ECONOMIC BULLETIN

07/2011

BANCO DE ESPAÑA
Eurosistema

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

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

ABBREVIATIONS

AIAF	Association of Securities Dealers
BCBS	Basel Committee on Banking Supervision
BE	Banco de España
BIS	Bank for International Settlements
CBSO	Central Balance Sheet Data Office
CCR	Central Credit Register
CEBS	Committee of European Banking Supervisors
CEIPOS	Committee of European Insurance and Occupational Pensions Supervisors
CEMLA	Center for Latin American Monetary Studies
CEPR	Centre for Economic Policy Research
CESR	Committee of European Securities Regulators
CIIs	Collective Investment Institutions
CNE	Spanish National Accounts
CNMV	National Securities Market Commission
CPI	Consumer Price Index
DGSFP	Directorate General of Insurance and Pension Funds
EBA	European Banking Authority
ECB	European Central Bank
ECCO	ECB External Communications Committee
ECOFIN	Council of the European Communities (Economic and Financial Affairs)
EDP	Excessive Deficit Procedure
EFF	Spanish Survey of Household Finances
EFSF	European Financial Stability Facility
EMU	Economic and Monetary Union
EONIA	Euro overnight index average
EPA	Official Spanish Labour Force Survey
ESA 79	European System of Integrated Economic Accounts
ESA 95	European System of National and Regional Accounts
ESCB	European System of Central Banks
ESM	European Stability Mechanism
EU	European Union
EUROSTAT	Statistical Office of the European Communities
FASE	Financial Accounts of the Spanish Economy
FDI	Foreign direct investment
FROB	Fund for the Orderly Restructuring of the Banking Sector
GDI	Gross disposable income
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GNP	Gross national product
GVA	Gross value added
HICP	Harmonised Index of Consumer Prices
IADB	Inter-American Development Bank
ICT	Information and communications technology
ICO	Official Credit Institute
IGAE	National Audit Office
IMF	International Monetary Fund
INE	National Statistics Institute
MFIs	Monetary financial institutions
MiFID	Markets in Financial Instruments Directive
MMFs	Money market funds
MROs	Main refinancing operations
MTBE	Banco de España quarterly macroeconomic model
NAIRU	Non-accelerating-inflation rate of unemployment
NCBs	National central banks
NPISHs	Non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
PMI	Purchasing Managers' Index
PPP	Purchasing power parity
QNA	Quarterly National Accounts
RoW	Rest of the World
SCLV	Securities Clearing and Settlement Service
SDRs	Special Drawing Rights
SEPA	Single European Payments Area
SGP	Stability and Growth Pact
SIVs	Structured investment vehicles
SMEs	Small and medium-sized enterprises
SPEE	National Public Employment Service
TARGET	Trans-European Automated Real-time Gross settlement Express Transfer system
TFP	Total factor productivity
ULCs	Unit labour costs
VAT	Value Added Tax
WTO	World Trade Organisation
XBRL	Extensible Business Reporting Language

COUNTRIES AND CURRENCIES

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

BE	Belgium	EUR (euro)
BG	Bulgaria	BGN (Bulgarian lev)
CZ	Czech Republic	CZK (Czech koruna)
DK	Denmark	DKK (Danish krone)
DE	Germany	EUR (euro)
EE	Estonia	EUR (euro)
IE	Ireland	EUR (euro)
GR	Greece	EUR (euro)
ES	Spain	EUR (euro)
FR	France	EUR (euro)
IT	Italy	EUR (euro)
CY	Cyprus	EUR (euro)
LV	Latvia	LVL (Latvian lats)
LT	Lithuania	LTL (Lithuanian litas)
LU	Luxembourg	EUR (euro)
HU	Hungary	HUF (Hungarian forint)
MT	Malta	EUR (euro)
NL	Netherlands	EUR (euro)
AT	Austria	EUR (euro)
PL	Poland	PLN (Polish zloty)
PT	Portugal	EUR (euro)
RO	Romania	RON (new Romanian leu)
SI	Slovenia	EUR (euro)
SK	Slovakia	EUR (euro)
FI	Finland	EUR (euro)
SE	Sweden	SEK (Swedish krona)
UK	United Kingdom	GBP (Pound sterling)
JP	Japan	JPY (Japanese yen)
US	United States	USD (US dollar)

CONVENTIONS USED

M1	Notes and coins held by the public + sight deposits.
M2	M1 + deposits redeemable at notice of up to three months + deposits with an agreed maturity of up to two years.
M3	M2 + repos + shares in money market funds and money market instruments + debt securities issued with an agreed maturity of up to two years.
Q1, Q4	Calendar quarters.
H1, H2	Calendar half-years.
bn	Billions (10^9).
m	Millions.
bp	Basis points.
pp	Percentage points.
...	Not available.
—	Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth.
0.0	Less than half the final digit shown in the series.

CONTENTS

1 OVERVIEW

In 2011 Q1 the Spanish economy continued along the path of moderate recovery embarked upon a year earlier, with quarter-on-quarter GDP growth of 0.3 %, which took the year-on-year rate to 0.8 %. This trajectory was once again underpinned by the strength of net external demand, which contributed 1.4 pp to year-on-year GDP growth, while domestic demand continued to display considerable slackness, interrupted only by a rise in government consumption.

The data available for Q2 suggest that activity weakened, against a background marked by the worsening of the sovereign debt crisis in the euro area. Estimates based on the conjunctural information available indicate that GDP posted a quarter-on-quarter growth rate of 0.2 %, with the year-on-year rate standing at 0.7 %. On the expenditure side, the slowdown in activity would have been a consequence of the decline in national demand (-1.9 % year-on-year), which was more pronounced than in Q1, while the positive contribution of net external demand rose to 2.6 pp. It should be noted that the year-on-year rates for this quarter are affected by the exceptional volume of spending in the same period of last year, in anticipation of the rise in VAT on 1 July and the imminent ending of various government programmes to support spending (including Plan 2000E, which provided direct support for car purchases).

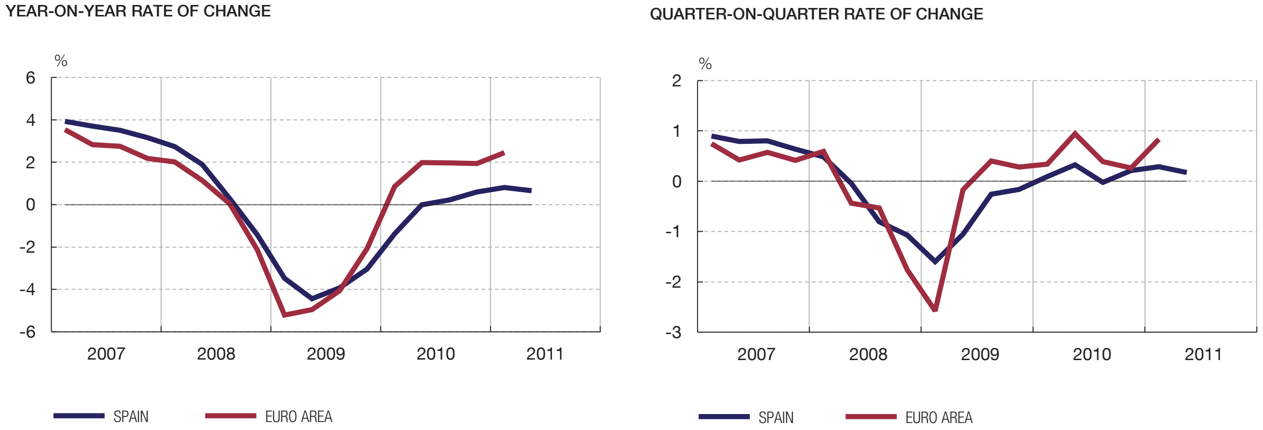
On the supply side, the weakening of industrial activity was notable, partly due to the discontinuity in productive processes prompted by the scarcity of certain inputs following the earthquake in Japan in March and the disruption of agricultural production caused by the EU food crisis. Market services, for their part, continued to display a moderate recovery, while the value added in construction fell again, although at a lower rate than in the preceding months. In these circumstances, employment declined in year-on-year terms (by -0.9 %, according to the EPA) although it stabilised in quarter-on-quarter terms, owing to the more favourable behaviour of employment in services, and the rate of unemployment posted a small decline (to 20.9 % of the labour force). Inflation turned downward in Q2, confirming the temporary nature of some of the price rises in the middle months of 2010. After rising in April and May, the CPI excluding energy and unprocessed food prices decelerated in June to stand at 1.7 %, a trend that will most probably be extended over the coming months, once the effect of the increase in VAT in July last year on prices is absorbed. In this respect, the leading indicator of the CPI showed a further reduction in July, to 3 %.

At the international level, economic and financial developments in recent months have been dominated by heightened tensions in the euro area sovereign debt markets and by a certain loss of momentum in the economic recoveries in some of the main developed economies, a further factor of uncertainty adding to the doubts over whether or not the deceleration is temporary. These developments contrasted with the sustained buoyancy of the emerging economies. The prices of oil and other commodities retreated from their April peaks, albeit remaining at high levels, and inflation continued to behave differently from one geographical region to another, with higher inflationary pressures discernible in the emerging countries, which are further ahead in the business cycle. Finally, the risks in the fiscal sphere extended beyond the euro area, with tense negotiations taking place in the United States over the increase in the debt ceiling.

In Europe, the uncertainty over the possibility of some form of Greek debt restructuring and the delay in the approval of the second Greek financial aid package meant that the

GROSS DOMESTIC PRODUCT (a)

CHART 1



SOURCES: ECB, INE and Banco de España.

a Seasonally adjusted series.

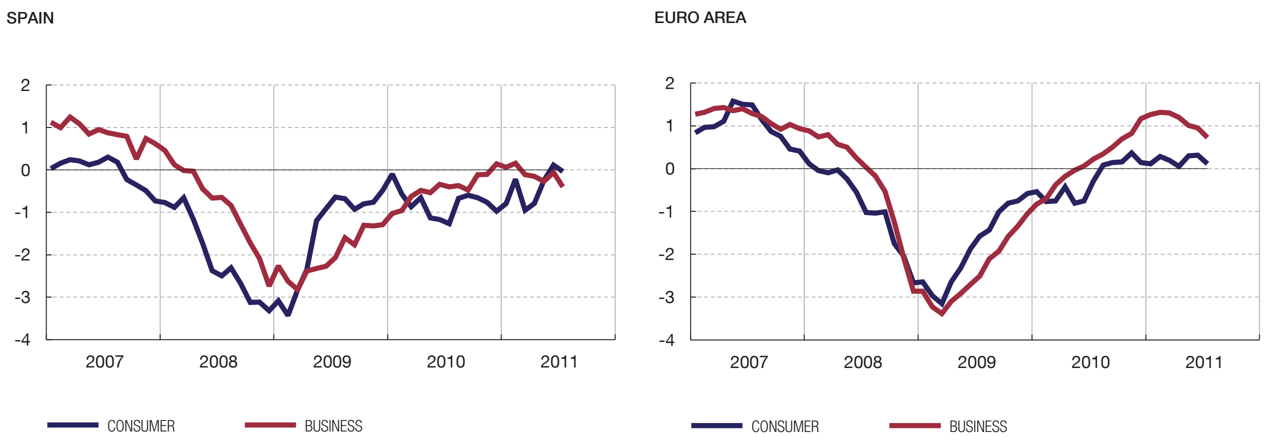
turbulence on the financial markets (which in the first stretch of the quarter affected the countries subject to assistance programmes) spread from July to the public debt markets in other euro area countries, and with particular intensity to Italy and Spain. Tensions also spread to the stock market, the foreign exchange markets - where the euro exchange rate fluctuated significantly - and the interbank market. This strong instability clouded the publication on 15 July of the positive results of the stress tests on European banks by the European Banking Authority (EBA).

Given the seriousness of the situation, an extraordinary meeting of the euro area Heads of State and Government was called on 21 July. They agreed to launch a new programme for Greece along with a broader batch of measures to improve the sustainability of Greek public debt, to halt the risk of contagion to other economies and to reinforce the available euro area crisis-management mechanisms (see Box 2). The results of the summit led to some initial easing of tensions, which was nevertheless reversed in the following days, although it is still premature to assess how investors may ultimately react.

Following a first quarter of stronger-than-expected euro area GDP growth, the conjunctural information available points to some slowing in activity in Q2, in line with expectations, as a result of the reversal of some of the temporary factors that boosted output growth in the opening months of the year. Following this pause, available estimates suggest the continuation of the recovery in activity over the rest of the year, albeit with a divergent pattern across the different countries. As regards prices, inflation held at a high level of 2.7 % in June (2.5 % in July, according to the leading indicator of the HICP), owing to the still-high rise in energy and commodity prices. Risks in the medium term remain on the upside and are related to potential and higher-than-expected increases in energy prices and indirect taxes. At its July meeting, then, the ECB duly decided to raise its MRO rate by 25 bp to 1.5 %. In August, the ECB Governing Council decided to hold its official rates unchanged and reaffirmed its commitment to financial stability by extending for as long as needed and at least until January 2012 its fixed-rate tender procedures with full allotment in its various liquidity provision operations. These would include a new six-month operation, thereby ensuring that all institutions are provided with an adequate volume of liquidity. These decisions came on top of the previous move to suspend the minimum credit rating

CONFIDENCE INDICATORS (a)

CHART 2



SOURCE: European Commission.

a Normalised confidence indicators (difference between the indicator and its mean value, divided by the standard deviation).

threshold for fixed-income debt instruments issued or guaranteed by the Portuguese government, following Moody's downgrading of its sovereign debt. Finally, the Council recalled that its Securities Market Programme remained open.

The worsening of the euro area sovereign debt crisis affected the Spanish financial markets particularly sharply, prompting a rise in the risk premia on fixed-income securities issued both by general government and by the private sector, and declines in stock market indices. These trends were accentuated in July, when the yield spread between 10-year public debt and the benchmark German *Bund* widened to around 370 bp. As of the cut-off date of this report, the risk premium on Spanish bonds stood close to 400 bp. Equity market prices also fluctuated notably, placing the IBEX 35 8.3 % below its value at the start of the year.

On the real estate market, house prices continued to fall, posting a year-on-year rate of 5.2 % in Q2. This was sharper than in the previous quarter, meaning that they have fallen by close to 17 % in cumulative terms since end-2007, which represents a 22 % decline in real terms.

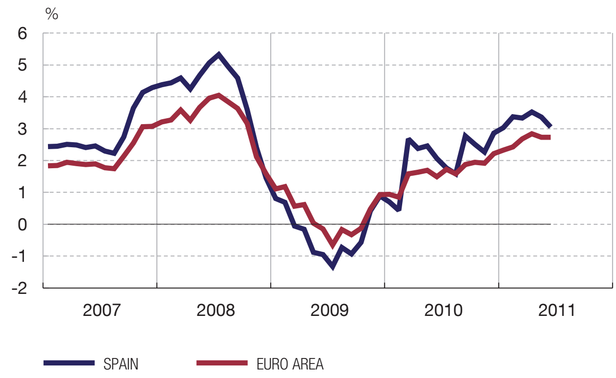
In these circumstances, resident private-sector accessibility to financing tightened further, since the tensions on financial markets led to an increase in bank funding costs which fed through, at least in part, to the interest rates on loans granted to households and firms, prolonging the rising course of such rates that had begun in early 2011. Lending standards, as opposed to interest rates, did not change significantly following the slight tightening in the opening months of 2011.

The prevailing instability described, the scant improvement in households' economic situation and tighter lending standards did not help boost household spending, which showed signs of a sluggish recovery over the quarter as a whole. Household consumption is estimated to have risen only slightly in Q2 against a background in which the value of household wealth fell once more, as did their disposable income, although the information drawn from the non-financial accounts of the institutional sectors for Q1 indicates a slight slowing in the rate of decline of this variable in nominal terms (for the first time since the start of the crisis). The saving rate continued to exert a spending-stabilising effect and fell once more in Q1 to 12.2 % of disposable income in four-quarter cumulated terms, a level close to pre-crisis values.

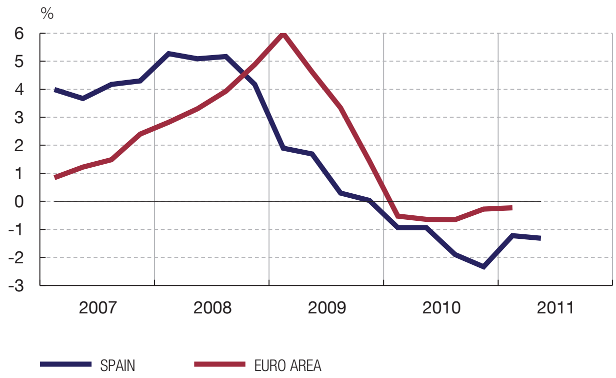
PRICES AND COSTS

CHART 3

HARMONISED INDICES OF CONSUMER PRICES (a)



UNIT LABOUR COSTS (b)



SOURCES: Eurostat, ECB and INE.

a Year-on-year rate of change.
b Per unit of output. Year-on-year rate of change calculated on the basis of seasonally adjusted series.

Residential investment shrank in Q2 in line with the projected path, which plots diminishing declines in this domestic demand component over the rest of the year. Turning to the demand for residential assets, registered transactions fell significantly in April and May compared with the same period a year earlier. This year-on-year decline may be related to the changes in the treatment of house purchases under personal income tax as from 1 January this year, which encouraged buyers to bring forward their purchases to 2010 and altered the path of this variable. Nonetheless, the doubts that have arisen about possible changes in the tax treatment of owner-occupied property, and the prospect of the increase in the financial effort that the tightening of lending conditions will entail, might prolong this declining trajectory.

Overall, the adjustment of household consumption and investment is allowing the sector's net lending to hold at a relatively high level of 3.4 % of GDP in Q1 in four-quarter cumulated terms. Household debt can also be seen to have shrunk; its level fell by 1.1 % in year-on-year terms owing to a bigger decline than that in the preceding months in funds borrowed for consumption and other purposes, and to the slight fall in funds intended for house purchases.

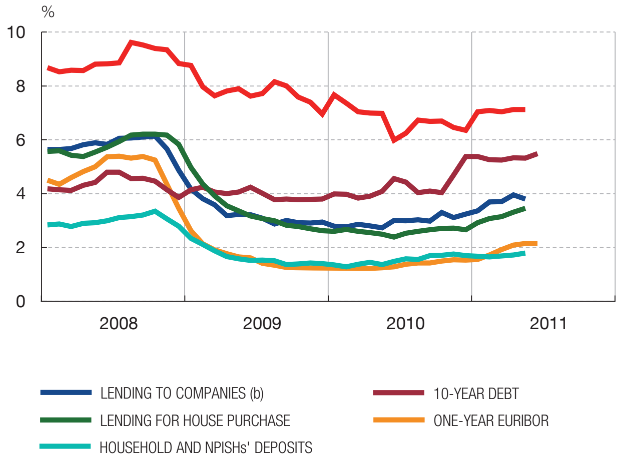
Business investment felt the impact of the uncertainty and financial instability that prevailed in the period under study. The sluggishness of this variable continued and indeed intensified owing to the lesser momentum of world trade. In terms of products, the most contractionary components of investment was that of other construction, which was affected by the adjustment in civil engineering projects brought about by the budgetary austerity plans under way. Firms also increased their net lending in the opening months of the year, to an amount equivalent to 0.9 % of GDP in four-quarter cumulated terms, perhaps in response to their efforts to clean up their balance sheets and strengthen their self-financing capacity. Also, the rate of change of firms' debt turned moderately negative (-0.3 % year-on-year in May). On the information available to March, financing by productive branch declined practically across the board, with only the non-financial and non-real estate services component posting a small increase, although as has habitually been the case, the fall in construction was sharper.

General government conduct continued to be marked by the roll-out of the fiscal consolidation plans. On the public spending side, there have been significant declines in public-

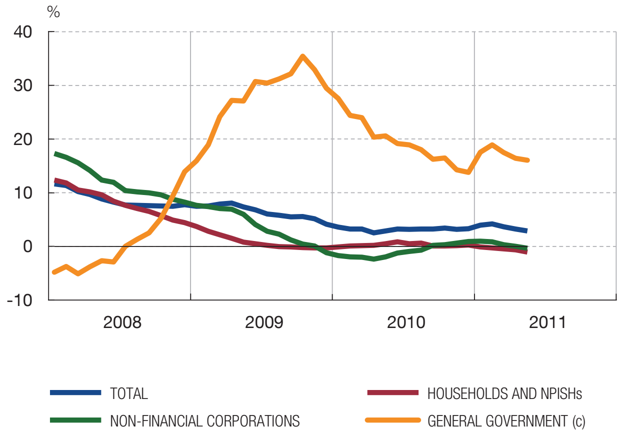
FINANCIAL INDICATORS OF THE SPANISH ECONOMY

CHART 4

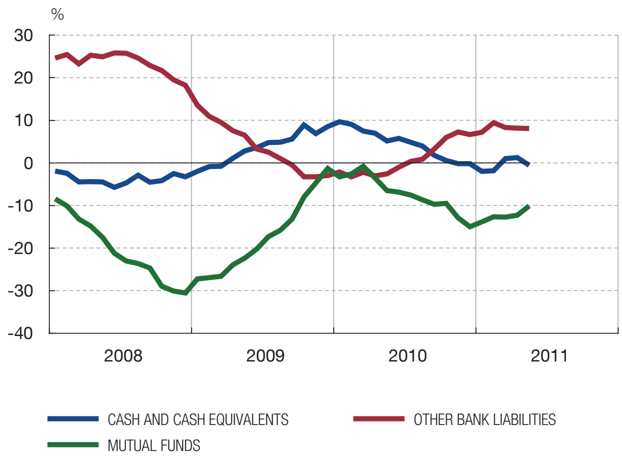
INTEREST RATES (a)



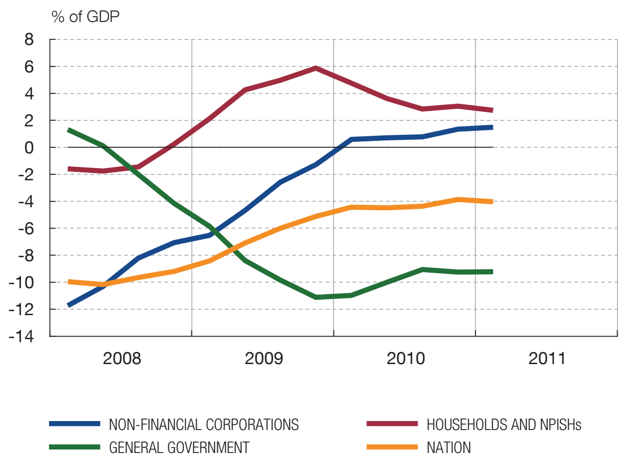
FINANCING TO NON-FINANCIAL RESIDENT SECTORS (year-on-year growth)



FINANCIAL ASSETS OF NON-FINANCIAL CORPORATIONS AND OF HOUSEHOLDS AND NPISHs (year-on-year growth)



NET FINANCIAL TRANSACTIONS (d)



SOURCE: Banco de España.

a In June 2010 the statistical requirements relating to interest rates applied by credit institutions to their customers were amended, potentially causing breaks in the attendant series. Of particular signifcance was the change in the interest rates on consumer credit and other loans, as a result of which, from that month, operations transacted using credit cards have not been included. APR for loans (includes commission and other expenses) and NDER for deposits.
b Weighted average of interest rates on various transactions grouped according to their volume. For loans exceeding €1 million, the interest rate is obtained by adding to the NDER (Narrowly Defined Effective Rate), which does not include commission and other expenses, a moving average of such expenses.
c Consolidated financing: net of securities and loans that are general government assets.
d Four-quarter cumulated data.

sector employee compensation and in investment in the year to date, along with a slowdown in spending on welfare benefits. By contrast, there was some upward deviation in non-wage final consumption spending and an increase in interest payments. On the revenue side, VAT and personal income tax trended as was to be expected given the measures adopted in 2010, while revenue from other taxes was more sluggish. Overall, fiscal consolidation is progressing towards the targets set, albeit at different rates depending on the agents involved. While the State and Social Security budget outturn broadly trended to June as projected, the regional government deficit was higher than forecast in Q1 (0.5 % of GDP). That means a sharper adjustment is needed over the rest of the year to meet the programmed deficit-reduction target in 2011 (by 1.5 pp of GDP to a deficit of 1.3 % of GDP). Against this background, the Fiscal and Financial Policy Council (CPFF by its Spanish abbreviation) endorsed at its meeting on 27 July the re-balancing plans for four of the six regional governments in which approval had remained pending. Plans for the remaining two will remain pending until the next CPFF meeting. The rigorous application of the conditionality of authorisation for indebtedness on strict compliance with these plans is a key instrument for preventing budgetary deviations from arising at the end of the year.

Measures were approved in July to reinforce the general government budgetary framework and to ensure the sustainability of public finances in the medium term, in line with the objectives set out in the Euro-Plus Pact. In this respect, Parliament approved on 14 July a decree law establishing a public spending growth rule, whereby the rate of increase of this variable may not annually exceed the economy's nominal medium-term growth rate. The rule shall be directly applicable to central government and to local governments to which State taxes are transferred. Such a rule, conceived as a complement to the legislation on budgetary stability, may prove a most useful instrument for strengthening fiscal discipline. However, for it to be fully effective it must also be applied to the regional government budgets (on the proposal of the government, the CPFF approved at its last meeting the adoption of similar rules by the regional governments). On 21 July, the Law on Social Security Reform was finally approved. It enshrines the essential elements of the related draft bill: the raising of the retirement age, the extension of the number of years taken into account for calculating the pension and the inclusion of a sustainability factor that will enable the parameters of the system to be progressively adapted to future demographic developments. On the whole, the reform is a major step forward for ensuring the sustainability of the pensions system (for a more detailed assessment of the reform, see Box 2.3 of the Banco de España 2010 *Annual Report*).

As for foreign trade, both the rate of increase of exports and, to a greater degree, that of imports decelerated in Q2. However, exports remained very buoyant, which resulted in a slight increase in the Spanish export share in real terms in the first half of the year. Tourism exports stepped up their strong recovery in the April-June period, owing to the favourable economic situation of Spain's main tourism-generating markets and to the effects of geopolitical instability in North Africa and the Middle East. These developments were accompanied by a fresh loss of momentum in goods imports, which hardly increased, and by a decline in service imports, both of which are linked to sluggish domestic demand.

The correction of the nation's net borrowing slowed in the early months of 2011. According to the non-financial accounts of the institutional sectors, the nation's net borrowing stood in Q1 at 4 % of GDP in four-quarter cumulated terms (3.9 % in 2010). The latest balance of payments information indicates that behind this lies the deterioration of the energy trade balance, reflecting the impact of high oil prices on the energy bill and the rise in the deficit on the incomes balance; the outlook for both factors is not favourable for the remainder of the year.

On the supply side, the key development was the discontinuation of the path of recovery on which industrial production had embarked at end-2010 and the beginning of this year. Since this was due, at least partly, to the above-mentioned temporary factors, the adjustments made in the sector and the productivity gains achieved should enable industrial production to resume this path of recovery in future quarters, particularly if exports pick up as they did in 2011 Q1. For their part, the market services branches showed fresh moderate growth, conditioned by sluggish consumption. Lastly, value added in construction decreased again, weighed down by the decline in the non-residential construction segment. On EPA data for Q2, it recovered in market and non-market services, while the pace of job destruction eased in the other branches, except in construction where its pace of decline stepped up. These developments in employment were accompanied by an increase in the proportion of temporary to permanent employees to 25.5 %.

Despite the weakness of the labour market, labour costs in the market economy rose in Q1, largely owing to the still-close relationship between collective bargaining and inflation. For the April-June period, employee compensation is estimated to stand at approximately 2 %, which would be consistent with the slight easing beginning to be seen in the average rates negotiated in collective bargaining agreements (2.7 % in June compared with 3.1 % in cumulated terms to March). This deceleration will foreseeably continue for the remainder of the year, as collective bargaining agreements are negotiated and, with it, the number of newly-signed agreements under which wage settlements are less closely tied to past inflation, which was exceptionally high in December 2010. Adding to this would be the potential effect on wage increases of employers and employees making intensive use of the possibilities for collective bargaining offered by Royal Decree-Law 7/2011 on urgent collective bargaining reform measures, enacted on 10 June. This reform promotes signing collective bargaining agreements at firm-level, which are more closely linked to the firm's position in the cycle. It further provides for the possibility of wage opt-out clauses (see Box 4). For the economy as a whole, it is estimated that the growth rate of compensation per employee slowed slightly more, influenced by the cut in public-sector wages; as a result, unit labour costs continued to decrease.

In short, economic developments in recent months portray a cyclical position of weak recovery, underpinned by buoyant net external demand. This pattern of exit from the crisis shows the correction of the macroeconomic imbalances which have built up, and completing this adjustment is essential for returning to a path of sustained growth, even if this restricts short-term growth capacity. However, the increase in uncertainty in recent months has accentuated the downside risks to growth. The possible repercussions of sovereign debt market tensions on the real economy are the main source of risks. Emerging successfully from this adverse climate hinges on the decisive and clear implementation at European level of the commitments agreed at the summit of Heads of State and Government on 21 July, although containing contagion also requires forceful national economic policy responses. In Spain, major reforms have been adopted over the last year in the fiscal area and in that of pensions, the labour market and financial system. Completing these reforms swiftly and ambitiously would contribute to reducing uncertainty and resuming sound growth.

During Q2 the heightening of the euro area sovereign debt crisis ultimately had a severe effect on global financial markets, unlike in the previous quarter. Furthermore, the economic recovery lost momentum in some of the major developed economies, particularly the United States, adding further uncertainty which contributed to gradually increasing doubts over the temporary nature of the slowdown. Although inflationary pressures have eased in the advanced economies, in emerging economies they remain strong, against a backdrop of still-high commodity prices, which augurs a gradual tightening of monetary conditions in some of these economies in coming months. This situation is in contrast to a fresh delay in the beginning of the cycle of interest rate rises in certain developed economies and renewed debate about the appropriateness of new non-conventional monetary policy measures in the United States, and also in the United Kingdom, without any steps having been taken in this direction. Lastly, in Q2 fiscal risks have intensified and spread beyond the euro area and include, most notably, the tense negotiations in the United States about raising the debt ceiling which in recent months has been tied to achieving political consensus on the fiscal consolidation strategy (see Box 1).

International financial markets performed negatively and were characterised by greater risk aversion and investors' flight to quality, although the Eurogroup agreement on 21 July favoured a temporary correction of the quarter's trends. Thus, most developed and emerging stock markets posted heavy losses. On the foreign exchange markets certain currencies such as the dollar and Swiss franc acted as safe-haven assets and appreciated significantly. The negative developments in Europe coincided with the appreciation of the dollar against the euro by around 3% to $1.44 per euro. The yield on ten-year US Treasury bonds dropped to around 3% in the quarter, despite the accentuation of fiscal problems in the US, owing to the worse economic outlook and flight to quality movements. In emerging markets capital inflows in the form of debt remained buoyant and the issuance of fixed-income securities was high, close to record levels, despite which the sovereign spread for emerging economies as a whole widened slightly. Emerging currency movements against the dollar were mixed, although the Turkish lira depreciated noticeably (by more than 10%). Commodity prices decreased moderately following the robust rises of the previous quarter, due to lower expectations of growth in global demand, although they were very volatile and held at high levels. The price of Brent oil moved within a range of $105 and $120. OPEC's decision not to increase production quotas and the International Energy Agency's announcement to release part of its strategic reserves triggered significant price changes.

In the United States the annualised quarterly GDP growth rate stood at 1.3% in Q2 (0.3% quarter-on-quarter and 1.6% year-on-year), representing a quickening with respect to the figure of 0.4% recorded in Q1, which was revised down notably. Persistently weak growth was due to sluggish private consumption. The most recent supply and demand indicators reflect a continuation of this scant buoyancy. In June industrial production increased slightly and business confidence continued to signal moderate growth, while retail sales and consumer confidence showed signs of weakening. Similarly, the residential real estate market remains very depressed and house prices have decreased again. In May and June, following a highly buoyant period, the pace of job creation slowed and the unemployment rate increased again to 9.2% of the labour force at the close of Q2. Inflation held unchanged in June at 3.6% year-on-year and core inflation climbed 0.1 pp to 1.6% year-on-year. In this setting, the Federal Reserve maintained its expansionary policy stance leaving the official interest rate in the range of 0-0.25% and ended its asset purchase programme.

Since the financial turmoil began in August 2007 and, especially, after the bankruptcy of Lehman Brothers in September 2008, the fiscal position of the US economy has deteriorated greatly, largely as a result of the operation of automatic stabilisers and of discretionary measures adopted to soften the impact of the crisis. Specifically, the federal deficit has increased in terms of 12-month accumulated data from 1.5% of GDP in August 2007 to 8.4% in June 2011, after rising above 10% at end-2009. This was due to the decline in revenues (from 18.1% to 14.3%) and the increase in spending (from 19.7% to 21.6%) and prompted, also between August 2007 and June 2011, a rise in net debt[1] – from 36% of GDP to 64.9% – and in gross debt – from 63.6% of GDP to 95.5% – (see Panel 1).

