3.9	4.7	4.0	1.3	1.0	1.3	0.7	1.1	2.2	3.7	2.4		
	Dec		2.7	2.0	2.1	3.9	3.6	3.4	3.8	4.4	3.2	1.0	0.9	1.4	0.7	-0.1	1.8	3.6	2.3		

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](http://europa.eu.int)).

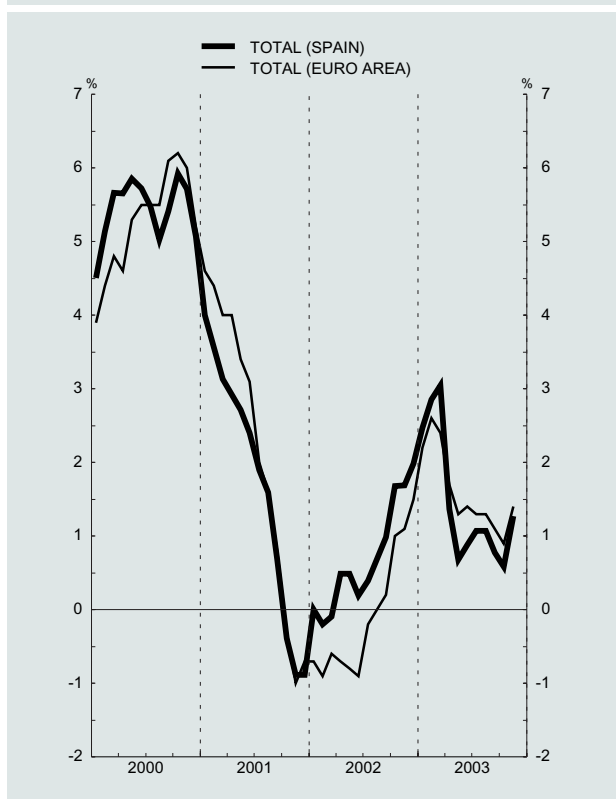
### 5.3. Producer price index. Spain and euro area (a)

■ Series depicted in chart.

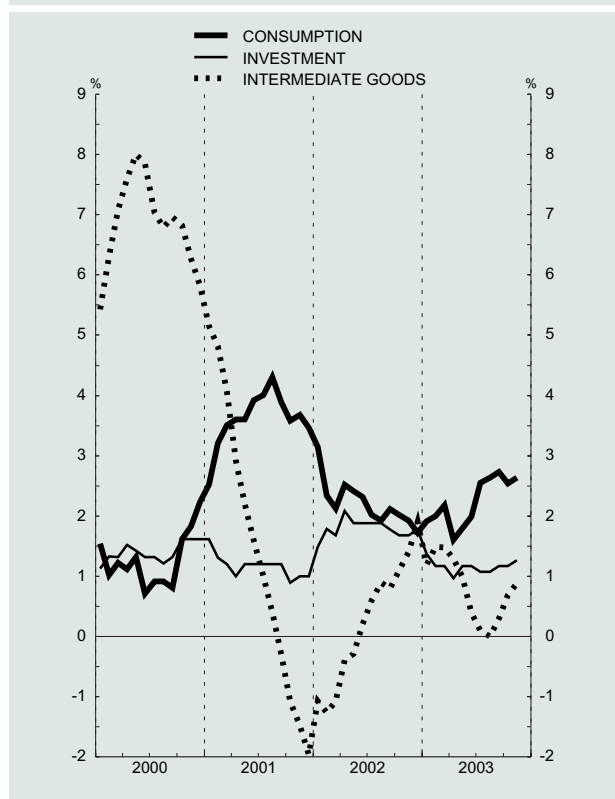
Annual percentage changes

		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	MP	100.0	—	5.4	—	1.3	—	1.4	—	6.8	—	22.7	5.3	1.6	0.6	5.0	17.3
01	MP	101.7	—	1.7	—	3.6	—	1.2	—	1.4	—	-2.0	2.2	3.0	0.8	1.2	3.0
02	MP	102.4	—	0.7	—	2.2	—	1.8	—	0.2	—	-1.3	-0.1	1.0	0.8	-0.3	-1.9
02 J-N	MP	102.4	—	0.6	—	2.3	—	1.8	—	0.1	—	-1.9	-0.2	1.0	0.8	-0.4	-2.4
03 J-N	MP	103.9	—	1.5	—	2.2	—	1.2	—	0.8	—	1.6	1.6	1.3	0.4	0.8	4.3
02 Aug	P	102.6	0.2	0.7	0.2	1.9	-	1.9	-	0.9	1.0	-1.7	-	0.7	0.7	0.3	-2.0
Sep	P	103.0	0.4	1.0	0.2	2.1	-	1.8	-0.1	0.8	2.0	-0.3	0.2	0.9	0.7	0.4	-1.5
Oct	P	103.2	0.2	1.7	-0.1	2.0	-	1.7	-0.2	1.1	1.4	3.8	1.0	0.9	0.6	0.8	2.2
Nov	P	102.6	-0.6	1.7	-0.1	1.9	0.1	1.7	-0.1	1.4	-2.7	4.1	1.1	1.1	0.7	1.1	2.3
Dec	P	102.7	0.1	2.0	-	1.7	0.1	1.8	-	1.9	0.4	6.2	1.5	1.2	0.7	1.1	3.8
03 Jan	P	103.8	1.1	2.5	0.7	1.9	0.4	1.4	0.5	1.2	3.8	7.4	2.2	1.1	0.3	1.4	6.9
Feb	P	104.4	0.6	2.9	0.4	2.0	0.2	1.2	0.5	1.5	1.3	8.9	2.6	1.3	0.2	1.7	8.4
Mar	P	105.0	0.6	3.0	0.6	2.2	0.1	1.2	0.2	1.5	1.8	9.5	2.4	1.2	0.2	1.7	7.5
Apr	P	103.9	-1.0	1.4	-0.2	1.6	0.1	1.0	0.1	1.3	-5.6	1.3	1.7	1.1	0.2	1.5	3.4
May	P	103.4	-0.5	0.7	0.2	1.8	0.2	1.2	-0.1	1.0	-3.3	-2.3	1.3	1.6	0.3	1.3	1.8
Jun	P	103.3	-0.1	0.9	0.1	2.0	-	1.2	-0.4	0.4	-0.2	-0.9	1.4	1.2	0.4	0.7	3.2
Jul	P	103.5	0.2	1.1	0.6	2.5	-0.1	1.1	-0.3	0.1	0.7	0.2	1.3	1.2	0.4	0.2	3.8
Aug	P	103.7	0.2	1.1	0.3	2.6	-	1.1	-0.1	-	0.9	0.1	1.3	1.2	0.4	-0.1	4.5
Sep	P	103.8	0.1	0.8	0.3	2.7	0.1	1.2	0.2	0.3	-0.6	-2.4	1.1	1.4	0.5	-	2.3
Oct	P	103.8	-	0.6	-0.3	2.5	-	1.2	0.2	0.7	0.2	-3.6	0.9	1.3	0.5	0.1	1.7
Nov	P	103.9	0.1	1.3	-	2.6	0.2	1.3	0.1	0.9	0.5	-0.4	1.4	1.5	0.5	0.3	3.4

PRODUCER PRICE INDEX. TOTAL  
Annual percentage changes



PRODUCER PRICE INDEX. COMPONENTS  
Annual percentage changes



Sources: INE and ECB.

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

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



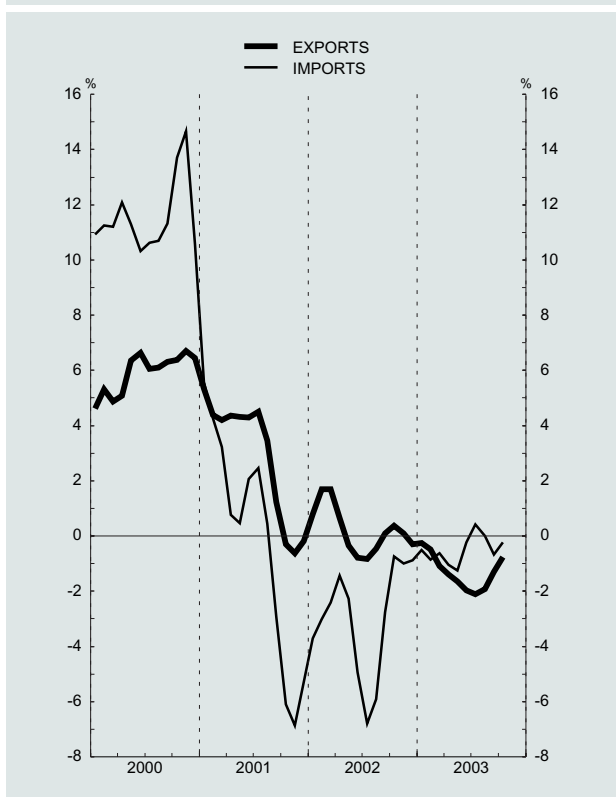
## 5.4 Unit value indices for Spanish foreign trade

■ Series depicted in chart.

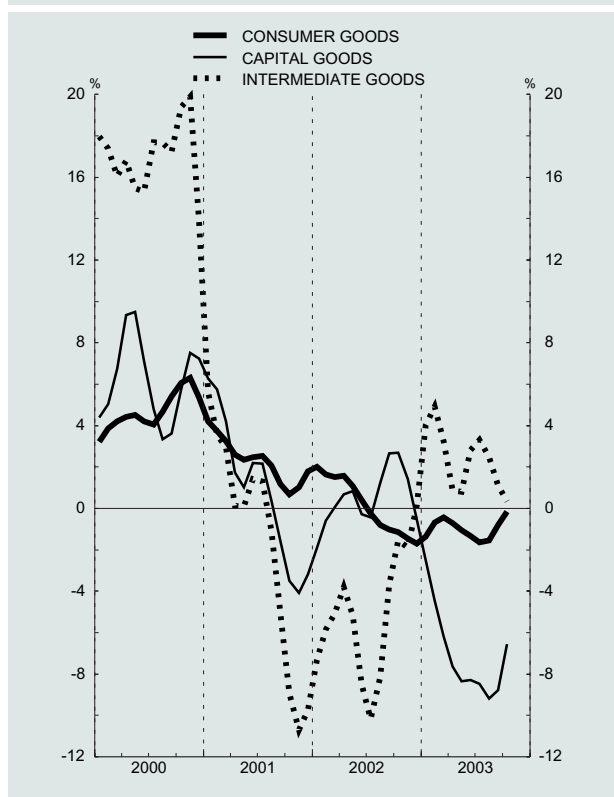
Annual percentage changes

	Exports/dispatches						Imports/arrivals					
	Total	Consumer goods	Capital goods	Intermediate goods			Total	Consumer goods	Capital goods	Intermediate goods		
				Total	Energy	Non-energy				Total	Energy	Non-energy
	1	2	3	4	5	6	7	8	9	10	11	12
<b>00</b>	6.2	6.1	-0.9	8.9	80.1	6.6	13.0	5.6	6.9	18.8	94.6	8.0
<b>01</b>	2.7	4.1	6.2	-0.2	2.6	1.0	-0.4	1.7	0.9	-1.9	-7.9	0.1
<b>02</b>	0.2	-0.8	12.2	-2.4	-6.4	-1.8	-3.1	-0.5	0.6	-5.3	-5.3	-4.2
<b>02 J-O</b>	0.4	-0.4	14.3	-3.0	-10.4	-2.2	-3.4	-0.0	0.7	-5.9	-8.8	-4.2
<b>03 J-O</b>	-1.2	-0.8	-9.7	1.1	9.9	-0.4	-0.2	0.1	-7.2	1.7	2.9	1.7
<b>02 May</b>	-1.4	-2.2	20.3	-6.3	-13.4	-5.5	-1.7	1.4	7.3	-5.7	-4.5	-5.3
<b>Jun</b>	-0.1	-3.3	11.1	-0.4	-6.7	-0.2	-5.4	-0.1	-3.9	-8.3	-18.8	-6.5
<b>Jul</b>	-2.1	-3.1	4.0	-3.3	-18.0	-2.5	-7.5	0.3	-6.0	-11.3	-15.4	-9.8
<b>Aug</b>	0.2	0.9	8.1	-2.2	-13.0	-1.4	-8.2	-12.3	3.9	-9.2	-9.1	-6.1
<b>Sep</b>	-0.4	1.1	-2.1	-1.6	-2.3	-1.2	-0.9	-1.1	5.5	-2.3	-1.5	-0.2
<b>Oct</b>	1.1	-1.0	9.5	0.1	4.0	0.1	-0.0	-0.2	4.2	-1.1	14.3	-2.6
<b>Nov</b>	0.6	-0.6	4.6	1.1	4.5	1.3	-0.5	-1.3	5.2	-2.0	12.0	-3.6
<b>Dec</b>	-1.9	-4.8	-0.2	-0.2	22.5	-0.1	-3.3	-4.4	-4.4	-2.2	12.9	-4.3
<b>03 Jan</b>	0.8	4.7	-8.0	0.4	18.1	-1.4	3.6	-4.0	2.0	7.4	36.6	2.7
<b>Feb</b>	0.3	0.5	-11.3	3.9	30.5	2.6	-5.1	2.7	-8.9	-6.9	28.5	-13.5
<b>Mar</b>	-2.1	-3.5	-5.4	0.0	31.8	-2.3	2.9	1.4	-3.0	5.3	25.0	2.0
<b>Apr</b>	-1.3	0.5	-8.1	-0.0	1.6	-2.0	-2.5	-0.1	-10.9	-0.9	-4.5	0.6
<b>May</b>	-0.9	-2.0	-9.2	2.1	3.0	0.9	-2.0	-1.9	-10.0	0.4	-13.8	4.1
<b>Jun</b>	-3.2	-1.4	-14.8	-0.8	-6.0	-1.4	0.7	-0.6	-7.2	3.8	-9.8	8.3
<b>Jul</b>	-0.9	2.6	-16.0	1.0	9.0	0.0	-	-3.4	-7.2	3.2	-6.0	5.4
<b>Aug</b>	-3.8	-6.1	-15.9	1.6	7.7	-0.7	1.5	4.5	-9.1	2.9	-3.3	3.6
<b>Sep</b>	-0.2	-0.4	-2.6	1.2	-2.8	-0.4	-2.8	-0.2	-17.7	0.9	-9.6	0.5
<b>Oct</b>	-0.8	-2.6	-5.3	1.5	6.9	0.3	0.8	2.8	-0.6	-0.1	-12.3	2.3

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).

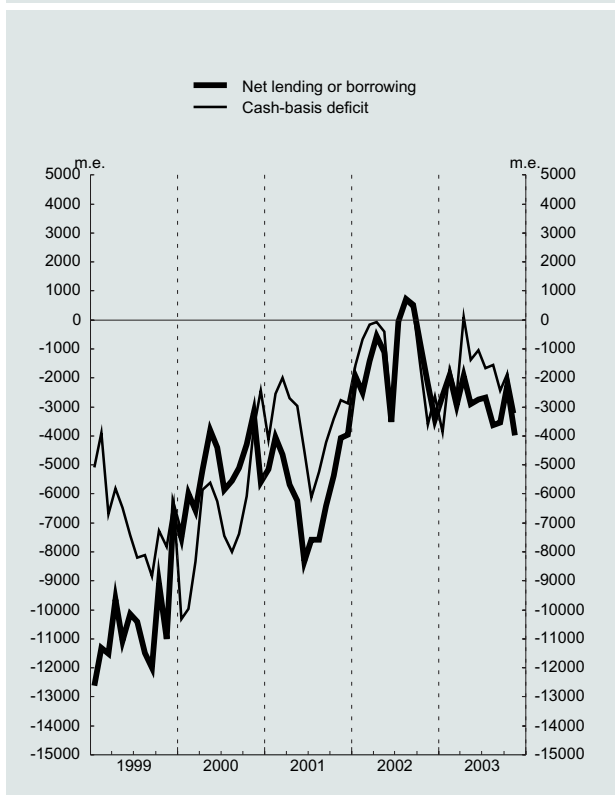
## 6.1. State resources and uses according to the National Accounts (a). Spain

■ Series depicted in chart.

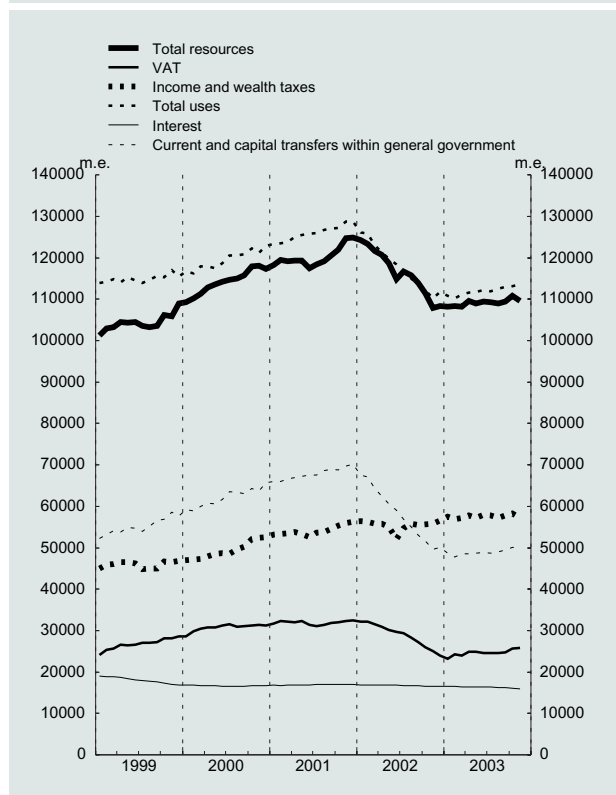
EUR millions

		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	46 886	11 264	115 547	17 363	16 912	57 721	3 034	20 517	-6 354	110 370	116 724	
00		-5 592	117 346	31 262	17 171	5 210	52 526	11 177	122 938	15 806	16 726	65 635	3 705	21 066	-2 431	118 693	121 124	
01	P	-3 956	124 838	32 433	17 838	6 712	56 267	11 588	128 794	16 067	16 940	70 251	3 379	22 157	-2 884	125 193	128 077	
02	A	-3 420	108 387	24 001	11 426	5 326	56 612	11 022	111 807	16 979	16 550	50 112	3 350	24 816	-2 626	108 456	111 082	
02 J-N	A	5 712	100 469	23 829	10 576	4 681	52 744	8 639	94 757	14 819	15 182	44 229	1 955	18 572	-332	99 585	99 917	
03 J-N	A	5 156	101 677	25 619	10 026	4 215	53 311	8 506	96 521	15 371	14 585	44 270	1 996	20 299	-902	101 115	102 017	
02 Dec	A	-9 132	7 918	172	850	645	3 868	2 383	17 050	2 160	1 368	5 883	1 395	6 244	-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	
Jun	A	-8 065	2 571	-488	887	343	382	1 447	10 636	2 176	1 323	4 609	212	2 316	-7 123	2 032	9 155	
Jul	A	5 176	13 619	3 971	1 134	175	7 818	521	8 443	1 324	1 378	3 868	46	1 827	1 652	14 185	12 533	
Aug	A	-1 659	6 484	-1 839	787	314	6 207	1 015	8 143	1 313	1 333	3 657	81	1 759	-765	6 628	7 393	
Sep	A	-502	8 185	2 401	1 084	162	3 567	971	8 687	1 350	1 260	4 053	260	1 764	-418	7 687	8 105	
Oct	A	8 320	17 681	5 157	959	201	10 937	427	9 361	1 282	1 308	4 915	231	1 625	7 274	18 205	10 931	
Nov	A	-3 420	6 457	788	971	883	3 027	788	9 877	1 359	1 236	4 453	307	2 522	-1 752	6 379	8 131	

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).