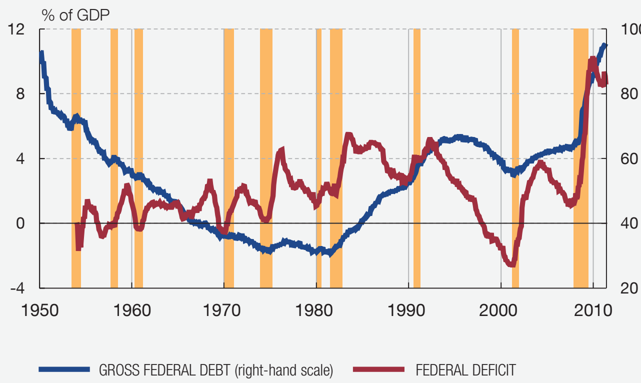
1 In this article, as is usual in statistics on US public finances, net debt is deemed the debt held by the public, which relates to marketable securities issued by the Treasury whose main holders are the external sector, the financial and non-financial private sector, the Federal Reserve and the state and local governments which purchase these debt securities in the market.

The deterioration of the fiscal situation in the United States, as a result of the crisis, has been among the deepest experienced in the developed economies. And as in the other advanced countries, this deterioration compounds the high fiscal commitments associated with population ageing, which will be manifest in growing spending on health and pensions. Consequently, the issue of the sustainability of public finances has become notably important in economic policy debates.

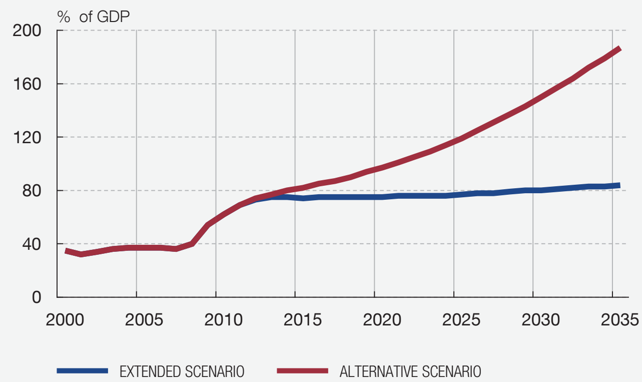
In its latest outlook report, the Congressional Budget Office (CBO – an independent agency whose mandate is to provide Congress with objective analyses for taking economic and budgetary decisions) considers two alternative scenarios for long-term public finances.[2] Under the first scenario in which it is assumed that the tax provisions will expire as scheduled and the forecast restric-

2 See the CBO's 2011 Long-Term Budget Outlook, Congressional Budget Office, June 2011.

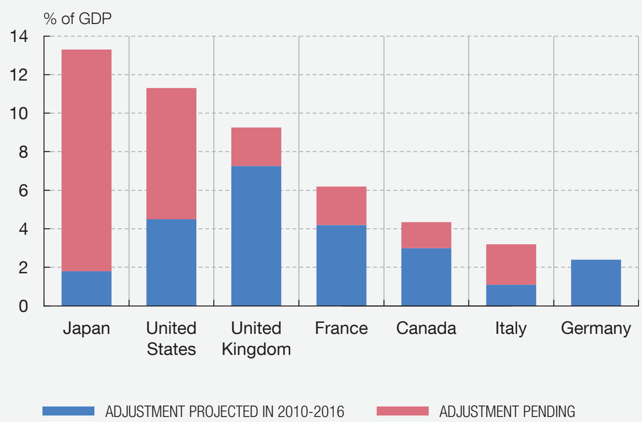
1 FEDERAL DEFICIT AND GROSS FEDERAL DEBT (a)



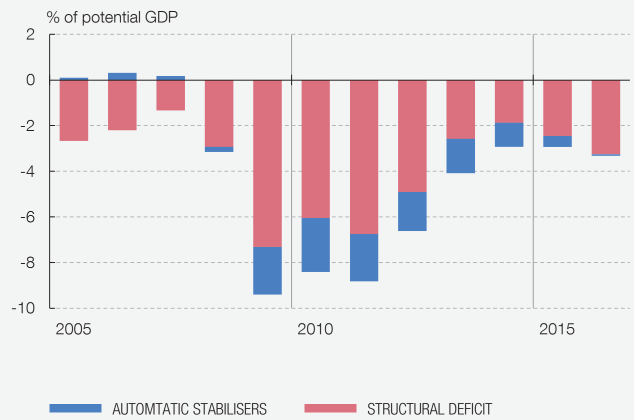
2 PROJECTIONS OF NET FEDERAL DEBT



3 ESTIMATE OF THE FISCAL ADJUSTMENT NEEDED (IMF) (b)



4 FEDERAL DEFICIT. BREAKDOWN BY COMPONENT



SOURCES: Congressional Budget Office, US Department of the Treasury, Bureau of Economic Analysis and IMF.

a The yellow bars indicate periods of recession.
b Estimate of the fiscal adjustment needed so that the debt ratio decreases to 60% of GDP by 2030 or stabilises (if it is lower than 60% of GDP).

tions on spending – especially on health – will ultimately be implemented, the deficit would decrease to 4.2% of GDP by 2035 as a result of higher revenues, which would be above the historical average (23% in 2035, compared with 18% in the last four decades), and of lower spending – excluding social security, health and interest payments – with the result that the net debt would stand at 84% of GDP. However, under the alternative scenario in which tax provisions are maintained and spending on health is not cut, the outlook is worrying: revenues would remain at historically low levels (around 18% of GDP), while spending would reach very high levels (close to 34% of GDP) – see Panel 2 –, triggering an increase in net debt to 187% of GDP.

Against this background, several estimates indicate that the fiscal adjustment required to stabilise the long-term debt level in the United States is very high and above that envisaged in most developed economies. For instance, a recent analysis of the International Monetary Fund[3] shows that the fiscal adjustment needed to stabilise debt at 60% of GDP would be 11 pp, while the adjustment forecast in the 2010-2016 horizon would hardly exceed 4 pp (see Panel 3). In fact, despite the agreement reached in June 2010 by G20 member countries to halve their fiscal deficits by 2013, which would require a reduction of around 5 pp in the United States, and, unlike the strategy adopted in other advanced countries – mainly in the United Kingdom and in several euro area countries – where ambitious fiscal consolidation plans have been approved, in the United States the choice was made to delay the fiscal adjustment needed and the role of public stimulus as a support for growth was extended. In this connection, a new fiscal stimulus programme was approved in December 2010, when most economies had already begun the contractionary fiscal cycle. At present, the design of the fiscal consolidation strategy has just been agreed, following a long and complex debate between the two main parties which were at loggerheads over this issue.

In fact, the political debate intensified and took a risky turn in February when the Republican Party tied the approval of an increase in the debt ceiling to the approval of a fiscal consolidation programme based on spending cuts, which differs radically from the Democrats' proposal of maintaining welfare benefits by raising certain taxes. The negotiations couched in these terms centre on one variable – the debt ceiling – which should not come under debate and which entails high risks. As a result of the agreement reached on 31 July, the debt can be increased by at least $2.1 trillion (although it is estimated to rise by $2.5 trillion), which is sufficient to finance the running of the Government until 2013, i.e. until after the next elections. In exchange, a spending cut of nearly $1 trillion over ten years was agreed, which would be accompanied by another deficit cut of between $1.2 trillion and $1.5 trillion to be agreed by a bipartisan committee before the end of 2011. Mechanisms have been set in place to bring pressure to bear to ensure this agreement comes to fruition. In any event, doubts still remain about the implications of this agreement for the sustainability of public debt.

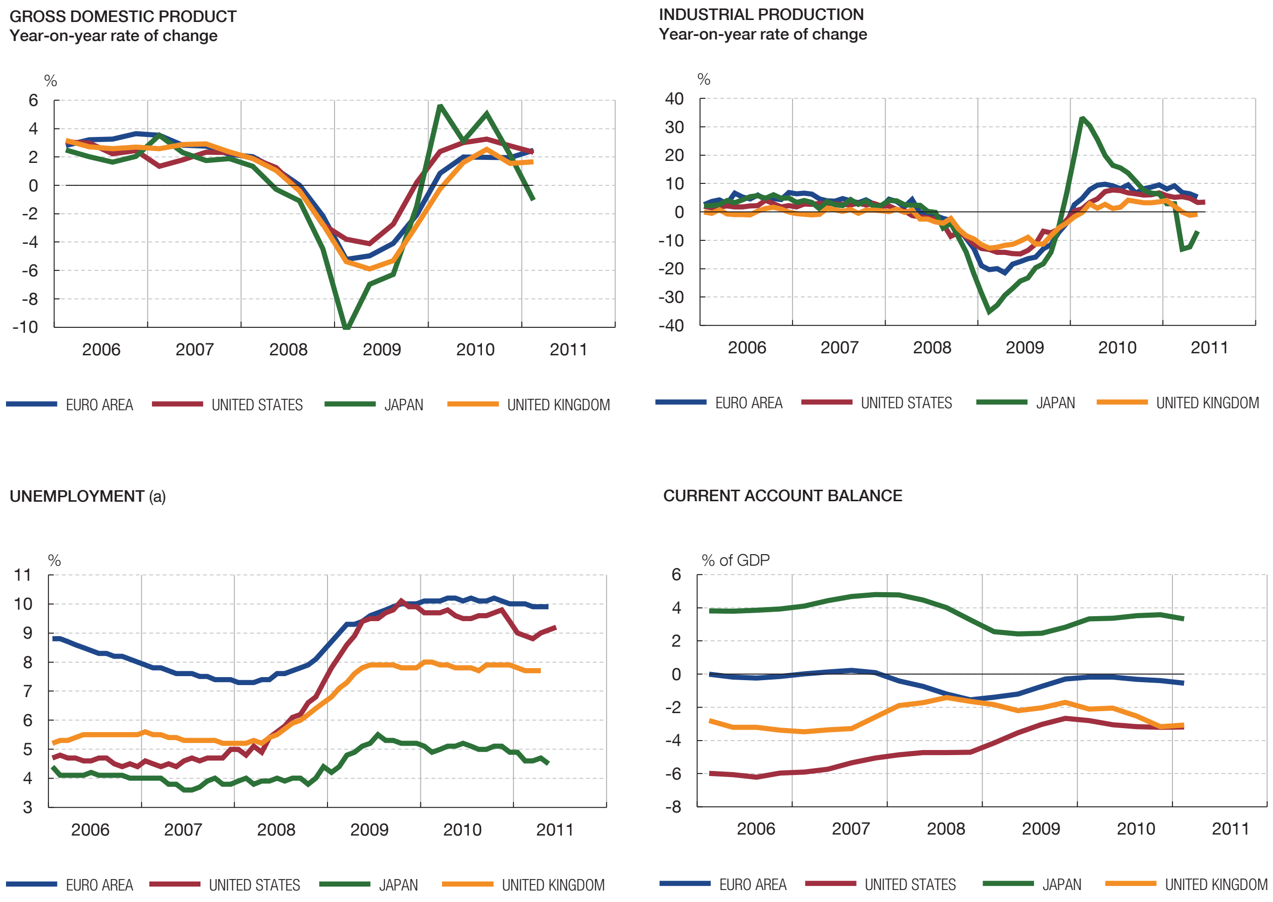
3 See Fiscal Monitor *Shifting Gears: Tackling Challenges on the Road to Fiscal Adjustment*, International Monetary Fund, April 2011. Along the same lines, Auerbach, A. (2011) points out that the increase required in the structural primary balance, over and above that currently projected, so that debt returns to a ratio of 45% in 2060 would be approximately 8 pp of GDP. See "Long Term Fiscal Sustainability in Major Economies", an article prepared for the tenth BIS Annual Conference, *Fiscal Policy and Its Implications for Monetary and Financial Stability,* in Lucerne, 2011.

In Japan, GDP in Q1 fell by 0.9% quarter-on-quarter (-1% year-on-year), due to the contraction of private demand and the rise in imports after the earthquake in March. However, the most recent indicators point to a rapid recovery and return to normal of activity from mid-Q2, due to supply gradually moving back on to a normal footing. For instance, industrial production expanded by 5.7% in May and other qualitative indicators indicate higher growth in the coming months. On the demand side the recovery remains more tenuous owing to weak consumer sentiment, although certain temporary factors are supporting consumption. As for the external sector, the trade balance recorded a deficit in May as a result of buoyant imports. Despite persisting – though increasingly weaker – deflationary pressures, inflation rose in May to 0.3%. Against this backdrop the Bank of Japan held the official interest rate within a range of 0-0.1%, and enlarged its temporary facility by ¥0.5 billion (0.1% of GDP) in order to stimulate the granting of bank credit. Finally, the government approved a second supplementary budget of ¥2 billion (0.4% of GDP).

In the United Kingdom, the GDP flash estimate for Q2 shows growth of 0.2% quarter-on-quarter (+0.7% year-on-year), compared with 0.5% recorded in Q1 and confirms that activity held up in the services sector and that the production of goods declined, which had already been indicated by the higher frequency supply indicators, such as industrial pro-

MAIN MACROECONOMIC INDICATORS

CHART 5



SOURCES: Datastream and Banco de España.

a Percentage of labour force.

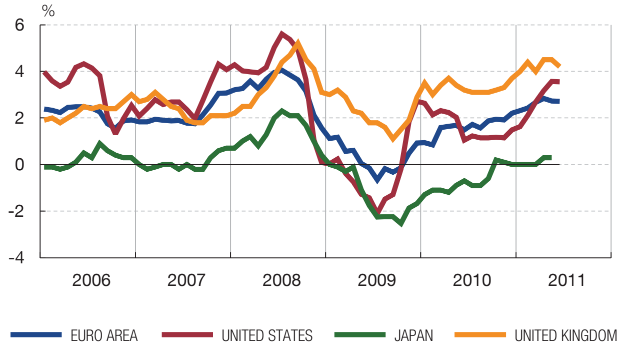
duction and the Purchasing Managers' Index (PMI). Demand indicators, such as retail sales and business investment intentions, showed a slight sluggishness in line with low consumer and business confidence and the loss of household purchasing power. In the real estate market, the number of transactions recorded remained low and house prices continued to move on a slightly declining path. In the labour market job creation has lost momentum, although the unemployment rate is stable at 7.7% and wages remain contained. After a protracted rise, inflation decreased by 0.3 pp to 4.2% and the core rate declined by 0.5 pp to 2.8% in June, although notable inflationary pressures persist. The Bank of England held the official interest rate at 0.5% in July and the markets seem to rule out a tightening of its policy before the end of the year.

In the new non-euro area EU Member States as a whole, in Q1 GDP grew on average by 3.5% year-on-year. This exceeded growth of 3% in the previous quarter, showing an improvement across the board, which included most notably the emergence of Romania from recession and the solid recovery of the Polish economy. The momentum of activity continued to be tied to the expansion of exports and industrial production, due to the strength of the German economy (the region's principal trading partner), while in Poland private consumption remained notably robust. Growth is expected to continue in Q2 insofar as projections are for ongoing strong external demand, although a slight slowdown cannot be ruled out if domestic demand does not gain greater vigour. Throughout the quarter inflation behaved unevenly, moving on a rising trend until May and, subsequently,

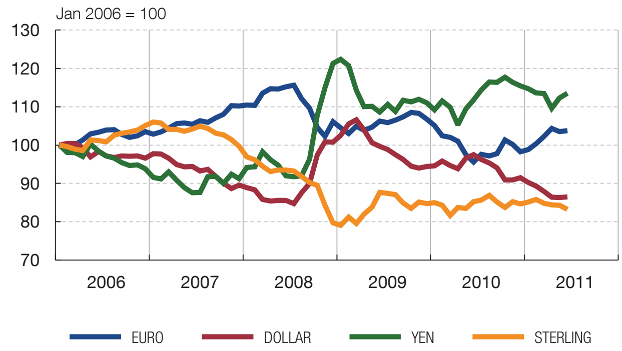
PRICES, REAL EXCHANGE RATE AND INTEREST RATES

CHART 6

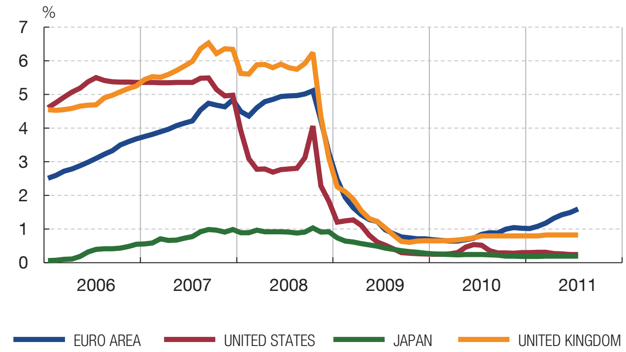
CONSUMER PRICES
Year-on-year rate of change



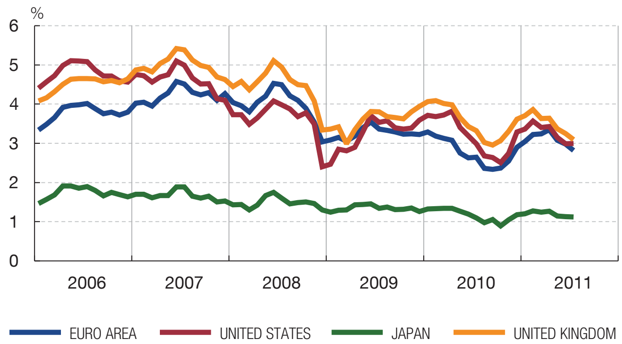
CPI-BASED REAL EFFECTIVE EXCHANGE RATES
VIS-À-VIS DEVELOPED COUNTRIES



SHORT-TERM INTEREST RATES (a)



LONG-TERM INTEREST RATES (b)



SOURCES: Datastream and Banco de España.

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

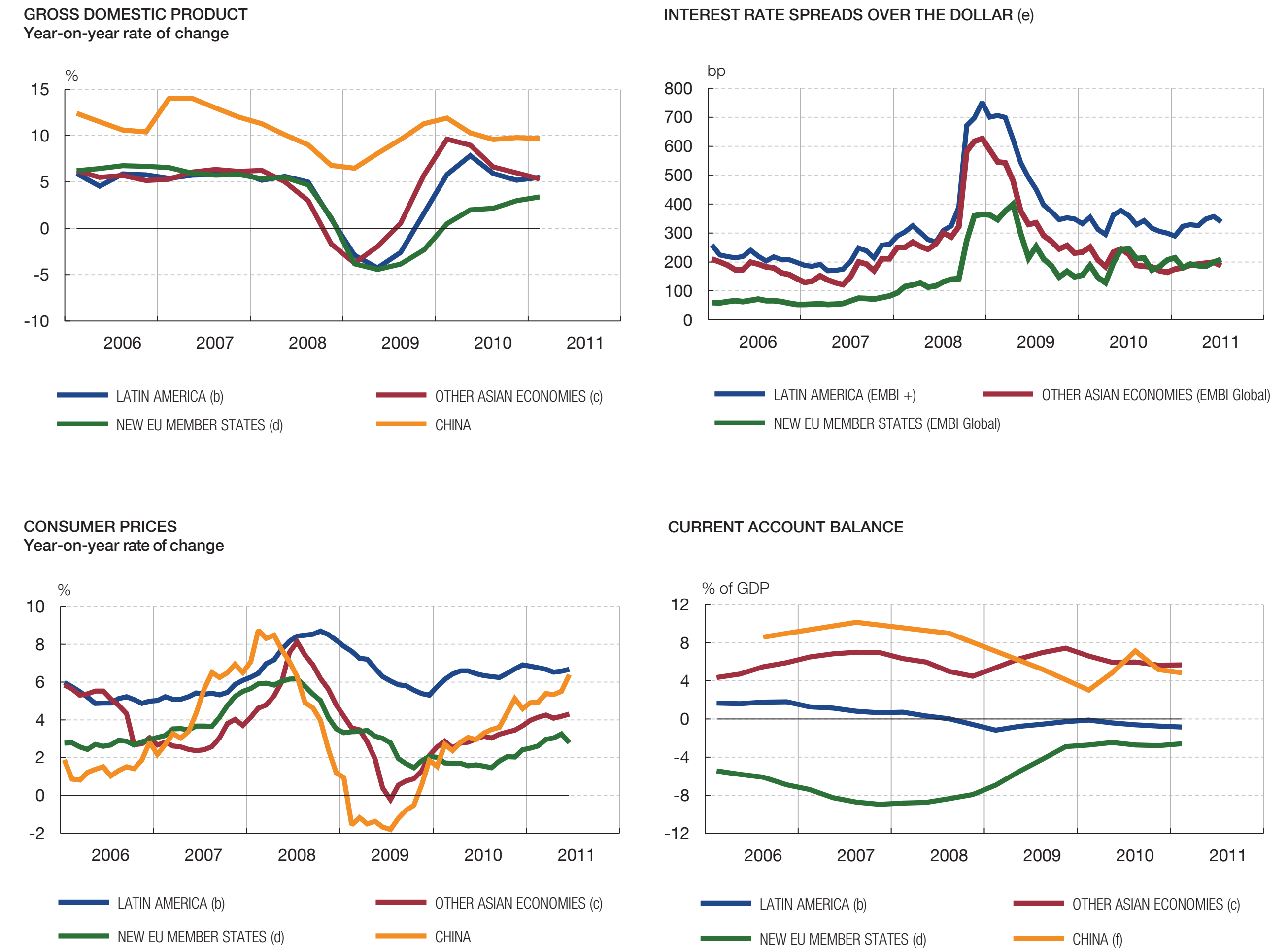
recording widespread declines in June owing to lower food prices which have contributed to putting the aggregate rate at 4.2% year-on-year. Nevertheless, greater inflationary pressures in Poland prompted a fresh increase in the official interest rate (of 50 bp to 4.5%) while in other countries it remained unchanged.

In China GDP posted growth of 2.2% quarter-on-quarter (9.5% year-on-year) in Q2. The pace of expansion is still robust, easing only slightly, despite the tightening of monetary policy and relatively weak external demand. Inflation held on an upward path, reaching 6.4% year-on-year in June (considerably higher than the target of 4%). Against this background, the authorities once again increased the reference interest rate in July (by 25 bp), leaving the rate on one-year loans at 6.56% and that on one-year deposits at 3.50%. Additionally, they raised the reserve requirement six times during 2011 to 21.5% for the major banks and 19.5% for the smaller ones. In the rest of Asia growth remained notably strong during 2011 Q1, although, in terms of year-on-year rates, the region's GDP decelerated slightly (to 6.3% compared with 7% in the previous quarter). The Q2 indicators point to a slight further moderation of activity. Inflationary pressures persisted due to the effect of food and energy prices which favoured increases in official interest rates and in reserve requirements in several of the region's economies.

In Latin America GDP growth quickened slightly in 2011 Q1 to 1.4% quarter-on-quarter, compared with 1.2% in the previous quarter (from 5.2% to 5.5% in year-on-year terms),

EMERGING ECONOMIES:
MAIN MACROECONOMIC INDICATORS (a)

CHART 7



SOURCES: Datastream and Banco de España.

a The aggregate of the different areas has been calculated using the weight of the countries that make up these areas in the world economy, drawing on IMF information.
b Argentina, Brazil, Chile, Mexico, Colombia, Venezuela and Peru.
c Malaysia, South Korea, Indonesia, Thailand, Hong Kong, Singapore, Philippines and Taiwan.
d Poland, Hungary, Czech Republic, Slovakia, Estonia, Latvia, Lithuania, Bulgaria and Romania.
e JP Morgan EMBI spreads. Latin America includes Argentina, Brazil, Colombia, Ecuador, Mexico, Panama, Peru and Venezuela. Asia includes China, Indonesia, Iraq, Kazakhstan, Malaysia, Pakistan, Philippines, Sri Lanka and Vietnam. The data on the new EU Member States relate to Hungary and Poland.
f Annual data until 2009.

largely due to the lower negative contribution of external demand (given that the positive contribution of domestic demand fell). Activity indicators suggest that the buoyancy will continue in Q2. Inflation for the region as a whole stood at 6.6% in June, similar to that of preceding months and to the core inflation rate. In this context, the central banks of Brazil, Colombia, Chile and Peru increased official interest rates again (admittedly in Chile and Peru they were not altered at the last meetings of the quarter). In the sphere of fiscal policy, over the quarter there was a slight improvement in the primary balance. Furthermore, financial inflows to the region continued, which underpinned the appreciation of exchange rates. In Brazil the taxes on unhedged short positions in foreign currency became more stringent. The rating agencies increased the rating of Colombian, Brazilian and Uruguayan sovereign debt. Finally, Brazil and Colombia issued dollar-denominated debt on the external market amounting to $550 million and $2 billion, respectively.

Throughout Q2 and especially in July, financial tensions in the euro area heightened and the government bond spreads of the countries under a financial assistance programme rose to extraordinarily high levels. The turbulence spread to the debt of other countries, such as Italy and Spain, and to other financial markets, including the stock, foreign exchange and interbank markets. The trigger on this occasion was the difficulty in designing a new aid programme for Greece, a necessity once it was clear that Greece could not go back for funding to the capital market in mid-2012 as scheduled. In particular, the lack of agreement on the desirability and, where appropriate, the means of incorporating private-sector participation into the programme was seen as a major stumbling block. Finally, on 21 July, the euro area Heads of State and Government met and decided not only to set a new programme for Greece in train but also a broader package of measures to improve the sustainability of Greek debt, to halt the risk of contagion to other economies and to strengthen the crisis-management mechanisms available in Europe (see Box 2). While the results of the summit translated into some initial easing in tensions, they promptly re-emerged and, in late July and early August, Italian and Spanish debt spreads once again rose to all-time highs since the start of Monetary Union.

The background of financial instability does not appear to have significantly affected macroeconomic developments in the euro area in Q2, since the slowdown in GDP anticipated for the period is largely in response to the rise in commodities prices, to the slowdown in international trade and to the waning of the temporary factors that boosted GDP upwards in Q1. Into the medium term, the estimates available continue to point to a scenario in which the pick-up in activity advances following the pause in Q2 to attain growth that is close to potential in early 2012 and increasingly underpinned by domestic demand. In this scenario, cross-country divergences persist, with a group of euro area core economies increasingly distant from those under financial assistance programmes, which remain in a delicate situation over the course of 2011 and 2012.

Inflation in June stood at 2.7%, largely due to the notable increase in energy and commodities prices. Given the course of oil prices that the futures markets augur, inflation is expected to hold above 2% in the coming months and to return to a rate below this level in early 2012. However, medium-term risks remain on the upside and are related to potentially higher-than-expected increases in energy prices and indirect taxes. Such was the view of the ECB at its April and July meetings, when it decided to raise its official rate by 25 bp on both occasions, taking the MRO rate to 1.5% and thereby contributing to keeping euro area inflation expectations firmly anchored. It also decided to suspend the minimum credit rating threshold for fixed-income debt instruments issued or guaranteed by the Portuguese government, following Moody's downgrading of its sovereign debt by four notches to speculative bond (Ba2) status. In August, the ECB Governing Council decided to hold its official interest rates unchanged and to conduct a liquidity-providing supplementary operation with a maturity of six months, at a fixed rate and with full allotment. The ECB also decided to extend for as long as needed and at least until January 2012 its fixed-rate tender procedure with full allotment in its main refinancing operations, and to maintain this procedure too for its one-month and three-month operations until the end of 2011. Lastly, the Governing Council recalled that its Securities Market Programme remained open.

AGREEMENTS OF THE EURO AREA HEADS OF STATE AND GOVERNMENT AND THE INSTITUTIONS OF THE EUROPEAN UNION ON 21 JULY

BOX 2

Since the onset of the sovereign debt crisis, measures have been adopted to strengthen competitiveness, governance and financial stability in the euro area. But the scale of the challenges posed - once the impossibility of Greece returning to the markets for funding by mid-2012, as initially scheduled, was established - and the mounting risk of contagion of the tensions to other countries have made action on a much greater level necessary. On 21 July, the euro area Heads of State and Government reached an agreement marking a notable improvement in the terms of the loans extended to countries under financial assistance programmes, and a reform of the European Financial Stability Facility (EFSF) and the future European Stability Mechanism (ESM), providing them with greater flexibility and operational capacity. The agreement also includes a new financial support programme for Greece and, given the singular conditions of the Greek economy, it exceptionally incorporates the voluntary participation of the private sector.

Specifically, the first raft of measures is aimed at offering a solution for the Greek problem, extending assistance to cover this economy's funding needs while improving the sustainability of its public debt. In this connection, a new financial aid programme for Greece will be launched, in collaboration with the IMF and with the contribution of the private sector. Total official financing will amount to €109 billion. A key feature of the new programme is that the interest rates charged are to be lowered, in alignment with those of the balance of payments assistance mechanism (currently around 3.5%), and longer maturities considered, with a minimum of 15 and a maximum of 30 years, with a grace period of 10 years. These enhancements are also extendable to the programmes in place for Ireland and Portugal. Regarding private-sector participation, the financial sector has expressed its readiness to support Greece voluntarily through a range of options, with credit guarantees. The net private-sector contribution here is estimated to be €37 billion, to which €13 billion attained through a secondary-market repurchase programme must be added, making for total participation of €50 billion. All the Member States have firmly undertaken to confine the participation of the private sector exclusively to Greece, while the remaining countries will resolutely tackle their sovereign debt, as this is a decisive factor for ensuring financial stability in the euro area as a whole.

To boost growth and investment in Greece, the Heads of State and Government supported the Commission's decision to set up a special task force. This body will collaborate with the Greek authorities to immediately mobilise the structural funds of the EU and the European Investment Bank (EIB), earmarking them for improving competitiveness and growth, job creation and training, and providing exceptional technical assistance so as to help Greece apply its reforms. Further, the Commission and the EIB will step up the synergies between EU lending programmes and funds in all countries with IMF and EU assistance, in order to raise the capacity of these countries to absorb EU funds so as to stimulate growth and employment, also by means of a temporary increase in co-financing rates. Support will continue to be given to countries subject to programmes until they have regained access to the market, conditional upon them successfully applying their programmes.

To curb the possibility of contagion, the flexibility of the EFSF and the ESM has also been increased. This will enable them to act pre-emptively, giving them the capacity to finance the recapitalisation of banks through loans to governments, even in countries not subject to programmes. They will also be able to intervene in secondary markets further to an analysis by the ECB that acknowledges the existence of exceptional circumstances posing a risk to financial stability.

Furthermore, the Heads of State and Government called for the conclusion of the process of approval of the European governance reform proposals. These include a revision of the Stability and Growth Pact and the introduction of a surveillance mechanism for macroeconomic imbalances. In this connection it will be necessary to reach an agreement on voting rules concerning the preventive side of the Pact. It was also agreed to lessen the dependence on external credit rating agencies in the area of financial regulation, in which connection the Commission will submit proposals.

All the euro area Member States undertook at the meeting to meet in full the budgetary targets agreed upon, to improve competitiveness and to correct macroeconomic imbalances. In this respect, satisfaction was expressed at the measures taken by the Greek government to stabilise the budget deficit and reform the economy, as well as at the new batch of measures, including privatisations, recently adopted by the Greek Parliament. The set of budgetary measures recently submitted by the Italian government and the budgetary, financial and structural reforms undertaken by Spain were also very positively viewed. Favourable consideration was likewise given to Ireland's readiness to participate constructively in the discussions on the draft directive for a common corporate income tax base and in the debate on tax policy within the framework of the Euro Plus Pact.

Overall, the downside risks to growth have increased in Q2 in relation to a central scenario of moderate recovery without inflationary pressures in the medium term, against a background of still-high uncertainty. Apart from risks stemming from the international setting, which appear to have stepped up according to the latest conjunctural information for July, the biggest risk arises from the repercussions that tensions on the sovereign debt markets may have on the real economy.

On 12 July the Ecofin concluded the European Semester, the new cycle of fiscal, macroeconomic and structural policy coordination and surveillance introduced in the EU as part of a wider-ranging reform of economic governance. An assessment was also made of the reform undertakings made by governments under the Euro Plus Pact. Overall, the conclusions of this process revealed that reform policies are moving in the right direction, but that it is necessary that the measures proposed and the recommendations formulated should be more specific.

3.1 Economic developments

The economic recovery surprised on the upside in 2011 Q1, as GDP grew at a quarter-on-quarter rate of 0.8%, above forecast (see Table 1). Exports, up 1.9%, continued to be the driving force of recovery in line with the expansion of the world economy, whereby net external demand contributed 0.3 pp to euro area GDP growth. Investment in capital goods once again posted a high increase, while private consumption only rose by 0.2%, its weakness perhaps related to the sluggishness of disposable income and to the environment of high uncertainty which detracts from purchases of consumer goods, especially durables. In turn, government consumption and investment in construction rose in Q1, driven by temporary factors. Given the foregoing developments, domestic demand excluding stocks contributed 0.6 pp to growth, while the contribution of inventories was zero. Value added quickened in all branches of activity, especially in industry, construction and wholesale and retail trade, and was more lacklustre in agriculture and in intermediation and general government services.

The course of recovery in the euro area member countries is characterised by the persistence of notable differences. In some, GDP is very close to its pre-crisis level, whereas in others it is still far from that level. In the former countries, economic activity is sound, underpinned by a progressive improvement in the labour market, by the increasingly healthy financial position of households and firms, and by the restoring of business margins. All these developments are making for a substantial rise in gross fixed capital formation. Notable in this group are Germany and France, which grew by 1.5% and 0.9%, respectively, in Q1. Germany was prominent in respect of the strong expansion in its exports (far outpacing France), with relatively weak private consumption despite the resilience of its labour market. The two economies are thus distancing themselves from those countries benefiting from a financial assistance programme, which are subject to a more contractionary fiscal impulse and to tighter financial conditions. The latter group posted practically zero or, in Portugal's case, negative growth in 2011 Q1. GDP increased by only 0.1% in Italy in Q1, in line with the chronically sluggish rises in this economy.

The pick-up in employment in 2011 Q1 was once again more modest than that in GDP, growing at a muted rate of 0.1% compared with the previous quarter. That translated into a positive year-on-year rate of 0.3%, consolidating the job creation initiated at the beginning of last year. Hours worked per employee, which have still not reached pre-crisis levels, rose to a greater extent, to 0.5% year-on-year. That would suggest the tendency to restore the habitual working day duration persists. Hence the increase in labour productiv-

EURO AREA ECONOMIC INDICATORS (a) **TABLE 1**

	2009	2010				2011		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
NATIONAL ACCOUNTS (quarter-on-quarter rate of change, unless otherwise indicated)								
GDP	0.3	0.3	0.9	0.4	0.3	0.8		
Private consumption	0.2	0.4	0.2	0.2	0.3	0.2		
Government consumption	0.4	-0.3	0.3	0.1	-0.1	0.5		
GFCF	-0.7	-0.7	2.2	-0.2	-0.2	1.9		
Imports	1.2	3.8	4.1	1.3	1.2	1.4		
Exports	2.3	3.4	4.3	1.7	1.6	1.9		
Contributions to quarter-on-quarter change in GDP (pp)								
Domestic demand, excl. stocks	*0.1*	*0.0*	*0.6*	*0.1*	*0.1*	*0.6*		
Stockbuilding	*-0.2*	*0.4*	*0.2*	*0.1*	*-0.1*	*0.0*		
Net foreign demand	*0.3*	*-0.1*	*0.2*	*0.2*	*0.3*	*0.3*		
GDP (year-on-year rate of change)	-2.1	0.9	2.0	2.0	2.0	2.5		
ACTIVITY INDICATORS (quarterly average)								
IPI seasonally and working-day adjusted	1.0	2.6	2.5	1.0	1.8	1.1	*0.7*	
Economic sentiment	92.0	96.4	99.2	102.3	105.7	107.4	105.7	*103.2*
Composite PMI	53.6	54.4	56.6	55.7	54.9	57.6	55.6	*50.8*
Employment	-0.2	0.0	0.1	0.0	0.2	0.1		
Unemployment rate	10.0	10.1	10.2	10.2	10.1	10.0	*9.9*	
PRICE INDICATORS (year-on-year change in end-period data)								
HICP	0.9	1.6	1.5	1.9	2.2	2.7	2.7	
PPI	-2.9	0.9	3.1	4.3	5.4	6.8	*6.2*	
Oil price (USD value)	74.4	78.8	75.0	78.4	92.3	115.4	114.9	*117.3*
FINANCIAL INDICATORS (end-period data)								
Euro area ten-year bond yield	4.0	4.0	3.7	3.5	4.1	4.6	4.4	*4.6*
US-euro area ten-year bond spread	-0.17	-0.08	-0.72	-1.01	-0.78	-1.14	-1.30	*-1.56*
Dollar/euro exchange rate	1.441	1.348	1.227	1.365	1.336	1.421	1.445	*1.426*
Appreciation/ depreciation of the NEER-20 (b)	-0.9	-4.5	-10.3	-6.3	-8.2	3.5	3.9	*1.7*
Dow Jones EURO STOXX 50 index (b)	21.0	-1.2	-13.2	-7.4	-5.8	4.2	2.0	*-3.6*

SOURCES: European Commission, Eurostat, Markit Economics, ECB and Banco de España.

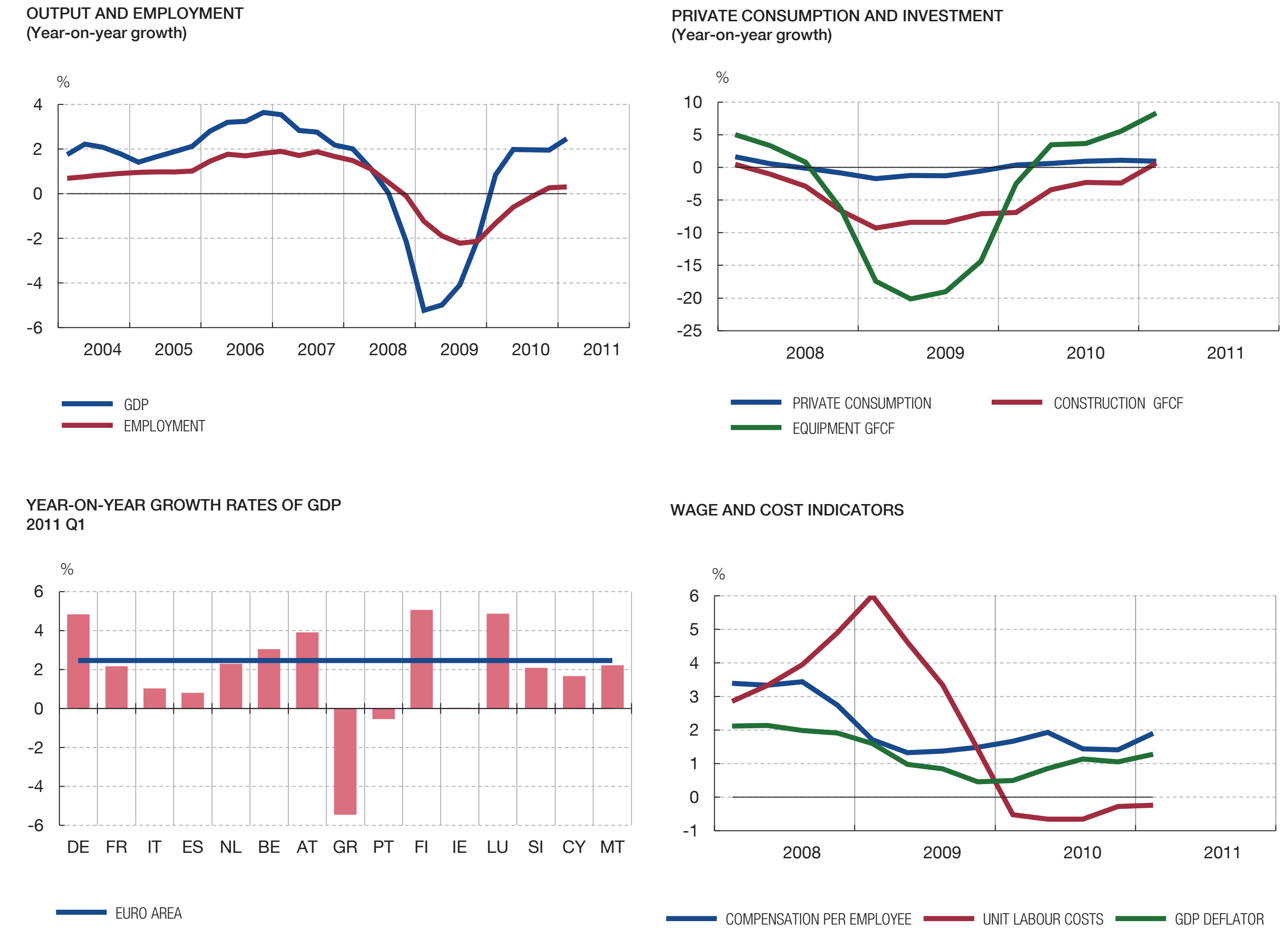
a Information to 28 July 2011.
b Percentage change in year to date.

ity exceeded that of compensation per employee, whereby unit labour costs shrank once more and, given the positive rise in the GDP deflator, business margins widened once again (see Chart 8).

The latest conjunctural information suggests that the expansion in activity continued in Q2, albeit at a slower pace. The slowdown is partly in response to the waning of some temporary factors that bore on developments in Q1 and, especially, to the loss of momentum in the industrial cycle over these past months, owing to the rise in oil prices and commodities, to the political tensions in North Africa and to the manufacturing supply chain interruptions, following the natural disaster in Japan on 11 March. Industrial production thus lost steam in April and May, posting a month-on-month growth rate of close to zero, while new industrial orders also slowed on the opening months of the year (see Chart 9). Business confidence stood at levels consistent with an increase in activity in Q2, both in the manufacturing and services sectors, despite the progressive worsening recorded in June and July. This deterioration has been sharper in those components related to expectations for the coming months than those which reflect the current situation, which adds

EURO AREA NATIONAL ACCOUNTS

CHART 8



SOURCES: Eurostat and national statistics.

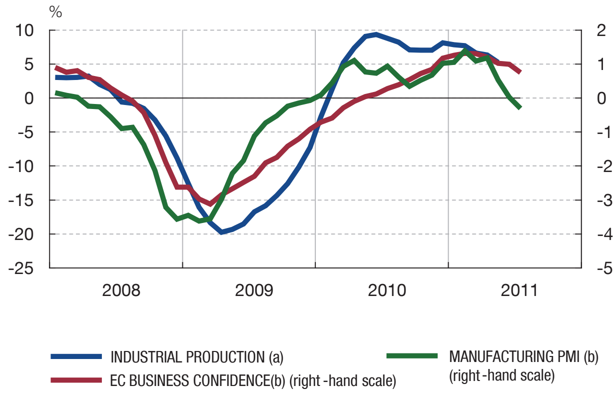
uncertainty to economic developments in the months ahead. Turning to the labour market, the unemployment rate held at 9.9% in May and the indicators of job creation expectations, which had been improving uninterruptedly since the start of the recovery, fell off slightly in May and June.

On the demand side, the consumption indicators remained somewhat weaker than in previous months as a result of the loss of purchasing power resulting from price rises and, also perhaps, of the uncertainty generated by the heightening of the sovereign debt crisis, which might have influenced the slide in consumer confidence in June and July. Retail sales, after growing forcefully in April, fell in May and new car registrations slowed, especially in April. Further, readiness to purchase durable goods, much influenced by the climate of uncertainty, remained very depressed, in line with the past year's trajectory. As to investment in capital goods, the latest indicators showed a more favourable trend, though signs of this petering out in Q3 are discernible: the degree of capacity utilisation rose up to Q2, whereafter the improvements were interrupted, and the European Commission's assessment of industrial orders is holding at high levels despite falling off slightly in May, June and July. Goods exports continued to grow at a sound pace in April and May, although export expectations lost momentum in Q2 in line with the diminished strength of world trade, and external orders worsened in May, June and July.

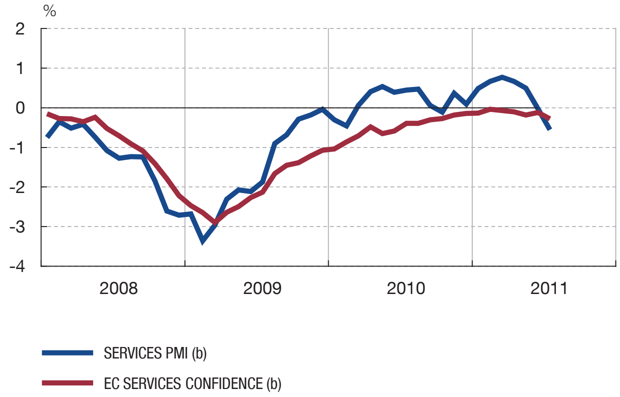
EURO AREA. REAL INDICATORS

CHART 9

INDUSTRIAL ACTIVITY INDICATORS

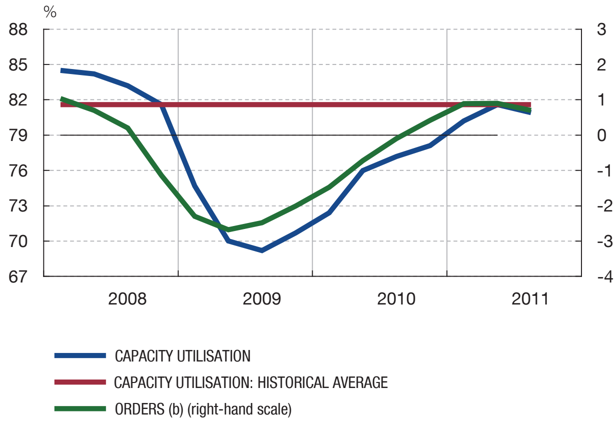


SERVICES SECTOR INDICATORS

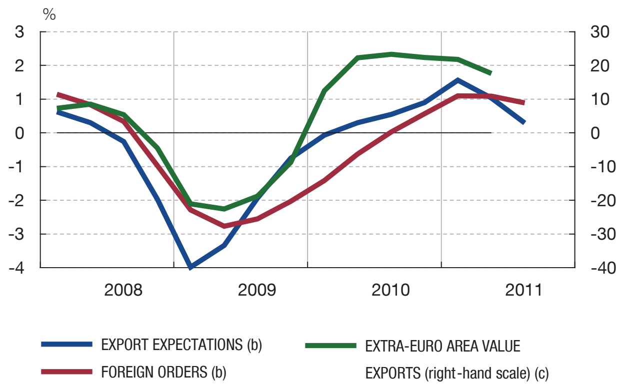


CONSUMPTION INDICATORS

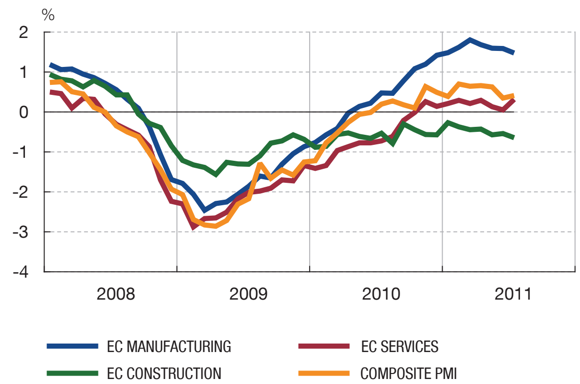
INVESTMENT INDICATORS



EXPORT INDICATORS



EMPLOYMENT EXPECTATIONS INDICATORS (a)



SOURCES: European Commission, Eurostat and Markit Economics.

a Non-centred year-on-year rates, based on the quarterly moving average of the seasonally adjusted series.
b Normalised data.
c Year-on-year rates of the original series. Quarterly average.

GDP AND HICP FORECASTS FOR THE EURO AREA (a)

TABLE 2

	2011		2012	
	GDP	HICP	GDP	HICP
ECB (June 2011)	1.5-2.3	2.5-2.7	0.6-2.8	1.1-2.3
European Commission (May 2011)	1.6	2.6	1.8	1.8
Interim update (September 2008)				
IMF (June 2011)	2.0	2.3	1.7	1.7
Interim update (July 2008)				
OECD (May 2011)	2.0	2.6	2.0	1.6
Interim update (September 2008)				
Consensus Forecast (July 2011)	2.0	2.6	1.6	1.9
Eurobarometer (July 2011)	2.0	2.6	1.7	1.9

SOURCES: European Commission, Consensus Forecast, Eurosystem, IMF, MJ Economics and OECD.

a Year-on-year rate of change.

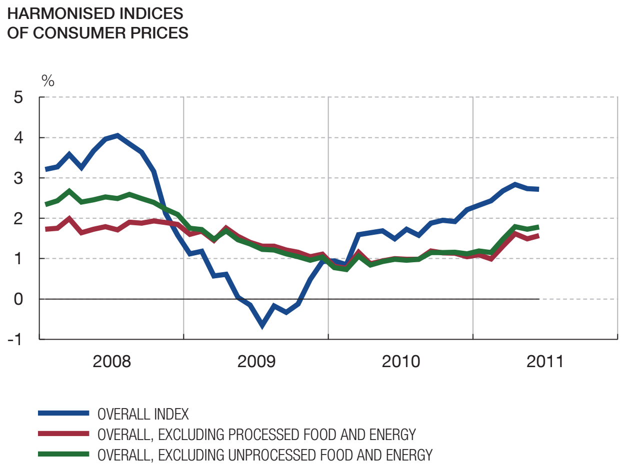
Into the medium term, international agencies' forecasts coincide on a scenario for the second half of 2011 and for 2012 in which the recovery extends as domestic demand strengthens, underpinned by a monetary policy that remains accommodative, by measures to restore the functioning of the financial system and by the impact of global demand on domestic income (see Table 2). However, the downside risks to this scenario have increased, against a background of high uncertainty. Apart from those associated with a prolonged slowdown in international trade, the biggest risk stems from tensions on sovereign debt markets, insofar as the adverse effects on private-sector funding conditions and on economic agents' confidence have a bearing on their spending decisions. It is thus necessary to address more ambitiously new measures to shore up growth, in the various areas identified under the European Semester framework. Notable here are the recommendations made on 6 July by the Council to push through reforms of wage bargaining mechanisms and of tax structures, reducing the weight of taxes that have a greater bearing on employment; to finalise the full application of the Services Directive in all EU Member States; to bring pension systems more into line with the demographic outlook; and, in short, to decisively implement the commitments acquired under the Euro Plus Pact to improve growth, competitiveness and employment.

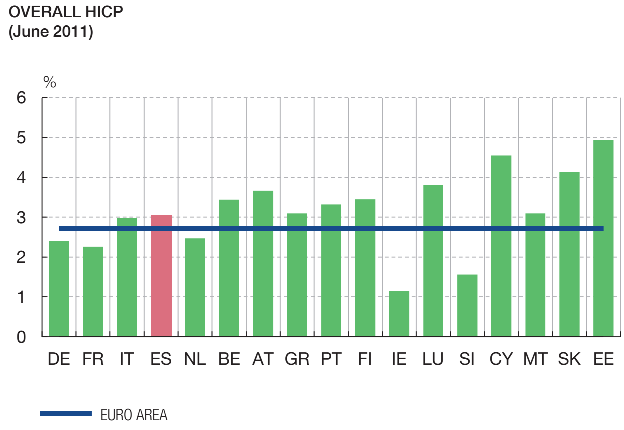
Inflation in the euro area stabilised during Q2 at 2.7%, as a result of the behaviour of oil and commodity prices. However, core inflation, measured by the CPI excluding unprocessed food and energy prices, rose by 0.3 pp to 1.8%, driven above all by the rise in services and, in particular, in tourism-related items, as well as in processed food (see Chart 10). Although inflation expectations are anchored, medium-term risks remain on the upside and are related to further rises in oil prices, or fresh increases in indirect taxes and administered prices other than those anticipated, in order to comply with budgetary stability programmes.

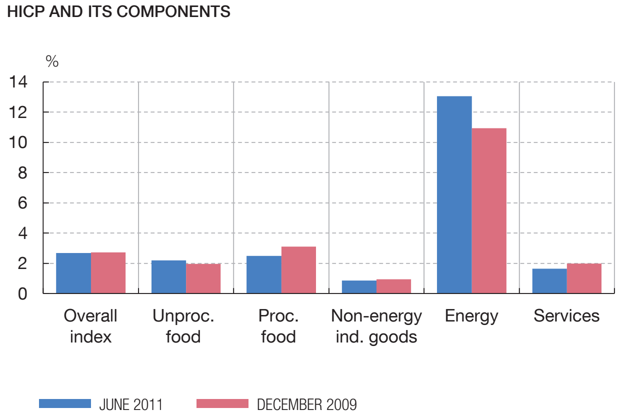
According to the estimates published by the ECB, the euro area current-account balance between January and May 2011 posted a deficit of €56 billion (1.4% of GDP), €38 billion up on the same period a year earlier (1% of GDP). This deterioration was largely due to the behaviour of the goods balance, which went into deficit, since the services balance improved. In the financial account, net capital outflows in the form of direct investment totalled €53 billion between January and May, compared with €68 billion in the same period

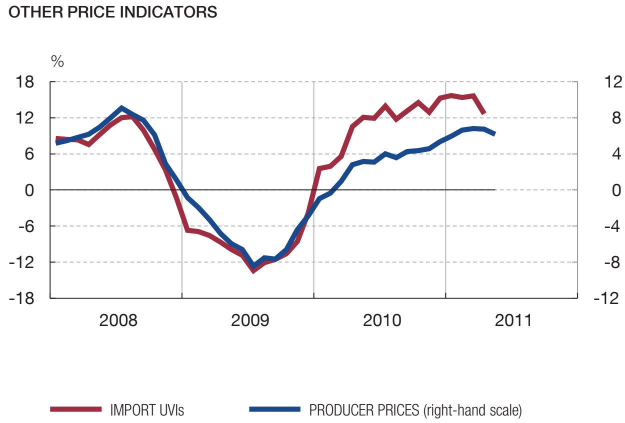
EURO AREA. PRICE INDICATORS
Year-on-year percentage changes

CHART 10









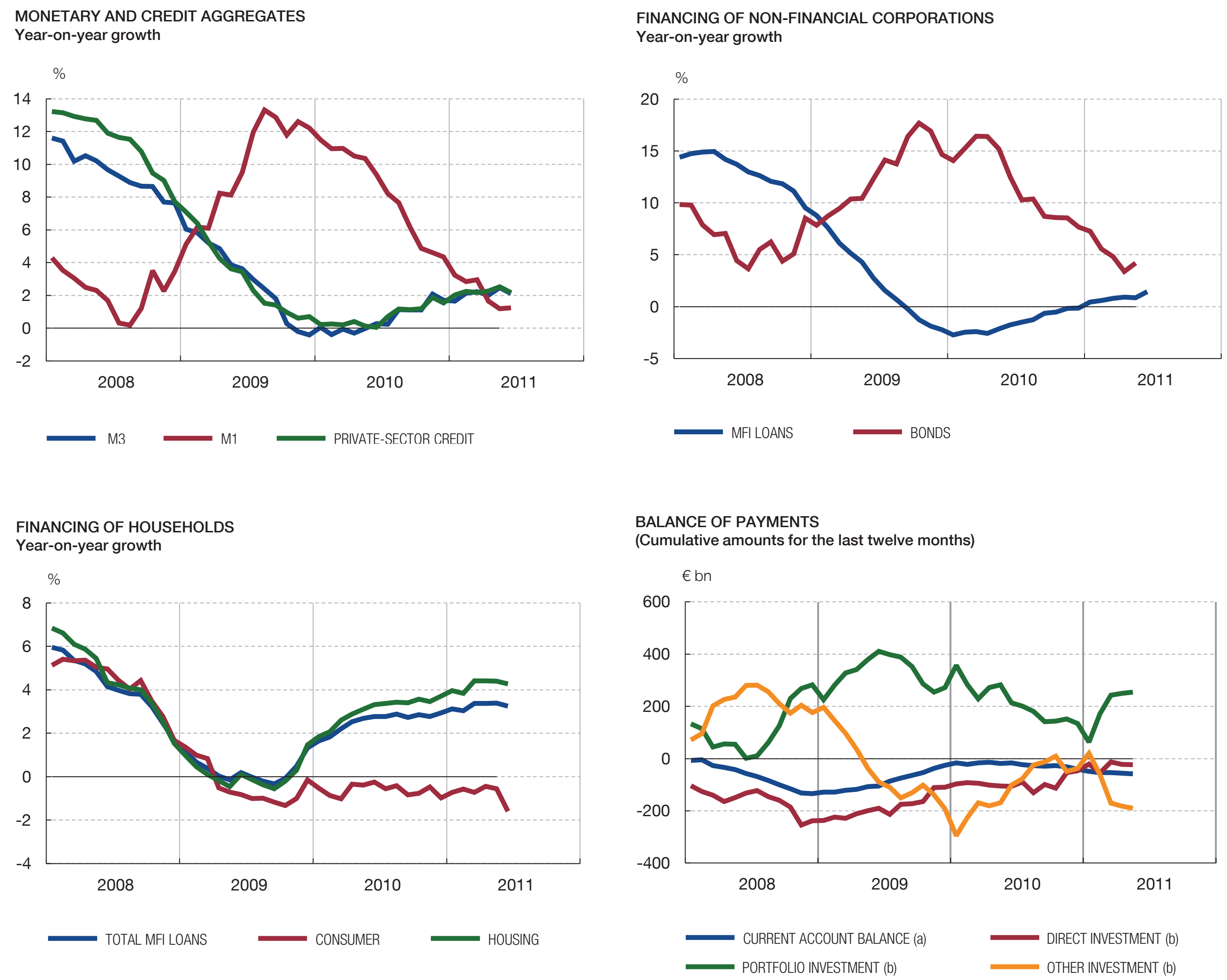
SOURCES: Eurostat and ECB.

in 2010, while portfolio investment gave rise to a net inflow of €254 billion, up on the €118 billion in the January-May 2010 period. The basic balance, which incorporates the current account balance into these two types of investment, posted a surplus of €145 billion from January to May 2011, compared with €13 billion observed in the same period a year earlier (see Chart 11).

EC and Stability Programme forecasts for the years 2011-2014, submitted by the euro area Member States last spring, reveal the strongly contractionary stance fiscal policy will maintain during 2011 and, to a lesser extent, in 2012 (see Box 3). On these estimates, the overall euro area general government deficit in 2011 will fall by almost 2 pp, from a starting point of 6%, and in 2012 it is expected to stand at around 3.5% (see Table 3). The correction is chiefly due to the containment of spending, associated with the easing in public-sector employee compensation, which will scarcely rise (0.2%), after running at an average growth rate of over 3% since the start of the Monetary Union. Also discernible is a fall-off in public investment and in transfers-related expenditure, as a percentage of GDP, whereas interest payments are expected to amount to 3% of euro area GDP. Public revenue also rises, albeit to a lesser extent, as a result of the increase in indirect tax and in income and wealth taxes, while social security contributions hold virtually stable.

MONETARY AND CREDIT AGGREGATES AND BALANCE OF PAYMENTS

CHART 11



SOURCES: ECB and Banco de España.

a A positive (negative) sign denotes a surplus (deficit) on the current account balance.
b Capital inflows minus outflows. A positive (negative) sign denotes a net capital inflow (outflow).

Country by country, at the beginning of the quarter the Portuguese government was beleaguered by a far-reaching institutional crisis on top of its fiscal and structural problems, leaving it to request financial assistance from the European institutions and the IMF. The aid programme agreed in May was for an amount of €78 billion, which will be provided in equal portions by the IMF, the European Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF) over the 2011-2014 period. The granting of financial aid is conditional upon the application of a broad range of structural adjustment measures, with emphasis on improving the labour market, in addition to fiscal consolidation and the restructuring of the banking sector. In Greece, achieving the fiscal objectives agreed upon in the financial assistance programme entered into in May 2010 continues to pose major challenges, given the difficulties of tax takings attaining the levels expected against the background of a gradually deteriorating macroeconomic outlook. Consequently, the Greek government introduced the so-called Medium-Term Fiscal Strategy, which contains additional fiscal consolidation measures to those previously agreed under the assistance programme and a €50 billion (20% of Greek GDP) privatisation plan. The approval of these measures in late June was one of the prerequisites imposed by the Euro-

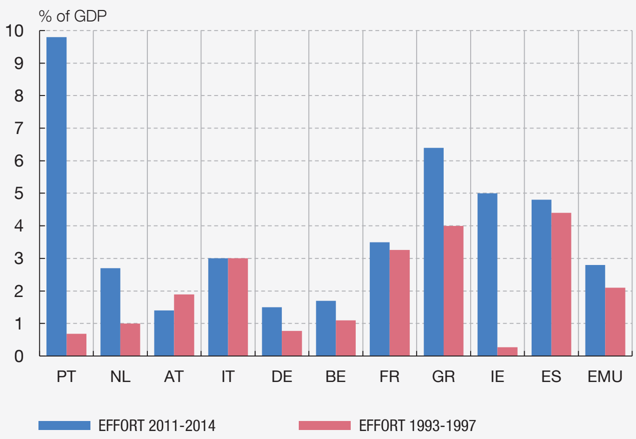
Last May the euro area countries submitted their Stability Programmes, which include the main fiscal policy measures and budgetary plans for the coming years (2011-2014). The European Commission has analysed these programmes as part of the so-called European Semester, and has formulated specific recommendations for each country that were approved by the European Council on 24 June and by the Ecofin on 12 July.

Generally, the European Commission's assessment of the programmes is relatively favourable, as most of the countries consider a fiscal consolidation underpinned by a realistic macroeconomic scenario which, if carried out, will enable the deficit and structural adjustment targets to be met within the timeframe demanded under the Excessive Deficit Procedure (EDP) (see accompanying table). Indeed, some Member States envisage meeting

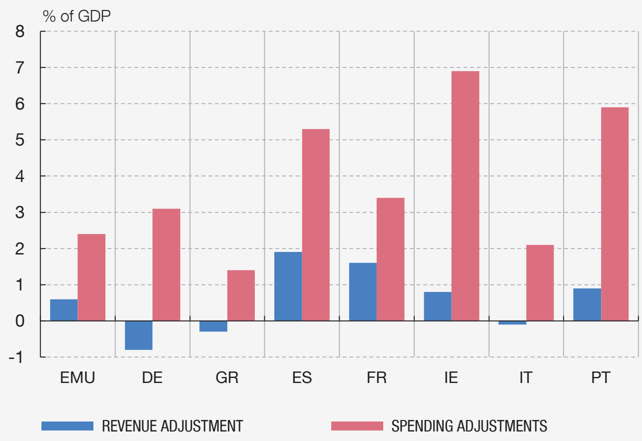
SUMMARY OF THE STABILITY PROGRAMMES

	STABILITY PROGRAMMES (a)									EXCESSIVE DEFICIT PROCEDURE	
	Budget balance					Public debt		Change in the cyclically adjusted deficit		Structural adjustment required (a)	Correction timeframe
	2010	2011	2012	2013	2014	2010	2014	2011-2010	Average 2014-2010		
BE	-4.1	-3.6	-2.8	-1.8	-0.8	96.8	92.2	0.1	0.4	0.75 in 2010-2012	2012
DE	-3.3	-2.5	-1.5	-1.0	-0.5	83.2	77½	0.3	0.4	At least 0.5 in 2011-2013	2013
EE	0.1	-0.4	-2.1	0.1	0.5	6.6	5.6	0.0	0.2	Not subject to EDP	
IE	-32.4	-10.0	-8.6	-7.2	-4.7	96.0	116.0	1.8	1.3	Assistance programme	2015
GR	-9.6	-7.6	-6.5	-4.8	-2.6	142.5	156.2	3.1	1.6	Assistance programme	2014
ES	-9.2	-6.0	-4.4	-3.0	-2.1	60.1	68.9	2.8	1.2	1.5 in 2010-2013	2013
FR	-7.0	-5.7	-4.6	-3.0	-2.0	81.7	84.1	1.2	0.9	Over 1 in 2010-2013	2013
IT	-4.6	-3.9	-2.7	-1.5	-0.2	119.0	112.8	0.5	0.8	At least 0.5 in 2011-2012	2012
CY	-5.3	-4.0	-2.6	-2.0	-1.6	60.9	60.1	1.7	0.8	1.5 in 2011-2012	2012
LU	-1.7	-1.0	-1.5	-1.2	-0.8	18.4	22.7	0.2	-0.2	Not subject to EDP	
MT	-3.6	-2.8	-2.1	-1.6	-1.0	68.0	63.7	1.6	0.8	0.75 in 2011	2011
NL	-5.4	-3.7	-2.2	-1.8	-1.4	62.7	64.1	1.1	0.7	0.75 in 2011-2013	2013
AT	-4.6	-3.9	-3.3	-2.9	-2.4	72.3	75.1	0.4	0.4	0.75 in 2011-2013	2013
PT (b)	-9.1	-5.9	-4.5	-3.0	-2.3	93.0	107.6	0.5	2.4	Assistance programme	2013
SI	-5.5	-5.5	-3.9	-2.9	-2.0	38.0	46.0	0.4	0.5	0.75 in 2010-2013	2013
SK	-7.9	-4.9	-4.1	-3.7	-3.0	41.0	45.2	2.7	1.0	1 in 2010-2013	2013
FI	-2.5	-0.9	-0.7	-0.9	-0.9	48.4	54.6	0.3	-0.3	Not subject to EDP	
Euro area	-6.0	-4.3	-3.1	-2.1	-1.3	85.4	85.1	0.9	0.7	--	--

FISCAL CONSOLIDATION EFFORT: 2011-2014 AND 1993-1997
(REDUCTION IN THE CYCLICALLY ADJUSTED BALANCE)



STABILITY PROGRAMMES: 2011-2014.
COMPOSITION OF THE DEFICIT CORRECTION



SOURCES: Stability Programmes and European Commission.

a April 2011 Stability Programmes. Percentages of GDP.
b Portugal has not submitted its Stability Programme. The data are drawn from the assistance programme.

deficit targets ahead of the terms set out in the EDP (Germany, for instance). Most of the countries envisage a notable structural adjustment, which will infuse fiscal policy over the current year – and, to a lesser extent, in subsequent years - with a strong contractionary component (see accompanying table). Indeed, as can be seen in the left-hand panel of the accompanying chart, which compares the correction of the structural balance projected for the euro area as a whole in the 2011-2014 period with that recorded in the consolidation period preceding the creation of EMU (1993-1997), the adjustment is far greater in most economies, especially in Ireland, Greece and Portugal. In the euro area as a whole, the adjustment made over the period is close to 3% of GDP, up on the figure of 2% recorded between 1993 and 1997, and likewise above the average structural adjustment observed in the consolidation episodes over recent decades in several countries, which also stands at around 2% of GDP, according to OECD and EC papers.[1]

Furthermore, these papers find that fiscal consolidations based on spending cuts have a lesser impact on economic activity in the short run [see IMF (2010)][2] and are usually more effective, as they have a more permanent effect on reducing the deficit. In this respect, the design of the plans appears to have taken these results into consideration, as the adjustment generally comes about through a containment of public spending in terms of GDP (see accompanying chart), and, hereunder, the cuts in employee compensation and in inputs, along with the reduction in social spending linked to the pick-up in employment and in economic activity, account for a high proportion.