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

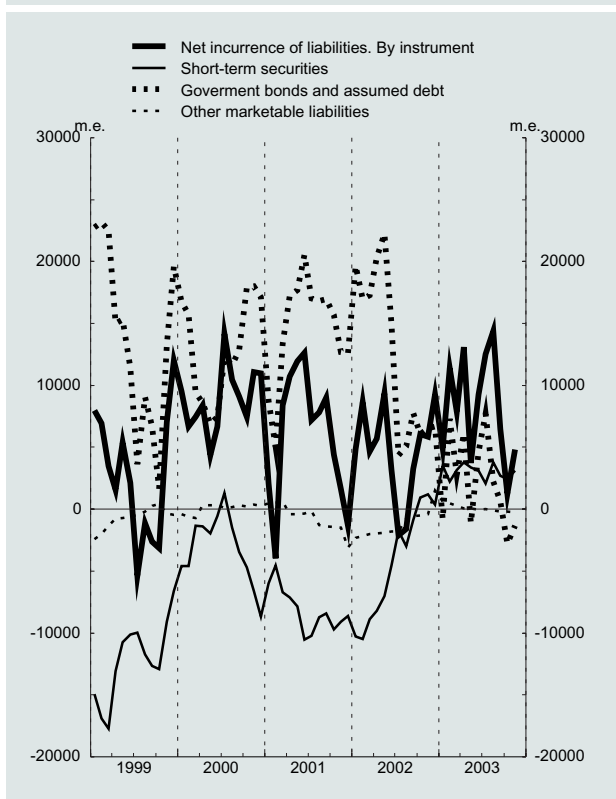
## 6.2. State financial transactions (a). Spain

■ Series depicted in chart.

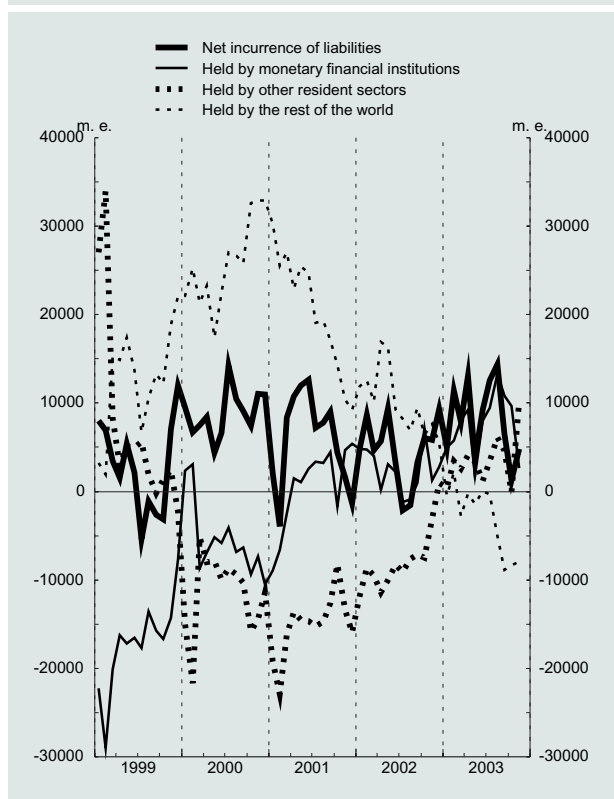
EUR billions

	Net lending (+) or net borrowing(-)	Net acquisition of financial assets		Net incurrence of liabilities										Net incurrence of liabilities (excluding other accounts payable)		
		Of which		Total	Of which	By instrument					By counterpart sector					
						In currencies other than the peseta/ euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (b)	Other accounts payable	Held by resident sectors			Rest of the world	
												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	11 990	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	1 164	-8 683	17 129	-499	283	2 718	-21 975	-10 554	-11 421	32 924	8 231
01	P	-3 956	-5 294	-20 141	-1 338	827	-8 616	12 546	-499	-3 101	-1 668	-10 545	5 386	-15 931	9 206	330
02	A	-3 420	5 853	-95	9 273	-888	346	6 660	-486	1 488	1 265	3 805	2 797	1 007	5 468	8 008
02 J-N	A	5 712	11 452	-96	5 740	-928	785	4 044	-	1 398	-487	781	942	-161	4 959	6 227
03 J-N	A	5 156	6 440	-0	1 284	-142	3 540	-3 969	-	-339	2 052	9 753	783	8 971	-8 469	-768
02 Dec	A	-9 132	-5 599	0	3 533	40	-439	2 616	-486	90	1 752	3 023	1 855	1 168	509	1 781
03 Jan	A	1 599	-6 981	-0	-8 580	-39	2 994	-10 919	-	-50	-605	-2 396	2 173	-4 569	-6 184	-7 975
Feb	A	7 161	10 081	0	2 920	26	-956	3 177	-	-93	792	1 841	858	983	1 079	2 128
Mar	A	-5 118	-2 796	-1	2 322	-64	603	1 546	-	-103	276	4 012	2 209	1 803	-1 690	2 046
Apr	A	7 391	14 165	-4	6 774	16	745	6 115	-	-114	28	2 187	1 668	519	4 587	6 746
May	A	-5 727	-8 555	4	-2 828	-14	-419	-1 668	-	37	-779	-2 952	-4 420	1 469	124	-2 050
Jun	A	-8 065	-3 298	-2	4 767	35	-292	4 617	-	33	409	6 049	6 642	-594	-1 282	4 358
Jul	A	5 176	-479	2	-5 655	-113	880	-7 759	-	11	1 212	-3 364	-3 341	-23	-2 292	-6 868
Aug	A	-1 659	-285	1	1 374	-39	-710	-3 020	-	-59	5 163	5 353	2 361	2 993	-3 979	-3 789
Sep	A	-502	-30	-1	472	-14	14	4 479	-	-2	-4 019	-565	713	-1 278	1 037	4 491
Oct	A	8 320	3 846	-1	-4 474	32	-96	-3 449	-	22	-951	-5 015	-1 667	-3 348	541	-3 523
Nov	A	-3 420	773	-1	4 193	32	777	2 913	-	-22	525	4 603	-6 412	11 015	-410	3 668

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



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



Source: BE.

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

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

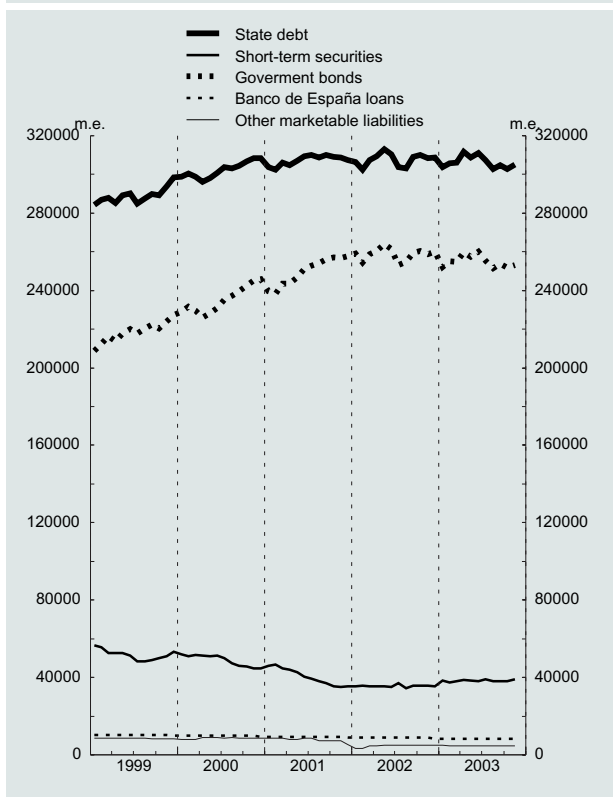
### 6.3. State: Liabilities outstanding. Spain

■ Series depicted in chart.

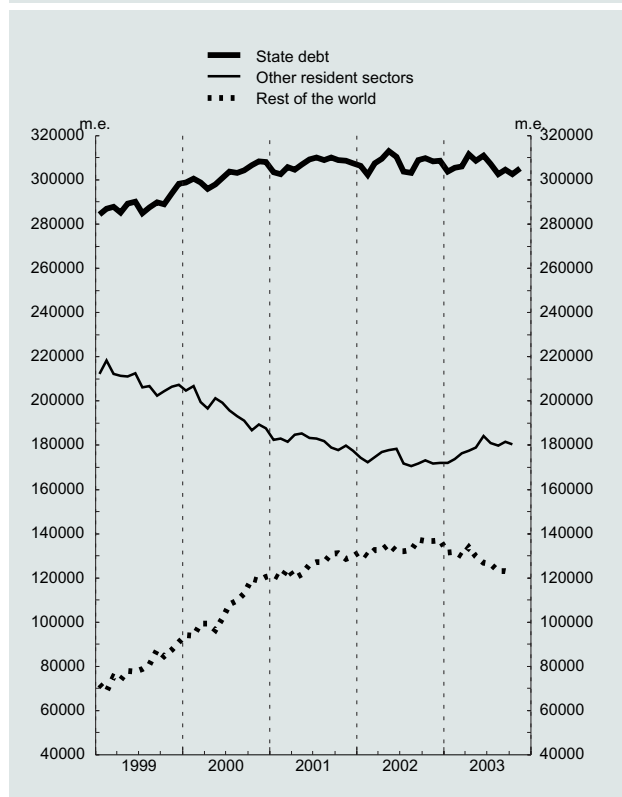
EUR millions

	Liabilities outstanding (excluding other accounts payable)										Memorandum item:		
State debt according to the methodology of the excessive deficit procedure	of which		By instrument				By counterpart sector				Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level	
	In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world				
						Total	General government	Other resident sectors					
1	2	3	4	5	6	7	8	9	10	11	12		
96		263 963	20 434	81 084	152 293	10 814	19 772	210 489	529	209 960	54 003	15 195	8 185
97		274 168	23 270	71 730	180 558	10 578	11 303	211 530	445	211 085	63 083	9 829	7 251
98		284 153	30 048	59 939	205 182	10 341	8 691	215 200	305	214 895	69 258	10 273	6 412
99		298 378	7 189	53 142	227 151	9 843	8 243	207 458	150	207 308	91 070	14 846	5 310
00		308 212	8 197	44 605	245 711	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 Sep	P	308 928	6 089	35 666	259 554	8 845	4 863	175 609	3 970	171 640	137 288	305	7 063
Oct	P	309 866	6 044	35 795	260 332	8 845	4 893	177 084	3 970	173 115	136 751	300	7 046
Nov	P	308 431	6 011	35 847	258 843	8 845	4 896	177 454	5 713	171 741	136 691	299	6 920
Dec	P	308 792	5 823	35 459	260 060	8 359	4 914	177 561	5 648	171 913	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
May	A	308 676	5 129	38 376	257 420	8 359	4 521	185 234	6 309	178 926	129 750	300	6 051
Jun	A	310 980	5 264	38 055	259 999	8 359	4 567	191 317	7 118	184 198	126 782	298	6 079
Jul	A	307 269	5 313	38 895	255 475	8 359	4 540	188 595	7 667	180 927	126 342	299	6 070
Aug	A	302 704	5 597	38 171	251 608	8 359	4 566	187 785	8 043	179 741	122 963	300	6 098
Sep	A	304 674	5 437	38 151	253 628	8 359	4 535	190 795	9 109	181 686	122 988	299	6 894
Oct	A	302 699	5 504	38 061	251 717	8 359	4 562	189 430	9 109	180 321	122 378	300	6 832
Nov	A	305 064	5 329	38 912	253 268	8 359	4 525	...	9 009	...	...	300	7 112

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

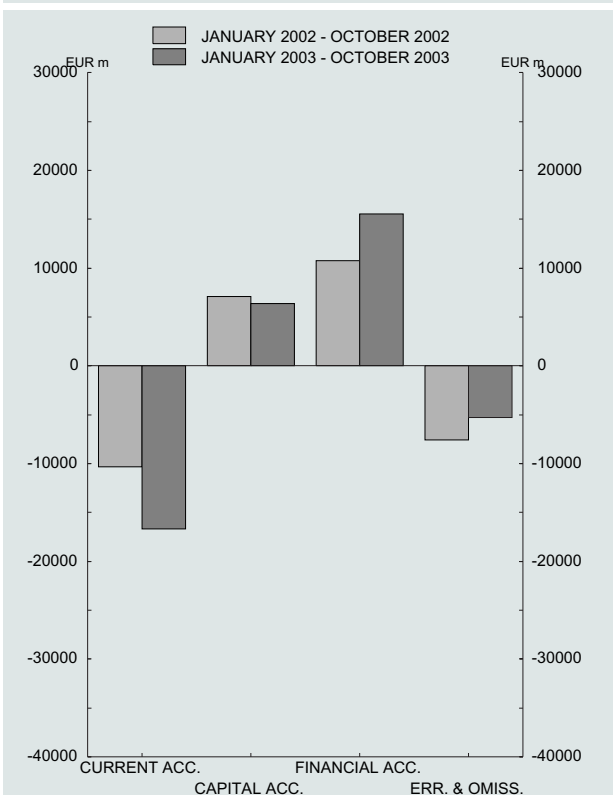
### Current account

■ Series depicted in chart.

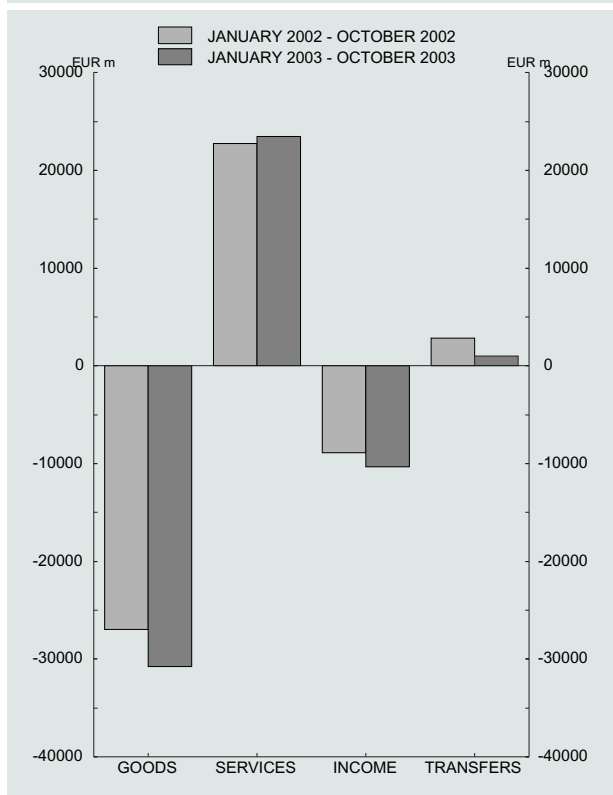
EUR millions

		Current account (a)													Capital account (balance)	Current account plus Capital account	Financial account (balance) (b)	Errors and omissions
		Total (balance)	Goods			Services				Income			Current transfers (balance)					
			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-O	-10 338	-26 984	110 281	137 264	22 720	55 754	30 540	33 035	5 954	-8 915	17 280	26 195	2 841	7 116	-3 222	10 784	-7 562
03	J-O	P -16 657	-30 794	116 962	147 756	23 462	57 650	31 777	34 188	6 141	-10 338	18 522	28 859	1 012	6 388	-10 269	15 526	-5 258
02	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
	May	P -964	-2 928	12 581	15 509	2 848	6 080	3 413	3 231	478	-574	1 661	2 235	-310	603	-361	570	-209
	Jun	P -1 922	-2 942	12 020	14 962	2 616	6 003	3 373	3 387	610	-1 274	1 700	2 974	-322	1 587	-335	573	-238
	Jul	P -2 080	-3 660	11 389	15 049	3 570	7 348	4 461	3 778	794	-1 777	2 228	4 005	-213	359	-1 722	2 030	-308
	Aug	P -267	-3 407	8 481	11 888	3 596	6 752	4 327	3 156	737	-460	1 981	2 441	3	942	675	-179	-496
	Sep	P -3 071	-4 143	11 940	16 083	2 127	5 697	3 203	3 570	754	-885	1 746	2 631	-170	173	-2 898	3 445	-547
	Oct	P -1 639	-3 292	13 434	16 726	2 489	6 227	3 647	3 738	752	-1 024	1 932	2 957	187	880	-760	1 626	-867

#### 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

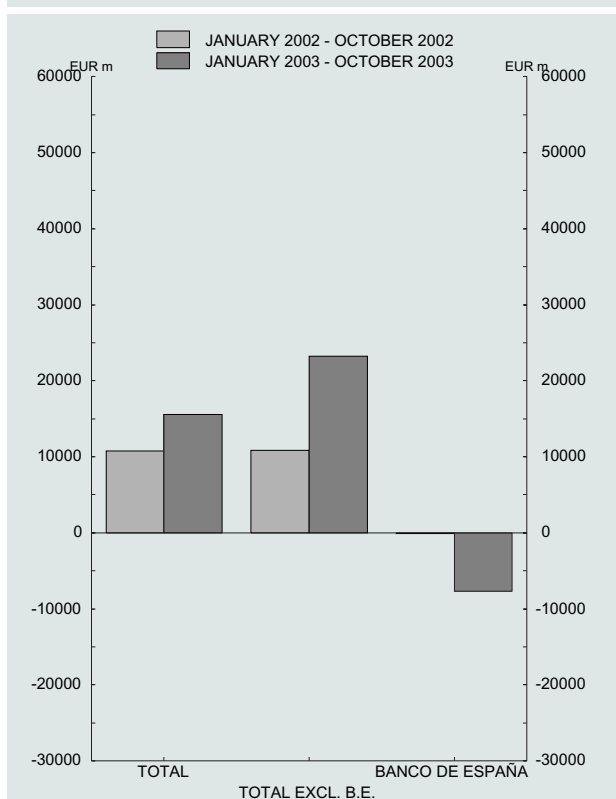
### Financial account (a)

■ Series depicted in chart.