It is noteworthy too that in most euro area economies, and especially in the countries subject to financial assistance programmes, much of the adjustment takes place or has taken place in the initial years of the consolidation period, rather than adopting other more gradual strategies, which normally entail more risks in terms of potential fatigue setting in.

However, other factors of risk remain in place since, in some countries, many of the measures needed to attain the goals proposed remain pending, while in others, the correction is based chiefly on an improvement in the economic cycle. And, more important still, the plans submitted have it that public debt across the area would post a slight correction from 2012, but would remain close to 85% of GDP in 2014. This fact confirms the need for an even greater budgetary consolidation in the coming years, to bring debt down to levels more conducive to growth and to tackle the challenges posed by population ageing.

1 OECD, Economic Outlook 2007,*Fiscal consolidation: lessons from past experience*, and European Commission, European Economy 2007 (3), Public Finances in EMU, *Lessons from successful fiscal consolidations.*

2 IMF, World Economic Outlook, 2010, Will it hurt? Macroeconomic effects of fiscal consolidation.

pean authorities and the IMF before granting the fifth aid tranche to Greece under the initial assistance programme. As earlier indicated, the euro area Heads of State and Government agreed at their meeting on 21 July to lay the foundations for a second support programme. Lastly, in Italy, on top of the consolidation measures in its stability programme, the government submitted a further range of proposals in June which were subsequently extended considerably in the Parliamentary approval process, rising to an amount of €79 billion between 2011 and 2014, the final objective being to attain a balanced budget in 2014. These measures entail a freeze on public-sector wages and employment, the extension and intensification of the so-called health care co-payment arrangements and a new programme of privatisations, although they are concentrated especially in the last two years of the adjustment period. On 12 July, Ecofin agreed to derogate the excessive deficit procedure in the case of Finland which, on the latest estimates, is expected to have maintained a budget balance below 3% of GDP in 2010. At present, of the 17 states comprising the euro area, only three (Estonia, Luxembourg and Finland) are not subject to the excessive deficit procedure.

3.2 Monetary and financial developments

Financial developments to July have been highly influenced by the tensions on euro area public debt markets. As indicated, the evident lack of consensus in the discussions on the role of private creditors in the future financial assistance plan for Greece prompted an increase in uncertainty on financial markets, and the contagion effect on economies with a weaker economic outlook intensified. The turbulence particularly affected the countries subject to a financial assistance programme (Greece, Ireland and Portugal), whose credit

EURO AREA MEMBERS' GENERAL GOVERNMENT BUDGET BALANCES AND PUBLIC DEBT (a)

TABLE 3

% of GDP

	2009	2010	2011			2012	
		EC (b)	EC (b)	IMF (c)	SCP (d)	EC (b)	SCP (d)
Belgium	-5.9	-4.1	-3.7	-3.9	-3.6	-4.1	-2.8
Germany	-3.0	-3.3	-2.0	-2.3	-2.5	-3.3	-1.5
Estonia	-1.7	0.1	-0.6	-1.0	-0.4	0.1	-2.1
Ireland	-14.3	-32.4	-10.5	-10.8	-10.0	-8.8	-8.6
Greece	-15.4	-10.5	-9.5	-7.4	-7.6	-9.3	-6.5
Spain	-11.1	-9.2	-6.3	-6.2	-6.0	-5.3	-4.4
France	-7.5	-7.0	-5.8	-6.0	-5.7	-5.3	-4.6
Italy	-5.4	-4.6	-4.0	-4.3	-3.9	-3.2	-2.7
Cyprus	-6.0	-5.3	-5.1	-4.5	-4.0	-4.9	-2.6
Luxembourg	-0.9	-1.7	-1.0	-1.1	-1.0	-1.1	-1.5
Malta	-3.7	-3.6	-3.0	-2.9	-2.8	-3.0	-2.1
Netherlands	-5.5	-5.4	-3.7	-3.8	-3.7	-2.3	-2.2
Austria	-4.1	-4.6	-3.7	-3.1	-3.9	-3.3	-3.3
Portugal	-10.1	-9.1	-5.9	-5.6	-5.9	-4.5	-4.5
Slovenia	-6.0	-5.6	-5.8	-4.8	-5.5	-5.0	-3.9
Slovakia	-8.0	-7.9	-5.1	-5.2	-4.9	-4.6	-4.1
Finland	-2.6	-2.5	-1.0	-1.2	-0.9	-0.7	-0.7
MEMORANDUM ITEM: Euro area							
Primary balance	-3.5	-3.2	-1.3	-1.7		-0.4	
Total balance	-6.3	-6.0	-4.3	-4.4	-4.3	-3.5	-3.1
Public debt	79.3	85.4	87.7	87.3	87.4	88.5	87.8

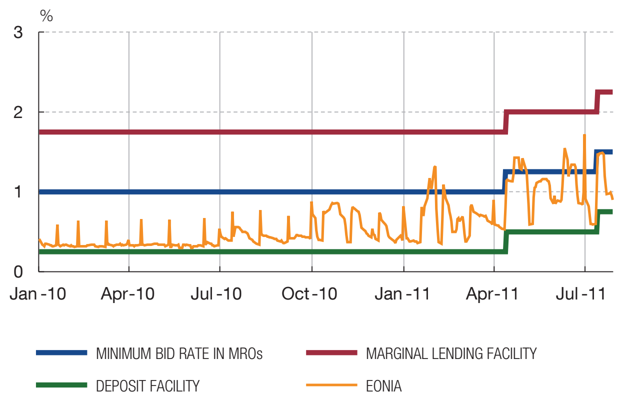
SOURCES: European Commission, Eurostat and IMF.

a Deficit (-) / surplus (+). The deficits that exceed 3% of GDP have been shaded.
b European Commission forecasts (autumn 2007).
c IMF forecasts (April 2011).
d Stability and Convergence Plans.

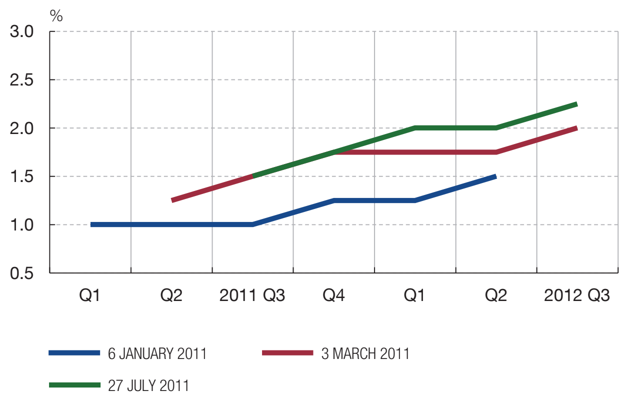
ratings were further downgraded and, to a lesser extent, it also impacted Italy and Spain. In turn, the tensions fed through to the stock market, intensely so in July, leading volatility to increase notably and prices to fall, especially in the banking sector and in those countries most clearly affected by the debt crisis. The euro exchange rate was also subject to high volatility and rises were seen in the interest rate spread between the Euribor and collateralised operations (eurepos), and in the interest rate on corporate debt. The publication of the European banking stress test results did not manage to ease the situation, even though they were fairly satisfactory. Following the agreement reached on 21 July at the meeting of the euro area Heads of State and Government (see Box 2) on the assistance programme for Greece and a broader batch of measures to reinforce crisis-management mechanisms, the tensions abated, although they mounted again in the following days.

At its meeting on 7 July, the ECB decided to increase its official rates by 25 bp in order to head off potential medium-term inflationary pressures. The MRO rate edged up to 1.5%, and the rates on the marginal lending and deposit facilities increased to 2.25% and 0.75%, respectively (see Chart 12). It further agreed not to apply the minimum credit rating threshold to tradeable bonds issued or backed by the Portuguese government. At its meeting on 4 August, against a background of uncertainty over the effects of the worsening sovereign debt crisis on the financial situation, the Governing Council decided to conduct in August a liquidity-providing supplementary longer-term refinancing operation with a maturity of

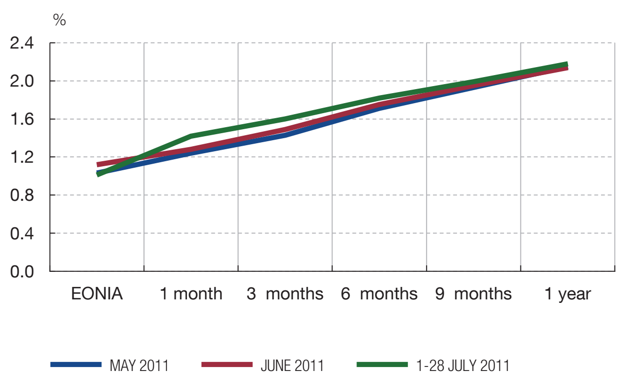
EONIA AND ECB INTEREST RATES



EXPECTED END-QUARTER ECB RATE. REUTERS SURVEYS

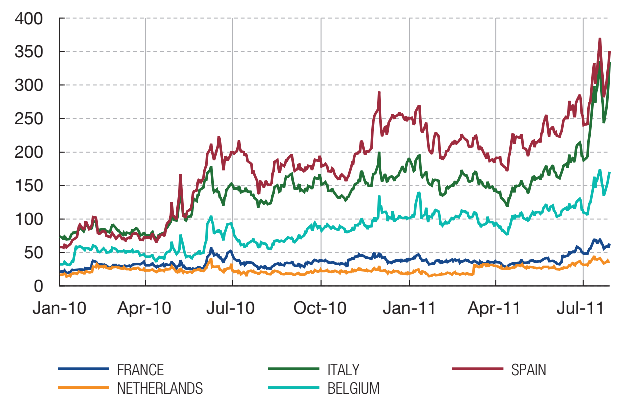


INTERBANK MARKET

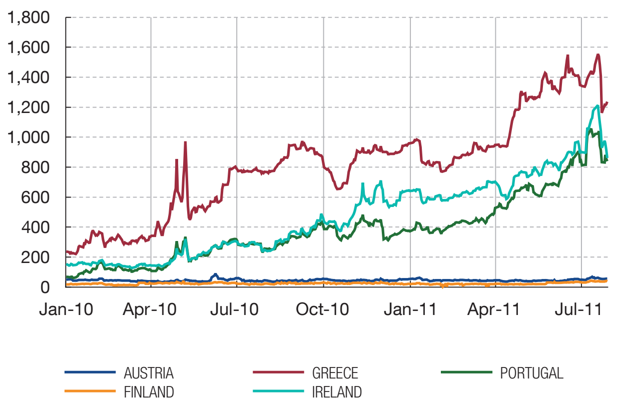


ZERO-COUPON CURVE (a)

SOVEREIGN SPREADS OVER GERMANY



SOVEREIGN SPREADS OVER GERMANY

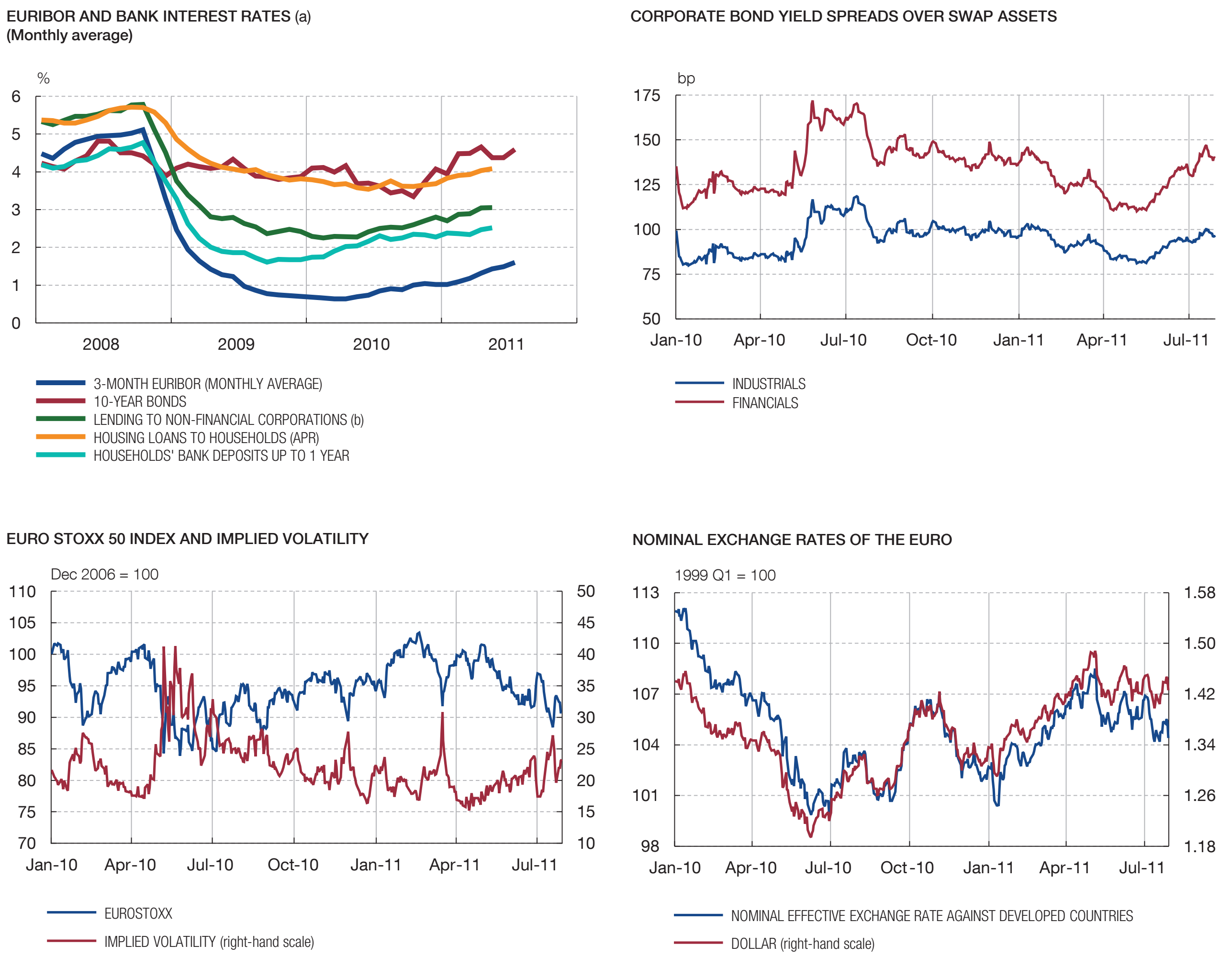


SOURCES: ECB and Banco de España.

a ECB estimate using swap market data.

EURO AREA INTEREST RATES, EXCHANGE RATE AND STOCK MARKET INDEX

CHART 13



SOURCES: ECB and Banco de España.

a On new business.
b Floating interest rates and up to 1 year initial rate fixation.

approximately six months, at a fixed rate and with full allotment. It also decided to continue conducting its MROs as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the last maintenance period of 2011. Furthermore, it decided that this procedure should also be maintained for its one-month and three-month operations, at least until the end of 2011. Finally, the Governing Council recalled that its Securities Market Programme remained open.

Interbank market interest rates held on the growth path on which they embarked last year. The three-month and one-year Euribor stood, respectively, at around 1.6% and 2.2% in July, 30 bp and 15 bp above their April levels. The spread between the Euribor and the yield on repos rose sharply early in July to exceed 88 bp. It dipped afterwards to 76 bp following the agreement reached on 21 July. On the government debt market, the yield on the German Bund fell; given the high level of uncertainty, the demand for the German benchmark bond increased owing to its consideration as a haven asset (see Chart 12). The countries that saw the biggest rise in their spreads over German sovereign bonds during the quarter were those subject to a financial assistance programme. But Italy, too, and to a lesser extent Spain, also witnessed an increase in their risk premia of over 100 bp.

On the private fixed-income markets, risk premia increased. This rise accelerated in July, particularly in financial sector securities and in the countries most impacted by the sovereign crisis. Regarding credit, the cost of bank loans extended to the private sector continued on their moderate rising course. The rate on new loan transactions to non-financial corporations stood at 3.2% in May and increased less sharply in large-value transactions, rising to 2.8%. The Bank Lending Survey for Q2 indicates that lending standards for new loans did not ease either for non-financial corporations or for households, and they are not expected to do so in the coming months. Financial institutions perceived less of a fall-off in households' demand for financing, essentially in applications for house-purchase loans, while the intensity of the increase observed over recent quarters in the demand by non-financial corporations lessened.

Turning to private-sector financing, the outstanding balance of non-financial corporations' debt issues continued to slow, posting year-on-year growth of 4.2% in May (see Chart 11). There were no significant changes in the growth of bank loans to households and firms during the quarter, and the respective year-on-year rates in June stood at 1.5% and 3.2%. In contrast, consumer finance eased once more in June to stand at a year-on-year rate of 1.6%.

As mentioned, the behaviour of stock markets was unfavourable during the quarter, worsening further in July following the renewed tensions on euro area debt markets (see Chart 13). The Eurostoxx-50 posted declines of over 10% from April, with the prices of banking and construction securities being particularly punished.

The exchange rate of the euro was likewise affected by the instability of the sovereign debt markets in the area and depreciated slightly, although it fluctuated strongly during the quarter. The nominal effective exchange rate (NEER-20) of the euro fell by somewhat over 3% from April, posting a similar depreciation against the dollar.

Finally, the rate of expansion of the M3 monetary aggregate increased slightly, growing at a year-on-year rate of 2.1% in June, owing to the acceleration in other short-term deposits and in negotiable instruments.

On the latest available information, the increase in activity seems to have slowed in 2011 Q2 since GDP posted quarter-on-quarter growth of 0.2%, compared with 0.3% in the previous quarter (see Chart 14). National demand is estimated to have decreased by 0.2% in quarter-on-quarter terms, held back by weak investment in construction and, to a lesser degree, by the drop in government consumption, although information on this spending component is relatively incomplete. Conversely, net external demand once again made a positive contribution to GDP growth of 0.4 pp, 0.1 pp higher than in Q1. The strong momentum of tourism receipts and of other services together with the easing of imports, accounted for this contribution against a background of slowing goods exports in keeping with the lower vigour detected in international trade. In year-on-year terms GDP grew 0.7% in 2011 Q2, compared with 0.8% in Q1, although this slowdown is influenced by the rise in activity in 2010 Q2, which was sharper due to the effect of households bringing forward their spending on account of the rise in VAT rates in July 2010.

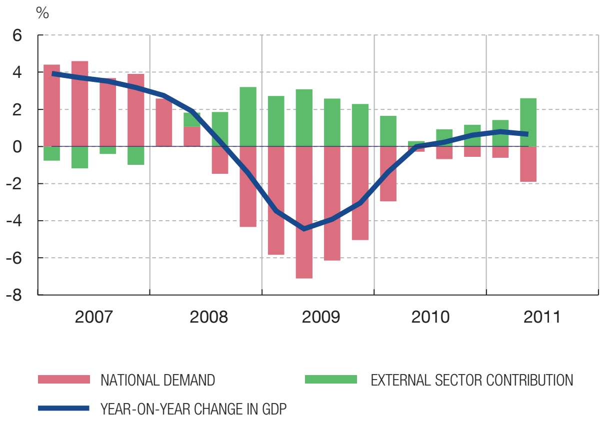
Employment continued to fall in Q2 at an estimated rate of decline of 1.2% in year-on-year terms, 0.2 pp less steeply than in the previous quarter. Given the estimated trend of output and employment, apparent labour productivity growth remained high, albeit slightly lower than in the previous quarter. The growth rate of compensation per employee slowed slightly and, as a result, economy-wide unit labour costs continued to decline at a similar pace to that of Q1, although this performance is highly influenced by the cut in public-sector wages. Finally, the upward trend in prices in previous quarters was interrupted and a gradual decline was seen in the inflation rate, since the effects of drawing comparisons with the increases in oil prices in 2010 began to disappear. Thus, the year-on-year rate of change in the CPI, which reached 3.8% in April, stood at 3.2% in June, while the CPI excluding energy and unprocessed food prices dropped from the figure of 2.1% recorded in April and May to 1.7% in June. This trend should continue over coming months, as the impact on prices of the rise in VAT in July 2010 is absorbed.

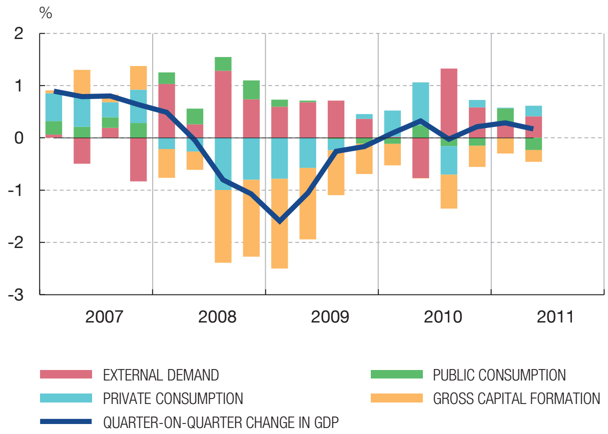
4.1 Demand

In 2011 Q2, private consumption was notably slack which resulted in modest quarter-on-quarter growth (see Chart 15). This scant buoyancy is explained by the rather unpropitious circumstances for household spending, characterised as they are by: the still-negative performance of the labour market and household income, the reduction in value of real estate wealth, relatively tight credit conditions and the loss of purchasing power due to high inflation. In year-on-year terms, consumption declined which was due to the fact that, in the same quarter of 2010, households decided to bring forward purchases of consumer goods in the face of the rise in VAT rates in July 2010. The year-on-year fall steepened particularly sharply in the case of the consumption of durable goods. In particular, new car registrations fell 35% year-on-year between April and June, 3 pp more than in Q1. Furthermore, they also declined in quarter-on-quarter terms, albeit more moderately than in Q1. Of the other quantitative indicators, the retail trade index and the indicator of large corporations' sales of consumer goods and services published by the tax authorities (in the case of the latter, with data only until May) experienced year-on-year rates of decline in Q2 which were similar to those in Q1. The European Commission's consumer and retail confidence indicators experienced a slight improvement, the scale of which is difficult to assess due to the changes in the procedure for preparing these surveys introduced in May 2011. Into July, the consumer confidence indicator fell back slightly while the retail confidence indicator remained stable.

MAIN DEMAND AGGREGATES. CONTRIBUTION TO GDP GROWTH

CHART 14



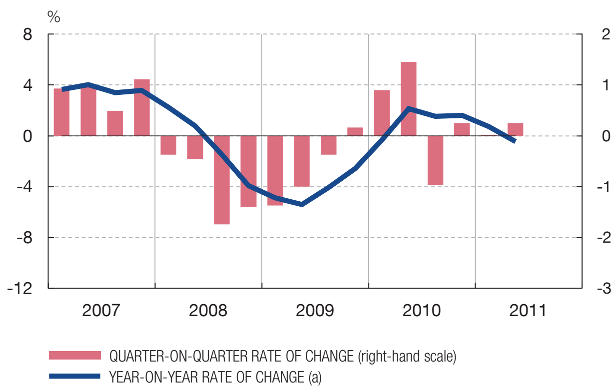


SOURCES: INE and Banco de España.

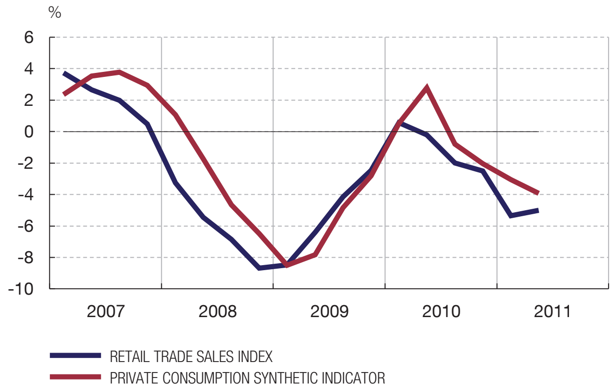
PRIVATE CONSUMPTION

CHART 15

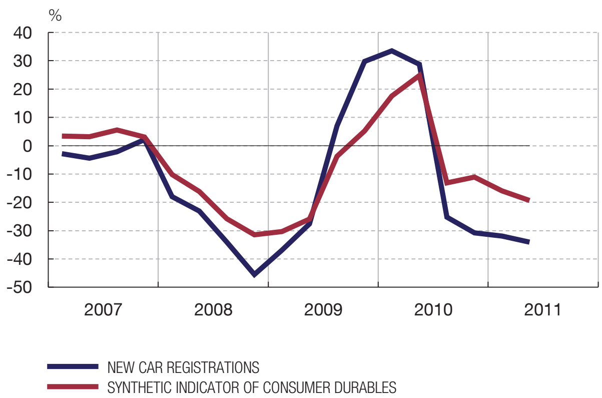
PRIVATE CONSUMPTION (QNA)



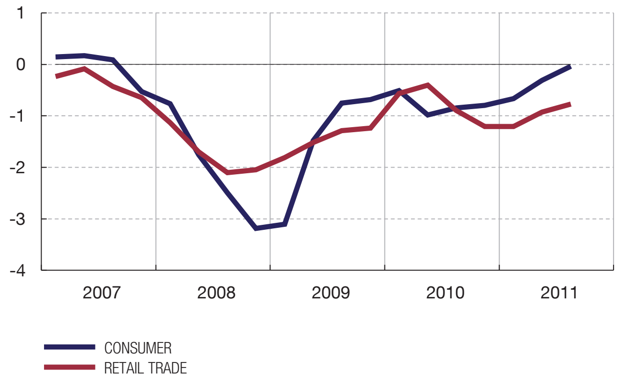
PRIVATE CONSUMPTION INDICATORS (a)



INDICATORS OF CONSUMER DURABLES (a)



CONFIDENCE INDICATORS (b)

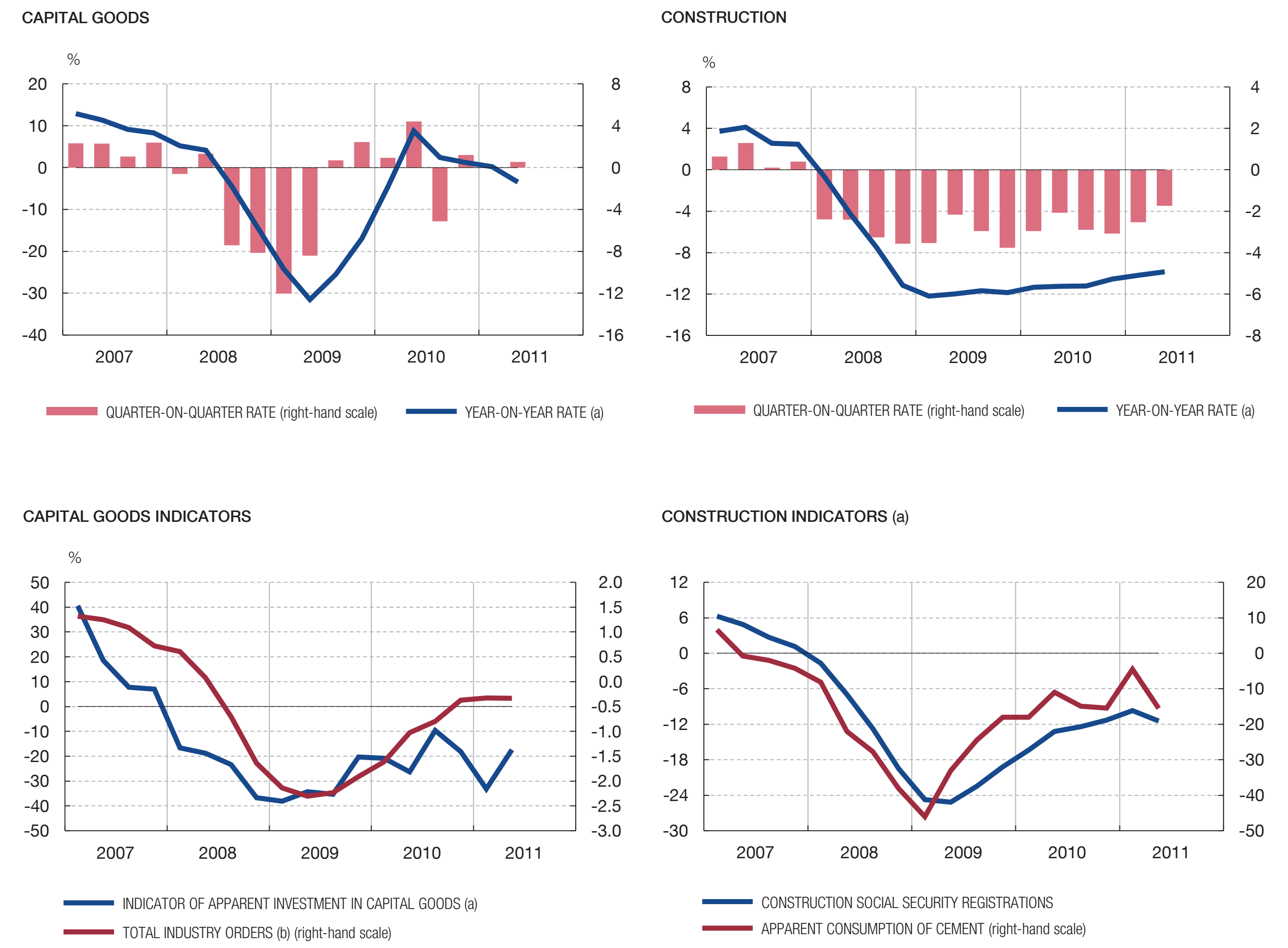


SOURCES: INE, European Commission, ANFAC and Banco de España.

a Year-on-year percentage change based on the seasonally adjusted series.
b Normalised confidence indicators (difference between the indicator and its mean value, divided by the standard deviation).

GROSS FIXED CAPITAL FORMATION

CHART 16



SOURCES: INE, European Commission, Ministerio de Fomento, OFICEMEN, INEM and Banco de España.

a Year-on-year percentage change based on the seasonally adjusted series, except for social security registrations, which are based on the original series.
b Normalised confidence indicator (difference between the indicator and its mean, divided by the standard deviation).

The rate of decline in household income eased by 0.5 pp to -1.3% year-on-year in Q1 according to four-quarter cumulated figures from the non-financial accounts of the institutional sectors. This more moderate fall in household revenue resulted from the lower decrease in compensation of employees and an increase in the surplus in respect of the self-employed. In contrast, general government's positive contribution to sustaining household income continued to decrease and the net negative contribution from income on property continued, mainly due to changes in interest rates. However, the savings ratio continued to act as a cushion since it fell by nearly 1 pp, with respect to the figure for 2010, to 12.2% of household disposable income in four-quarter cumulated figures. After rising in Q1, general government final consumption is expected to once again show a quarter-on-quarter decline in the April-June period.

In Q2 there were also signs of weakening investment in capital goods whose year-on-year rate of change decreased noticeably. Notwithstanding this, quarter-on-quarter growth was probably slightly positive (see Chart 16). This performance, which reflected a worsening of business confidence (both industry-wide and in the capital goods segment) may partly be due to the diminished momentum of the international goods trade. Capacity utilisation in the manufacturing industry continued to increase, although it still remains below its historical average. Noteworthy among the quantitative indicators was the industrial production of these goods which held at positive year-on-year rates of change in Q2, although they were lower than those in Q1, while imports of capital goods decreased and the rate of decline of commercial vehicle registrations steepened.

On information from the non-financial accounts of the institutional sectors, the net lending capacity of non-financial corporations rose once again in 2011 Q1 to 0.9% of GDP in four-quarter cumulated figures (0.5 pp higher than in 2010). This improvement could stem from corporations' efforts to restructure their balances sheets and certain companies' desire to strengthen their self-financing ability faced with the potential difficulties of borrowing funds.

Hardly any changes were seen in the contractionary trend of investment in construction in recent quarters, against a backdrop of the ongoing adjustment process in the residential segment and of fiscal consolidation in the area of civil engineering works (see Chart 16). In recent months indicators for the sector as a whole relating to inputs, such as the apparent consumption of cement and the industrial production index for construction materials, and employment showed sharper year-on-year declines than in Q1.