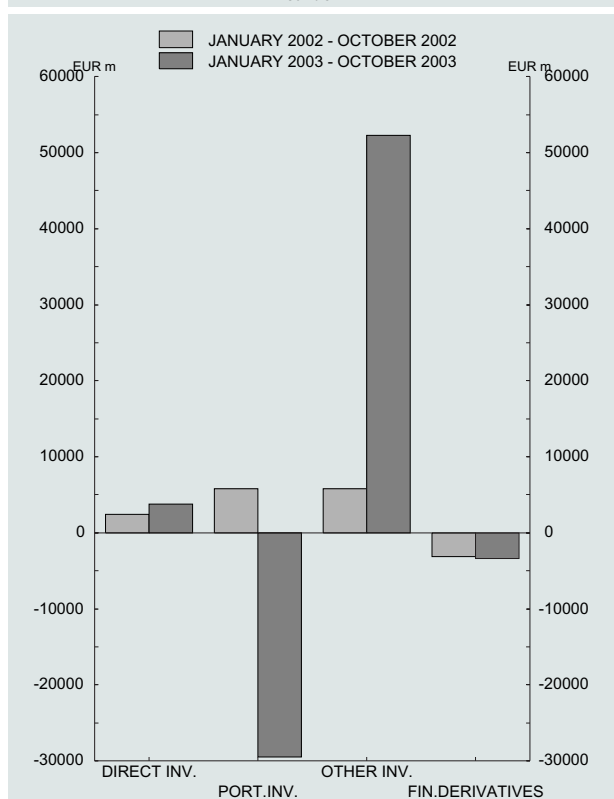
EUR millions

	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-O		10 784	10 851	2 444	16 458	18 902	5 763	25 681	31 444	5 776	31 396	37 172	-3 132	-67	-1 504	985	452	30 427	37 640
03 J-O	P	15 526	23 185	3 765	9 862	13 627	-29 471	57 587	28 116	52 294	2 540	54 834	-3 403	-7 658	10 356	-3 439	14 575	6 019	53 907
02 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
May	P	570	3 432	-544	906	362	-2 330	5 431	3 101	7 751	-6 063	1 689	-1 445	-2 862	1 630	-2 711	-1 781	-3 324	1 333
Jun	P	573	-1 099	1 777	766	2 543	-139	1 481	1 342	-3 177	-3 067	-6 243	441	1 672	658	1 602	-588	-4 650	-5 724
Jul	P	2 030	349	-1 074	1 957	883	-11 269	10 961	-308	12 978	1 432	14 410	-286	1 681	3 284	1 546	-3 148	-127	13 992
Aug	P	-179	12 733	-897	2 526	1 629	-9 014	5 301	-3 713	-2 919	6 363	3 444	97	12 553	1 748	12 612	-1 807	-6 269	3 395
Sep	P	3 445	15 278	-462	1 469	1 007	1 655	5 432	7 087	14 434	-6 646	7 788	-349	-11 833	585	-9 607	-2 811	2 961	7 701
Oct	P	1 626	7 381	-136	1 487	1 351	6 160	659	6 819	1 421	-545	876	-64	-5 754	187	-3 874	-2 067	3 362	940

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

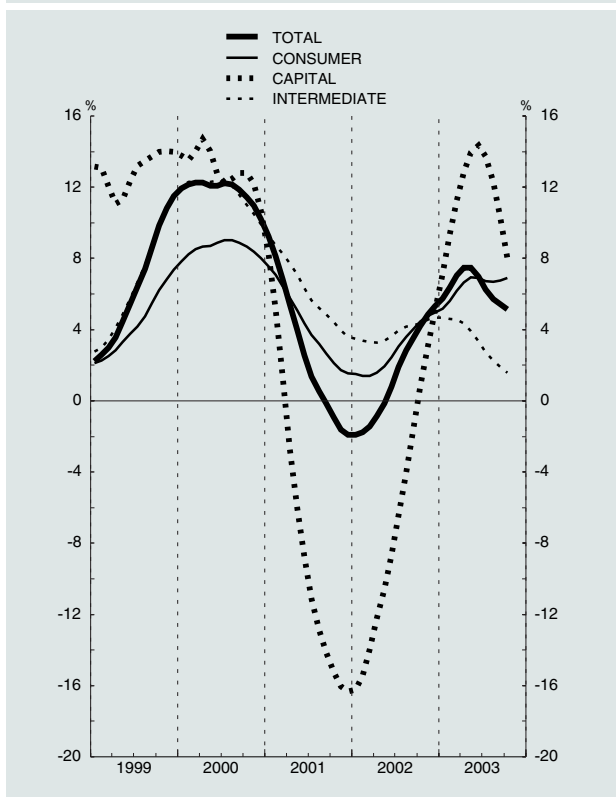
### 7.3 Spanish foreign trade with other euro area countries and with the rest of the world. Exports and dispatches

■ Series depicted in chart.

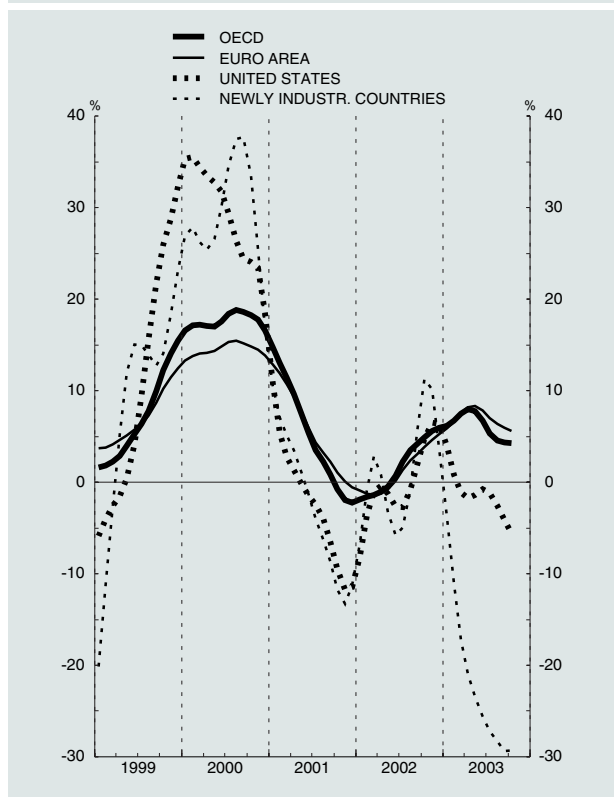
EUR millions and annual percentage changes

	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 industrial- ised countries	Other
						Total	Energy	Non- energy	Total	Euro- pean Union	of which: Euro area	United States of America	Other OECD members				
						6	7	8	9	10	11	12	13				
	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 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	2.3	14.8	1.2	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	4.5	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
May	12 357	10.8	11.8	16.9	18.1	6.1	54.4	5.1	12.9	14.3	17.4	-9.2	14.4	6.2	-1.4	-23.8	4.9
Jun	11 680	9.2	12.8	12.4	35.5	7.0	32.1	6.3	9.2	13.8	13.8	13.5	7.3	-12.9	27.8	-25.5	12.5
Jul	11 431	2.4	3.4	3.5	25.1	-2.2	-6.7	-2.1	4.5	4.4	5.3	-0.8	4.9	-16.8	-9.6	-30.5	1.8
Aug	8 268	-5.8	-2.1	-3.0	13.7	-5.2	60.1	-7.0	-6.9	-1.8	-3.7	-5.2	-8.5	0.3	-21.8	-28.7	8.2
Sep	11 708	11.3	11.5	11.8	24.5	7.5	45.7	6.4	13.4	14.3	13.6	-1.9	14.2	-1.8	-13.1	-21.0	7.4
Oct	13 069	3.6	4.4	8.5	0.1	2.8	17.0	2.4	3.8	-0.2	3.4	-3.3	5.7	-5.9	13.7	-42.8	9.4

**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.



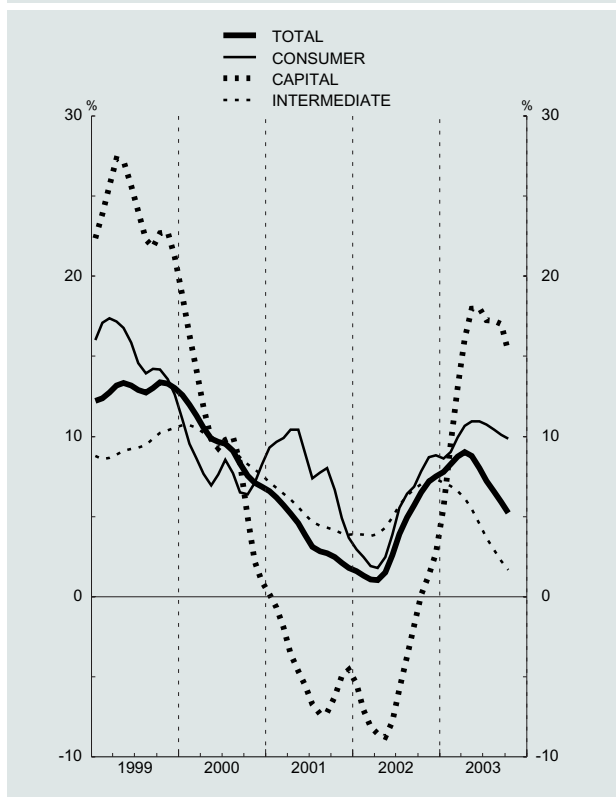
## 7.4 Spanish foreign trade with other euro area countries and with the rest of the world. Imports and arrivals

■ Series depicted in chart.

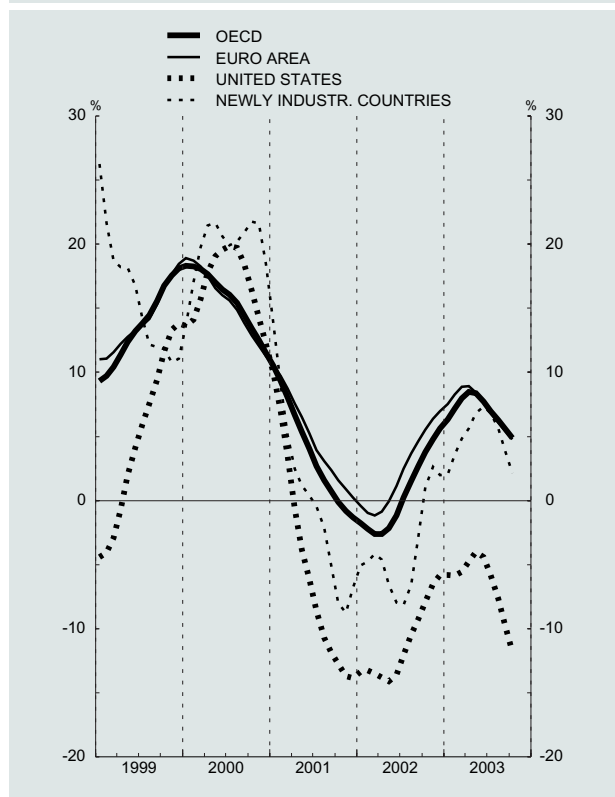
EUR millions and annual percentage changes

	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 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	15.5	16.5	-5.1	19.7	8.1	2.4	7.6	-13.0	11.8	9.1	-16.8	6.5	5.1	
Mar	15 667	16.3	13.0	15.8	16.1	11.0	-0.4	12.6	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	16.3	9.2	7.0	9.4	9.5	5.7	11.3	-22.6	13.6	3.8	17.2	-12.2	-2.0	
May	16 047	9.9	12.2	12.5	34.0	6.5	2.0	7.0	12.2	9.6	10.3	39.3	11.2	9.0	7.8	8.0	-1.0	
Jun	15 426	9.7	8.9	11.0	18.0	5.6	-4.9	6.9	9.1	7.4	8.1	2.9	10.1	0.9	16.4	17.4	15.1	
Jul	15 496	7.2	7.2	16.2	18.1	0.8	13.4	-0.7	6.9	2.0	7.3	6.8	8.5	9.3	9.8	5.1	7.3	
Aug	12 088	1.8	0.3	3.4	1.0	-1.5	0.2	-1.7	1.7	-9.1	0.8	-11.4	5.7	-10.7	13.7	8.4	6.3	
Sep	16 558	11.6	14.9	17.2	56.6	3.6	21.1	1.8	11.4	5.8	11.5	-0.5	13.9	-12.7	35.4	4.0	21.1	
Oct	17 178	1.7	0.9	7.0	1.1	-1.9	-5.6	-1.5	3.7	2.4	2.5	-22.8	6.0	-9.7	29.3	-33.0	-2.8	

**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.

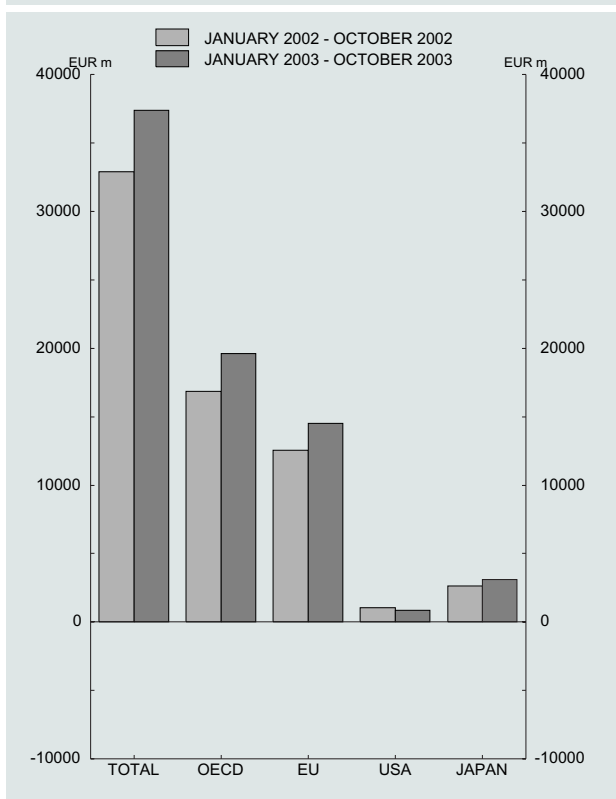
### Trade balance: geographical distribution

■ Series depicted in chart.

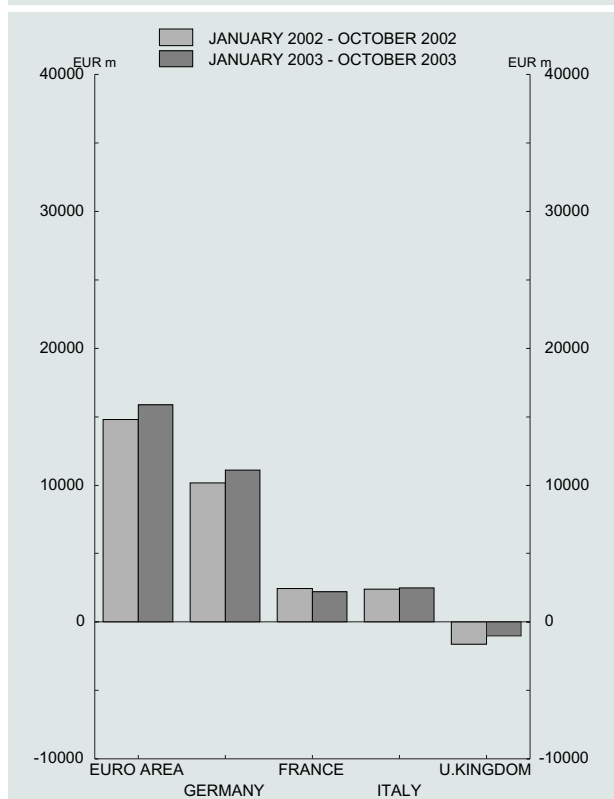
EUR millions

		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							
					Total	of which:											
						Germany	France	Italy									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
99		-34 305	-24 373	-17 970	-4 904	-8 169	-4 448	-3 572	-1 640	-11 425	-3 055	-3 301	-48	-4 642	885	-1 933	-4 243
00		-45 291	-26 645	-20 065	-5 968	-9 828	-4 873	-4 272	-1 861	-12 236	-2 707	-3 616	-258	-10 879	936	-2 151	-6 551
01		-43 439	-24 992	-17 987	-4 974	-11 539	-3 683	-4 283	-462	-12 551	-2 219	-3 159	-1 627	-9 501	420	-2 176	-7 190
02	P	-41 974	-22 719	-17 306	-19 620	-13 191	-3 341	-3 125	1 671	643	-1 376	-3 189	-849	-7 669	-919	-2 163	-8 504
02 J-O		-32 905	-16 864	-12 538	-14 790	-10 174	-2 446	-2 411	1 648	605	-1 061	-2 654	-611	-6 259	-849	-1 792	-7 141
03 J-O		-37 398	-19 614	-14 509	-15 888	-11 093	-2 227	-2 507	1 029	351	-862	-3 080	-1 164	-6 838	-1 408	-2 123	-7 416
02 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
May		-3 690	-2 108	-1 348	-1 406	-1 175	-139	-172	1	57	-252	-364	-144	-572	-113	-235	-661
Jun		-3 746	-2 123	-1 579	-1 725	-1 098	-275	-238	118	29	-50	-375	-119	-611	-84	-232	-696
Jul		-4 065	-2 282	-1 732	-2 021	-1 182	-219	-477	239	50	-59	-340	-150	-677	-162	-221	-724
Aug		-3 820	-2 154	-1 772	-1 722	-1 068	-227	-305	-69	19	-61	-205	-116	-600	-155	-187	-724
Sep		-4 850	-2 545	-2 096	-2 086	-1 369	-234	-416	-55	45	-97	-306	-45	-637	-308	-209	-1 153
Oct		-4 109	-2 281	-1 875	-1 863	-1 216	-332	-282	54	-66	48	-382	-71	-697	-278	-197	-657

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.

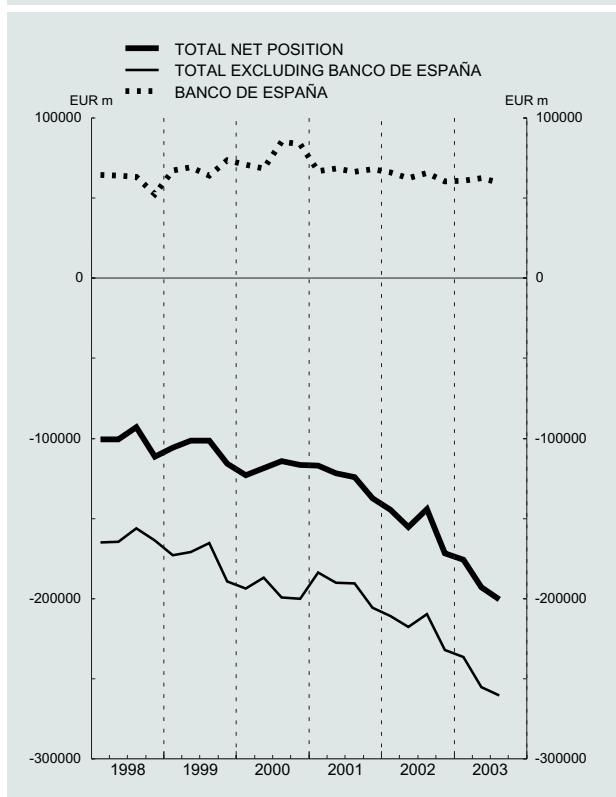
## 7.6. Spanish international investment position vis-à-vis other euro area residents and the rest of the world Summary

■ Series depicted in chart.

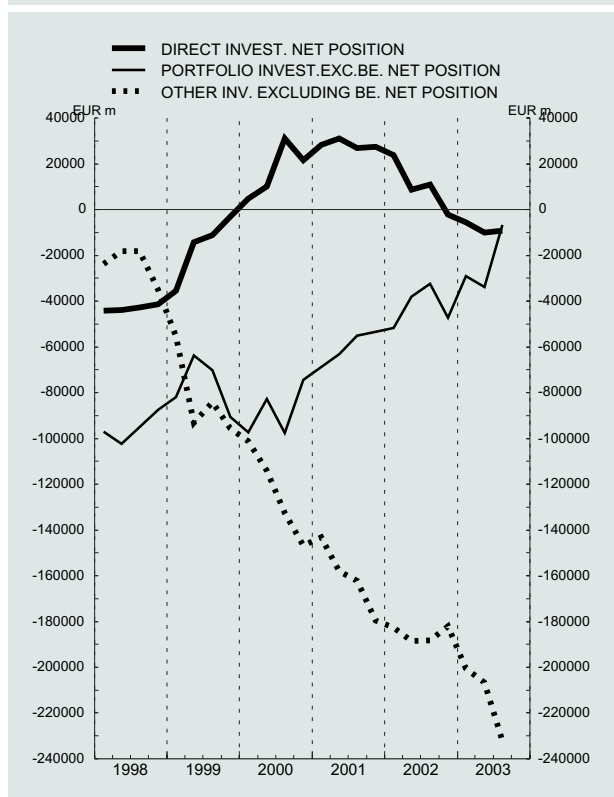
End-of-period stocks in EUR millions

		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	
95	P	-83 446	-110 812	-53 169	26 419	79 588	-72 944	13 310	86 254	15 301	128 920	113 619	27 366	27 263	-	102	
96	P	-87 069	-134 472	-53 223	31 973	85 196	-83 153	16 650	99 802	1 903	132 147	130 243	47 403	47 658	-	-256	
97	P	-90 607	-154 918	-45 447	45 849	91 295	-93 277	31 775	125 053	-16 194	141 760	157 954	64 311	64 174	-	137	
98	P	-111 244	-163 786	-41 320	60 064	101 384	-87 554	69 996	157 550	-34 912	158 775	193 687	52 542	52 095	-	447	
99	P	-115 628	-189 372	-3 177	112 275	115 452	-90 568	118 031	208 599	-95 626	148 073	243 699	73 743	37 288	36 028	427	
00	Q3	P	-114 265	-199 366	30 935	167 303	136 368	-97 681	158 576	256 257	-132 621	162 484	295 105	85 101	42 750	42 610	-259
	Q4	P	-116 399	-199 915	21 509	177 185	155 676	-74 528	186 044	260 572	-146 897	159 492	306 389	83 516	38 234	45 278	4
01	Q1	P	-116 790	-183 792	28 309	189 282	160 973	-68 802	200 135	268 937	-143 299	188 312	331 611	67 002	41 380	27 355	-1 732
	Q2	P	-121 588	-189 989	31 157	209 421	178 264	-63 190	216 662	279 853	-157 956	178 122	336 078	68 402	40 776	28 376	-751
	Q3	P	-124 017	-190 455	26 866	207 626	180 761	-55 061	216 650	271 711	-162 261	170 350	332 611	66 438	39 971	27 762	-1 296
	Q4	P	-137 531	-205 676	27 539	214 929	187 390	-53 513	235 232	288 745	-179 701	163 898	343 599	68 145	38 865	29 156	123
02	Q1	P	-144 690	-210 740	23 877	218 186	194 309	-51 832	245 667	297 499	-182 785	168 020	350 804	66 050	41 015	26 173	-1 139
	Q2	P	-155 253	-217 741	8 646	205 418	196 772	-37 926	254 092	292 018	-188 461	173 212	361 674	62 489	36 400	26 005	84
	Q3	P	-144 205	-209 855	10 907	211 231	200 323	-32 463	258 211	290 674	-188 300	177 613	365 913	65 651	38 425	27 657	-431
	Q4	P	-171 575	-232 212	-2 354	208 832	211 186	-47 879	260 618	308 497	-181 979	184 376	366 355	60 637	38 431	22 650	-445
03	Q1	P	-175 540	-236 587	-5 557	213 593	219 150	-30 603	279 692	310 295	-200 427	183 746	384 173	61 046	35 436	24 337	1 273
	Q2	P	-192 789	-255 266	-10 150	211 737	221 887	-38 508	292 983	331 491	-206 608	182 386	388 994	62 477	31 326	26 766	4 384
	Q3	P	-200 624	-260 383	-9 348	216 139	225 488	-18 774	314 350	333 124	-232 261	180 231	412 492	59 759	25 395	22 216	12 148

### 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').

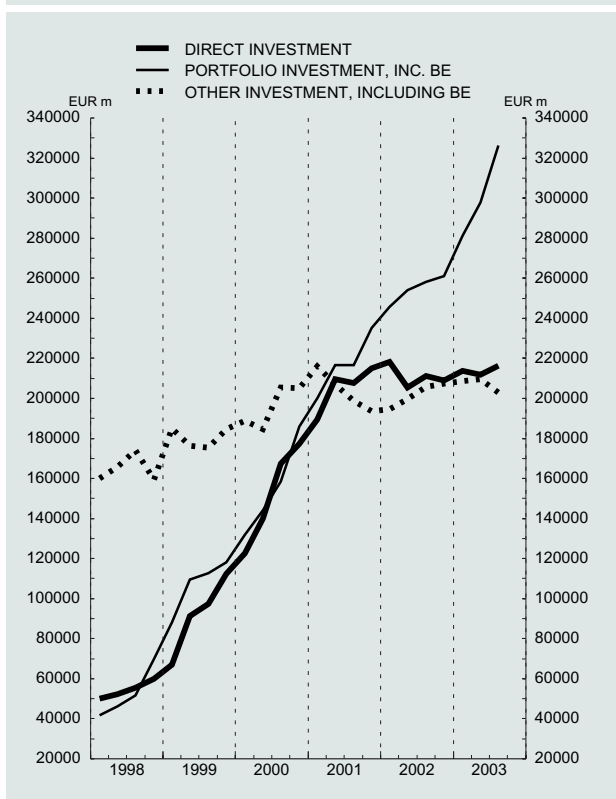
## 7.7. Spanish international investment position vis-à-vis other euro area residents and the rest of the world. Breakdown by investment

■ Series depicted in chart.

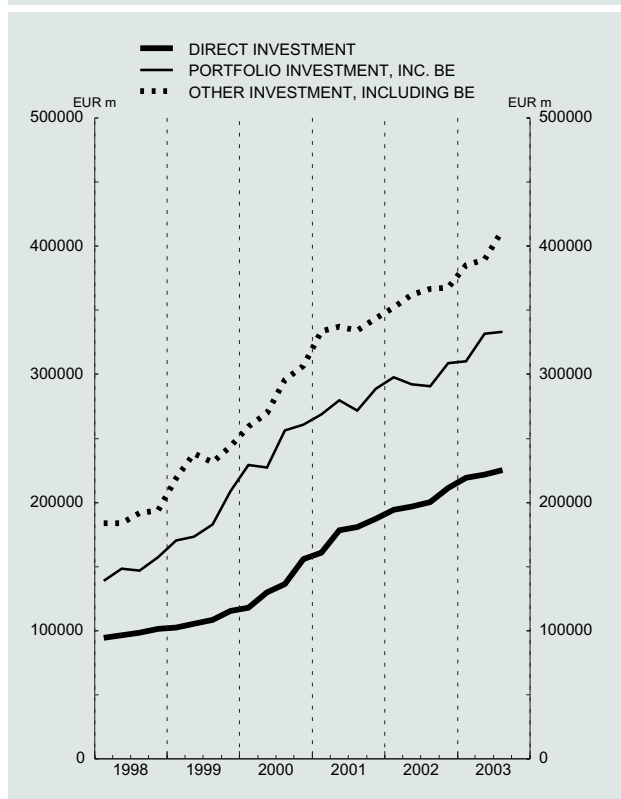
End-of-period stocks in EUR millions

		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
<b>95</b>	P	24 520	1 899	66 930	12 658	2 748	10 562	23 682	62 572	129 101	113 697
<b>96</b>	P	29 633	2 340	71 683	13 513	3 501	13 149	30 895	68 908	132 328	130 681
<b>97</b>	P	42 705	3 143	78 261	13 034	8 421	23 354	42 827	82 226	141 943	158 000
<b>98</b>	P	54 370	5 693	84 022	17 362	17 122	52 874	64 947	92 603	159 274	193 739
<b>99</b>	P	104 807	7 467	97 447	18 005	32 910	85 121	86 422	122 177	184 562	243 733
<b>00</b>	Q3	P	154 516	12 787	111 991	24 376	58 411	100 165	104 888	151 369	205 534
	Q4	P	164 136	13 049	129 955	25 721	76 253	109 792	97 709	162 864	205 228
<b>01</b>	Q1	P	172 430	16 852	132 506	28 467	78 652	121 483	99 517	169 420	216 092
	Q2	P	190 730	18 691	144 585	33 679	77 829	138 834	103 951	175 902	206 932
	Q3	P	187 128	20 499	146 839	33 922	75 104	141 547	88 212	183 499	198 554
	Q4	P	194 340	20 588	150 244	37 147	77 090	158 142	100 065	188 880	193 475
<b>02</b>	Q1	P	197 319	20 867	148 913	45 396	76 799	168 869	104 059	193 441	194 641
	Q2	P	188 547	16 871	151 671	45 101	74 302	179 790	92 524	199 493	199 665
	Q3	P	192 490	18 741	153 173	47 150	75 001	183 210	74 960	215 714	205 691
	Q4	P	189 896	18 936	160 545	50 641	72 223	188 881	80 626	227 871	207 466
<b>03</b>	Q1	P	195 405	18 187	169 129	50 020	71 026	210 271	78 368	231 927	208 549
	Q2	P	193 803	17 933	171 510	50 377	71 781	225 978	88 404	243 087	209 632
	Q3	P	199 420	16 719	173 490	51 998	75 876	250 491	87 078	246 046	202 892

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



Source: BE.

Nota: See footnote to Indicator 7.6

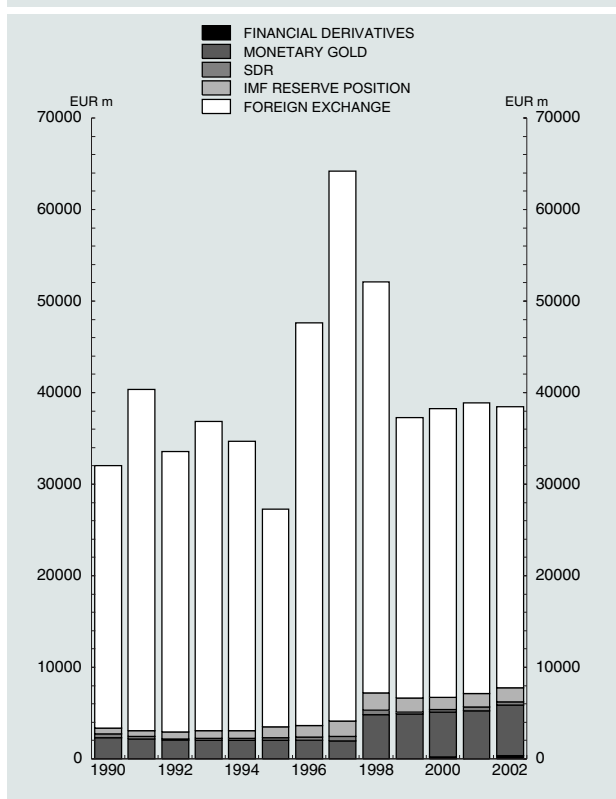
## 7.8. Spanish reserve assets

■ Series depicted in chart.

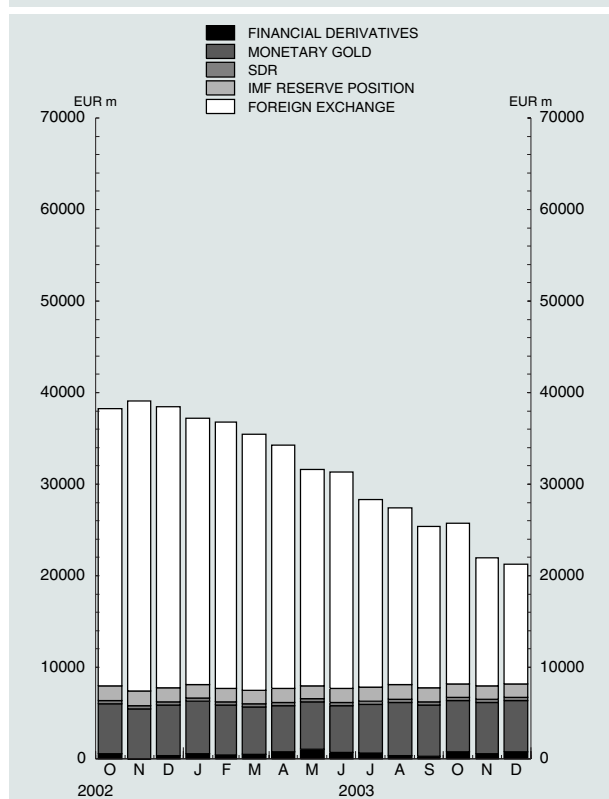
EUR millions

		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
<b>99</b>	R	37 288	30 639	1 517	259	4 873	...	16.8
<b>00</b>		38 234	31 546	1 271	312	4 931	175	16.8
<b>01</b>		38 865	31 727	1 503	398	5 301	-63	16.8
<b>02</b>	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
<b>03</b>	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	1 056	16.8
	Jun	31 326	23 650	1 531	330	5 083	731	16.8
	Jul	28 307	20 490	1 536	332	5 297	653	16.8
	Aug	27 436	19 336	1 625	340	5 763	373	16.8
	Sep	25 395	17 626	1 579	330	5 553	306	16.8
	Oct	25 744	17 528	1 505	332	5 592	787	16.8
	Nov	21 942	13 967	1 487	338	5 583	566	16.8
	Dec	21 229	13 073	1 476	328	5 559	793	16.8

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.

### 7.9. Spain's external debt vis-à-vis other euro area residents and the rest of the world Summary

End-of-period positions

EUR millions

	Total	General government						Other monetary financial institutions				
		Total	Short-term		Long-term			Total	Short-term		Long-term	
			Money market instruments	Loans	Bonds and notes	Loans	Trade credits		Money market instruments	Deposits	Bonds and notes	Deposits
	1	2	3	4	5	6	7	8	9	10	11	12
03 Q1	678 596	169 121	2 844	610	155 700	9 968	-	328 496	127	165 842	40 034	122 493
Q2	697 012	168 507	3 318	166	155 404	9 619	-	340 368	95	170 813	45 722	123 738
Q3	728 206	163 743	3 793	1 680	148 738	9 532	-	364 279	83	183 339	51 057	129 801

### 7.9.(cont.) Spain's external debt vis-à-vis other euro area residents and the rest of the world Summary

End-of-period positions

EUR millions

Monetary authority		Other residents sectors								Direct investment			
Total	Short-term	Total	Short-term			Long-term				Total	Vis-à-vis		
	Deposits		Money market instruments	Loans	Other liabilities	Bonds and notes	Loans	Trade credits	Other liabilities		Direct investors	Subsidiaries	
13	14	15	16	17	18	19	20	21	22	23	24	25	
03 Q1	798	798	118 482	2 574	19 050	123	30 648	65 383	435	269	61 699	32 549	29 150
Q2	870	870	123 206	2 374	17 616	77	36 174	66 288	427	249	64 061	32 671	31 391
Q3	313	313	130 517	2 280	20 051	78	40 097	67 360	408	243	69 354	32 301	37 054

Source: BE.

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

Average of daily data, EUR millions

	Net lending							Counterparts							
Total	Open market operations				Standing facilities		Autonomous factors					Other liabilities (net) in euro	Actual reserves of credit institutions	Debt certificates	
	Main refinancing operations	Longer-term refinancing operations	Fine-tuning and structural reverse operations (net)	Other	Marginal lending facility	Deposit facility	Total	Bank-notes	Net liabilities to general government	Gold and net assets in foreign currency	Other (net)				
	1=2+3+4 +5+6-7	2	3	4	5	6	7	8=9+10 -11+12	9	10	11	12	13	14	15
02 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
Jul	254 311	209 174	45 000	-	28	434	324	114 625	385 074	10 053	317 476	36 974	5 239	132 418	2 029
Aug	255 246	210 142	44 995	-	25	169	86	116 331	392 180	5 045	315 573	34 679	4 933	131 952	2 029
Sep	262 453	218 091	44 995	-	30	74	738	122 059	392 051	13 425	315 294	31 878	4 982	133 383	2 029
Oct	247 661	202 783	45 000	-	28	100	250	110 659	396 275	-48	322 998	37 431	4 604	130 368	2 029
Nov	254 542	209 544	44 999	-	40	85	125	117 552	400 813	2 428	321 118	35 430	4 528	131 360	1 103
Dec	284 335	238 653	45 000	-	20	755	92	146 710	424 335	7 259	319 186	34 302	4 250	132 321	1 054

## 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									Actual reserves of credit institutions	Banco de España certificates
	Open market operations					Standing facilities		Autonomous factors					Other liabilities (net) in euro					
	Total	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 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	-	
Jul	18 096	17 719	410	-	5	-	37	30 278	57 570	5 051	32 508	165	-24 062	-23 644	-418	11 880	-	
Aug	30 083	28 880	1 209	-	-5	-	-	30 350	57 898	4 681	29 732	-2 497	-12 216	-11 568	-648	11 949	-	
Sep	26 635	25 331	1 311	-	-1	-	6	29 945	57 317	6 077	28 723	-4 726	-16 374	-15 599	-775	13 064	-	
Oct	22 461	21 098	1 374	-	-1	0	11	29 058	57 688	6 847	28 698	-6 780	-18 702	-17 669	-1 033	12 105	-	
Nov	20 801	20 121	665	-	15	-	1	31 189	58 180	8 209	26 491	-8 709	-22 211	-21 156	-1 056	11 823	-	
Dec	25 566	25 044	519	-	1	4	2	31 667	61 277	6 017	25 557	-10 069	-18 163	-17 124	-1 039	12 063	-	

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



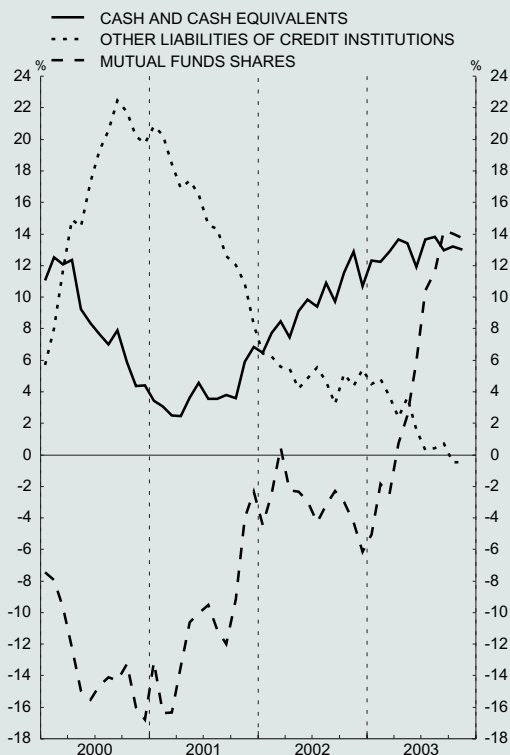
## 8.2 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of non-financial corporations, households and NPISHs resident in Spain

■ Series depicted in chart.