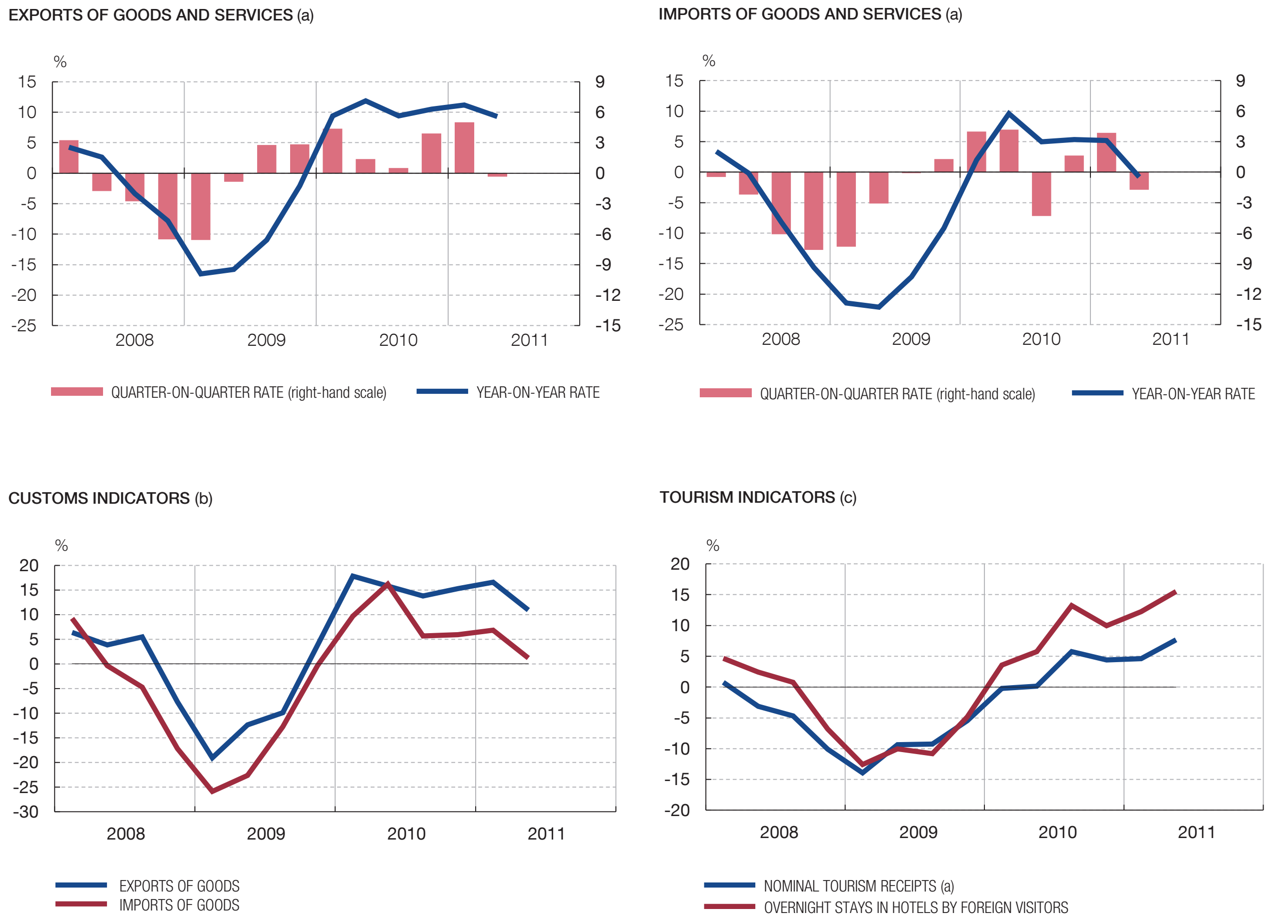
Similarly, in Q2 the construction industry's perception of its situation remained negative according to the European Commission's business surveys.

By type of work, the rate of contraction in residential investment in the April-June period is estimated to have remained strong, both in year-on-year and quarter-on-quarter terms, although it was probably slightly lower than at the beginning of the year. In coming quarters the number of houses under construction is expected to tend to stabilise. The backdrop of a trend towards contraction in the number of housing starts in recent months, would seem to be the result of a comparatively steeper decline in housing completions. On the demand side of residential assets, the latest available figures on the number of housing market transactions show a significant decrease in the April-May period in year-on-year terms, which may be related to many purchase decisions having been brought forward as a result of the change in the treatment of house purchases under personal income tax as from 1 January 2011. The surface area approved for non-residential building continued to record strong decreases to May. Lastly, government civil engineering tenders continued to fall in the April-May period at high rates, although they were lower than in Q1.

According to the latest available information on net external demand, its contribution to year-on-year GDP growth in Q2 not only remained high but probably exceeded that of the previous quarter. Specifically, its contribution was estimated to have risen approximately to 2.6 pp in year-on-year terms and to 0.4 pp in quarter-on-quarter terms. This is the result of the weakening vigour of both sides of foreign trade flows, which is sharper for imports in year-on-year terms since they were affected by the rise in purchases of imported goods in 2010 Q2 prior to the rise in VAT rates (see Chart 17). Despite the slowdown, exports remained highly buoyant, which led, furthermore to an increase in the share of Spanish exports in real terms in the first half of the year. The continuation of these positive developments in coming months is subject to certain risk, namely that the current slowdown in the world economy (which, among other factors, seems to be related with the negative impact of the earthquake in Japan on global production chains) may not turn out to be merely temporary. Turning to imports, their performance mainly reflects weak national demand.

FOREIGN TRADE
Percentage change on year ago

CHART 17



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

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

On Customs data, real goods exports continued to grow notably in the April-May period. However, the year-on-year growth rate of 10.3% represents a slowdown in comparison with 2011 Q1 when goods exports increased by 16%. By product group, exports of capital goods decelerated considerably dragged down by the less expansionary behaviour of sales of transport equipment, while sales of machinery remained favourable. As for consumer goods exports, the growth rate of food exports eased, possibly due to the food alert in the EU, and non-food exports quickened to a certain degree, underpinned by the rise in automobile exports. Furthermore, there was an increase in exports of non-energy intermediate goods which was mainly supported by mineral and electrical products. By geographical area, noteworthy among exports to the EU was the favourable performance of exports to the United Kingdom, the newer EU Member States, France and Germany; by contrast, exports to Portugal slowed significantly. Among the rest of the world, exports to the United States, Russia and China were highly buoyant.

The available information on nominal tourism receipts points to a strengthening of their strong recovery in Q2. Specifically, the year-on-year growth rates of tourist inflows and overnight hotel stays quickened by 7.5 pp and 4.7 pp, respectively, to 10.4% and 15.7%

in Q2. This highly favourable performance is explained by the boom in economic activity in Spain's main tourism generating markets and by the geopolitical instability in North Africa and the Middle East, which seems to have prompted a shift in tourist flows towards Spain. By country of origin, in Q2 there was a decrease in tourists from Germany, which was offset by the recovery of tourists from the United Kingdom and the still strong numbers of tourists from the Netherlands and the Scandinavian countries. In Q2 the year-on-year growth rate of nominal spending by tourists quickened by 10 pp to 12.6% according to EGATUR (the tourism expenditure survey) in line with tourist inflows. Non-tourist services exports seem to have returned to an expansionary path in Q2.

Imports hardly increased in the April-May period according to the Customs data. In particular, the year-on-year rate of increase stood at 0.2%, compared with 7.1% in 2011 Q1. By product group, there was a practically across-the-board decline, except for imports of non-energy intermediate goods (principally those closely related to industrial activity and exports) which, in any event, decelerated. The steepest falls were related to imports of capital goods and, especially, of consumer durables. The former experienced the slide in machinery purchases, while the latter reflected the ongoing contraction of car imports. Lastly, real services imports were estimated to have decreased in year-on-year terms in 2010 Q2, reflecting the considerable moderation of purchases of tourist and non-tourist services.

4.2 Output and employment

Following the modest increase in gross value added (GVA) in the market economy in the early months of 2011, its quarter-on-quarter growth is estimated to have slowed in Q2 (see Chart 18). Among the various branches, growth in industry seemed to have moderated following its buoyancy at the beginning of the year while, by contrast, market services were estimated to have posted a modest rise compared with the slight slide in Q1.

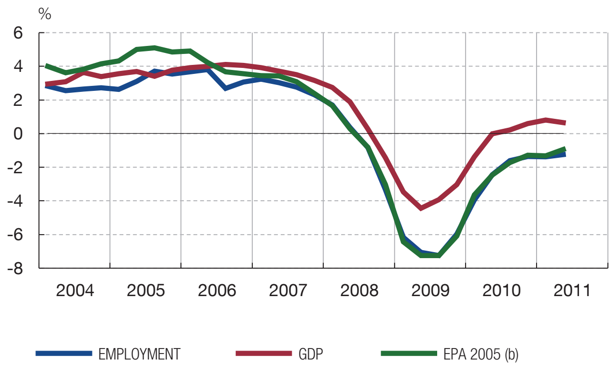
The recovery of industrial activity shown at end-2010 and at the beginning of 2011 was interrupted in 2011 Q2 on the basis of the available information. This assessment is supported by the available data from quantitative and qualitative indicators. Among the quantitative indicators, the industrial production index contracted in the first two months of the quarter. This correlates with the export activity of the industrial branches, especially that of intermediate goods which is estimated to have moderated in the same period according to the Customs data. Social security registrations in the sector continued to slide notably, albeit slightly less so than in Q1. Among the qualitative indicators, the average level of the above-mentioned European Commission's confidence indicator for Q2 was lower than in the January-March period. The same was so of the PMI which, furthermore stood below 50, a level which marks the boundary between the contraction and expansion of the sector. In July the Commission's indicator slipped further to levels similar to those of summer 2010. Conversely, according to business surveys, in these branches total orders and orders from abroad improved marginally during Q2, which could indicate a slightly less unfavourable outlook at the beginning of the third quarter.

Recent changes in the market services indicators point to the continuation in the second quarter of the modest buoyancy shown by the sector's value added throughout the whole recovery phase that began approximately one year ago. However, unlike the industrial branches, the information from the indicators is consistent with a more expansive performance than at the beginning of the year. Specifically, among the qualitative indicators, the PMI improved in the period between April and June, with the result that it moved back above the 50-point mark, albeit by a narrow margin. The improvement in the indicator prepared by the European Commission was stronger, although it is possible that this result which relates to June, was influenced by the methodological change in the compilation

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

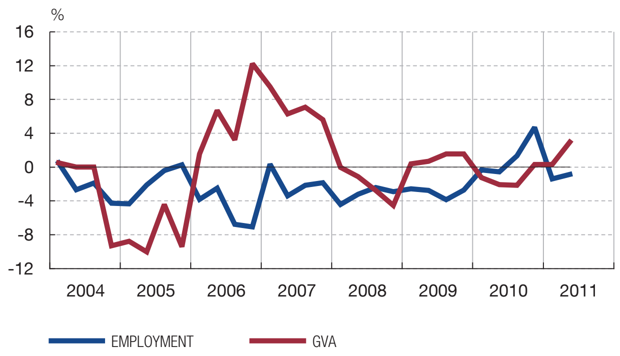
CHART 18

WHOLE ECONOMY

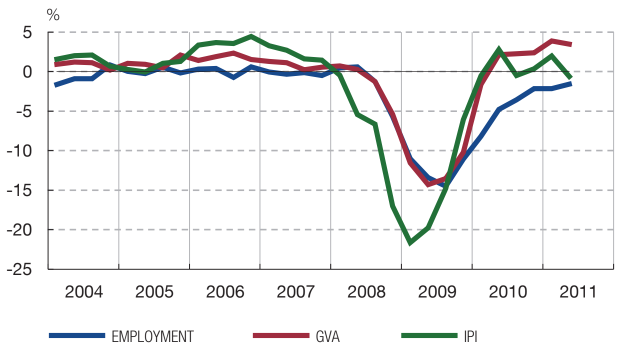


WHOLE ECONOMY (c)

AGRICULTURE



INDUSTRY AND ENERGY



CONSTRUCTION

MARKET SERVICES

SOURCES: INE and Ministerio de Trabajo e Inmigración.

a Year-on-year percentage rates based on seasonally adjusted series except gross series in EPA. Employment in terms of full-time equivalent jobs. For incomplete quarters, the year-on-year rate for the period available within the quarter is taken.
b Series linked by the DG Economics, Statistics and Research on the basis of the control survey conducted using the methodology applied until 2004 Q4.
c Quarter-on-quarter rates based on seasonally-adjusted series.

of the index that month. In July the Commission's indicator declined slightly. Among the qualitative indicators, growth in social security registrations in the sector stepped up with respect to Q1, although rates were still low. In April and May the services sector turnover indicator continued to move on a path of gradual recovery, albeit at a slow pace. This was the result of divergent behaviour by branch which included, most notably, the decline in the wholesale and retail trade, held back by weak private consumption and the pick-up in the activity of hotels and restaurants, which is linked to strong tourism. Similarly, the transport branch was more buoyant.

In the labour market as a whole job destruction continued in Q2 at only a slightly lower pace than in Q1, on the basis of information from the monthly indicators. For instance, in the April-June period average social security registrations slipped by 1% with respect to the same period in 2010, representing a slowdown of 0.2 pp in relation to the year-on-year rate of decline in Q1. In quarter-on-quarter terms, registrations contracted at a rate of 0.2% compared with 0.1% in Q1.

The growth rate of new hires registered at the National Public Employment Service (SPEE by its Spanish abbreviation) quickened in 2011 Q2, posting a year-on-year increase of 3.1%. This increased buoyancy of new hires, in line with the performance characteristically seen in the summer months, centred on temporary employment which slightly expanded its weight in total employment contracts (to 92%). The fall of permanent contracts steepened from a year-on-year rate of -1.8% to -5% for 2011 Q2, as a whole, while the conversion of temporary into permanent contracts remained on a moderating path.

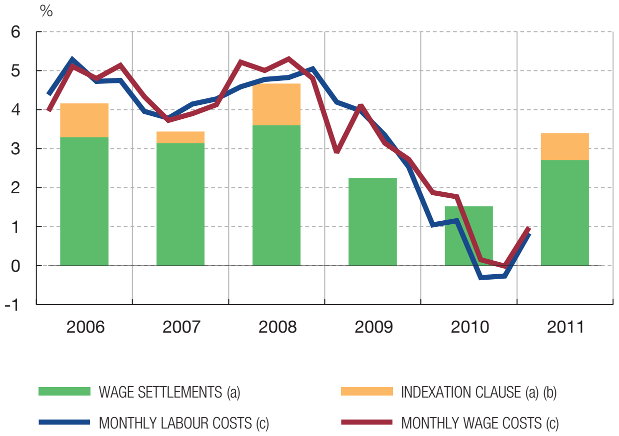
The EPA figures for Q2 show a year-on-year decline in employment of 0.9%, a rate of job destruction which is 0.4 pp lower than in Q1. All the sectors performed better than in Q1, except for construction, in which the pace of job destruction stepped up. Mention should be made, among them, of the services sector with growth of more than 1% in market and non-market services. This improvement was seen in the pace of job destruction related to wage-earners, which decreased by 0.4 pp to 0.5%, and the rate of employment destruction for the self-employed, which fell by 3.3%, 0.2 pp less than in Q1. By nationality, job destruction was concentrated among foreign workers, where there was a 4.5% reduction in employment, compared with a 0.4% decline for Spanish nationals. As regards contract duration, the year-on-year rate of change among temporary wage-earners was positive (2.1%) and higher than that in Q1, while the rate of decline for permanent employees decreased slightly to 1.3%. As a result, the proportion of temporary to permanent employees increased to 25.5%. Lastly, part-time hires continued to show strong growth (3.6%), although it was slightly less vigorous than in Q1, while full-time employees declined 1.7%, 0.5 pp less than in the previous quarter. These developments placed the ratio of part-time to total employees at 14.1%, against 13.5% a year earlier.

The labour force increased at a lesser pace than in the previous quarter (0.1% compared with 0.2% previously), against the background of zero growth in the population aged over 16 and, consequently, the participation rate rose 0.2 pp with respect to Q1 to 60.1%. In terms of the breakdown by sex, the difference between the female and male labour forces increased since female workers grew more rapidly by 0.6 pp to 2.1%, while the rate of decline of the male labour force doubled to 1.5%. By nationality, the high rate of decline in the foreign labour force (both total numbers and the population over 16) continued. The former declined by 2.2%, compared with -2.8% in Q1, and the latter fell by 2% (against -1% in Q1), putting the participation rate of foreign workers at 76.7%. Spanish nationals, for their part, increased 0.5% and their participation rate rose slightly to 57.8%.

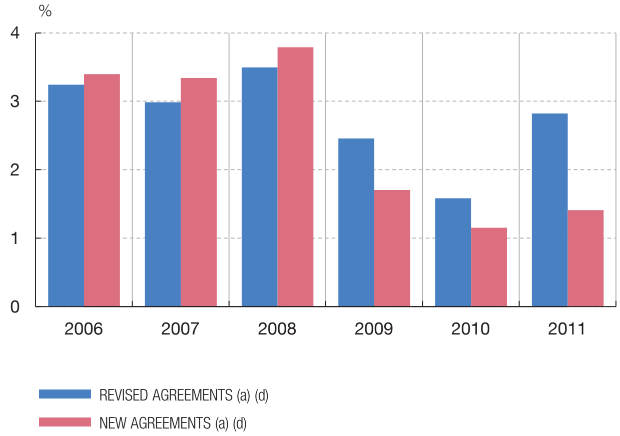
WAGE INDICATORS AND LABOUR COSTS

CHART 19

WAGE INDICATORS



WAGE INCREASE WITHOUT INDEXATION CLAUSE FOR NEW AND REVISED COLLECTIVE BARGAINING AGREEMENTS



SOURCES: INE and Ministerio de Trabajo e Inmigración.

a Settlement in the year to June 2011.
b Previous year's indexation clause.
c Quarterly labour costs survey. Year-on-year rates of change.
d Revised: agreements with economic effects for the current year, but which were entered into in previous years, and are in force for more than one year. New: agreements entered into during the year with economic effects in the same year, this being the same or only year in which they are applicable.

Finally, the numbers of unemployed decreased by 76,500 compared with 2011 Q1, placing the total number of jobless at 4.8 million. In year-on-year terms, the rise in unemployment eased by slightly more than 2 pp to a year-on-year rate of change of 4.1%. The unemployment rate fell 0.4 pp in Q2 to 20.9% of the labour force. Lastly, the rate of increase in those registered as unemployed with the SPEE continued to ease to 3.2% year-on-year, compared with 4.2% in Q1. However, the decline in the growth rate of the numbers of unemployed has been increasingly lower in recent quarters, which confirms, as do the other indicators analysed, the slow improvement in the labour market.

4.3 Costs and prices

The average rise in wage rates agreed for 2011 in the collective bargaining agreements recorded to June stands at 2.7% (see Chart 19), representing a moderation of 0.4 pp compared with the rates agreed to March. However, the rises agreed remain high and mark a substantial increase on the average figure of 1.5% for 2010, which does not appear to be in line with the labour market situation. Foreseeably, as collective bargaining processes advance, the average settlement rate will ease further, in step with the deceleration of inflation and the possible positive effects of the recently approved collective bargaining reform (see Box 4). Accordingly, it should be taken into account that nearly all the collective bargaining agreements recorded in the January-June period are revisions of multi-year agreements entered into in previous years, in which the increases in wage rates are largely referenced to the year-on-year increase in the CPI as at December 2010, which turned out to be high. The as yet few newly signed agreements in 2011 show a more modest increase of 1.4%. The rise in inflation at end-2010 activated the indexation clauses which has an estimated impact of around 0.7 pp. The presence of these clauses which is less than in previous years, is still significant since it affects approximately 53% of workers (against 70% in December 2009). On the basis of this information, together with an estimate of the wage drift, the year-on-year rate of expansion of compensation per employee in the market economy is estimated to stand at approximately 2% in 2011 Q2, a similar rate to that in Q1 (see Chart 20). This trajec-

The Spanish labour market experienced considerable job destruction during the last recessionary period, while other variables, such as real wages hardly reacted. The strong rise in unemployment was concentrated in certain specific sectors, in particular, the construction sector, which implies that emerging from the crisis will require a profound sectoral reallocation of employment and, likewise, a substantial increase in internal flexibility at companies to absorb these flows of unemployed workers. A key institution when determining this flexibility is the collective bargaining system which, in the case of Spain, has shown a series of shortcomings that has hindered wage flexibility and the internal reorganisation of firms. In an attempt to resolve these shortcomings, the government approved Royal Decree-Law 7/2011 of 10 June 2011 on urgent measures to reform collective bargaining, which was subsequently validated by Parliament and is currently being processed as a draft law.

Ideally, the institutional framework of collective bargaining should achieve *two* basic *objectives* [(Bentolila and Jimeno (2002)].[1] Firstly, it should favour wage growth which is compatible with a low unemployment rate in the medium term and with macroeconomic stability in general. To this end, a series of conditions must be met such as nominal wages being consistent with the objective of price stability and real wages moving in line with labour productivity and inversely to the unemployment rate. Secondly, the wage differences between sectors, regions and educational attainment levels must provide incentives for the sectoral reallocation of labour, for geographical mobility which cuts the unemployment rate differentials between regions and for investment in human capital. The foregoing would result in higher levels of productivity and, therefore, of competitiveness of the Spanish economy. However, there is broad consensus that the collective bargaining system in force in recent decades is not appropriate for achieving these aims.[2] There are three basic aspects which make it difficult for this system to work.

Firstly, due to the principle of automatic general effectiveness,[3] the Spanish system is characterised by an intermediate level of centralisation (at sectoral/provincial level) (see Table 1), at which firm-wide collective bargaining agreements are less frequent than in the majority of other developed countries for all firm sizes.

1. S. Bentolila, and J. F. Jimeno (2002), "La reforma de la negociación colectiva en España", in J. Aurioles and E. Manzanera (Eds.) *Cuestiones clave de la economía española. Perspectivas anuales,* 2001, Editorial Pirámide and Fundación CENTRA.

2. For a more in-depth analysis of these issues, see S. Bentolila, M. Izquierdo and J. F. Jimeno (2010), "Negociación colectiva: la gran reforma pendiente", *Papeles de Economía Española,* No. 124.

3. By virtue of this principle, what is agreed in higher-level collective bargaining agreements covers all firms at lower levels, irrespective of whether or not they participated in the negotiations. Although legislation envisages the existence of opt-out clauses from these collective bargaining agreements, in practice they are not used very frequently, although the latest labour reform provided greater flexibility regarding their use.

PERCENTAGE OF WORKERS COVERED BY COLLECTIVE BARGAINING LEVEL (a) TABLE 1

	FIRM	OTHER LEVEL			
		Total	Provincial	Regional	National
Average 1990-1999	13.3	86.7	54.0	6.2	26.5
2000	12.3	87.7	54.4	8.1	25.2
2001	11.7	88.3	54.4	9.3	24.6
2002	11.5	88.5	54.8	9.5	24.2
2003	11.5	88.5	54.4	10.4	23.6
2004	10.8	89.2	54.7	10.2	24.4
2005	11.6	88.4	53.0	10.0	25.3
2006	12.1	87.9	52.7	9.8	25.4
2007	12.1	87.9	53.1	9.0	25.8
2008	11.3	88.7	53.2	8.4	27.1
2009	10.9	89.1	53.4	8.9	26.8
2010	8.0	92.0	55.0	6.5	30.4
2011	7.5	92.5	63.0	5.2	24.3

SOURCE: Ministerio de Trabajo e Inmigración.

a The information for 2010 refers to collective bargaining agreements registered to May 2011 and that for 2011 to those regired to June of that year.

It is this level of centralisation which, according to the literature, produces the worst results in terms of unemployment and wage pressure. The latter is illustrated in Table 2, which shows that both the initially agreed wage rise and the impact of the indexation clause were generally lower in the company-specific arrangements than in agreements at other levels in the period 2003-2010. Secondly, there is the principle of "ultra-activity", which extends the regulatory aspects of an expired agreement if an agreement to renew the old one is not reached. This principle makes it difficult to change collective bargaining agreements and perpetuates certain clauses that had been agreed upon which are considered vested rights. This introduces considerable inertia into the process of determining working conditions, making it very difficult to modify in practice the terms agreed in the past. Thirdly, the average duration of collective bargaining agreements (approximately three years) is high. Under these agreements (which cover around 70 % of workers) wages are usually indexed to inflation. As a result of all of these characteristics, the system incorporates high rigidity into real wages and very little sensitivity to the labour market situation (approximated by the unemployment rate) and to changes in sectoral productivity as can be seen in Table 3.

In order to improve the possibilities of internal flexibility at companies and to encourage a collective bargaining structure tailored to individual firms, the government approved the collective bargaining reform in June. There are mainly two measures which are notable among those adopted. Firstly, the conditions agreed in firm-based collective bargaining agreements have priority over higher-level agreements with regard to a wide-ranging list of matters, including wages. The reform makes progress towards the desirable convergence on a more decentralised collective bargaining model, although actual progress is conditional upon agreements not being reached to the contrary by workers' and employers' representatives at a higher level than that of the firm. While this does not occur, a window of opportunity opens for those companies which need to sign firm-level agreements that are better adapted to their needs to do so. Such agreements would prevail over higher-level collective bargaining agreements. Given the costs associated with the negotiation of a collective bargaining agreement, this option may be more significant for larger corporations. However, small and medium-sized firms may resort to opting out from the higher-level agreement as regards wage setting, which merely requires the consensus of employers and workers. In this connection, under the Royal Decree the grounds for justifying wage opt-outs are made slightly more flexible since they additionally provide for a persistent decline in firms' revenues.

Secondly, the Royal Decree introduces important amendments in the duration of collective bargaining agreements in order to mitigate the problems associated with the principle of "ultra-activity". Specifically under the Royal Decree-Law the minimal content of collective bargaining agreements must include the deadlines for providing notice of termination of the agreement, and for the commencement and termination of bargaining. In the absence of an accord, the deadline for notice of termination is set at three months prior to expiry, that for commencing negotiations is one month and that for the duration of the negotiations is eight months, if the term

COLLECTIVE LABOUR AGREEMENTS (a) TABLE 2

	2003	2004	2005	2006	2007	2008	2009	2010
AGREED WAGE INCREASE (%)								
Total	3.48	3.01	3.17	3.29	3.14	3.60	2.25	1.52
Firm-wide	2.70	2.61	2.94	2.92	2.70	3.09	2.17	1.27
Other level	3.58	3.06	3.19	3.34	3.20	3.65	2.26	1.54
REVISED WAGE INCREASE (%)								
Total	3.68	3.60	4.04	3.59	4.21	3.60	2.24	2.21
Firm-wide	2.94	3.14	3.61	3.15	3.57	3.09	2.17	1.77
Other level	3.77	3.65	4.09	3.65	4.28	3.65	2.25	2.24
INDEXATION CLAUSE (pp)								
Total	0.20	0.59	0.87	0.30	1.07	0.00	-0.01	0.69
Firm-wide	0.24	0.53	0.67	0.23	0.87	0.00	0.00	0.50
Other level	0.19	0.59	0.90	0.31	1.08	0.00	-0.01	0.70

SOURCE: Ministerio de Trabajo e Inmigración.

a Provisional data for 2010 with information to June 2011.

of the collective agreement is less than two years, or fourteen months in other cases. Furthermore, in order to facilitate the conclusion of agreements, the collective bargaining agreement must include the compulsory adoption of conflict resolution mechanisms agreed upon in inter-professional agreements at national or regional level which will be implemented once the periods for reaching an agreement have elapsed.

Accordingly, within these mechanisms, the social partners have to determine the arbitration procedures and, in particular, whether they are compulsory or voluntary; if there is no accord, it is assumed that they are compulsory. Furthermore, a transition period is established (until 30 June 2012) during which arbitration will be compulsory for those collective bargaining agreements whose deadlines for negotiation have not been met. During this transition period the social partners must negotiate which conflict resolution mechanisms will prevail at each level of negotiations. In this way another window of opportunity is also opened which will help pave the way for freeing up the renegotiation of numerous collective bargaining agreements which have expired and are currently at an impasse. Lastly, as a palliative measure to improve the internal flexibility at companies while a new agreement is being negotiated, it is possible to adopt partial agreements to modify certain content of the arrangements which have expired and for which notice of termination has been provided in order to adapt them to firms' current conditions. Notwithstanding the foregoing, although all of these measures are a step forward compared with the previous situation in terms of the duration of the collective bargaining agreement, it should be underlined that the principle of "ultra-activity" continues to apply, since once all the deadlines have expired, the previous collective bargaining agreement does not lapse but remains in force.

To sum up, the Royal Decree clears the way for significant changes in the collective bargaining system. The materialisation of these changes, however, will hinge on the willingness of the social partners. In order to mitigate this uncertainty, it would be desirable to press ahead with some of the more positive aspects of the Royal Decree during its passage through Parliament. Significantly, however, the reform does not include any changes on wage indexation, despite its importance.

IMPACT OF INFLATION AND CYCLICAL CONDITIONS ON NEGOTIATED WAGE INCREASES (a) TABLE 3

Dependent variable: negotiated wage increase	REVISED AGREEMENTS		NEWLY SIGNED AGREEMENTS	
EXPLANATORY VARIABLES	Coefficient	t-statistic	Coefficient	t-statistic
Positive deviation of inflation at t-1	0.94	108.6	1.13	148.9
Negative deviation of inflation at t-1	-0.19	-3.0	-0.35	-4.6
Change in unemployment rate at t-1	0.01	1.4	-0.24	-34.3
Change in sectoral productivity at t-1	0.004	1.6	0.003	1.1
Constant	2.66	30.8	2.38	29.6
Observations	37,256		52,570	
Adjusted coefficient of determination	0.29		0.33	

SOURCE: Bentolila et al. (2010).

a The regressions include dummy variables for the sector of activity (NACE-3 two-digit level), the bargaining level and the presence of indexation clause.

tory of wages in conjunction with slightly higher year-on-year productivity growth than in Q1 will seemingly prompt a modest steepening in the decline of unit labour costs in the market economy. Compensation per employee in the non-market services branches is estimated to have declined by approximately 3%.

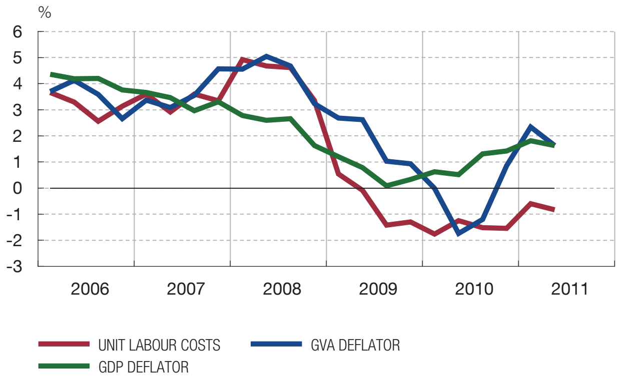
In 2011 Q2, the demand deflators continued to post high year-on-year growth rates, although they tended to moderate. This slight deceleration of the deflators was due to the performance of domestic producer prices – measured by the GDP deflator – but, especially, to changes in imported goods prices which slowed substantially.

WAGES AND LABOUR COSTS IN THE MARKET ECONOMY

CHART 20

COMPENSATION PER EMPLOYEE AND PRODUCTIVITY (a)

UNIT LABOUR COSTS AND PRICES (a)



SOURCES: INE and Banco de España.

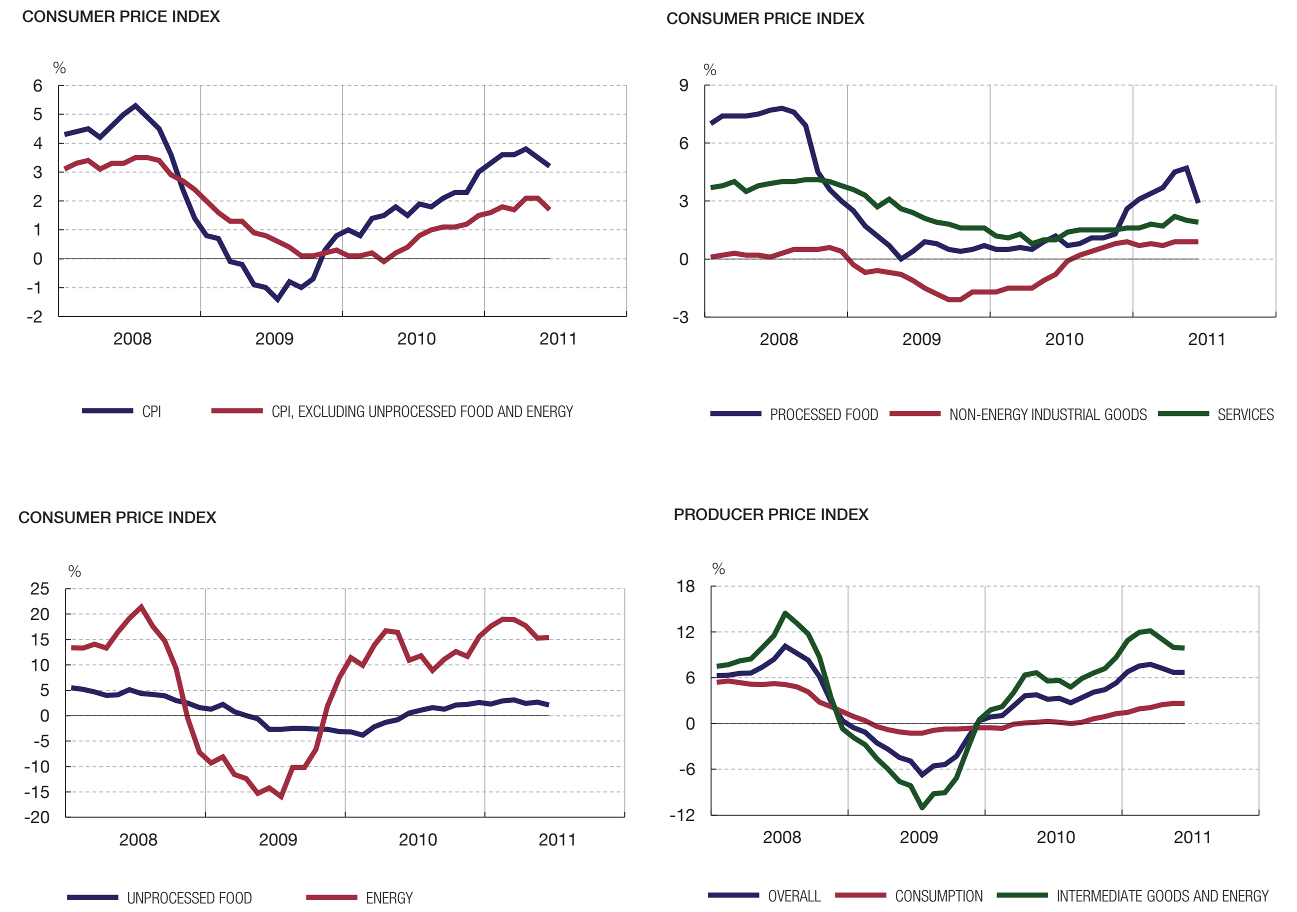
a Year-on-year rates based on seasonally adjusted QNA series.