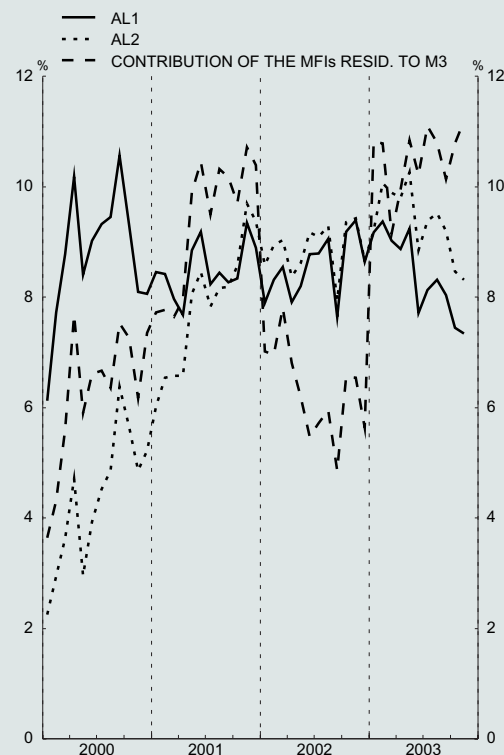
EUR millions and %

	Cash and cash equivalents					Other liabilities of credit institutions					Mutual funds shares					Memorandum items		
	Stocks	12-month % change	12-month % change			Stocks	12-month % change	12-month % change			Stocks	12-month % change	12-month % change			12-month % change		
			Cash	Sight deposits	Savings deposits (b)			Other deposits (c)	Repos + credit institutions' securities	Deposits in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds	AL1 (d)	AL2 (e)	Contribution of the MFIs resid. to M3
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
00	272 700	4.4	-0.4	9.1	2.4	221 046	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	322 417	10.7	23.4	10.3	6.5	252 273	5.4	6.9	-1.8	4.6	144 345	-6.1	12.9	9.2	-20.9	8.6	8.7	5.6
02 Aug	303 702	10.9	-4.7	17.0	11.9	251 542	4.6	6.0	3.2	-7.5	145 199	-3.2	24.3	14.3	-19.8	9.1	9.3	5.9
Sep	308 539	9.7	-1.9	14.5	9.8	248 957	3.2	5.1	-1.6	-8.6	142 743	-2.3	20.3	14.5	-18.2	7.6	7.9	4.9
Oct	305 322	11.5	3.3	16.7	9.8	253 146	5.1	7.1	-1.9	-2.9	144 919	-3.0	17.7	12.7	-18.0	9.2	9.4	6.6
Nov	315 459	12.9	8.6	17.8	9.7	252 523	4.4	6.3	-2.3	-4.8	146 234	-4.3	15.3	10.0	-18.5	9.4	9.4	6.5
Dec	322 417	10.7	23.4	10.3	6.5	252 273	5.4	6.9	-1.8	4.6	144 345	-6.1	12.9	9.2	-20.9	8.6	8.7	5.6
03 Jan	315 517	12.3	26.5	13.3	6.5	254 073	4.5	6.0	-0.7	-2.2	143 663	-5.1	15.2	9.8	-20.8	9.2	9.2	10.8
Feb	319 972	12.2	26.2	12.8	6.7	254 962	4.8	5.7	-3.3	11.9	147 210	-1.8	16.5	23.6	-20.8	9.4	10.1	10.8
Mar	327 084	12.9	36.5	12.6	5.5	254 335	3.7	4.6	-3.5	9.0	148 862	-2.5	13.1	27.2	-21.7	9.0	9.9	9.1
Apr	327 397	13.7	33.7	13.3	7.1	252 584	2.4	3.8	-3.7	-1.4	151 842	0.7	13.9	28.2	-16.9	8.9	9.8	10.0
May	331 134	13.4	29.7	12.4	8.6	255 006	3.7	5.6	-5.6	-0.0	153 938	2.5	12.7	30.5	-14.1	9.2	10.3	10.8
Jun	345 081	11.9	27.0	9.0	9.6	252 414	1.6	4.2	-7.5	-9.3	156 400	5.9	12.8	32.0	-8.7	7.7	8.9	10.2
Jul	346 429	13.6	25.7	11.2	11.6	250 093	0.3	2.5	-10.7	-2.8	159 848	10.4	14.2	34.5	-2.2	8.1	9.4	11.1
Aug	345 667	13.8	25.5	11.9	11.3	252 609	0.4	1.9	-8.5	0.6	162 056	11.6	15.3	33.6	-0.1	8.3	9.5	10.8
Sep	348 607	13.0	24.7	10.0	11.7	250 767	0.7	2.5	-8.0	-2.7	163 036	14.2	14.4	32.1	5.8	8.0	9.2	10.1
Oct	P 345 598	13.2	24.5	9.5	12.6	251 983	-0.5	0.8	-1.9	-12.6	165 245	14.0	12.7	28.4	8.3	7.4	8.5	10.8
Nov	P 356 470	13.0	24.1	8.9	13.0	251 335	-0.5	0.9	-5.4	-7.9	166 347	13.8	11.4	27.4	9.1	7.3	8.3	11.2

NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs  
Annual percentage change



NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs  
Annual percentage change



Source: BE.

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

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

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

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

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

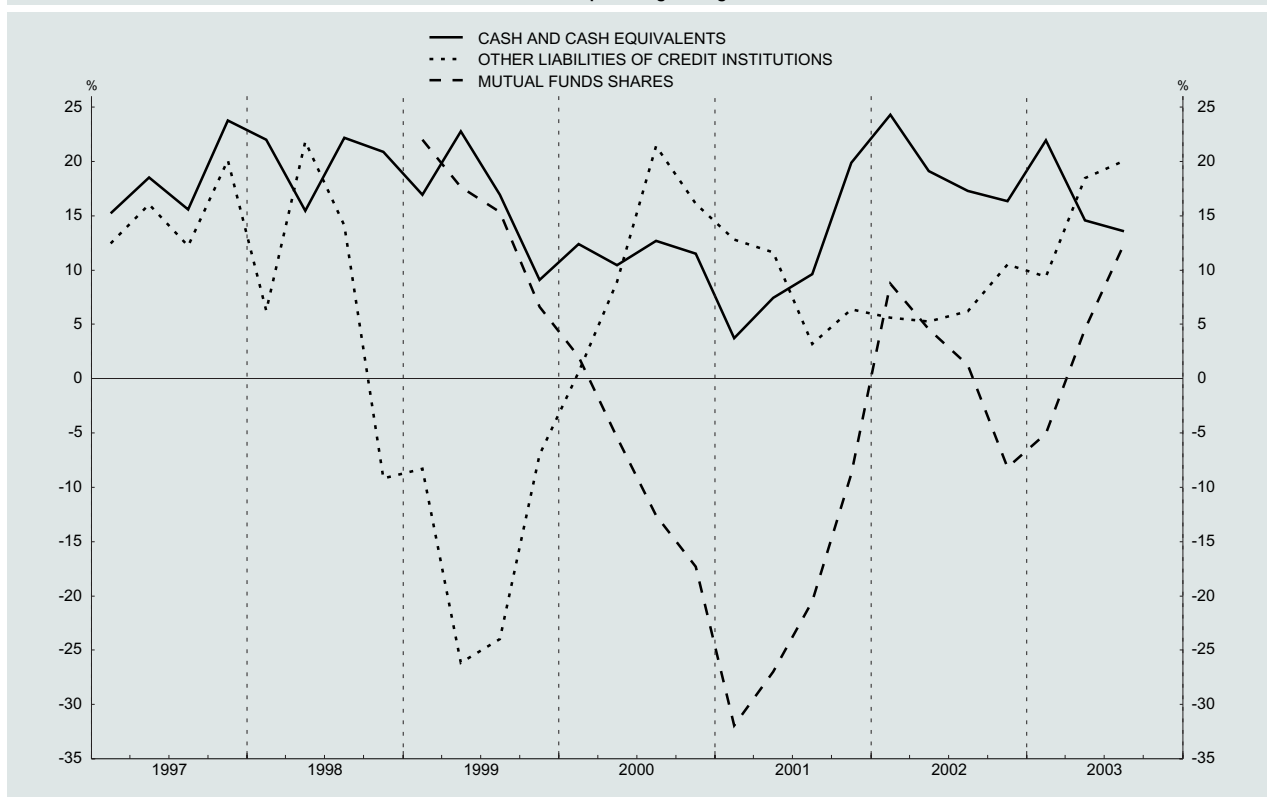
### 8.3 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of non-financial corporations resident in Spain

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents				Other liabilities of credit institutions				Mutual funds shares				
	Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		
			Cash and shigt deposits	Saving deposits (b)			Other deposits (c)	Repos + credit instit. securit. + dep. in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>00</b>	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
<b>01</b>	66 520	19.9	20.2	10.7	39 666	6.4	16.7	0.8	13 410	-8.8	40.7	5.2	-27.9
<b>02</b>	77 375	16.3	15.6	39.5	43 839	10.5	19.1	5.1	12 312	-8.2	4.1	8.3	-21.5
<b>01 Q1</b>	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
<b>Q2</b>	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
<b>Q3</b>	60 572	9.6	9.5	12.1	37 980	3.2	22.9	-6.8	12 352	-20.5	27.4	-12.0	-37.8
<b>Q4</b>	66 520	19.9	20.2	10.7	39 666	6.4	16.7	0.8	13 410	-8.8	40.7	5.2	-27.9
<b>02 Q1</b>	65 352	24.3	24.7	13.3	40 428	5.6	13.7	0.8	13 299	8.8	23.1	33.7	-4.9
<b>Q2</b>	71 442	19.1	19.1	19.6	40 454	5.2	10.1	2.2	12 964	4.6	28.5	26.6	-13.8
<b>Q3</b>	71 042	17.3	17.3	15.6	40 335	6.2	10.8	3.1	12 504	1.2	16.1	19.7	-14.5
<b>Q4</b>	77 375	16.3	15.6	39.5	43 839	10.5	19.1	5.1	12 312	-8.2	4.1	8.3	-21.5
<b>03 Apr</b>	77 684	...	...	...	43 268	...	...	...	12 972	...	...	...	...
<b>May</b>	78 293	...	...	...	48 660	...	...	...	13 252	...	...	...	...
<b>Jun</b>	81 835	14.5	14.3	20.6	47 931	18.5	47.1	-1.1	13 556	4.6	10.1	30.1	-10.0
<b>Jul</b>	78 825	...	...	...	46 466	...	...	...	13 828	...	...	...	...
<b>Aug</b>	79 040	...	...	...	48 112	...	...	...	13 999	...	...	...	...
<b>Sep</b>	80 696	13.6	13.2	24.7	48 436	20.1	48.2	-0.2	14 055	12.4	3.6	36.4	9.3
<b>Oct</b>	77 602	...	...	...	49 841	...	...	...	14 235	...	...	...	...
<b>Nov</b>	82 593	...	...	...	49 708	...	...	...	14 324	...	...	...	...

#### 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.

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

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

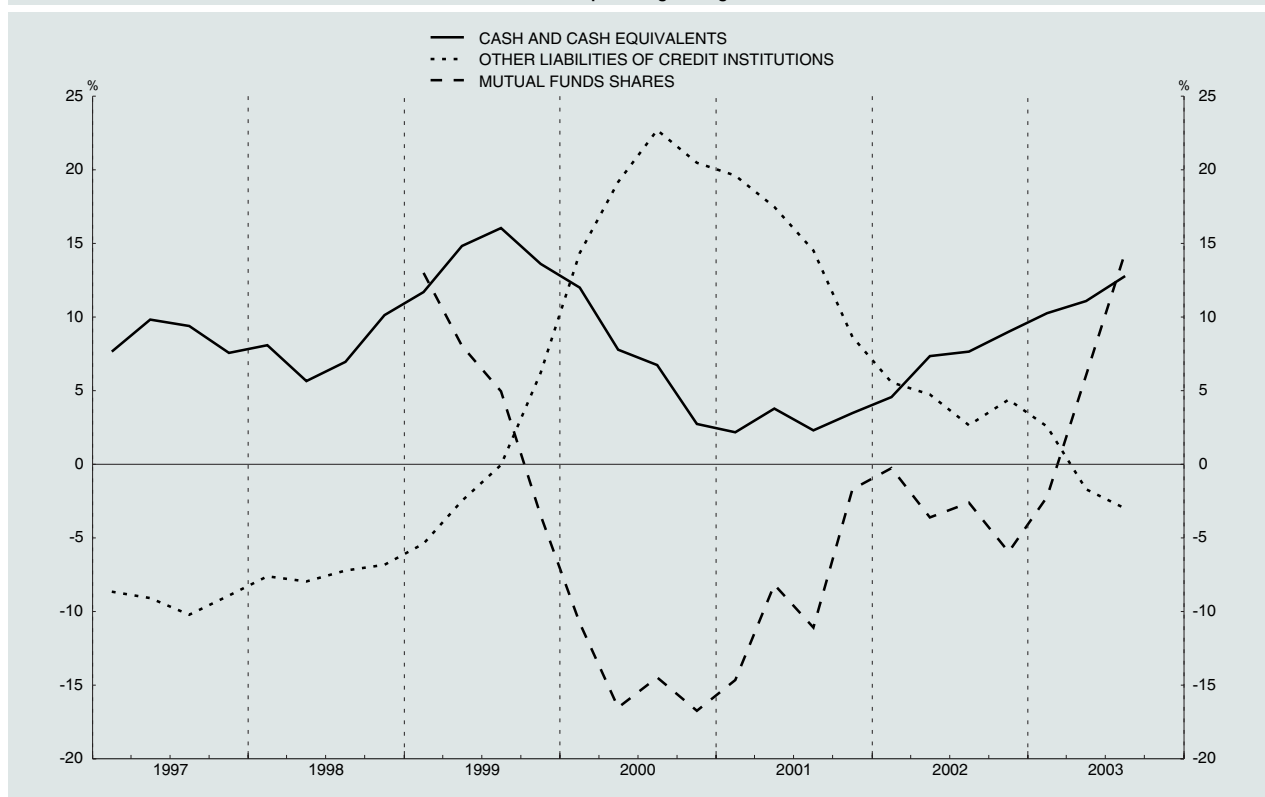
### 8.4 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of households and NPISHs resident in Spain

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents					Other liabilities of credit institutions				Mutual funds shares				
	Stocks	Annual growth rate	Annual growth rate			Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		
			Cash	Shigt deposits	Sa-ving deposits (b)			Other deposits (c)	Repos + credit instit. securit. + dep. in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>00</b>	217 206	2.7	-0.8	7.1	2.2	183 765	20.5	24.0	5.2	142 803	-16.7	-22.3	-22.3	-22.3
<b>01</b>	224 789	3.5	-22.6	12.1	11.8	199 663	8.7	12.7	-12.6	140 394	-1.7	30.2	30.2	30.2
<b>02</b>	245 042	9.0	21.3	6.9	5.9	208 434	4.4	5.8	-5.4	132 033	-6.0	13.9	13.9	13.9
<b>01 Q1</b>	214 555	2.2	-2.3	7.7	1.4	194 041	19.6	24.3	-1.4	139 728	-14.6	-10.1	-10.1	-10.1
<b>Q2</b>	220 710	3.8	-5.3	10.1	5.0	198 556	17.5	22.4	-5.2	139 720	-8.2	1.9	1.9	1.9
<b>Q3</b>	220 622	2.3	-9.7	5.4	6.5	203 231	14.5	20.1	-10.6	133 718	-11.1	16.0	16.0	16.0
<b>Q4</b>	224 789	3.5	-22.6	12.1	11.8	199 663	8.7	12.7	-12.6	140 394	-1.7	30.2	30.2	30.2
<b>02 Q1</b>	224 358	4.6	-25.0	11.4	14.9	204 826	5.6	7.7	-6.5	139 353	-0.3	31.0	31.0	31.0
<b>Q2</b>	236 915	7.3	-12.5	14.1	12.5	208 009	4.8	5.9	-1.9	134 707	-3.6	26.8	26.8	26.8
<b>Q3</b>	237 497	7.6	-3.6	12.6	9.7	208 622	2.7	4.6	-9.3	130 239	-2.6	20.9	20.9	20.9
<b>Q4</b>	245 042	9.0	21.3	6.9	5.9	208 434	4.4	5.8	-5.4	132 033	-6.0	13.9	13.9	13.9
<b>03 Apr</b>	249 714	...	...	...	...	209 316	...	...	...	138 870	...	...	...	...
<b>May</b>	252 841	...	...	...	...	206 345	...	...	...	140 686	...	...	...	...
<b>Jun</b>	263 245	11.1	26.2	4.8	9.3	204 482	-1.7	0.2	-14.1	142 844	6.0	13.1	32.2	7.2
<b>Jul</b>	267 604	...	...	...	...	203 627	...	...	...	146 020	...	...	...	...
<b>Aug</b>	266 627	...	...	...	...	204 497	...	...	...	148 057	...	...	...	...
<b>Sep</b>	267 911	12.8	24.6	7.5	11.4	202 331	-3.0	-1.8	-11.9	148 981	14.4	15.7	31.8	7.7
<b>Oct</b>	267 996	...	...	...	...	202 143	...	...	...	151 009	...	...	...	...
<b>Nov</b>	273 878	...	...	...	...	201 627	...	...	...	152 022	...	...	...	...

#### HOUSEHOLDS AND NPISH 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.

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

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

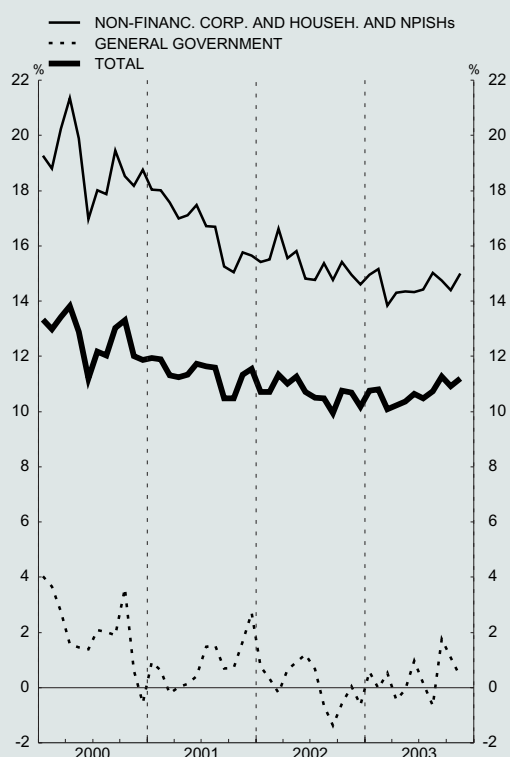
## 8.5. Financing of non-financial sectors resident in Spain (a)

■ Series depicted in chart.

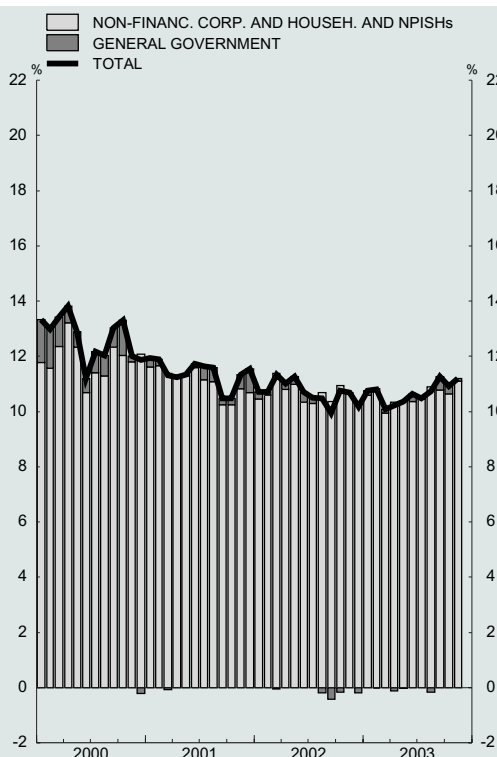
EUR millions and %

	Total			Annual growth rate						Contribution to col.3					Memorandum items: securitisation funds
	Stocks	Effective flow	Annual growth rate	General government (b)	Non-financ. corp. and househ. and NPISHs				General government (b)	Non-financ. corp. and househ. and NPISHs					
					Credit institutions' loans and securitisation funds	Securities other than shares	External loans	Credit institutions' loans and securitisation funds		Securities other than shares	External loans				
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
00	982 254	103 975	11.9	-0.6	18.8	18.5	-18.5	31.7	-0.2	12.1	10.0	-0.4	2.5	20 345	
01	1 096 893	113 498	11.6	2.7	15.6	13.8	7.1	28.4	0.9	10.7	7.9	0.1	2.7	24 568	
02	1 204 601	111 582	10.2	-0.6	14.6	14.4	-11.6	19.6	-0.2	10.4	8.4	-0.2	2.2	38 930	
02 Aug	1 163 542	-3 135	10.5	-0.6	15.4	15.7	-6.3	16.8	-0.2	10.7	9.0	-0.1	1.8	30 888	
Sep	1 169 371	5 419	9.9	-1.4	14.8	14.5	-5.1	19.5	-0.4	10.4	8.4	-0.1	2.1	31 381	
Oct	1 174 673	8 301	10.8	-0.6	15.4	15.2	-6.1	19.9	-0.2	10.9	8.8	-0.1	2.2	31 894	
Nov	1 186 769	12 398	10.7	0.0	15.0	14.8	-12.0	19.8	0.0	10.7	8.7	-0.2	2.2	35 853	
Dec	1 204 601	18 891	10.2	-0.6	14.6	14.4	-11.6	19.6	-0.2	10.4	8.4	-0.2	2.2	38 930	
03 Jan	1 216 550	12 511	10.8	0.6	15.0	15.4	-10.4	16.5	0.2	10.6	8.9	-0.2	1.9	38 426	
Feb	1 216 837	-959	10.8	-0.0	15.2	15.5	-9.7	16.7	-0.0	10.8	9.1	-0.2	1.9	38 530	
Mar	1 232 524	14 793	10.1	0.5	13.9	14.6	-11.2	13.3	0.1	9.9	8.6	-0.2	1.6	40 166	
Apr	1 236 303	4 567	10.2	-0.5	14.3	15.6	-14.1	11.8	-0.1	10.3	9.2	-0.2	1.4	41 581	
May	1 250 493	13 722	10.4	-0.1	14.4	15.7	-5.0	10.3	-0.0	10.4	9.2	-0.1	1.2	41 421	
Jun	1 274 344	22 171	10.6	1.0	14.3	15.6	-6.0	10.7	0.3	10.4	9.2	-0.1	1.2	43 335	
Jul	1 288 703	13 560	10.5	0.1	14.4	15.6	-4.6	10.9	0.0	10.4	9.3	-0.1	1.3	44 474	
Aug	1 291 123	-579	10.7	-0.7	15.0	15.7	-3.8	13.8	-0.2	10.9	9.4	-0.1	1.6	44 567	
Sep	1 301 251	12 309	11.3	1.8	14.7	15.5	-3.2	13.2	0.5	10.8	9.3	-0.0	1.6	49 424	
Oct	1 306 116	4 954	10.9	1.1	14.4	15.5	1.0	10.6	0.3	10.6	9.4	0.0	1.2	50 909	
Nov	1 323 031	17 017	11.2	0.4	15.0	16.2	3.4	9.9	0.1	11.1	9.9	0.0	1.2	52 026	

FINANCING OF NON-FINANCIAL SECTORS  
Annual percentage change



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



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) The annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period.