In 2011 Q2, the main consumer price indicators ended their upward trend recorded in previous months. Thus, the year-on-year change in the CPI in June was 3.2%, 0.6 pp down on the April figure (see Chart 21). This downward trajectory is largely attributable to changes in the energy component whose year-on-year rate in June was 15.4%, 3.5 pp down on the figure for March. However, this deceleration is due to the high prices of this component a year earlier, against a background in which dearer oil on international markets contributed to supporting the high prices of vehicle fuel and other liquid fuel, such as heating gas-oil. The year-on-year rate of change of the CPI, excluding energy and unprocessed food prices, stood at 1.7% in June, the same as in March. However, this stability is the result of the divergent behaviour of its main components. On one hand, the inflationary behaviour of unprocessed food prices moderated substantially since they benefited considerably from the decreases in tobacco prices in June (which were subsequently reversed in July). On the other, non-energy industrial goods prices – against a backdrop of higher producer prices for this type of goods – performed slightly less moderately as did the prices of services. In any event, if, to approximate inflationary pressures on consumer prices, the (in principle temporary) impact of the increases in VAT rates and in tobacco prices in July and December last year is removed from the CPI excluding energy and unprocessed food prices, the resulting price developments would be moderate, with growth of 1.1% in June. The leading indicator of the CPI showed a further reduction of inflation in July to 3.1%, which was 0.1 pp less than in the previous month.

In terms of HICP, inflation in Spain also moderated by 0.3 pp in Q2 to 3%. This contrasts with the stable performance of this variable in the euro area, as a result of which the differential between March and June decreased by 0.3 pp to 0.3 pp (see Chart 22). Component by component, the increase in energy prices in Spain continued to be higher than that in the euro area, placing the differential at 4.4 pp which, however, is 1.5 pp lower than in March. By contrast, the differentials in terms of services and non-energy goods, were negative at -0.2 pp and -0.1 pp, respectively. It is estimated that they would have even higher negative values, if they were adjusted for the effect of tax changes. Lastly, the increases in food prices in Spain were also slightly lower than in the euro area. According to the respective leading indicators of the HICP for July, the differential was forecast to widen by 0.2 pp to 0.5 pp since inflation was expected to hold at 3% in Spain, while in the euro area as a whole it was projected to decrease by 0.2 pp to 2.5%.

PRICE INDICATORS (a)
Spain

CHART 21



SOURCE: INE.

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

The producer price index also posted a slight deceleration in Q2 as its year-on-year rate of change slid by slightly more than 1 pp between March and June to 6.7%. This slowdown reflected lower growth rates of the prices of energy products, as a result of the changes in oil prices, and of intermediate goods, although the rates of increase are still very high in both cases. Conversely, the quickening of producer prices of consumer goods, which began nearly a year ago, continued. The producer price differential between Spain and the euro area decreased by 0.4 pp between March and May, as a result of the lower relative growth of Spanish energy prices. Changes in prices at the beginning of the production chain point to a slight weakening of inflationary pressures which is furthermore corroborated by the course of price indices for imports, whose year-on-year rate of change has slowed steeply since the beginning of the year, affecting all of its components. Industrial imports have also slowed in recent months. In both cases, the rates of change in the prices of energy products remained very high.

4.4 The State budget

The latest statistical information available for the overall general government sector refers to 2011 Q1. However, more recent monthly information on the budget outturn for the State and Social Security subsectors to June and May, respectively, is available.

STATE BUDGET OUTTURN

TABLE 4

€m and %

	Outturn 2010	Percentage change 2010/2009	Budget outturn projection	Percentage change 2011/2010	Outturn Jan-Mar. Percentage change 2010/2009	Outturn 2010 Jan-June	Outturn 2011 Jan-June	Outturn Percentage change
	1	2	3	4 = 3/1	5	6	7	8 = 7/6
1 REVENUE	127,337	24.8	106,020	-16.7	-16.2	55,386	45,688	-17.5
Direct taxes	59,262	9.5	55,239	-6.8	-20.4	24,383	19,540	-19.9
Personal income tax	39,326	29.2	35,494	-9.7	-19.4	17,762	13,776	-22.4
Corporate income tax	16,198	-19.8	16,008	-1.2	-42.7	4,746	4,006	-15.6
Other (a)	3,738	7.5	3,737	-0.0	-16.4	1,875	1,759	-6.2
Indirect taxes	51,825	80.8	36,142	-30.3	-17.3	24,433	19,271	-21.1
VAT	38,486	143.8	24,968	-35.1	-14.1	17,926	14,709	-17.9
Excise duties	10,338	1.9	8,179	-20.9	-40.5	5,068	3,080	-39.2
Other (b)	3,001	9.5	2,995	-0.2	7.5	1,439	1,482	3.0
Other net revenue	16,251	-15.7	14,639	-9.9	3.0	6,570	6,877	4.7
2 EXPENDITURE	179,572	-5.1	150,056	-16.4	-24.2	86,180	69,183	-19.7
Wages and salaries	26,975	1.5	26,982	0.0	0.8	13,508	13,574	0.5
Goods and services	4,632	-4.7	3,384	-26.9	-10.4	1,941	1,776	-8.5
Interest payments	19,638	11.3	27,421	39.6	-23.2	9,116	8,931	-2.0
Current transfers	104,656	-6.9	74,598	-28.7	-30.3	49,698	36,895	-25.8
Investment	8,782	-16.1	5,793	-34.0	-25.3	4,604	3,371	-26.8
Capital transfers	14,890	-14.2	9,208	-38.2	-25.7	7,314	4,637	-36.6
3 CASH-BASIS BALANCE (3 = 1 - 2)	-52,235	—	-44,036	—	—	-30,794	-23,496	—
MEMORANDUM ACCOUNT: TOTAL TAXES (State plus share of regional and local governments)								
TOTAL	**135,862**	**16.3**	**141,538**	**4.2**	**3.9**	**64,604**	**68,472**	**6.0**
Personal income tax	66,977	4.9	71,761	7.1	2.4	30,337	32,297	6.5
VAT	49,079	46.2	48,952	-0.3	8.0	24,473	26,774	9.4
Excise duties	19,806	2.4	20,825	5.1	-2.8	9,794	9,401	-4.0

SOURCE: Ministerio de Economía y Hacienda.

a Includes revenue from the tax on the income of non-residents.
b Includes taxes on insurance premiums and tariffs.

In the period between January and June, the State posted a cumulative deficit of €24.1 billion, according to the information available on the budget outturn using the National Accounts methodology. This negative balance is €5.7 billion less than that in the same period of 2010. Expressed in cash-basis terms, the State deficit in the first six months of the year stood at €23.5 billion, 24% down on the figure posted a year earlier (see Table 4). Overall, expenditure fell by 19.7%, which in general terms is consistent with the target for the whole year. The decline observed is largely in response to the cut in transfers as a result of the new system for financing the regional (autonomous) governments. As for the other items, both wages and salaries and capital performed in the first half of 2011 as budgeted, while in the case of purchases, complying with the budget target for the whole year will require a quickening of their rate of decline in the second half of the year. Furthermore, it is highly likely that the decline observed in the first half of 2011 in interest payments will begin to reverse in the coming months so that the rate for 2011 as a whole should tend to draw nearer to the budget estimate of growth of approximately 40%. Accordingly, the interest payments calculated using the National Accounts methodology have shown very

REGIONAL GOVERNMENT BUDGET OUTTURN

TABLE 5

€m and %

	Outturn 2010	Percentage change 2010/2009	Initial budget 2011	Percentage change 2011/2010 (a)	Outturn		
					2010 Jan-March	2011 Jan-March	Percentage change (b)
	1	2	3	4 = 3/1	6	7	8 = 7/6
1 REVENUE	134,318	-11.0	138,627	3.2	—	29,536	-2.2
Current revenue	127,134	-10.9	130,110	2.3	—	28,845	-1.4
Direct taxes	29,477	-21.3	40,995	39.1	—	10,178	42.5
Indirect taxes	33,730	-13.2	51,512	52.7	—	11,983	45.0
Charges, prices and other revenue	5,551	8.0	4,972	-10.4	—	1,087	-19.4
Current transfers	57,962	-4.7	32,097	-44.6	—	5,456	-56.2
Interest and dividends	413	-12.4	535	29.4	—	140	151.5
Capital	7,184	-12.5	8,517	18.6	—	691	-27.2
Disposal of investments	287	-16.0	1,760	513.6	—	52	8.0
Capital transfers	6,897	-12.4	6,756	-2.0	—	639	-29.1
2 EXPENDITURE	157,183	-6.9	155,544	-1.0	—	34,531	5.4
Current expenditure	134,812	-4.8	131,889	-2.2	—	31,481	5.6
Wages and salaries	58,795	-2.0	56,873	-3.3	—	12,719	-3.3
Goods and services	28,011	-7.8	27,421	-2.1	—	6,867	22.8
Interest payments	2,999	14.8	4,195	39.9	—	932	75.6
Current transfers	45,007	-7.4	43,173	-4.1	—	10,962	3.9
Contingency fund	—	—	228	—	—	—	—
Capital	22,371	-17.9	23,655	5.7	—	3,050	4.2
Investment	9,685	-22.9	10,580	9.2	—	1,524	11.3
Capital transfers	12,686	-13.6	13,074	3.1	—	1,526	-2.0
3 BALANCE (3 = 1 - 2)	-22,866	—	-16,917	-26.0	—	-4,995	—

SOURCES: Ministerio de Economía y Hacienda, Comunidades Autónomas and Banco de España.

a The initial budget data for 2011 were obtained taking into account the initial appropriations of the 2010 budget of the Balearic and Catalan governments, since they have extended them.
b These rates published by the Ministry of Economy and Finance have not been released for 2010 Q1.

sizeable rates of change recently and, consequently, have continued to increase their weight in total expenditure (to around 15% in the first half as a whole compared with less than 10% in the same period of 2010).

In respect of total tax takings, which include those obtained by the State and the territorial governments, noteworthy was the favourable performance of VAT revenue which grew at a rate of 9.4%, largely owing to the effect of the increase in rates in July 2010. Similarly, personal income tax revenue grew by 6.5%, which is consistent with the increase of 7.1% budgeted for the year as a whole. Receipts from corporate income tax and excise duties were notably weak with cumulative rates of -15.6% and -4%, respectively.

In the case of the regional (autonomous) governments, the outturn data for 2011 Q1 show a negative balance of 0.5% of GDP (see Table 5), a figure which contrasts with the budget forecast of reducing the deficit for the year as a whole by 1.5 pp to 1.3% of GDP.

The latest outturn figures available for the Social Security system are for May 2011 (see Table 6). In cumulative terms, since the beginning of the year the Social Security system posted a surplus of €7.5 billion, €1.3 billion less compared with the balance accumulated to May last year. On the revenue side, social security contributions fell 1% as a result of

SOCIAL SECURITY SYSTEM BUDGET OUTTURN

TABLE 6

€m and %

	Initial budget 2010	Percentage change 2010/2009	Initial budget 2011	Percentage change 2011/2010	Outturn		
					2010 Jan-May	2011 Jan-May	Percentage change 2011/2010
	1	2	3	4 = 3 / 1	5	6	7 = 6 / 5
1 REVENUE	119,481	-3.4	123,405	3.3	49,495	49,398	-0.2
Social security contributions	108,358	-4.4	111,778	3.2	44,487	44,047	-1.0
Current transfers	8,357	12.3	8,154	-2.4	3,834	4,029	5.1
Other revenue	2,765	-6.7	3,473	25.6	1,174	1,322	12.6
2 EXPENDITURE	116,601	1.9	118,826	1.9	40,680	41,850	2.9
Wages and salaries	2,483	1.2	2,378	-4.2	947	916	-3.3
Goods and services	2,032	1.9	1,719	-15.4	561	602	7.5
Current transfers	111,557	1.9	114,279	2.4	39,109	40,281	3.0
Contributory pensions	95,320	2.1	99,090	4.0	33,573	35,271	5.1
Sickness	7,373	-9.5	7,009	-4.9	1,871	1,614	-13.7
Other	8,864	11.0	8,181	-7.7	3,664	3,396	-7.3
Other expenditure	529	-6.1	450	-15.0	64	50	-21.9
3 BALANCE (3 = 1 - 2)	2,880	—	4,579	—	8,814	7,548	—

SOURCES: Ministerios de Hacienda y de Trabajo e Inmigración and Banco de España.

the decline in the number of social security registrations. Expenses increased by 2.9% due to the rise of 5.1% in the contributory pensions component, which was partially offset by the decrease in other current transfers.

Turning to the State Public Employment Service, the available figures to May indicate that unemployment benefit payments fell at a rate of -8.6%. This accentuates the decline with respect to Q1, which is in keeping with the decrease in the number of beneficiaries of the unemployment insurance system.

4.5 Balance of payments

During the first five months of 2011, the overall current and capital account balance posted a deficit of €21.7 billion, 3.8% down on the same period in 2010 (see Table 7). This decline is due to the narrowing of the current account deficit, insofar as the surplus on the capital account decreased. In turn, the reduction in the imbalance on the current account is mainly due to the widening of the services surplus and the narrowing of the deficit on the trade balance, although another contributory factor was the narrowing of the deficit on current transfers. By contrast, the income deficit widened.

Specifically, the deficit on the trade balance decreased by 7.6% in the first five months of the year to €18.1 billion. This was the result of opposing movements in the non-energy deficit, which dropped substantially, and the energy deficit, affected by the rise in the energy bill. The surplus on the services balance widened by 25% to €10.2 billion, reflecting the rise in the tourism surplus and, to a lesser degree, the improvement in the non-tourism services balance which posted a surplus. Counter to this, the deficit on the income balance increased by 21% to €11.1 billion. The deficit on current transfers stood at €5 billion, after declining by 6%. Finally, the surplus on the capital account fell 30% to €2.4 billion.

5.1 Highlights

Financial developments in the Spanish economy in 2011 Q2 were shaped by the resurgence of tensions in European sovereign debt markets stemming from investors' doubts about the sustainability of Greek public debt. Once again, the uncertainty spread to other euro area economies, particularly Spain, triggering rises in the risk premia on both government and private sector fixed income securities and falls in stock market prices. This trend intensified throughout July as a result of the discussions over whether or not to approve a second financial support package for Greece. The tensions subsided following the decisions adopted by the heads of state and of government of the euro area on July 21 (see Box 2), although they subsequently escalated again.

Against this background, the yield on Spanish 10-year government debt rose by 37 bp in Q2, while that on the German bund of the same maturity, which is customarily used as a safe-haven security in periods of higher uncertainty, fell by nearly 40 bp. As a result, the interest rate differential between the two bonds widened by 64 bp and stood close to 250 bp at the end of June. The risk premium on private sector fixed income securities, especially those of financial firms, also rose. Also, interbank market interest rates held on an upward course. Specifically, 12-month EURIBOR rose by 17 bp between March and June to stand at 2.16%. Further, stock market prices dropped and volatility rose. The IBEX 35 fell by 2% from its levels at the end of Q1, a decline similar to that shown by the EURO STOXX 50 (2.1%) and somewhat larger than that of the S&P 500 (0.4%). Thus the rise of 5.1% in the Spanish index in June exceeded that of the European index (2%) and was similar to that of the US index (5%) (see Chart 23).

In the first few days of July the heightening of sovereign debt market tensions was particularly notable in Spain. Thus the yield spread between Spanish 10-year government debt and the German benchmark of the same maturity reached around 370 bp. At the cut-off date of this report, however, it had risen further and stood near to 400 bp. In the capital markets, stock exchange prices underwent similarly notable fluctuations which left the IBEX 35 at 8.3% below its value at the beginning of the year.

In the real estate market, the latest figures published by the Ministry of Housing showed that the rate of decline of unsubsidised house prices accelerated again in 2011 Q2. Thus the year-on-year rate of decrease was 5.2% in June, compared with a fall of 4.7% in March. Since the end of 2007, house prices have fallen by nearly 17%, equivalent to a

The latest available information shows that the cost of bank loans to firms and households increased between March and May (see Chart 23). This increase resulted basically from the higher cost of bank funding, since the spreads applied by banks to such funds scarcely changed. The last few months have also seen a rise in the cost of financing of non-financial corporations through equities and short-term securities. The July Bank Lending Survey (BLS) indicated that, despite the financial market tensions in Q2, the credit standards applied to companies remained steady in this period, in line with the expectations expressed by banks three months earlier.[1] Nor was there any change in those applied in consumer credit and other lending to households; however, the survey respondents

1. For more details, see "Encuesta sobre Préstamos Bancarios en España: julio de 2011" by Jorge Martínez Pagés, in the July edition of the *Boletín Económico* (only available in Spanish).

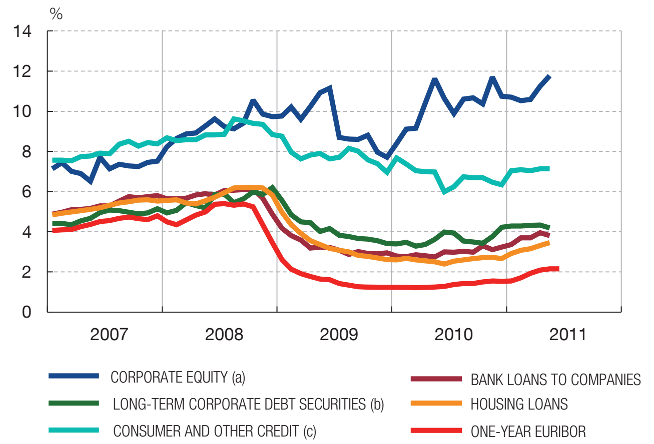
FINANCING CONDITIONS AND ASSET PRICES

CHART 23

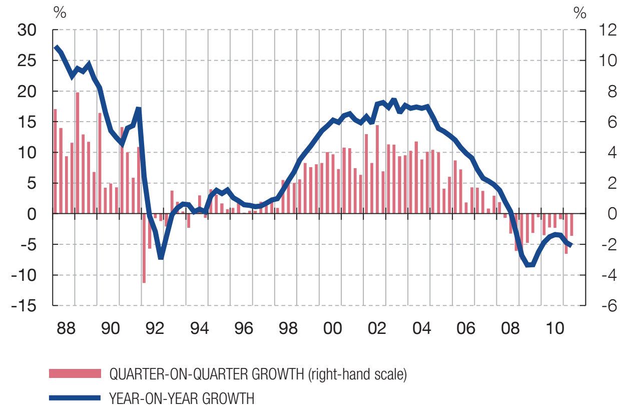
STOCK EXCHANGE INDICES

10-YEAR GOVERNMENT BONDS

COST OF FINANCING



PRICE PER SQUARE METRE OF APPRAISED HOUSING (d)



SOURCES: Bloomberg, Reuters, Datastream, MSCI Blue Book, Ministerio de la Vivienda and Banco de España.

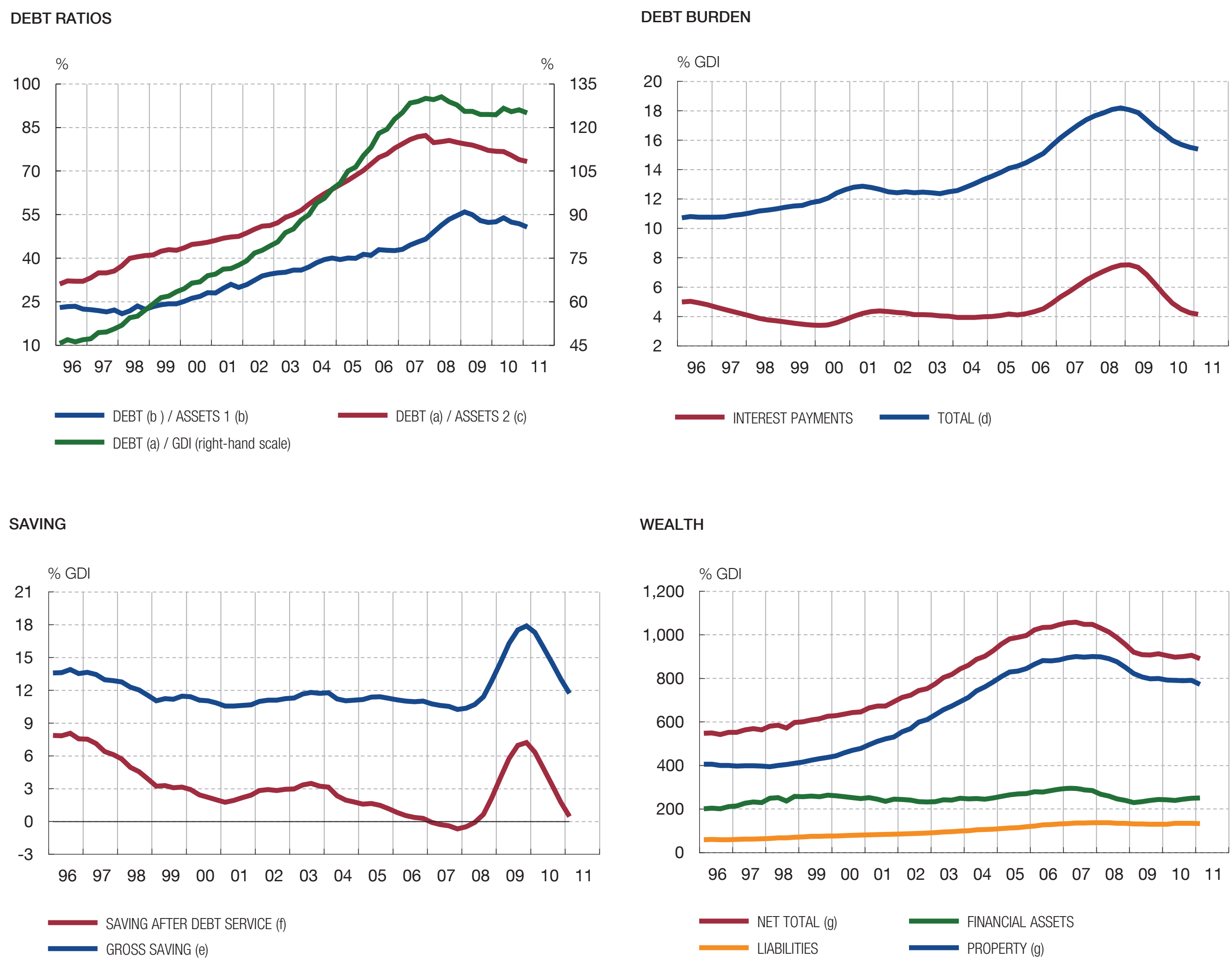
- **a** The cost of equity is based on the three-stage Gordon dividend discount model.
- **b** The cost of market-based long-term debt is calculated as the sum of the average 5-year CDS premium for Spanish non-financial corporations and the 5-year euro swap rate.
- **c** In June 2010 the statistical requirements relating to the interest rates applied by credit institutions to their customers were changed, which may cause breaks in the series. Particularly significant was the change in the interest rate on consumer credit and other lending, which from that month no longer includes credit card transactions.
- **d** Base 2001 to December 2004; base 2005 thereafter.

reported a slight tightening in house purchase loans. As regards the current quarter, banks expect that credit standards will hold steady in both sectors.

The latest data available on private-sector financing –for May– point to a contraction in household and corporate debt in Q2. The year-on-year growth rate of household liabilities decreased to -1.1%, the reasons being that funds earmarked for consumer credit and other lending contracted more sharply than in previous months and that those for house purchase loans decreased slightly. The annualised quarter-on-quarter rates of both these components point to a somewhat sharper pace of decline. In addition, the growth rate of corporate liabilities turned slightly negative, albeit with significant differences between instruments. Thus the year-on-year rate of fall of loans from resident institutions steepened slightly to 2.2%, whereas fixed income securities (the instrument used by larger firms) continued to show more expansionary behaviour, albeit less dynamic than in Q1. The most

INDICATORS OF THE FINANCIAL POSITION OF HOUSEHOLDS AND NPISHs

CHART 24



SOURCE: Ministerio de Vivienda, INE and Banco de España.

a Includes bank credit and off-balance-sheet securitised loans.
b Assets 1 = total financial assets - "other".
c Assets 2 = assets 1 - shares (excluding mutual fund shares) - shares in FIM.
d Estimated interest payments plus debt repayments.
e Balance of households' use of disposable income account.
f Gross saving less estimated debt repayments.
g 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.

recent information on the distribution of credit by productive activity, which relates to 2011 Q1, indicates that the fall-off in bank financing became more marked in all segments in the early months of 2011, the fall being particularly sharp in construction (-13.3%). The most recent provisional information suggests that in June this contractionary pattern of household and corporate debt continued to prevail.

The fall-off in household liabilities in Q1 meant that the debt to gross disposable income ratio and the debt burden of the sector decreased (see Chart 24). Despite this, the sector's gross saving ratio and its saving after debt service remained on the downward path prevailing since the beginning of 2010. Households' net wealth also decreased in the early months of 2011 as a result of a moderate increase in the value of the financial component and a decrease in the real estate component, the latter undergoing a sharper fall than in the previous months. The provisional information for Q2 points to little change in the debt and debt burden ratios of households and to a fresh decrease in their net wealth.

In the case of companies, the relative stagnation of their liabilities, combined with a moderate increase in their income, meant that the debt ratio of the sector decreased again in 2011 Q1. As a result of this decrease in the debt ratio and of a rise in financing costs, the debt burden remained steady (see Chart 25). Also, for the sample of firms reporting to the quarterly Central Balance Sheet Data Office survey (CBQ), among which the biggest have a notable weight, ordinary profit grew in Q1 somewhat less than in the same period of 2010 and profitability held steady.

General government debt continued to grow rapidly, albeit less so than before (its year-on-year growth rate in May stood at 16%, down 1.1 pp from March). The latest information on the Financial Accounts, relating to Q1, indicates that this dynamism in fund raising, along with the weak growth of output, was reflected further increases in the debt/GDP ratio, which stood at nearly 64%, and in the debt burden ratio, which reached 2.1%.

Doubtful loans kept rising. This, combined with the decrease in debt, meant that the doubtful assets ratio continued upward. Specifically, for other resident sectors as a whole (which, in addition to households and firms, include intermediaries other than credit institutions), this indicator stood at 6.5% in May, up 0.4 pp on March.

The latest Financial Accounts information shows that between January and March the nation's net borrowing held, in 12-month cumulated terms, close to 4% of GDP. Sectoral analysis shows that this resulted from a slight increase in non-financial corporations' net lending, which was more than offset by the decrease in households' credit balance, while the governal government deficit remained at 9.2% of GDP and financial institutions' saving scarcely changed (see Table 8). The external financing of the economy was channelled basically through general government (particularly via fixed income securities) and through the sale of external assets by institutional investors. Thus the net funds of the rest of the world received by these two sectors amounted to 3.2% and 2.7% of GDP, respectively. Also noteworthy was the decrease in external funds channelled through credit institutions and securitisation SPVs, which, in net terms, decreased by 1.8 pp and 0.7 pp, respectively.

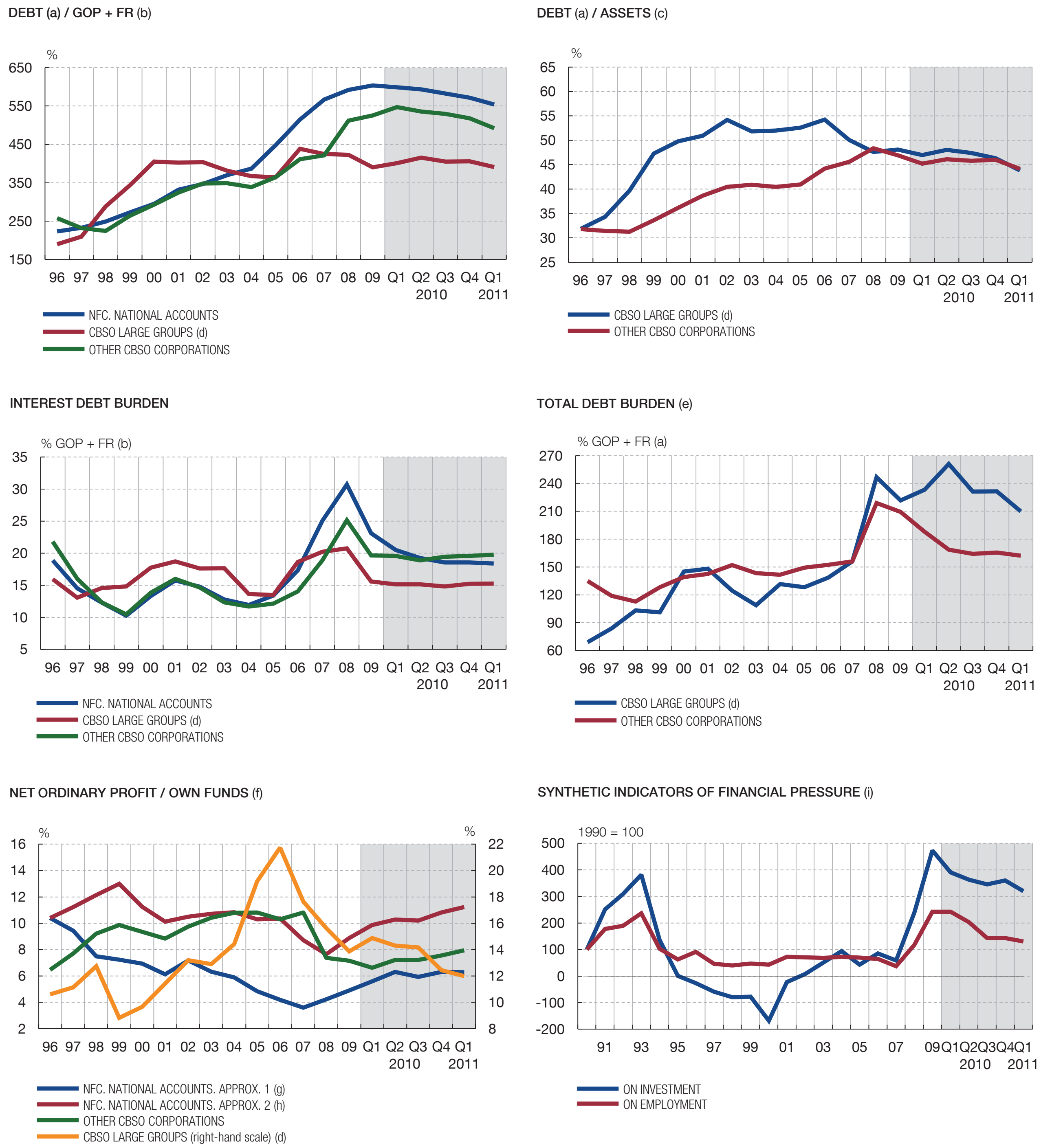
To summarise, in 2011 Q2 and, more markedly, in July to date, the Spanish economy has been strongly affected by the resurgence of tensions in the European sovereign debt markets, resulting in a rise in the risk premia on fixed income securities issued by resident sectors, which are holding at historically high levels. The persistence of these levels led banks to pass through, in the opening months of the year, a portion of the increase in funding costs to the interest rates applied by them in loans to households and firms. This development, along with the necessary deleverage of these agents, is helping to push the growth rate of their liabilities into negative territory.

5.2 Households

Between March and May, the interest rate on new loans to households rose (by 31 bp in house purchase loans and by 9 bp in consumer credit and other lending), in line with the behaviour of the benchmark market rates in this period (see Chart 23). Also, according to the July BLS, banks tightened slightly the credit standards for real estate purchase loans and held unchanged those applied in consumer credit and other lending. According to this survey, households' applications for financing declined in both cases, albeit more sharply in the former. The decrease in applications for funds to purchase real estate, although smaller than in 2011 Q1, constrasts with banks' expectations that these loan applications would remain steady. For the current quarter, banks expect that the credit supply conditions in this segment will remain steady and that demand will decrease further, albeit more moderately than in Q1.