(b) Total liabilities less deposits.

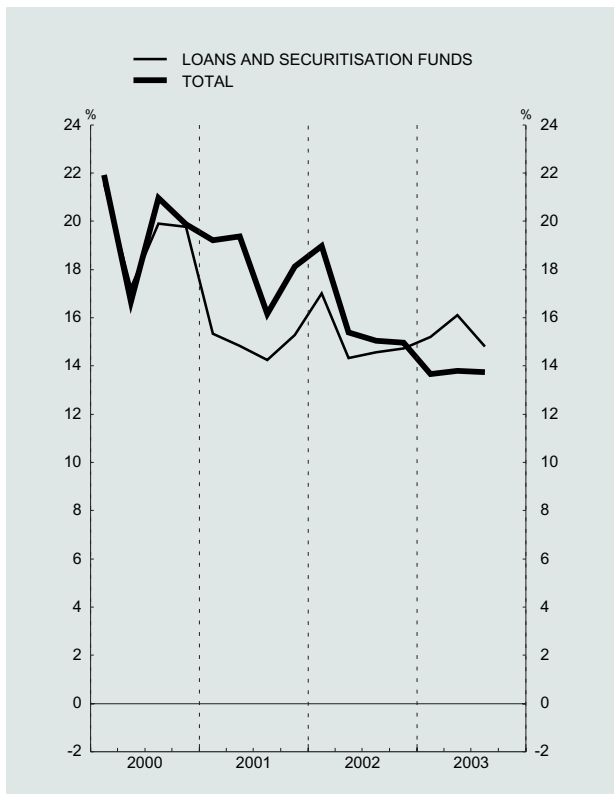
## 8.6. Financing of non-financial corporations resident in Spain (a)

■ Series depicted in chart.

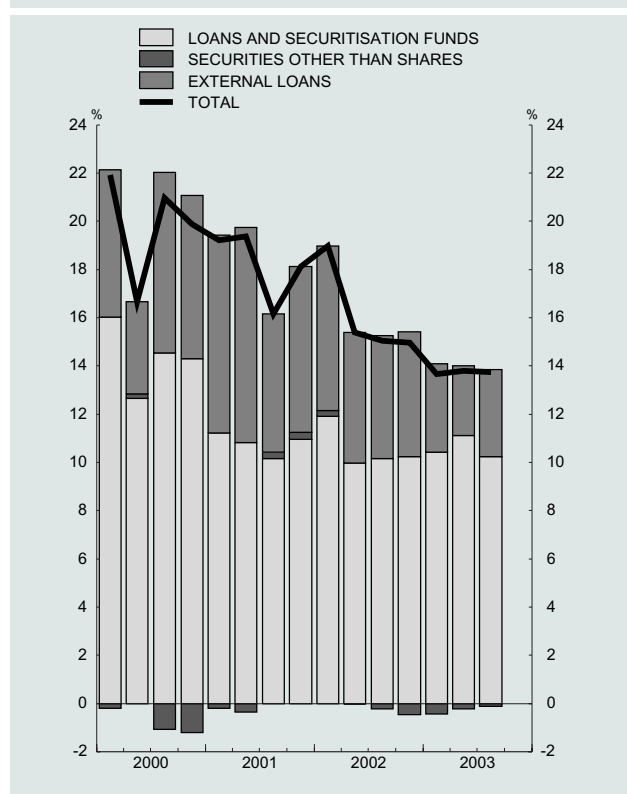
EUR millions and %

	Total			Resident credit institutions' loans and securitisation funds			Securities other than shares			External loans			Memorandum items: securitisation funds
	Stocks	Effective flow	Annual growth rate	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>00</b>	384 087	63 232	19.9	274 983	19.8	14.3	16 736	-18.5	-1.2	92 368	31.8	6.8	12 419
<b>01</b>	455 237	69 565	18.1	316 517	15.3	10.9	17 924	7.1	0.3	120 797	28.5	6.9	14 395
<b>02</b>	520 187	68 141	15.0	362 307	14.7	10.2	15 841	-11.6	-0.5	142 038	19.6	5.2	25 927
<b>01 Q1</b>	395 658	10 992	19.2	277 446	15.3	11.2	16 995	-3.7	-0.2	101 217	38.0	8.2	13 970
<b>Q2</b>	420 392	23 570	19.4	292 587	14.8	10.8	17 403	-6.8	-0.4	110 402	41.2	8.9	14 041
<b>Q3</b>	433 190	12 835	16.2	302 146	14.3	10.2	17 826	6.3	0.3	113 218	23.6	5.7	15 007
<b>Q4</b>	455 237	22 167	18.1	316 517	15.3	10.9	17 924	7.1	0.3	120 797	28.5	6.9	14 395
<b>02 Q1</b>	472 351	16 529	19.0	324 087	17.0	11.9	17 860	5.1	0.2	130 404	26.7	6.8	17 318
<b>Q2</b>	484 476	13 102	15.4	334 019	14.3	10.0	17 394	-0.1	-0.0	133 063	20.6	5.4	19 606
<b>Q3</b>	499 005	13 348	15.0	345 627	14.6	10.2	16 911	-5.1	-0.2	136 467	19.5	5.1	21 157
<b>Q4</b>	520 187	25 161	15.0	362 307	14.7	10.2	15 841	-11.6	-0.5	142 038	19.6	5.2	25 927
<b>03 Apr</b>	540 839	6 848	...	378 826	...	...	15 532	...	...	146 481	...	...	26 756
<b>May</b>	544 480	3 153	...	381 381	...	...	16 593	...	...	146 506	...	...	26 449
<b>Jun</b>	551 672	5 449	13.8	387 020	16.1	11.1	16 353	-6.0	-0.2	148 298	10.6	2.9	26 424
<b>Jul</b>	559 357	6 862	...	392 581	...	...	16 294	...	...	150 482	...	...	26 189
<b>Aug</b>	564 866	2 484	...	392 651	...	...	16 350	...	...	155 865	...	...	26 363
<b>Sep</b>	568 479	5 747	13.8	395 988	14.8	10.2	16 365	-3.2	-0.1	156 127	13.2	3.6	28 214
<b>Oct</b>	574 166	5 737	...	400 585	...	...	16 895	...	...	156 686	...	...	28 091
<b>Nov</b>	581 360	7 249	...	406 542	...	...	16 725	...	...	158 093	...	...	27 946

FINANCING OF NON-FINANCIAL CORPORATIONS  
Annual percentage change



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



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) The annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period.

## 8.7. Financing of households and NPISHs resident in Spain (a)

■ Series depicted in chart.

EUR millions and %

	Total			Resident credit institutions' loans and securitisation funds. Housing			Resident credit institutions' loans and securitisation funds. Other			External loans			Memorandum items: securitisation funds	
	Stocks	Effective flow	Annual growth rate	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Housing	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>00</b>	287 430	42 525	17.3	184 578	21.4	13.3	102 448	10.6	4.0	404	4.5	0.0	7 926	-
<b>01</b>	322 472	35 487	12.3	215 775	17.1	11.0	106 237	3.9	1.4	460	13.9	0.0	9 985	188
<b>02</b>	367 214	45 425	14.1	247 958	15.1	10.1	118 643	11.9	3.9	613	33.3	0.0	12 872	131
<b>01 Q1</b>	294 072	6 703	15.5	191 219	21.0	13.0	102 435	6.4	2.4	418	4.1	0.0	8 030	231
<b>Q2</b>	306 757	12 818	15.0	201 246	21.4	13.3	105 070	4.5	1.7	441	6.8	0.0	7 819	218
<b>Q3</b>	312 564	5 907	14.0	207 890	19.6	12.5	104 233	4.3	1.6	441	9.0	0.0	9 143	203
<b>Q4</b>	322 472	10 059	12.3	215 775	17.1	11.0	106 237	3.9	1.4	460	13.9	0.0	9 985	188
<b>02 Q1</b>	333 159	10 753	13.4	223 966	17.3	11.2	108 693	6.3	2.2	501	19.8	0.0	9 612	174
<b>Q2</b>	349 389	16 329	14.0	235 282	17.0	11.2	113 588	8.2	2.8	519	17.6	0.0	9 761	159
<b>Q3</b>	357 126	7 873	14.4	244 748	17.9	11.9	111 820	7.4	2.5	558	26.3	0.0	10 079	145
<b>Q4</b>	367 214	10 469	14.1	247 958	15.1	10.1	118 643	11.9	3.9	613	33.3	0.0	12 872	131
<b>03 Apr</b>	386 513	7 026	...	262 493	...	...	123 384	...	...	635	...	...	13 626	1 199
<b>May</b>	391 797	5 305	...	266 415	...	...	124 736	...	...	646	...	...	13 774	1 199
<b>Jun</b>	401 297	9 563	15.1	271 535	15.6	10.5	129 106	14.0	4.5	657	26.5	0.0	15 525	1 387
<b>Jul</b>	407 344	6 070	...	277 378	...	...	129 293	...	...	673	...	...	16 897	1 387
<b>Aug</b>	409 512	2 195	...	280 173	...	...	128 663	...	...	676	...	...	16 817	1 387
<b>Sep</b>	414 018	4 554	16.1	284 305	16.3	11.2	129 021	15.7	4.9	692	24.0	0.0	19 852	1 357
<b>Oct</b>	P 421 596	7 616	...	290 378	...	...	130 515	...	...	703	...	...	21 461	1 357
<b>Nov</b>	P 432 223	10 675	...	296 275	...	...	135 234	...	...	714	...	...	22 723	1 357

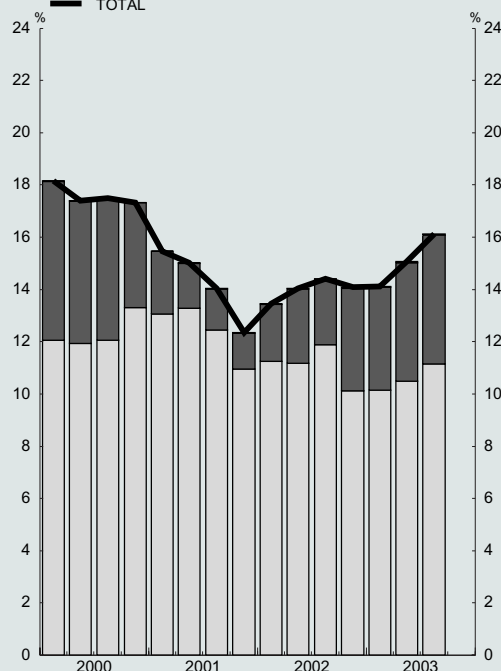
FINANCING OF HOUSEHOLDS AND NPISHs  
Annual percentage change

— LOANS AND SECURITISATION FUNDS. HOUSING  
- - LOANS AND SECURITISATION FUNDS. OTHER  
— TOTAL



FINANCING OF HOUSEHOLDS AND NPISHs  
Contributions to the annual percentage change

■ LOANS AND SECURITISATION FUNDS. HOUSING  
■ LOANS AND SECURITISATION FUNDS. OTHER  
■ EXTERNAL LOANS  
— TOTAL



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).  
(a) The annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period.

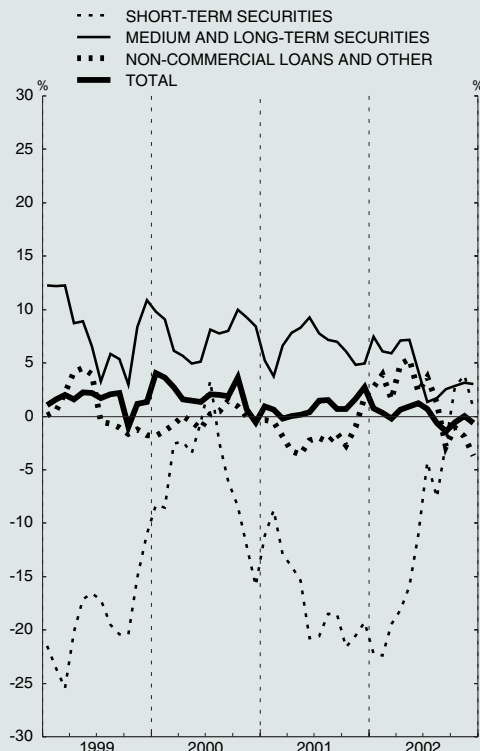
## 8.8. Net financing of Spain's general government

■ Series depicted in chart.

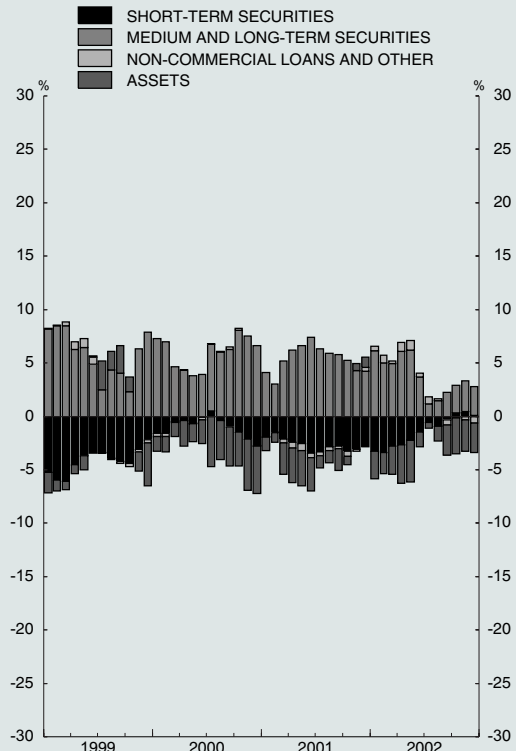
EUR millions and %

	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	
	Net stock of liabilities	Monthly change (columns 4-8-9)	12-month % change of col. 1	Total	Securities		Non-commercial loans and other (a)	Deposits at the Banco de Espana	Other deposits (b)	Total	Securities			Non-commercial loans and other (a)	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 310 738	-1 783	-0.6	11 955	-8 605	20 746	-185	8 319	5 419	3.4	-15.8	8.4	-0.3	32.2	-2.8	6.6	-0.1	-4.4
01	P 319 184	8 446	2.7	5 390	-8 804	13 223	971-17	158 14	101	1.5	-19.3	4.9	1.8	-5.4	-2.8	4.3	0.3	1.0
02	A 317 200	-1 983	-0.6	6 821	275	8 564	-2 017	1 854	6 950	1.8	0.7	3.0	-3.7	16.5	0.1	2.7	-0.6	-2.8
02 Jun	A 318 327	3 873	1.2	-3 443	-157	-2 465	-821	970	-8 286	2.2	-11.0	4.2	2.3	8.1	-1.5	3.7	0.4	-1.4
Jul	A 321 534	3 207	0.7	-3 057	1 972	-6 066	1 038	-2 005	-4 259	1.1	-4.3	1.4	3.7	3.7	-0.5	1.2	0.6	-0.6
Aug	A 318 833	-2 701	-0.6	-2 875	-2 490	1 724	-2 109	215	-388	0.6	-7.6	1.7	1.2	9.1	-0.9	1.5	0.2	-1.4
Sep	A 313 241	-5 592	-1.4	3 868	1 039	4 862	-2 033	1 286	8 174	1.3	-2.5	2.6	-2.8	17.1	-0.3	2.3	-0.5	-2.9
Oct	A 307 008	-6 233	-0.6	2 466	275	1 839	351	-584	9 283	2.3	2.7	2.8	-1.0	16.8	0.3	2.6	-0.2	-3.3
Nov	A 308 221	1 213	0.0	600	219	456	-75	1 136	-1 749	2.5	3.9	3.1	-1.9	14.9	0.5	2.9	-0.3	-3.0
Dec	A 317 200	8 980	-0.6	734	-656	894	495	-2 356	-5 890	1.8	0.7	3.0	-3.7	16.5	0.1	2.7	-0.6	-2.8
03 Jan	A 323 532	6 332	0.6	-4 777	3 038	-8 364	549	-1 005	10 104	0.4	9.8	-0.0	-3.7	-0.6	1.1	-0.0	-0.6	0.1
Feb	A 314 865	-8 667	-0.0	2 087	-850	3 504	-567	-20 10	773	2.0	6.7	3.0	-5.8	14.1	0.8	2.6	-1.0	-2.4
Mar	A 318 260	3 394	0.5	897	443	507	-53	1 625	-4 122	1.3	8.1	1.2	-2.9	5.8	0.9	1.1	-0.5	-1.0
Apr	A 308 952	-9 308	-0.5	6 905	812	5 431	662	504	15 709	2.0	9.9	2.3	-4.8	13.6	1.2	2.1	-0.9	-2.9
May	A 314 216	5 264	-0.1	-3 067	-471	-2 586	-9	1 801	10 132	0.1	8.6	-0.1	-4.6	0.9	1.0	-0.1	-0.8	-0.2
Jun	A 321 375	7 159	1.0	3 764	-342	3 682	424	317	-3 712	2.0	8.1	2.1	-2.4	7.6	0.9	1.8	-0.4	-1.4
Jul	A 322 003	628	0.1	-2 485	853	-3 740	401	-2 876	-237	2.2	4.8	2.9	-3.5	14.4	0.6	2.6	-0.6	-2.4
Aug	A 316 745	-5 258	-0.7	-5 044	-840	-3 273	-931	173	41	1.6	9.7	1.1	-1.5	15.2	1.1	1.0	-0.2	-2.5
Sep	A 318 754	2 009	1.8	2 480	-5	2 905	-420	1 385	-914	1.2	6.6	0.4	1.6	-1.5	0.8	0.4	0.3	0.3
Oct	A 310 355	-8 399	1.1	-1 777	-194	-1 731	147	1 242	5 380	0.1	5.3	-0.8	1.2	-4.3	0.7	-0.8	0.2	1.0
Nov	A 309 447	-907	0.4	1 261	-334	1 391	204	1 529	640	0.3	3.8	-0.5	1.7	-0.4	0.5	-0.4	0.3	0.1

NET FINANCING OF GENERAL GOVERNMENT  
Annual percentage changes



NET FINANCING OF GENERAL GOVERNMENT  
Contributions to the annual percentage change



Source: BE.

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

(b) Tax collection accounts are not included.



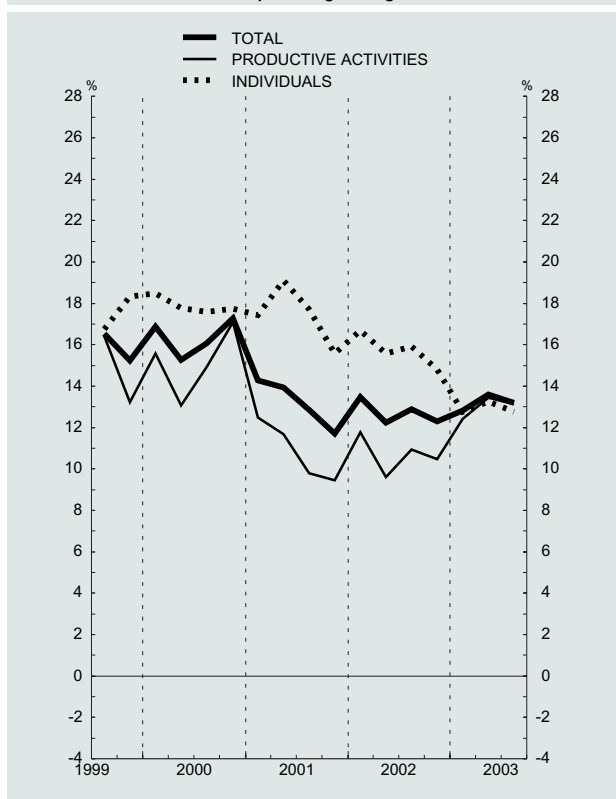
## 8.9 Lending by credit institutions to other resident sectors. Breakdown by end-use.

■ Series depicted in chart.

EUR millions and percentages

	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	365 203	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 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	365 203	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	376 433	15 353	86 662	57 047	217 371	331 141	244 313	233 272	11 041	33 903	52 925	2 285	12 345
Q2	754 872	389 284	15 744	87 015	59 431	227 095	349 469	255 986	244 394	11 592	35 167	58 316	2 511	13 608
Q3	770 523	398 206	16 462	87 240	61 902	232 601	357 146	264 453	252 316	12 136	36 468	56 225	2 651	12 520

**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](http://www.bde.es).

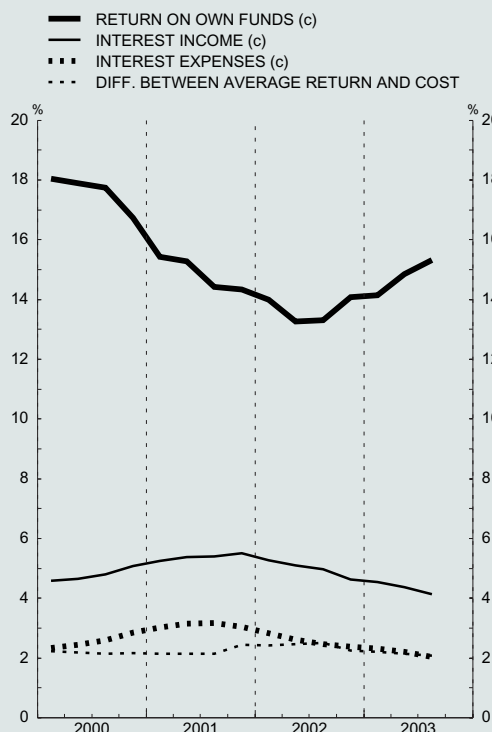
(b) Includes loans and credit to households for the purchase of land and rural property, the purchase of securities, the purchase of current goods and services not considered to be consumer durables (e.g. loans to finance travel expenses) and for various end-uses not included in the foregoing.

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

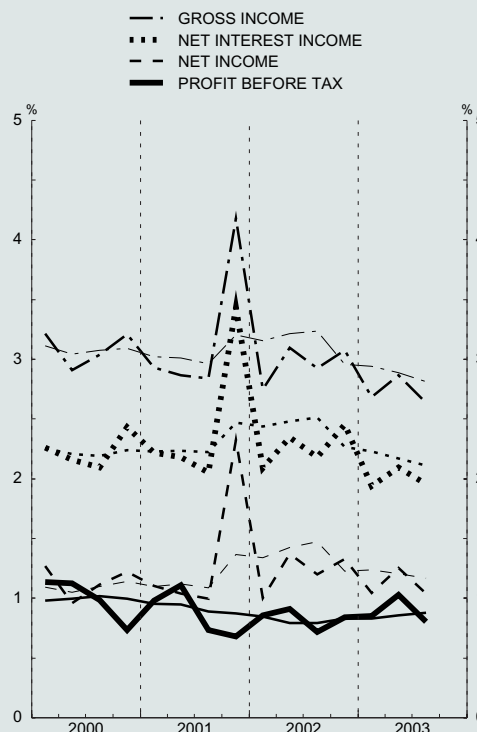
■ Series depicted in chart.

	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
<b>00</b>	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
<b>01</b>	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
<b>02</b>	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-1.6	0.8	14.6	5.0	2.7	2.3
<b>00 Q3</b>	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
<b>Q4</b>	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
<b>01 Q1</b>	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
<b>Q2</b>	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
<b>Q3</b>	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
<b>Q4</b>	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
<b>02 Q1</b>	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
<b>Q2</b>	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
<b>Q3</b>	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
<b>Q4</b>	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-0.5	0.8	14.6	5.0	2.7	2.3
<b>03 Q1</b>	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
<b>Q2</b>	4.0	1.9	2.1	0.8	2.9	1.6	1.0	1.3	-0.2	1.0	17.9	4.7	2.5	2.1
<b>Q3</b>	3.7	1.7	2.0	0.7	2.6	1.6	0.9	1.0	-0.2	0.8	14.0	4.4	2.3	2.1

**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.

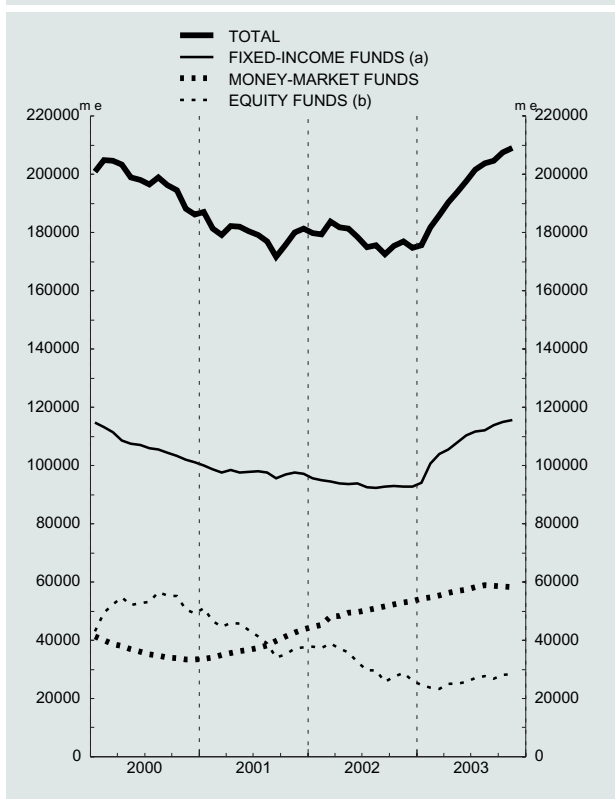
## 8.11. Mutual funds resident in Spain

■ 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	1 274	-3.2	53 366	9 536	8 327	2.4	92 742	-4 504	-5 581	1.7	26 067	-11 427	-1 794	-25.7	2 558
02 Aug	175 573	638	-42	-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	99	-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	319	-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	-267	-2.3	52 964	577	472	2.4	92 699	-249	-526	1.4	28 758	1 266	-220	-19.0	2 606
Dec	174 733	-2 294	-399	-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	1 482	-3.1	54 341	975	869	2.4	94 158	1 415	1 226	2.1	24 521	-1 546	-678	-26.7	2 590
Feb	181 800	6 190	5 772	-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	4 486	-3.1	55 398	682	607	2.4	103 979	3 331	3 461	2.4	23 347	-291	203	-30.0	3 128
Apr	190 336	4 482	2 226	-1.4	56 235	836	762	2.3	105 580	1 601	1 249	2.7	24 970	1 623	-84	-22.0	3 551
May	193 743	3 408	2 417	-0.4	56 860	625	531	2.3	107 916	2 336	1 669	3.4	25 108	138	-64	-19.2	3 859
Jun	197 665	3 921	2 704	1.3	57 259	399	326	2.2	110 236	2 320	2 052	3.7	25 750	642	-185	-8.8	4 420
Jul	201 537	3 872	3 271	2.6	58 144	885	834	2.1	111 693	1 457	1 704	3.3	26 948	1 198	270	1.5	4 752
Aug	203 769	2 232	1 832	2.6	58 977	834	784	1.9	112 157	464	733	3.0	27 642	694	180	3.0	4 993
Sep	204 588	819	1 160	3.9	58 627	-350	-426	1.8	113 841	1 684	806	3.0	26 718	-924	334	11.3	5 402
Oct	207 521	2 933	1 531	3.1	58 461	-166	-204	1.7	114 870	1 029	1 117	2.7	28 050	1 332	-8	8.0	6 140
Nov	P 209 092	1 571	...	2.2	58 289	-172	...	1.6	115 520	650	...	2.3	28 423	373	...	3.3	6 860

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.

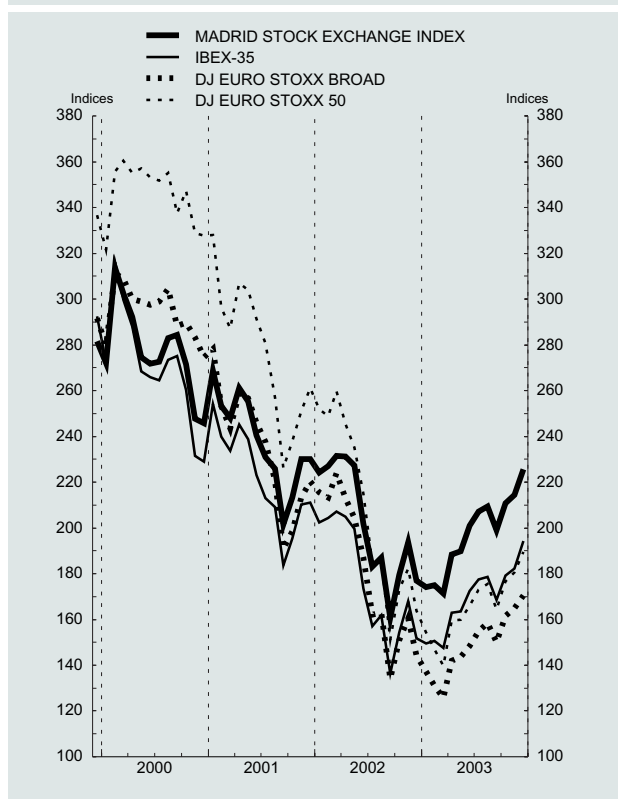
## 8.12. Share price indices and turnover on securities markets. Spain and euro area

■ Series depicted in chart.

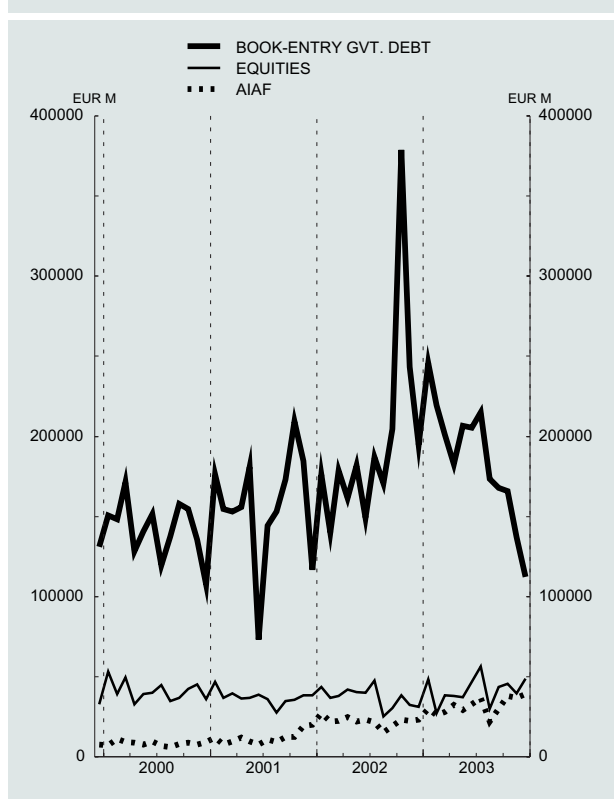
Indices, EUR millions and thousands of contracts

	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 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	206 426	29 077	-	858	0	298
Jun	719.87	6 862.00	211.91	2 419.51	46 773	5 536	205 541	32 593	-	1 704	0	330
Jul	742.62	7 061.70	221.19	2 519.79	56 329	6 502	215 046	36 895	-	783	0	309
Aug	749.89	7 111.30	226.36	2 556.71	30 058	4 883	173 399	21 953	-	561	0	266
Sep	713.22	6 703.60	214.34	2 395.87	43 490	6 203	167 990	30 007	-	1 080	0	327
Oct	755.09	7 129.50	230.69	2 575.04	45 571	7 582	165 674	37 844	-	740	0	328
Nov	768.38	7 252.50	235.26	2 630.47	39 690	6 965	137 049	36 962	-	473	0	308
Dec	P 807.98	7 737.20	243.21	2 760.66	48 589	8 767	112 430	39 030	-	1 061	0	312

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	4.24	4.39	4.55	4.78	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	4.33	4.26	4.15	4.08	4.36	4.31	4.24	4.07	4.30	4.20	4.11	4.11
02	2.75	2.93	3.75	1.75	3.29	3.30	3.32	3.35	3.49	3.28	3.29	3.31	3.49	3.21	3.21	3.20	3.38
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	-
Oct	3.25	3.22	4.25	2.25	3.30	3.31	3.26	3.17	3.13	3.29	3.29	3.25	3.12	3.21	3.20	3.11	2.93
Nov	3.25	3.02	4.25	2.25	3.30	3.23	3.12	3.04	3.02	3.30	3.23	3.08	3.02	3.18	3.10	2.97	2.84
Dec	2.75	2.93	3.75	1.75	3.09	2.98	2.94	2.89	2.87	3.07	2.95	2.95	2.88	2.93	2.85	2.79	2.67
03 Jan	2.75	2.78	3.75	1.75	2.79	2.85	2.83	2.76	2.71	2.78	2.84	2.83	2.70	2.66	2.73	2.70	2.53
Feb	2.75	2.48	3.75	1.75	2.76	2.77	2.69	2.58	2.50	2.76	2.76	2.71	2.53	2.70	2.66	2.55	2.33
Mar	2.50	2.49	3.50	1.50	2.75	2.60	2.53	2.45	2.41	2.71	2.59	2.52	2.43	2.62	2.48	2.39	2.28
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
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
Jun	2.00	2.11	3.00	1.00	2.21	2.18	2.15	2.08	2.01	2.20	2.17	2.16	2.07	2.18	2.08	2.03	1.90
Jul	2.00	2.08	3.00	1.00	2.08	2.13	2.13	2.09	2.08	2.07	2.12	2.13	2.10	2.06	2.26	2.01	-
Aug	2.00	2.12	3.00	1.00	2.10	2.12	2.14	2.17	2.28	2.08	2.11	2.15	2.28	1.96	1.99	2.02	2.20
Sep	2.00	2.10	3.00	1.00	2.02	2.13	2.15	2.18	2.26	2.02	2.12	2.14	2.26	2.02	2.04	2.03	2.25
Oct	2.00	2.13	3.00	1.00	2.01	2.10	2.14	2.17	2.30	2.01	2.08	2.14	2.28	2.00	2.02	2.02	2.16
Nov	2.00	2.12	3.00	1.00	1.97	2.09	2.16	2.22	2.41	1.98	2.07	2.15	2.43	1.96	2.01	2.04	2.30
Dec	2.00	2.12	3.00	1.00	2.06	2.13	2.15	2.20	2.38	2.02	2.11	2.14	2.36	1.95	2.03	2.04	-

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

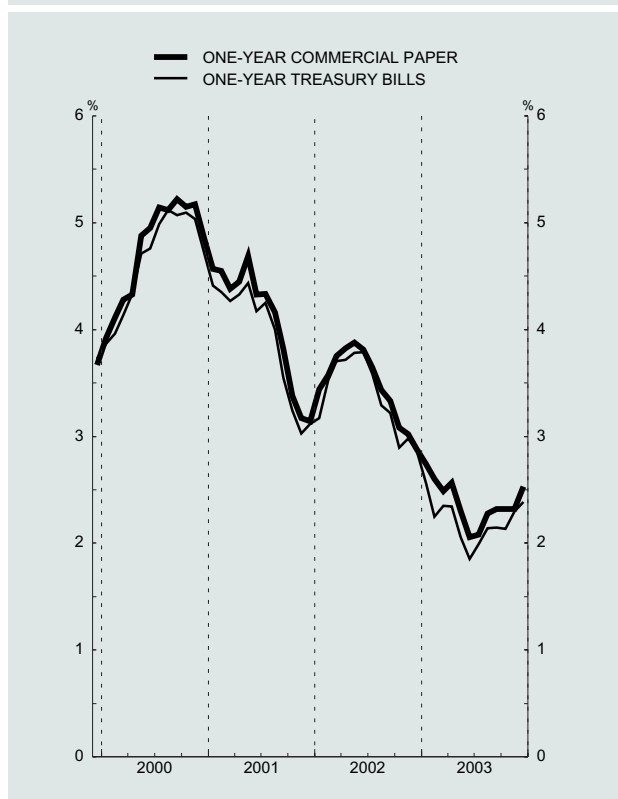
## 9.2. Interest rates: Spanish short-term and long-term securities markets

■ 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 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	
Jul	1.99	1.91	2.08	2.12	-	2.85	4.00	4.37	-	2.50	4.03	4.04	
Aug	2.14	2.18	2.28	2.29	2.80	-	-	-	-	2.97	4.19	4.72	
Sep	2.15	2.22	2.32	2.33	-	3.54	4.39	-	5.07	2.93	4.21	4.22	
Oct	2.14	2.23	2.32	2.28	2.40	-	-	4.41	-	2.97	4.27	3.85	
Nov	2.30	2.32	2.32	2.42	-	-	4.40	-	5.05	3.11	4.40	4.45	
Dec	2.39	2.34	2.53	2.37	-	3.52	-	-	-	3.04	4.34	4.70	

PRIMARY MARKET



SECONDARY MARKET



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

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

■ Series depicted in chart.