INDICATORS OF THE FINANCIAL POSITION OF NON-FINANCIAL CORPORATIONS

CHART 25



SOURCES: INE and Banco de España.

a Interest-bearing borrowed funds.
b Gross operating profit plus financial revenue.
c Defined as total inflation-adjusted assets less non-interest-bearing liabilities.
d Aggregate of all corporations reporting to the CBSO that belong to the Endesa, Iberdrola, Repsol and Telefonica groups. Adjusted for intra-group financing to avoid double counting.
e Includes interest plus interest-bearing short-term debt.
f NOP, using National Accounts data, is defined as GOS +interest and dividends received - interest paid - fixed capital consumption.
g Own funds valued at market prices.
h Own funds calculated by accumulating flows from the 1996 stock onwards.
i Indicators estimated drawing on the CBA and CBQ surveys. A value above (below) 100 denotes more (less) financial pressure than in the base year.

NET FINANCIAL TRANSACTIONS
Four-quarter data

TABLE 8

% GDP

	2006	2007	2008	2009	2010				2011
					Q1	Q2	Q3	Q4	Q1
National economy	-8.4	-9.6	-9.2	-5.1	-4.4	-4.5	-4.4	-3.9	-4.0
Non-financial corporations and households and NPISHs	-11.1	-13.4	-6.8	4.6	5.3	4.3	3.6	4.4	4.3
Non-financial corporations	-9.5	-11.5	-7.1	-1.3	0.6	0.7	0.8	1.3	1.5
Households and NPISHs	-1.7	-1.9	0.2	5.9	4.8	3.6	2.8	3.1	2.8
Financial institutions	0.7	1.9	1.8	1.4	1.2	1.2	1.1	1.0	0.9
General government	2.0	1.9	-4.2	-11.1	-11.0	-10.0	-9.1	-9.2	-9.2
MEMORANDUM ITEM:									
Financing gap of non-financial corporations (a)	-17.8	-15.9	-11.8	-8.7	0.5	0.9	-0.9	-0.9	-1.3

SOURCE: Banco de España.

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

Against this background, household debt again decreased. Its year-on-year growth rate of -1.1% in May represented a somewhat sharper fall than that in March (when the rate stood at -0.5%). This fall-off resulted from a sharper contraction of consumer credit and other lending than in Q1 (-3.8%, as compared with -1.8%) and a slight decrease in house purchase loans (growth rate of -0.3%, as against -0.1% two months earlier). The seasonally adjusted rates point to somewhat sharper falls.

As a result of the contraction in household liabilities and of the steady household income in Q1, the debt/GDI ratio fell below 125% (see Chart 24). Also, owing to the lower interest payments, which reflect with a lag the behaviour of new loans and of interbank yields, the debt burden continued to decrease, approaching 15% of GDI. Foreseeably, in the coming months this ratio will start to reflect the upward path of the market rates customarily used as benchmarks in household financing, although with uneven intensity within the sector (see Box 5). The progressive disappearance of this factor cushioning the effects of the fall in incomes in the crisis heightens the level of financial pressure on the more indebted households. Also, households' gross saving rate and their saving after debt service held on the downward path of previous quarters. There was also a decrease in the sector's net lending, which dropped to 2.8% of GDP, 0.3 pp below the 2010 figure, and in its net wealth. The decrease in the latter resulted from moderate growth in the value of the financial component and a further decrease in real estate, which fell more sharply than in previous periods.

As regards portfolio decisions, household investment in financial assets contracted by 0.9 pp with respect to the previous three months, dropping to 3.5% of GDP in cumulated twelve-month terms (see Table 9). A preference for instruments involving lower risk was apparent. Thus time deposits continued to be the main destination of these flows, followed by insurance technical reserves, while saving in the form of equities decreased again, as did investment in investment funds, which turned negative again, reflecting the shift towards time deposits as the yields on the latter rose. Finally, the balance of means of payment (cash, sight deposits and savings deposits) remained unchanged.

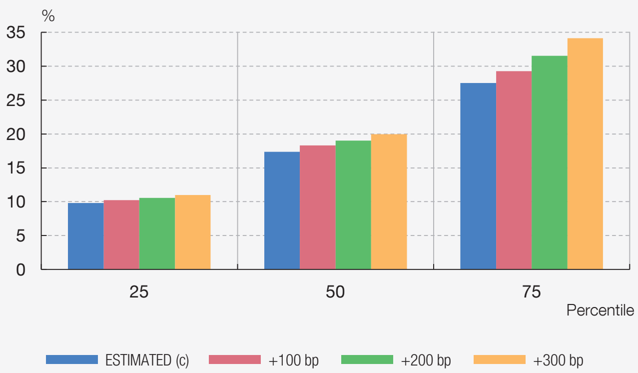
In Q1 the household doubtful assets ratio remained at 3.2% as a result of stability in the house purchase loan and consumer credit and other lending segments.

Since their historical lows of 2010, the interest rates applied by banks in loans to households have followed an upward path, showing a rise of 1.2 pp as at May 2011. Given the lag with which interest payments reflect changes in the cost of new loans and in the interbank yields to which they are tied, this increase has not yet passed through to the aggregate debt burden of the sector, but it will foreseeably begin to do so in the next few months. Against this background, it is of interest to assess the sensitivity of the household debt burden to rises in interest rates. The Spanish Survey of Household Finances ("EFF" by its Spanish abbreviation) allows this analysis to be carried out and distinguishes between different types of households.

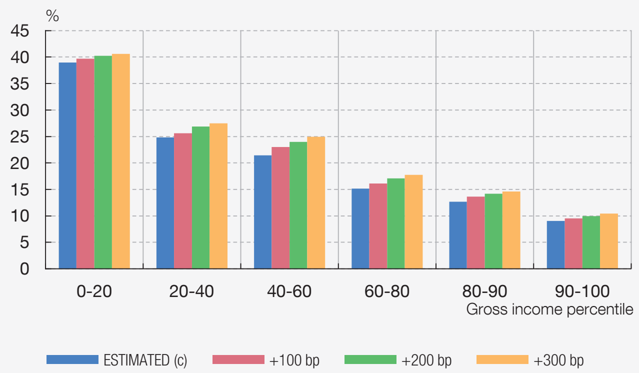
To estimate how the debt burden ratio[1] of households would be affected at this point in time by a rise in borrowing costs, first an estimate was made of the March 2011 values of the debt burden ratio of the surveyed households that had loans outstanding at the time of the latest EFF (i.e. in 2009 Q1). To do this, it is assumed that in 2009 Q1 and in the same period of 2011, the income of all indebted households behaves in the same way as aggregate gross income per household (i.e. a projected decrease of 2.9%). Also assumed is a decrease of 2.8 pp in borrowing costs in the case of

1. The debt burden ratio is defined as the payments associated with the debt in question (repayment of principle and payment of interest) divided by gross disposable income.

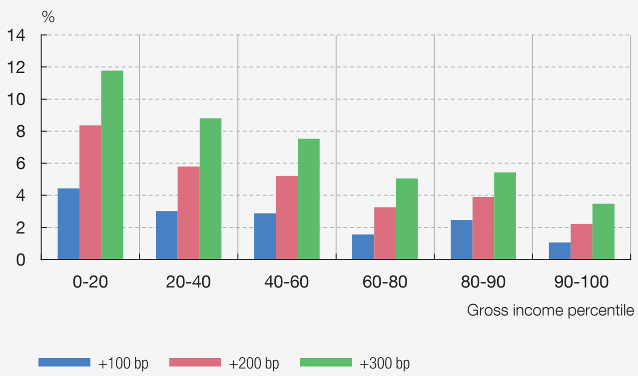
1 DISTRIBUTION OF HOUSEHOLD DEBT BURDEN RATIO (a) (b)



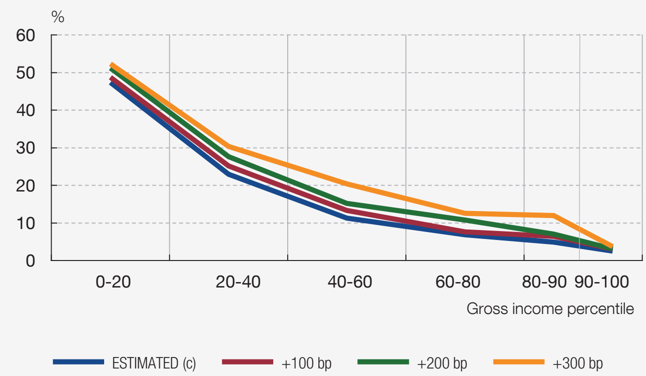
2 HOUSEHOLD DEBT BURDEN RATIO (median) (a) (b)



3 DECREASE IN HOUSEHOLD INCOME AFTER DEBT SERVICE (average) (b)



4 PERCENTAGE OF HOUSEHOLDS WHOSE DEBT BURDEN EXCEEDS 40% OF THEIR GROSS INCOME (a) (b)



SOURCE: EFF (2008)

a The debt burden ratio is defined as the payments associated with the debt in question (repayment of principle and payment of interest) divided by gross disposable income.

b Calculated for households with outstanding debt. Various interest rate scenarios are shown, increasing the estimated March 2011 rates, when they are variable, by 100, 200 and 300 basis points.

c Shows the situation which would be estimated for 2009 Q1 under the assumptions explained in the text, based on the information contained in the EFF (2008).

variable-rate loans, in line with the behaviour in this period of one-year EURIBOR, the usual benchmark for bank loans in this sector.[2] To calculate the impact that this fall would have on the payments associated with the outstanding debt, use is made of EFF information on the individual characteristics of the loans in question, such as the volume of debt, the residual term, borrowing costs and the nature of the loan agreement (fixed or variable rate).

Taking as starting point the situation estimated for March 2011, a simulation is performed of how the debt burden ratio of indebted households is impacted by rises in borrowing costs arbitarily set at 100 bp, 200 bp and 300 bp. Chart 1, which shows the 25th, 50th and 75th percentiles of this ratio for the household segment with outstanding loans in each of these scenarios, indicates that this impact is not uniform. As might be expected, the proportion of regular income absorbing the payments associated with the debts in question increases most strongly in the upper part of the debt burden ratio distribution, where most of the more highly indebted households are located.

The sensitivity of the household debt burden to interest rate rises also varies with the level of income, as seen in Chart 2. The impact of an interest rate rise would be largest in intermediate-income households, in which the ratio of interest payments to income would increase by 1.5 pp, 2.5 pp and 3.5 pp in response to rises in borrowing costs of 100 bp, 200 bp and 300 bp, respectively. At the other extreme, the smallest increases would be observed in the decile of households with the highest incomes. Also, it is observed that, despite the comparatively higher indebtedness of lower-income households, the impact of possible changes in interest rates on their debt burden is more limited than in other groups. This is because in this segment the proportion of households with non-adjustable interest rates is the highest in the sample (55% have all loans of this type, as against 21% in the highest-income decile). This, in turn, is because of the greater weight of consumer loans, the interest rates of which are predominantly non-adjustable, in this group.

2. Specifically, the difference between the average value of 1-year EURIBOR from April 2008 to March 2009 and that from April 2010 to March 2011 is calculated.

Another factor calling for analysis is the impact which these hypothetical increases in borrowing costs would have on household income after debt service. As seen in Chart 3, this impact is not evenly spread, being on average more marked in lower-income households. At the opposite extreme, the most moderate fall is in households above the 90th percentile. In any event, there is a high dispersion also within each of the groups analysed. Thus, in particular, the impact would be zero for somewhat more than half of lower-income households (those whose debts are all at non-adjustable interest rates).

It is also of interest to look at the impact of the aforementioned shocks on the proportion of households above certain thresholds. Chart 4 shows, for various income tranches and for different interest rate scenarios, the percentage of indebted households for which the debt burden would, in the simulations, exceed 40% of their gross income. It can be seen, first, that this proportion is inversely related to income level and, second, that the proportion is, in general, impacted only moderately by an increase in borrowing costs. Distinguishing by income segment, the effects are strongest in low- and intermediate-income households. In particular, for households with outstanding loans lying between the 20th and 40th income percentiles, the percentage of households above the threshold increases from the 23% estimated for 2011 to 25%, 28% and 30% with the simulated increases of 100 bp, 200 bp and 300 bp, respectively, in borrowing costs.

In short, the results set out in this Box suggest that, for the sector as a whole, the impact of simulated interest rate rises is relatively moderate. However, it is not evenly spread, but rather tends to be somewhat stronger in low- and intermediate-income households. In any event, these results should be interpreted with due caution because of the assumptions that have to be made to carry out the simulations. In particular, the behaviour of household income between 2009 Q1 and 2011 Q1 and of household borrowing costs in that period is, for the sake of simplicity, assumed to be uniform across all households. If the behaviour of these variables were to differ across the various segments of the sector, the results might be different from those obtained in this simulation exercise.

5.3 Non-financial corporations

The financing costs of firms increased between March and May. In bank loans, the rise was sharper for those below €1 million than for those above this amount (19 bp and 7 bp, respectively). In the case of fixed income, the behaviour differed depending on the term. Thus, the market interest rate on issues with maturities of less than one year rose by 8 bp, while that on issues with longer maturities decreased by 12 bp (see Chart 23). The falls in stock market prices resulted in a higher cost of raising equity capital. According to the July BLS, credit standards for this sector remained steady in Q2. Banks reported an increase in the margins applied, basically in higher risk loans. On the demand side, the survey reflected a slight recovery in requests for funds.

TRANSACTIONS OF HOUSEHOLDS, NPISHs AND NON-FINANCIAL CORPORATIONS **TABLE 9**
Four-quarter data

% GDP

	2007	2008	2009	2010		2011
				Q3	Q4	Q1
HOUSEHOLDS AND NPISHs:						
Financial transactions (assets)	7.2	2.5	4.7	4.2	4.4	3.5
Cash and cash equivalents	-1.1	-0.4	4.2	0.6	-0.1	0.0
Other deposits and fixed-income securities (a)	7.5	6.8	-1.2	2.1	3.5	3.4
Shares and other equity (b)	0.6	-0.3	1.2	1.0	0.6	0.2
Mutual funds	-1.1	-3.4	0.0	-1.2	-1.7	-1.5
Insurance technical reserves	0.9	0.2	0.9	0.6	0.8	0.8
Of which:						
Life assurance	0.2	-0.2	0.6	0.2	0.3	0.4
Retirement	0.4	0.3	0.3	0.4	0.5	0.4
Other	0.3	-0.4	-0.4	1.0	1.4	0.6
Financial transactions (liabilities)	9.1	2.3	-1.2	1.3	1.3	0.8
Credit from resident financial institutions (c)	9.4	3.4	-0.5	0.0	0.0	-0.5
House purchase credit (c)	7.1	2.7	0.1	0.5	0.5	-0.1
Consumer and other credit (c)	2.1	0.8	-0.4	-0.4	-0.3	-0.4
Other	-0.3	-1.1	-0.7	1.3	1.3	1.2
NON-FINANCIAL CORPORATIONS:						
Financial transactions (assets)	13.4	1.6	-8.3	5.1	7.4	6.4
Cash and cash equivalents	-0.4	-1.1	-0.3	0.2	-0.1	0.4
Other deposits and fixed-income securities (a)	2.0	2.3	-0.6	0.0	1.5	2.3
Shares and other equity	8.1	2.8	-0.4	2.0	2.7	2.6
Of which:						
Vis-à-vis the rest of the world	6.6	3.0	0.1	2.0	2.4	2.6
Trade and intercompany credit	2.1	-3.2	-7.3	2.3	3.1	1.0
Other	1.5	0.8	0.3	0.6	0.1	0.1
Financial transactions (liabilities)	24.9	8.7	-7.0	4.3	6.0	4.9
Credit from resident financial institutions (c)	13.8	5.5	-3.0	-1.3	-0.9	-1.4
Foreign loans	2.8	3.0	-0.1	-0.6	0.7	0.8
Fixed-income securities (d)	0.5	0.3	1.3	1.3	0.7	0.6
Shares and other equity	5.3	2.3	1.6	1.6	1.8	2.6
Trade and intercompany credit	3.3	-3.3	-7.0	2.4	3.3	1.1
Other	-0.8	0.9	0.0	0.9	0.5	1.3
MEMORANDUM ITEM: YEAR-ON-YEAR GROWTH RATES (%):						
Financing (e)	15.5	6.6	-0.8	0.2	0.6	0.0
Households and NPISHs	12.5	4.4	-0.3	0.1	0.2	-0.5
Non-financial corporations	17.7	8.2	-1.2	0.2	0.9	0.3

SOURCE: Banco de España.

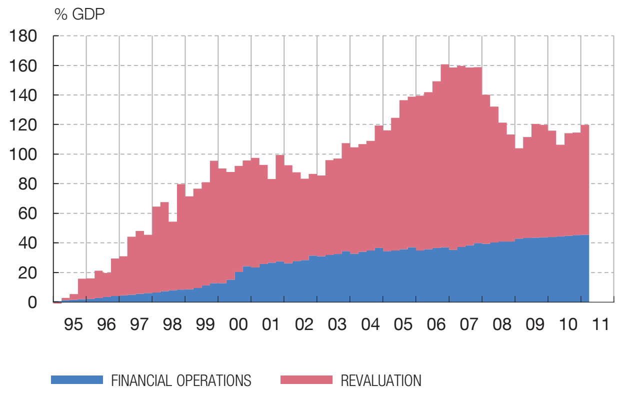
a Not including unpaid accrued interest, which is included under "other".
b Excluding mutual funds.
c Including derecognised securitised loans.
d Includes the issues of resident financial subsidiaries.
e Defined as the sum of bank credit extended by resident credit institutions, foreign loans, fixed-income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

Against this background, the growth rate of corporate financing decreased to slightly negative figures (-0.3% in May, against 0.3% in March). There were, however, significant differences across instruments. Thus loans from resident institutions contracted more sharply, by 2.2%, in year-on-year terms (against a fall of 1.6% in Q1). Fixed income securities showed greater dynamism, which was, however, somewhat more moderate than in Q1 (they grew by 5.5%, down 4.5 pp on March). The annualised seasonally adjusted quarter-on-quarter rates show lower growth figures.

The latest information on the breakdown of credit by purpose, relating to 2011 Q1, shows that this source of financing decelerated in all branches of economic activity. The fall-off in

OTHER FINANCIAL INDICATORS OF NON-FINANCIAL CORPORATIONS CHART 26

CUMULATIVE CHANGE IN NET WORTH (a)



PROFIT GROWTH EXPECTATIONS OF LISTED FIRMS

SOURCES: I/B/E/S and Banco de España.

a Net worth is proxied by the valuation at market price of shares and other equity issued by non-financial corporations.

bank financing was particularly sharp in construction (-13.3%) and more moderate for real estate services and industry (-3.2% and -2.4%, respectively). Other non-financial services was the only segment with a positive growth rate (1.2%).

According to the Financial Accounts information, the credit balance of the net financial transactions of the business sector increased slightly in 2011 Q1, from 1.3% to 1.5% of GDP, in twelve-month cumulated terms. However, the financing gap, which approximates the funds required to bridge the difference between gross corporate saving and firms' gross capital formation plus permanent foreign investment, again showed a negative balance, the absolute value of which exceeded that of previous quarters (-1.3%, against -0.9% in 2010), as a result of increases in intra-group investment and in equity securities abroad.

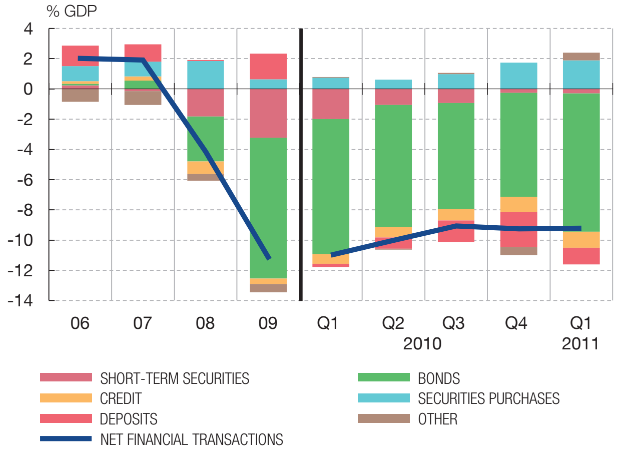
The stagnation of firms' liabilities, along with the moderate increase in their income, seems to have allowed their debt ratio to decrease further in 2011 Q2 (see Chart 25). As a result of this decline and of the rise in the cost of funds in the last few months, the interest burden ratio remained steady. The improvement in business income was accompanied by an increase in equity capital, so the sector's profitability held at much the same levels as in 2010.

The sample of corporations reporting to the CBQ, among which the biggest have a notable weight, shows that, based on the data available for 2011 Q1, ordinary net profit grew in this period somewhat less than in the same months a year earlier (8.4%, against 9.7%). This growth in profit from ordinary activities meant that the return on investment stood at 4.5%, exactly the same as in March 2010. Together with this income growth, there was an increase in the liabilities of these firms, albeit less marked than in their surpluses, so the debt ratio decreased. This development, along with the higher interest rates borne, resulted in a slight rise in the debt burden. As an overall effect of these events, the composite indicators of financial pressure on investment and employment decreased. Meanwhile, in Q2 analysts maintained their expectations regarding the improvement of the sector's long-term profits and revised downward slightly those for the short term (see Chart 26).

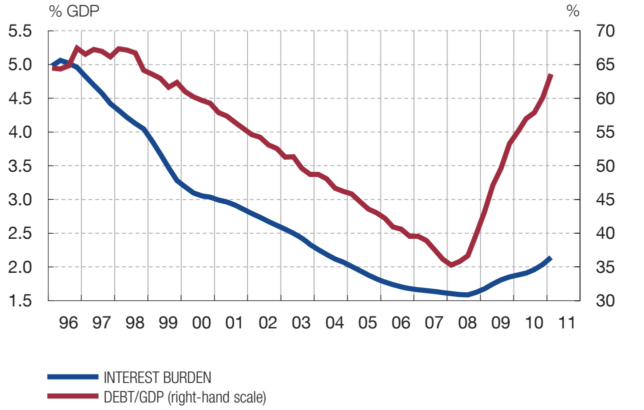
GENERAL GOVERNMENT
Four-quarter data

CHART 27

NET FINANCIAL TRANSACTIONS
CONTRIBUTIONS BY INSTRUMENT (a)



INTEREST BURDEN AND DEBT RATIO



SOURCE: Banco de España.

a A postive (negative) sign denotes an increase (decrease) in assets or a decrease (increase) in liabilites.

The doubtful assets ratio of non-financial corporations rose further in 2011 Q1 to 8.7%, up 0.6 pp on the figure three months earlier. The largest increase was in the construction and real estate services segment, where the ratio rose from 13.5% to 14.7%, while in the other economic areas it was very modest (up from 3.9% to 4%).

5.4 General government

According to the Financial Accounts, in 2011 Q1 general government net borrowing held at 9.2% of GDP in cumulated annual terms (see Table 8). The bulk of funds were again obtained through the issuance of long-term fixed income securities. This channel raised funds equivalent to 9.2% of GDP, which was 2.3 pp more than in 2010 (see Chart 27). By contrast, the volume received through short-term securities decreased further, continuing the downward path initiated in late 2009, and stood at 0.3% of GDP. The funds obtained through loans again amounted to 1% of GDP. On the assets side, net securities acquisitions increased slightly to 1.9% of GDP. Most of this amount relates to investment in securities issued by the general government sector itself. Finally, the divestment of deposits amounted to 1.1% of GDP in four-quarter cumulated terms.

The general government debt ratio grew to 63.6% of GDP in March 2011, up 3.5 pp on end-2010, as a result of the the sector's high deficit and of the weak GDP growth. In line with this, the associated debt burden also increased, albeit moderately (by 0.1 pp to 2.1% of GDP).

5.5 The rest of the world

In 2011 Q1 the downward trend in the nation's net borrowing during the previous two quarters was interrupted. Net borrowing in March stood at 4% of GDP in four-quarter cumulated terms, against 3.9% in 2010 (see Table 8).

The improved market situation in the early months of the year allowed the growth of external fund raising, which in March reached 3% of GDP in twelve-month cumulated terms, well above the 0.7% recorded at end-2010 (see Table 10). By instrument, particularly high capital inflows resulted from securities issued by general government (2.8% of GDP in annual terms, up 0.8 pp on 2010) and from shares (2.4% of GDP, against 0.9% of GDP in the

FINANCIAL TRANSACTIONS OF THE NATION
Four-quarter data

TABLE 10

% GDP

	2007	2008	2009	2010 Q3	2010 Q4	2011 Q1
NET FINANCIAL TRANSACTIONS	-9.6	-9.2	-5.1	-4.4	-3.9	-4.0
Financial transactions (assets)	14.1	0.7	-0.4	-2.9	-3.1	-1.0
Gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0
Cash and deposits	1.4	-1.3	-3.2	-2.3	-1.4	0.6
Of which:						
Interbank, credit institutions (a)	4.2	-0.5	-1.7	-1.8	-1.3	0.5
Securities other than shares	1.6	1.3	0.0	-5.7	-6.9	-7.1
Of which:						
Credit institutions	1.8	1.5	1.2	-2.8	-3.0	-2.4
Institutional investors	0.0	-1.3	-0.5	-2.4	-3.3	-3.6
Shares and other equity	8.8	1.7	1.5	2.7	2.4	3.0
Of which:						
Non-financial corporations	6.6	3.0	0.1	2.0	2.4	2.6
Institutional investors	-1.1	-1.6	0.3	1.0	0.8	0.5
Loans	1.2	0.8	0.2	0.0	0.3	0.5
Financial transactions (liabilities)	23.7	9.9	4.6	1.5	0.7	3.0
Deposits	6.7	8.0	-0.5	-0.2	-0.5	-1.7
Of which:						
Interbank, credit institutions (a)	6.7	6.2	0.7	-2.9	-7.3	-7.7
Repos, credit institutions (b)	0.1	0.2	0.1	1.8	5.7	5.7
Interbank, BE (intra-system position)	-0.3	1.9	-0.8	0.5	0.2	-1.1
Securities other than shares	8.1	-2.7	3.8	0.6	-1.5	0.5
Of which:						
General government	-1.3	1.1	5.3	3.4	2.0	2.8
Credit institutions	3.6	-1.9	1.1	-0.6	-1.1	-0.6
Other non-monetary financial institutions	5.8	-1.9	-2.5	-2.2	-2.4	-1.8
Shares and other equity	4.6	3.2	1.0	0.8	0.9	2.4
Of which:						
Non-financial corporations	4.7	2.4	0.3	1.0	1.3	2.5
Loans	3.1	2.9	0.3	-0.2	1.2	1.1
Other, net (c)	0.2	0.2	-1.1	-2.0	-1.8	-1.5
MEMORANDUM ITEMS:						
Spanish direct investment abroad	9.5	4.7	0.7	1.2	1.5	2.9
Foreign direct investment in Spain	4.5	4.8	0.6	0.5	1.7	2.1

SOURCE: Banco de España.

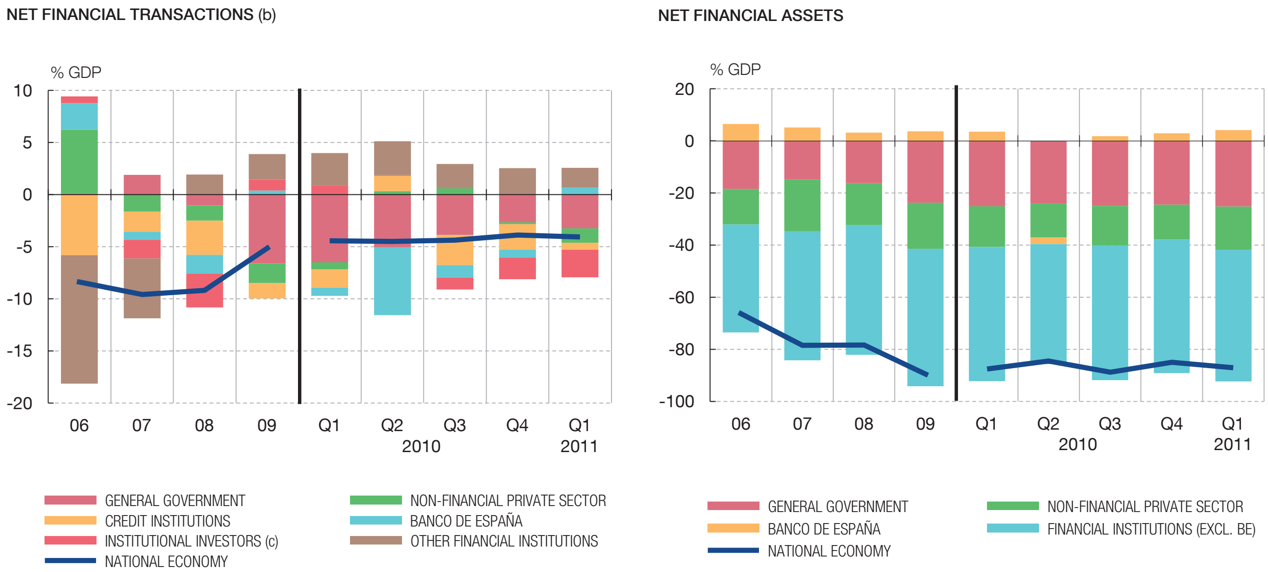
a Excluding repos.
b Including transactions with central counterparty clearing houses.
c Includes, in addition to other items, the asset-side caption reflecting insurance technical reserves and the net flow of trade credit.

previous quarter). By contrast, the Banco de España's debit position vis-à-vis the rest of the world decreased, as did the funds raised by credit institutions on the interbank market (excluding repos), which, in net terms, posted a negative flow equivalent to 8.1% of GDP, down 2.1 pp on December. Foreign direct investment in Spain rose by 0.4 pp to 2.1% of GDP in annual terms.

However, in four-quarter cumulated terms, the funds raised through incurrence of liabilities were insufficient to cover the nation's financing requirements, so the other funds were raised by reducing, in an amount equivalent to 1% of GDP, the portfolio of external assets

NET FINANCIAL TRANSACTIONS AND NET FINANCIAL ASSETS VIS-À-VIS THE REST OF THE WORLD (a)

CHART 28



SOURCE: Banco de España.

a Four-quarter data for transactions. End-period data for stocks. Unsectorised assets and liabilities not included.
b A negative (positive) sign denotes that the rest of the world grants (receives) financing to (from) the counterpart sector
c Insurance companies and portfolio investment institutions.

held by resident sectors. The contraction of the investment in external assets was concentrated in securities other than shares, which decreased by 7.1% of GDP, compared with a fall of 6.9% in 2010. This negative change was partly offset by an increase in loans and, in particular, by net acquisitions of shares (3% of GDP). In line with this development, Spanish foreign direct investment increased to 2.9% of GDP (1.4 pp more than in December).

As a result of the variations in financial flows to and from the rest of the world, in asset prices and in exchange rates, the value of the net liabilities accumulated by the Spanish economy increased to 87% of GDP, 2 pp more than in 2010 (see Chart 28). The sectoral breakdown shows that financial institutions (excluding the Banco de España) have the highest debit balance vis-à-vis the the rest of the world (50% of GDP), although they reduced it by 0.8 pp in the past three months. By contrast, general government (and, to a greater extent, the non-financial private sector) increased its net debt. In the case of this latter sector, the rise of 3.2 pp largely resulted from variations in the exchange rate and in asset prices. Finally, the Banco de España's credit position vis-à-vis the rest of the world increased by 1.2 pp of GDP.

4.8.2011

RESULTS OF NON-FINANCIAL CORPORATIONS IN 2011 Q1

The authors of this article are Álvaro Menéndez and María Méndez, of the Directorate General Economics, Statistics and Research.

Overview[1]

The information compiled by the Central Balance Sheet Data Office Quarterly Survey (CBQ) for 2011 Q1 reveals that the sample corporations commenced the year with a moderate increase in their productive activity which resulted in an increase in GVA of 1.1% in year-on-year terms. This growth of GVA is lower than in the same period of 2010 (4.3%) and in 2010 as a whole (3.4%), but is higher than in 2010 Q4 (-0.2%). Activity in 2011 was underpinned by stronger exports which particularly favoured certain sectors, such as the industrial sector, in which sales abroad have a higher relative weight and whose GVA rose 17.9%. By contrast, against a background of weak private consumption, in branches where activity is centred more on business in Spain, GVA performed less favourably (contracting by 4.1% in the case of wholesale and retail trade activities).

There was virtually zero growth in personnel costs in the first three months of 2011 (0.1%), compared with a decrease of nearly 1 pp in the same period of 2010. The stability of these costs in 2011 Q1 is a consequence of the fall of 1.1% in employment, which was practically offset by growth in average compensation to a similar extent. This pace of decline in staffing numbers is less sharp than a year earlier, when the average number of employees decreased by 2.1%. By contract type, the decline centred mainly on the temporary employment segment which contracted strongly (by 9.5%), while permanent employment did not vary significantly (0.1%). Average compensation rose by 1.2%, the same rate as in 2010 Q1, albeit slightly higher than that in 2010 as a whole (0.8%).