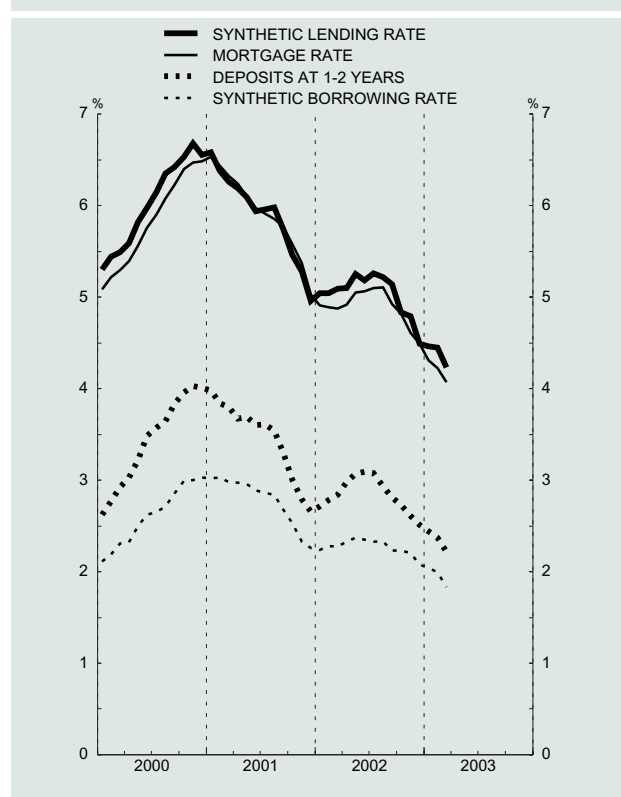
Percentages

		Banks									Savings banks							
		Lending rates					Borrowing rates				Lending rates				Borrowing rates			
		Synthetic rate	Commercial discount up to three months	Credit accounts at 1-3 years	Loans at 3 years and over	Mortgage loans over 3 years	Synthetic rate	Current accounts	Repos on bills up to three months	Deposits at 1-2 years	Synthetic rate	Credit accounts at 1-3 years	Loans at 3 years and over	Mortgage loans over 3 years	Synthetic rate	Current accounts	Repos on bills up to three months	Deposits at 1-2 years
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
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.

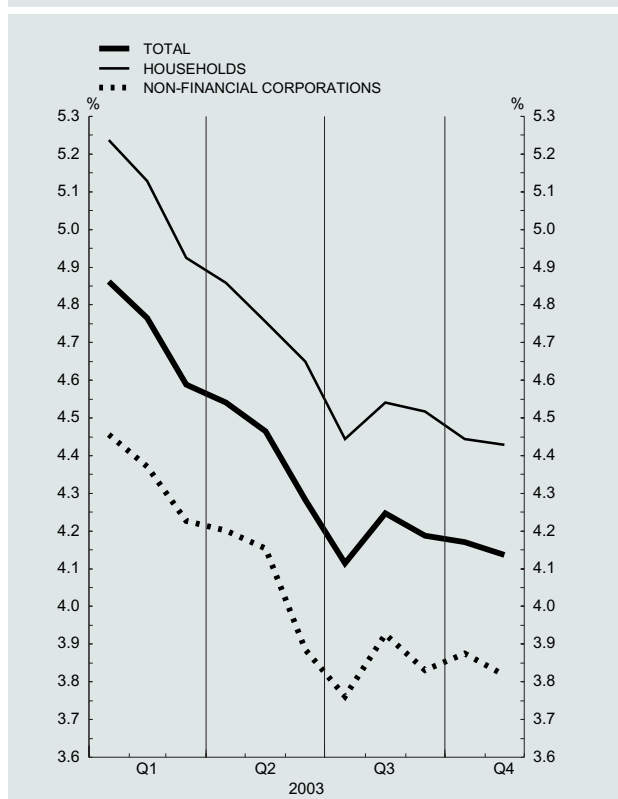


### 9.3.Bis Interest rates on new business. Credit institutions. (CBE 4/2002)

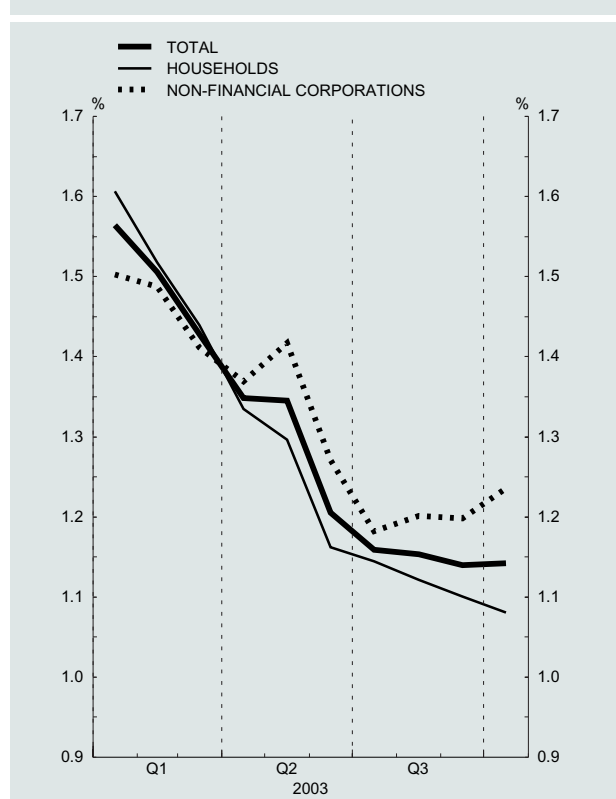
Percentages

		Loans (APRC) (a)							Deposits (NDR) (a)								
		Households and NPISH			Non-financial corporations			Synthetic rate	Households and NPISH				Non-financial corporations				
		Synthetic rate	House purchase	Consumption and other	Synthetic rate	Up to EUR 1 million	Over EUR 1 million (b)		Synthetic rate	Over-night and redeemable at notice	Time	Repos	Synthetic rate	Over-night	Time	Repos	
1		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
03	Jan	4.86	5.24	4.33	7.04	4.46	5.07	3.92	1.56	1.61	0.53	2.66	2.66	1.50	0.82	2.62	2.69
	Feb	4.77	5.13	4.20	6.99	4.37	4.96	3.87	1.51	1.52	0.54	2.48	2.61	1.49	0.82	2.54	2.71
	Mar	4.59	4.92	4.07	6.67	4.23	4.83	3.76	1.43	1.44	0.53	2.35	2.60	1.41	0.78	2.44	2.62
	Apr	4.54	4.86	3.93	6.76	4.20	4.80	3.71	1.35	1.33	0.51	2.16	2.48	1.37	0.76	2.36	2.52
	May	4.46	4.75	3.85	6.61	4.15	4.68	3.69	1.35	1.30	0.48	2.13	2.45	1.42	0.78	2.33	2.51
	Jun	4.28	4.65	3.75	6.47	3.89	4.48	3.47	1.21	1.16	0.44	1.94	2.19	1.27	0.77	2.03	2.16
	Jul	4.11	4.44	3.55	6.28	3.76	4.38	3.28	1.16	1.14	0.42	1.94	2.05	1.18	0.66	1.97	2.05
	Aug	4.25	4.54	3.45	6.80	3.93	4.47	3.47	1.15	1.12	0.42	1.89	2.02	1.20	0.69	1.98	1.97
	Sep	4.19	4.52	3.46	6.72	3.83	4.35	3.40	1.14	1.10	0.41	1.87	2.04	1.20	0.68	1.98	2.02
	Oct	4.17	4.44	3.48	6.45	3.87	4.41	3.42	1.14	1.08	0.40	1.84	2.03	1.24	0.68	2.05	2.00
	Nov	4.14	4.43	3.46	6.41	3.82	4.37	3.35	1.15	1.09	0.39	1.88	1.97	1.26	0.69	2.13	1.97

LOANS  
SYNTHETIC RATES



DEPOSITS  
SYNTHETIC RATES



(a) APRC: annual percentage rate of change. NDR: narrowly defined effective rate, which is the same as the APRC without including commissions.  
(b) Calculated by adding to the NDR rate, which does not include commissions and other expenses, a moving average of such expenses.

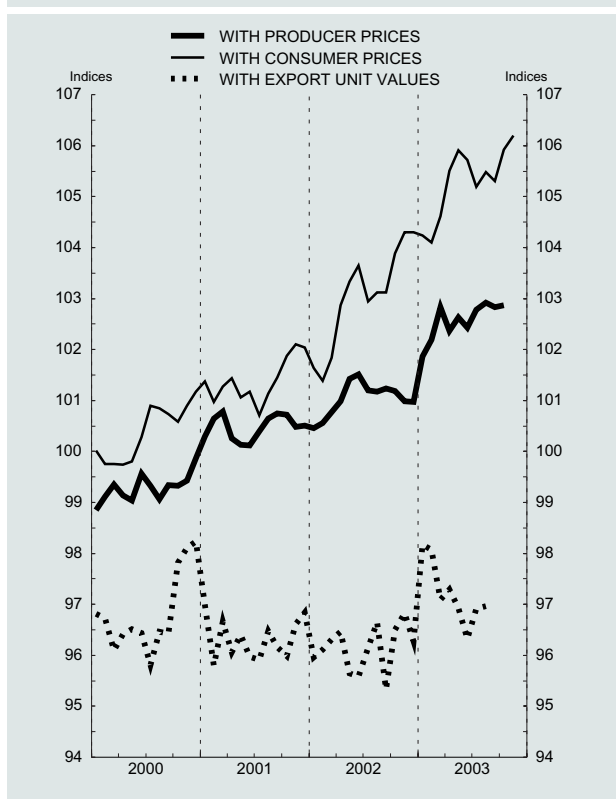
## 9.4 Indices of Spanish competitiveness vis-à-vis the EU and the euro area.

■ Series depicted in chart.

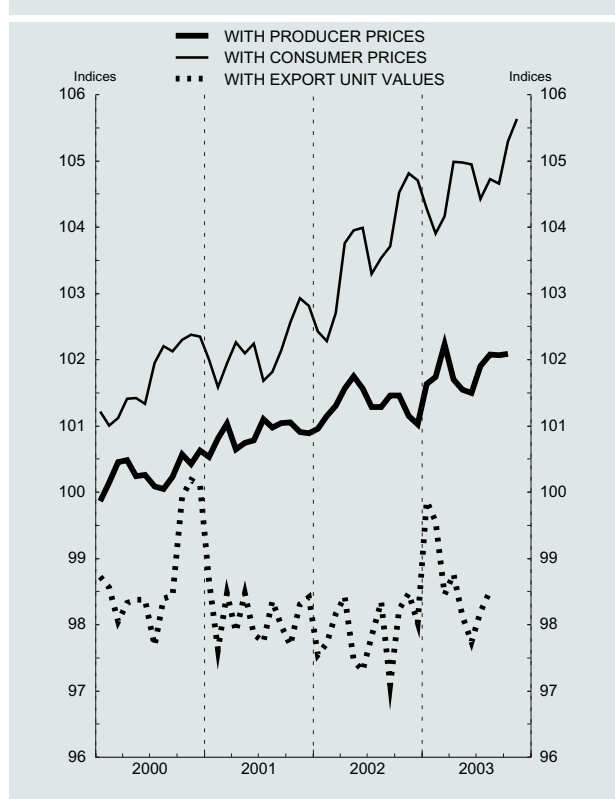
Base 1999 Q1 = 100

	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
<b>00</b>	99.3	100.4	101.4	96.8	98.5	100.8	101.9	102.9	98.3	100.3	101.7	102.6	98.8
<b>01</b>	100.5	101.4	103.7	96.3	99.0	101.5	102.4	104.8	97.3	100.9	102.2	104.5	98.1
<b>02</b>	101.0	103.0	105.2	96.2	99.1	102.0	104.0	106.2	97.1	101.3	103.6	106.0	97.9
<b>01 Q4</b>	100.6	102.0	103.9	96.5	99.0	101.6	103.0	104.9	97.4	100.9	102.8	104.8	98.1
<b>02 Q1</b>	100.6	101.6	104.3	96.1	98.8	101.8	102.9	105.6	97.3	101.1	102.5	105.4	97.8
<b>Q2</b>	101.3	103.3	105.2	95.9	99.1	102.3	104.3	106.1	96.8	101.6	103.9	106.0	97.7
<b>Q3</b>	101.2	103.1	105.8	96.1	99.2	102.0	103.9	106.7	96.8	101.3	103.5	106.3	97.8
<b>Q4</b>	101.0	104.2	105.7	96.5	99.2	101.9	105.0	106.6	97.3	101.2	104.7	106.3	98.2
<b>03 Q1</b>	102.3	104.3	106.6	97.8	99.8	102.5	104.5	106.8	98.0	101.9	104.1	106.5	99.3
<b>Q2</b>	102.5	105.7	107.3	96.8	100.3	102.2	105.4	106.9	96.5	101.6	105.0	106.3	98.2
<b>Q3</b>	102.8	105.3	107.2	...	100.3	102.6	105.0	106.9	...	102.0	104.6	106.2	...
<b>03 Mar</b>	102.8	104.6	...	97.1	100.0	102.8	104.6	...	97.1	102.2	104.2	...	98.5
<b>Apr</b>	102.4	105.5	...	97.3	100.1	102.3	105.4	...	97.2	101.7	105.0	...	98.8
<b>May</b>	102.6	105.9	...	96.9	100.5	102.1	105.4	...	96.4	101.5	105.0	...	98.1
<b>Jun</b>	102.4	105.7	...	96.3	100.3	102.1	105.4	...	96.0	101.5	105.0	...	97.7
<b>Jul</b>	102.8	105.2	...	96.9	100.3	102.5	104.9	...	96.6	101.9	104.4	...	98.2
<b>Aug</b>	102.9	105.5	...	97.0	100.3	102.6	105.2	...	96.7	102.1	104.7	...	98.5
<b>Sep</b>	102.8	105.3	...	...	100.2	102.6	105.1	...	...	102.1	104.7	...	...
<b>Oct</b>	102.9	105.9	...	...	100.2	102.6	105.7	...	...	102.1	105.3	...	...
<b>Nov</b>	...	106.2	...	...	100.1	...	106.1	...	...	...	105.6	...	...
<b>Dec</b>	...	...	...	...	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.

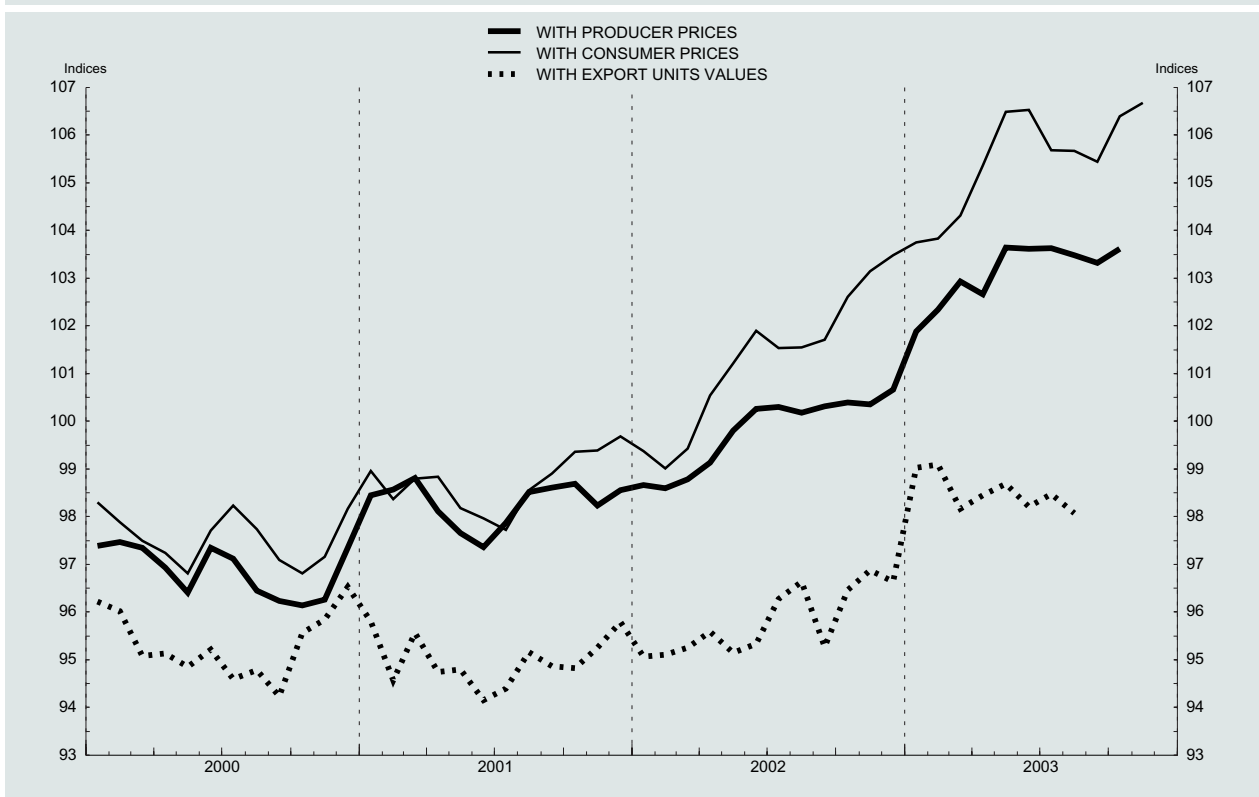
## 9.5 Indices of Spanish competitiveness vis-à-vis the developed countries.

■ 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
<b>00</b>	96.9	97.6	98.9	95.3	95.8	101.2	101.9	103.3	99.6
<b>01</b>	98.3	98.7	101.3	95.0	96.3	102.1	102.6	105.2	98.7
<b>02</b>	99.8	101.3	104.2	95.8	97.1	102.8	104.3	107.4	98.7
<b>01 Q4</b>	98.5	99.5	101.7	95.3	96.3	102.2	103.3	105.6	98.9
<b>02 Q1</b>	98.7	99.3	102.4	95.1	96.2	102.5	103.2	106.4	98.9
<b>Q2</b>	99.7	101.2	103.8	95.4	96.8	103.0	104.6	107.3	98.5
<b>Q3</b>	100.3	101.6	105.2	96.1	97.5	102.8	104.2	107.9	98.5
<b>Q4</b>	100.5	103.1	105.5	96.7	97.8	102.7	105.4	107.9	98.8
<b>03 Q1</b>	102.4	104.0	107.2	98.8	99.1	103.3	104.9	108.2	99.6
<b>Q2</b>	103.3	106.1	108.6	98.5	100.3	103.0	105.8	108.2	98.1
<b>Q3</b>	103.5	105.6	108.3	...	100.1	103.3	105.5	108.2	...
<b>03 Mar</b>	102.9	104.3	...	98.2	99.4	103.6	105.0	...	98.8
<b>Apr</b>	102.7	105.4	...	98.5	99.6	103.1	105.8	...	98.9
<b>May</b>	103.6	106.5	...	98.7	100.7	102.9	105.8	...	98.0
<b>Jun</b>	103.6	106.5	...	98.2	100.7	102.9	105.8	...	97.5
<b>Jul</b>	103.6	105.7	...	98.5	100.4	103.2	105.3	...	98.1
<b>Aug</b>	103.5	105.7	...	98.1	100.1	103.4	105.6	...	98.0
<b>Sep</b>	103.3	105.4	...	...	99.9	103.4	105.5	...	...
<b>Oct</b>	103.6	106.4	...	...	100.3	103.4	106.1	...	...
<b>Nov</b>	...	106.7	...	...	100.2	...	106.5	...	...
<b>Dec</b>	...	...	...	...	100.9	...	...	...	...

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



Source: BE.

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

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

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

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