Gross operating profit (GOP) also grew moderately during 2011 Q1, posting a year-on-year rate of change of 2.1%, which is considerably lower than the increase it recorded in the same period of 2010 (9.3%). Financial revenue and, to a lesser degree, financial costs rose as a result of the increase in interest rates. The higher increase in financial revenue (32.1%) compared with that of financial costs (9.4%) was underpinned by the rise in dividends, mainly from foreign subsidiaries. Since financial revenue performed more buoyantly than financial costs, ordinary net profit (ONP) climbed by 8.4%, which is higher than the rise in GOP but slightly lower than that in ONP a year earlier (9.7%). Growth in ordinary profit was sufficient for profit ratios to hold at similar levels to those recorded in the first three months of 2010. For instance, return on investment (ROI) stood at 4.5% in 2011 Q1, the same as in 2010 Q1. An analysis of this variable by sector, shows that it had a mixed performance: while it posted increases in energy and industry, as reflected by the rise in their ordinary surpluses, it declined in the wholesale and retail trade and in information and communication, which is in keeping with the negative developments in the activity of these productive branches. Also, the financial cost of borrowed funds increased slightly in 2011 Q1, with respect to its level a year earlier, to 3.4%. Thus, the difference between ROI and financial costs remained positive (1.1%), albeit 0.1 pp below the figure for 2010 Q1.

1 This article is based on the quarterly information sent by the 705 corporations reporting to the Central Balance Sheet Data Office. The GVA generated by this aggregate accounts for 13.7% of the total GVA of non-financial corporations.

Lastly, an analysis of extraordinary gains (losses) during 2011 Q1 underlines that there were no important extraordinary transactions during the period studied. Thus, the account including gains (losses) from disposals and impairment dropped by 75.8% in this period, while the account including changes in fair value and other gains (losses) represented a notably smaller share of GVA, amounting to only -0.6% (in absolute terms). Also, the amount relating to corporate income tax decreased slightly (by 2.6%), since the bulk of profit for the quarter arose from dividends which are not taxed to avoid double taxation. As a result of all the foregoing, net profit grew by 9.6%.

In short, the activity of non-financial corporations experienced moderate growth in 2011 Q1, largely supported by highly robust exports in this period, against a backdrop of notably weak domestic demand. This increase was, nevertheless, lower than that recorded in the same period of 2010, and continued to be insufficient to reverse the negative trend in employment which continued to fall, although slightly less sharply than in 2010. Also, financial costs rose owing to the higher interest rates borne by corporations, although that was amply offset by more buoyant financial revenue due especially to the higher dividends received essentially from foreign subsidiaries. As a result of the foregoing, corporations generated sufficient surpluses to maintain similar profitability levels to those of a year earlier.

Activity

During 2011 Q1, the productive activity of non-financial corporations reporting to the Central Balance Sheet Data Office experienced moderate year-on-year growth of 1.1% in terms of GVA (see Table 1 and Chart 1). This rise is lower than in the same period a year earlier (4.3%) and than in 2010, as a whole, (3.4%) but it is higher than that seen in the preceding quarter (-0.2%). The factor which contributed most to the increase in activity during the early months of 2011 was exports which grew 22%, while domestic sales, dampened by weak private consumption, merely increased by 3.7%. Consequently, the weight of exports in total sales rose from 11.5% in 2010 Q1 to 13.4% in 2011 (see Table 2).

The sectoral breakdown shows a high degree of heterogeneity (see Table 3). For instance, industrial firms posted an increase in GVA of 17.9%, holding on the highly robust path initiated a year earlier, and which led them to post growth of 18.5% for this heading for 2010 as a whole (for more details, see the analysis of the industrial sector in Box 1). These positive developments are mainly explained by the favourable performance of exports and its influence on certain industrial sub-sectors such as the manufacture of transport equipment and the manufacture of mineral and metal products, which posted respective growth rates for GVA of 44.7% and 25.8%. This variable also rose significantly at energy companies (7.1%), boosted by the strong expansion in the oil refining sub-sector (45.3%), against a backdrop of an upward trend in oil prices and the gradual feed-through to the selling prices of refined petroleum products (see Chart 2). In the utilities sub-sector GVA rose to a lesser degree (4.1%), although by more than the aggregate figure for the CBQ sample. By contrast the activity of firms in the branch of wholesale and retail trade and accommodation and food services activities contracted in a setting of slack private consumption, which led them to record a negative rate of change in GVA (-4.1%) in 2011 Q1, although this rate was affected by the fact that Easter fell this year in April. GVA declined even more sharply in the information and communication sector (by 6.3% compared with 4.4% twelve months earlier). The reasons which explain these negative developments are the unfavourable course of demand and the contraction of margins, which in a period of strong competition such as the present one, is affecting firms in the telecommunications sub-sector. Lastly, there

PROFIT AND LOSS ACCOUNT. YEAR-ON-YEAR CHANGES AND PROFIT RATIOS
Growth rates of the same corporations on the same period a year earlier

TABLE 1

DATABASES	CBA STRUCTURE 2009	CBA 2008	CBA 2009	CBQ 10 Q1-Q4/ 09 Q1-Q4 (a)	CBQ 10 Q1/ 09 Q1	CBQ 11 Q1/ 10 Q1
Number of corporations		9,583	9,217	792	835	705
Total national coverage		31.4%	28.7%	13.1%	14.8%	13.7%
PROFIT AND LOSS ACCOUNT:						
1 VALUE OF OUTPUT (including subsidies)	100.0	-0.1	-13.3	8.1	9.5	10.9
Of which:						
Net amount of turnover and other operating income	*147.4*	*1.3*	*-13.7*	*9.5*	*11.0*	*11.2*
2 INPUTS (including taxes)	65.1	1.2	-16.1	10.7	12.6	16.1
Of which:						
Net purchases	*89.5*	*0.8*	*-19.2*	*14.7*	*18.9*	*24.9*
Other operating costs	*22.7*	*2.2*	*-6.7*	*9.0*	*6.3*	*1.6*
S.1 GROSS VALUE ADDED AT FACTOR COST [1 – 2]	34.9	-2.7	-7.6	3.4	4.3	1.1
3 Personnel costs	20.9	3.9	-3.4	-1.2	-0.9	0.1
S.2 GROSS OPERATING PROFIT [S.1 – 3]	14.0	-10.2	-13.3	7.8	9.3	2.1
4 Financial revenue	5.2	6.8	-17.3	-6.3	-26.0	32.1
5 Financial costs	4.4	13.8	-29.5	5.8	-12.4	9.4
6 Net depreciation, impairment and operating provisions	6.4	7.5	-5.1	4.8	3.2	2.3
S.3 ORDINARY NET PROFIT [S.2 + 4 – 5 – 6]	8.4	-21.4	-11.2	2.0	9.7	8.4
7 Gains (losses) from disposals and impairment (b)	1.8	-	-	-	5.5	-75.8
7' As a percentage of GVA (7 / S.1)		-6.8	5.1	-0.1	4.9	1.3
8 Changes in fair value and other gains (losses) (b)	-1.8	-	-3.8	55.9	27.7	86.6
8' As a percentage of GVA (8 / S.1)		-4.3	-5.1	-3.5	-3.9	-0.6
9 Corporate income tax	0.9	-66.4	49.4	38.2	44.6	-2.6
S.4 NET PROFIT [S.3 + 7 + 8 – 9]	7.5	-56.7	56.0	-4.4	9.7	9.6
S. 4' As a percentage of GVA (S.4 / S.1)		12.5	21.5	25.3	21.9	23.7
PROFIT RATIOS	Formulas (c)					
R.1 Return on investment (before taxes)	(S.3 + 5.1) / NA	7.6	6.2	6.1	4.5	4.5
R.2 Interest on borrowed funds/ interest-bearing borrowing	5.1 / IBB	5.1	3.5	3.4	3.2	3.4
R.3 Ordinary return on equity (before taxes)	S.3 / E	9.9	8.7	8.6	5.6	5.4
R.4 ROI – cost of debt (R.1 – R.2)	R.1 – R.2	2.5	2.7	2.8	1.2	1.1

SOURCE: Banco de España.

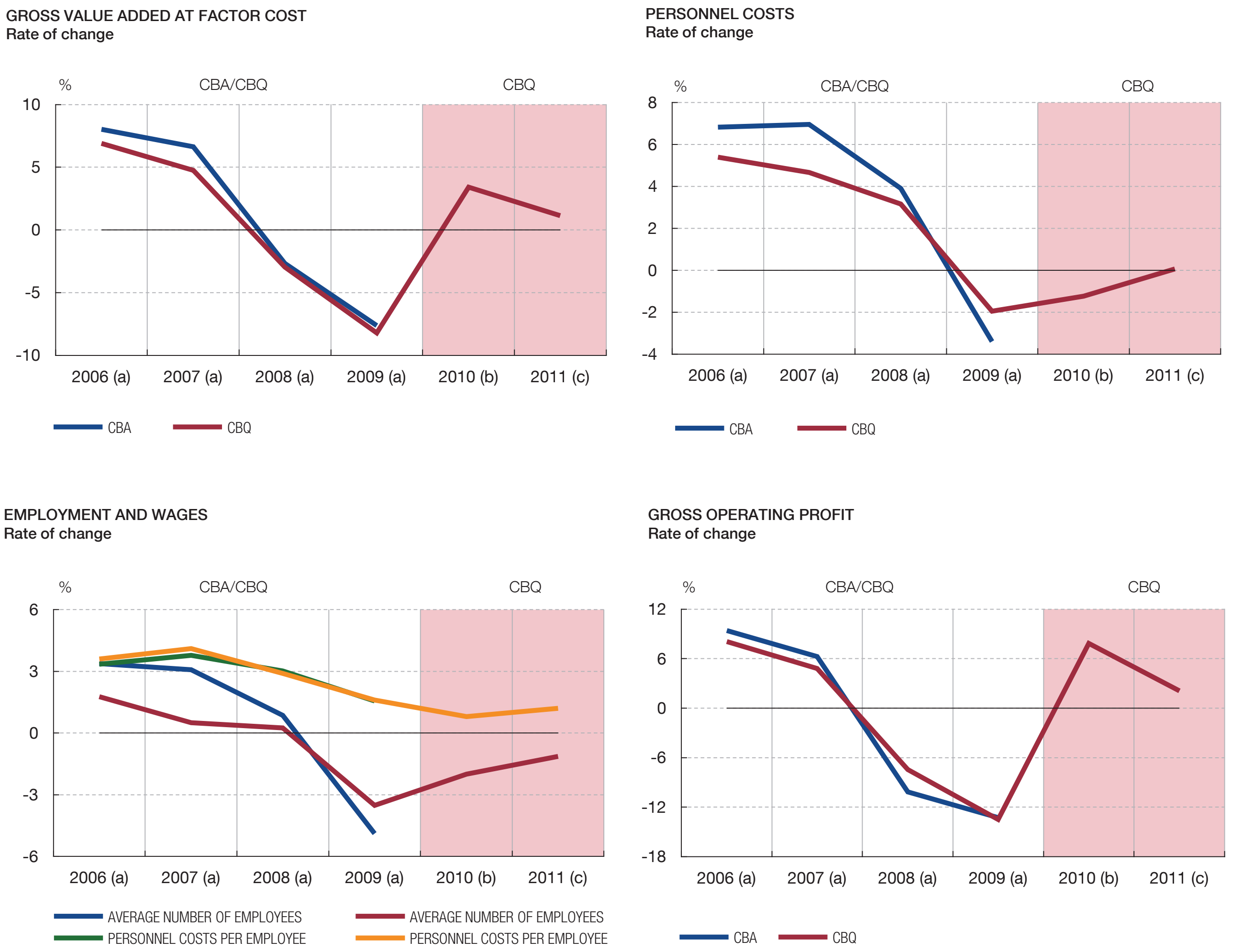
a All the data in this column have been calculated as the weighted average of the quarterly data.
b New P&L headings resulting from application of the new General Chart of Accounts (PGC 2007).
c NA = Net assets (net of non-interest-bearing borrowing); E = Equity; IBB = Interest-bearing-borrowing; NA = E + IBB. The financial costs in the numerators of ratios R.1 and R.2 only include the portion of financial costs that is interest on borrowed funds (5.1) and not other financial costs (5.2).
NB: In calculating rates, internal accounting movements have been edited out of items 4, 5, 7 and 8.

was a slight reduction of GVA (0.9%) in the other activities aggregate, compared with an increase of 2.9% a year earlier.

Finally, the distribution of firms based on the increase in GVA in Chart 3 shows that during 2011 Q1 most companies (52.5%) recorded positive growth in this variable, which is somewhat higher than in the same period of the previous year (52.1%). Also, there is a slight shift towards the central part of the distribution which includes firms with more moderate variations in activity, to the detriment of firms with more extreme increases and decreases (of above 20%).

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

CHART 1



REPORTING NON-FINANCIAL CORPORATIONS		2006	2007	2008	2009	2010	2011
Number of corporations	CBA	9,276	9,321	9,583	9,217	—	—
	CBQ	830	849	816	805	792	705
% of GDP of the sector non-financial corporations	CBA	33.5	33.9	31.4	28.7	—	—
	CBQ	14.6	14.3	13.1	12.8	13.1	13.7

SOURCE: Banco de España.

a 2006, 2007, 2008 and 2009 data drawn from corporations reporting to the annual survey (CBA) and average data of the four quarters of each year in relation to the previous year (CBQ).
b Average of the four quarters of 2010 relative to the same period in 2009.
c Data of 2011 Q1 relative to the same period in 2010.

Employment and personnel costs

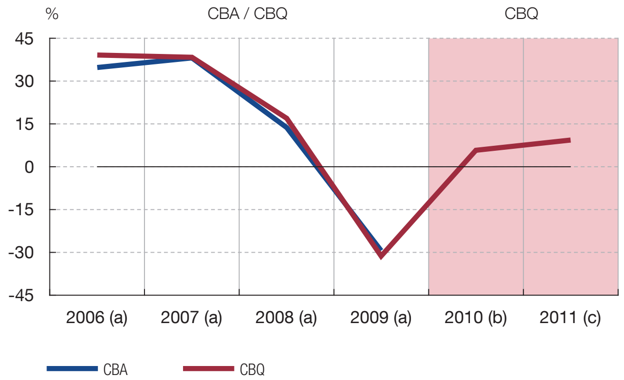
The personnel costs of reporting firms were practically flat during 2011 Q1 (0.1%), as against the decline of 0.9% in the same period of the preceding year. The changes in this item in the early months of this year were due to the decline of 1.1% in employment for this period being offset by similar growth in average compensation.

According to the employment data for 2011 Q1 there was a fresh decline of 1.1% in the average labour force (see Table 3), representing a continuation of the widespread adjustments at firms under way since 2009. However, the information for this quarter reveals a trend of slight improvement compared with the same period of the previous year and with 2010 as a whole, when the fall in the average number of employees was

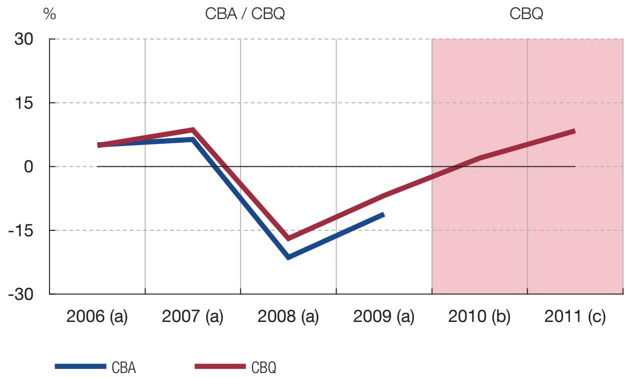
NON-FINANCIAL CORPORATIONS REPORTING TO THE CENTRAL BALANCE SHEET DATA OFFICE (cont'd)

CHART 1

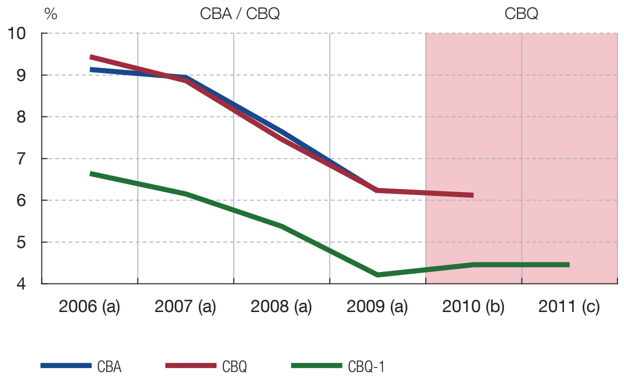
FINANCIAL COSTS
Rate of change



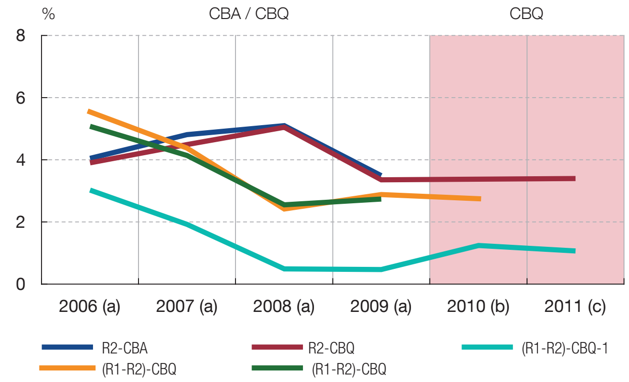
ORDINARY NET PROFIT
Rate of change



RETURN ON INVESTMENT (R.1)
Ratios



COST OF DEBT (R.2) AND
ROI - COST OF DEBT (R.1–R.2)
Ratios



REPORTING NON-FINANCIAL CORPORATIONS		2006	2007	2008	2009	2010	2011
Number of corporations	CBA	9,276	9,321	9,583	9,217	—	—
	CBQ	830	849	816	805	792	705
% of GDP of the sector non-financial corporations	CBA	33.5	33.9	31.4	28.7	—	—
	CBQ	14.6	14.3	13.1	12.8	13.1	13.7

SOURCE: Banco de España.

a 2006, 2007, 2008 and 2009 data drawn from corporations reporting to the annual survey (CBA) and average data of the four quarters of each year in relation to the previous year (CBQ).
b Average of the four quarters of 2010 relative to the same period in 2009.
c Data of 2011 Q1 relative to the same period in 2010.

considerably higher at around 2%. The breakdown by contract type shows that the reduction of staff numbers continued to centre on temporary employment which decreased by 9.5%, while permanent employment remained stable (with a rate of change of 0.1%). As for the sectoral breakdown, the wholesale and retail trade and accommodation and food services activities sector was the only one to post a net rise in staff numbers (of 1.6%), while the other aggregates showed almost zero rates of change or declines. Most notable among all the sectors was the other activities sector (which includes construction and real estate companies, among others) since it recorded the sharpest fall in this variable (3.5%), which was even more pronounced than that posted a year earlier (2.6%). Although there was no net job creation once again in the energy,

VALUE ADDED, EMPLOYEES, PERSONNEL COSTS AND COMPENSATION PER EMPLOYEE. BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS

TABLE 3

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

	GROSS VALUE ADDED AT FACTOR COST				EMPLOYEES (AVERAGE FOR PERIOD)				PERSONNEL COSTS				COMPENSATION PER EMPLOYEE			
	CBA	CBQ			CBA	CBQ			CBA	CBQ			CBA	CBQ		
	2009	10 Q1-Q4 (a)	10 Q1	11 Q1	2009	10 Q1-Q4 (a)	10 Q1	11 Q1	2009	10 Q1-Q4 (a)	10 Q1	11 Q1	2009	10 Q1-Q4 (a)	10 Q1	11 Q1
TOTAL	**-7.6**	**3.4**	**4.3**	**1.1**	**-4.9**	**-2.0**	**-2.1**	**-1.1**	**-3.4**	**-1.2**	**-0.9**	**0.1**	**1.6**	**0.8**	**1.2**	**1.2**
SIZE:																
Small	-11.2	—	—	—	-7.1	—	—	—	-6.1	—	—	—	1.0	—	—	—
Medium	-8.6	5.0	2.5	9.2	-5.6	-3.0	-3.7	-0.5	-4.2	-1.2	-2.6	0.8	1.5	1.9	1.2	1.3
Large	-7.4	3.4	4.4	0.9	-4.7	-2.0	-2.0	-1.2	-3.2	-1.2	-0.8	0.0	1.6	0.7	1.2	1.2
BREAKDOWN BY ACTIVITY:																
Energy	-6.0	8.6	10.1	7.1	-1.8	-2.1	-1.9	-1.4	0.9	-0.4	0.3	1.8	2.8	1.7	2.2	3.2
Industry	-15.8	18.5	7.3	17.9	-6.8	-2.7	-4.0	-0.6	-6.7	-1.1	-2.6	3.2	0.2	1.7	1.4	3.8
Wholesale & retail trade & accommodation & food service activities	-6.5	3.1	8.6	-4.1	-5.2	-0.8	-3.4	1.6	-4.3	0.2	-1.4	2.9	1.0	1.0	2.0	1.2
Information and communication	-4.3	-5.3	-4.4	-6.3	-2.4	-1.8	-2.7	0.0	-0.3	0.8	-0.4	2.8	2.2	2.6	2.4	2.8
Other activities	-4.7	1.8	2.9	-0.9	-4.6	-2.6	-0.4	-3.5	-2.6	-2.7	-0.5	-3.9	2.1	-0.1	0.0	-0.4

SOURCE: Banco de España.

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

PERSONNEL COSTS, EMPLOYEES AND AVERAGE COMPENSATION PER EMPLOYEE

TABLE 4

Percentage of corporations in specific situations

	CBA		CBQ			
	2008	2009	09 Q1 - Q4 (a)	10 Q1 - Q4 (a)	10 Q1	11 Q1
Number of corporations	9,583	9,217	805	792	835	705
PERSONNEL COSTS	100	100	100	100	100	100
Falling	32.1	57.2	57.4	50.1	54.1	49.0
Constant or rising	67.9	42.8	42.6	49.9	45.9	51.0
AVERAGE NUMBER OF EMPLOYEES	100	100	100	100	100	100
Falling	42.0	54.2	62.7	56.1	58.9	52.1
Constant or rising	58.0	45.8	37.3	43.9	41.1	47.9

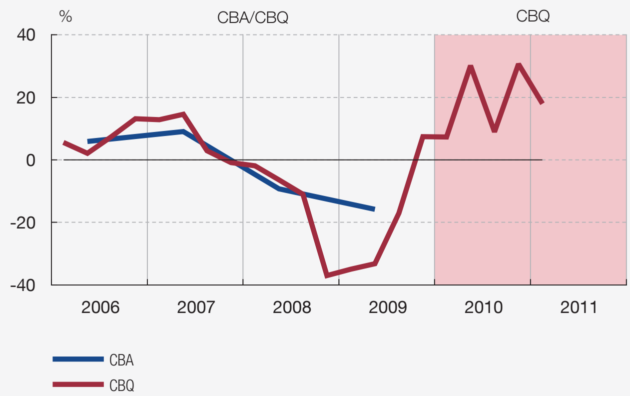
SOURCE: Banco de España.

a Weighted average of the relevant quarters for each column.

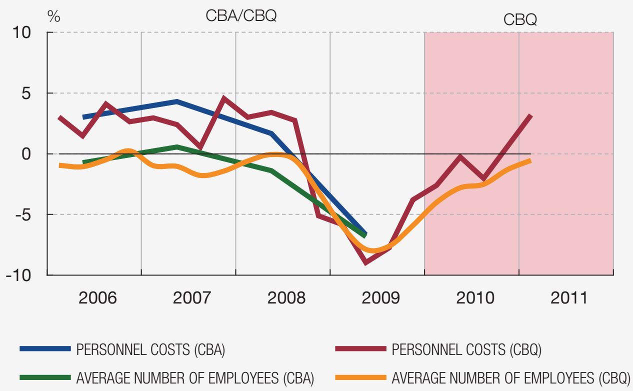
The information collected by the Central Balance Sheet Data Office for the first quarter of 2011 shows that the productive activity of the sample firms in the industrial sector recorded notable growth. The GVA of these firms grew by 17.9%, a much higher rate than in the same period of the previous year (7.3%), continuing the pattern of notable growth in recent quarters, as a result of which the GVA of the industrial sector increased by 18.5% in 2010 as a whole. Growth in 2011 Q1 was strongly influenced by the buoyancy of exports, which had an especially strong impact in certain sub-sectors, such as transport equipment and mineral and metal products, which grew by 44.7% and 25.8%, respectively. By contrast, computers and food, beverages and tobacco saw contractions of activity, of 11.2% and 1%, respectively.

PERFORMANCE OF THE INDUSTRIAL CORPORATIONS REPORTING TO THE CBSO

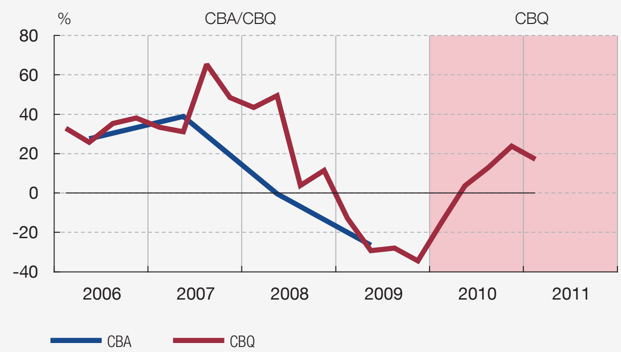
GROSS VALUE ADDED AT FACTOR COST
Rate of change



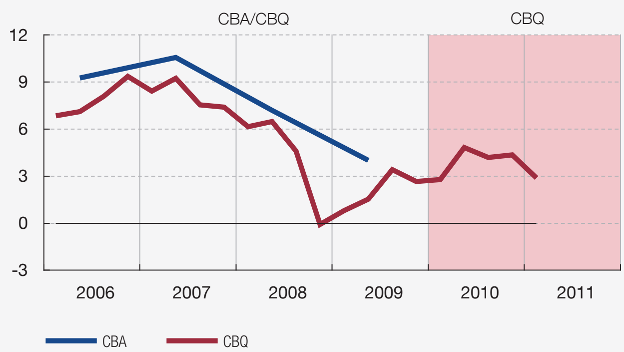
EMPLOYMENT AND WAGES
Rate of change



FINANCIAL COSTS
Rate of change



RETURN ON INVESTMENT
Ratios



REPORTING INDUSTRIAL CORPORATIONS		2006				2007				2008				2009				2010				2011			
Number of corporations	CBA	2397				2376				2411				2271				—				—			
	CBQ	313	298	286	277	307	297	283	278	281	270	257	246	245	241	237	227	232	227	215	187	181	—	—	—
% of GDP of the sub-sector industrial corporations	CBA	30.7				34.1				29.6				23.8				—				—			
	CBQ	18.4	17.4	16.2	17.3	19.3	19.5	16.6	17.0	16.3	16.1	12.6	8.9	10.8	11.1	11.9	10.6	11.7	13.1	10.6	9.9	11.0	—	—	—

SOURCE: Banco de España.

Personnel costs grew by 3.2%, in contrast to the decline of 2.6% recorded a year earlier. This was mainly due to the rise in average compensation, which grew by 3.8% in Q1, a much higher rate than in 2010 (1.4%). Employment, meanwhile, continued to post negative growth rates (-0.6%), although they were more moderate than those a year earlier (-4%).

The expansion of activity was passed through to profits. Both GOP and ONP increased, allowing the levels of profitability in this sector to increase slightly in comparison with the same period of the previous year. The ratio that measures the return on assets stood at 2.9% in 2011 Q1, 0.1 pp above the level recorded a year earlier. However, the ratio that measures the cost of debt increased to a greater extent (by 0.3 pp, to stand at 4%), so that the difference between these two ratios became more negative (-1.1%).

In short, the industrial sector's GVA grew at a high rate in 2011 Q1, underpinned by the improvement in foreign activity, which meant that the greater buoyancy was not uniformly reflected across all the industrial sub-sectors. The expansion of industrial activity was passed through to all the income statement surpluses, slightly improving the levels of profitability, but did not translate into increases in employment in this sector.

industry and information and communications sectors (the rate of change was zero in the information and communications sector, while the respective rates in energy and industry were -1.4% and -0.6%), the rate of decline eased in comparison with 2010 Q1. Lastly, the information in Table 4 confirms that during the first three months of 2011 job destruction continued to afflict most firms (52.1%), although to a lesser degree than in the previous year (58.9%).

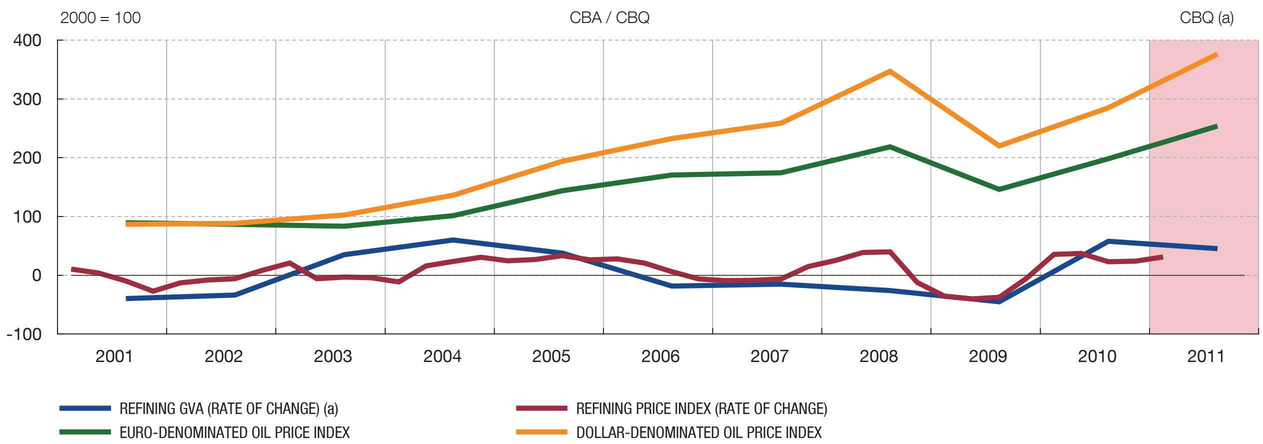
Average compensation increased by 1.2% in the first three months of 2011, an identical rate to that posted a year ago, although it was slightly higher than the figure of 0.8% recorded for 2010 as a whole. Average salaries were contained in a context of slight inflationary pressure, with the consequent risk of pass-through to salaries if indexation clauses are triggered, which could result in coming quarters in a rise in the rate of increase in the average cost per employee. In fact, the sectoral breakdown underlines that in certain branches these costs have quickened during 2011 Q1. For instance, in energy and industry, average compensation grew by 3.2% and 3.8%, respectively, which was higher in both cases than the increases recorded in the same period of the previous year (2.2% and 1.4%, respectively). A similar trend, albeit less pronounced, can be seen in the information and communication sector which stepped up the rate of increase from 2.4% in 2010 Q1 to 2.8% a year later. Finally, at wholesale and retail firms and firms included in other activities, average compensation was less expansive, with average growth of 1.2% and -0.4%, respectively. The information in Table 5 analyses separately the performance of firms which have not changed or have increased their average labour force and that of firms which have destroyed employment. The wage costs per employee grew more moderately in the first group (0.6%) than in the second one (2.7%).

Profits, rates of return and debt

The slight growth in activity in 2011 Q1, together with the practically zero change in personnel costs prompted a moderate rise in GOP (2.1%), which was notably lower than its growth rate of 9.3% in the same period of 2010. Also, financial costs continued to move on a rising path, initiated the previous year, and posted an increase of 9.4%. In any event, the ratio that measures the interest burden (see Chart 4) remained stable during the early months of this year since the growth of its denominator (gross operating profit plus financial revenue) offset the rise in the interest expense (the numerator of the aforementioned ratio).

IMPACT OF OIL PRICES ON THE REFINING SECTOR

CHART 2

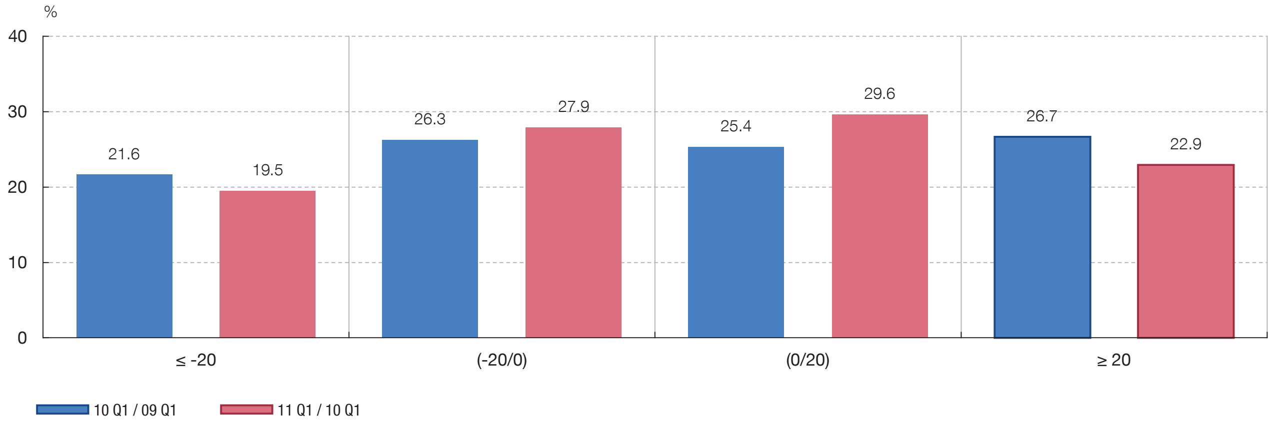


SOURCES: Banco de España and Ministerio de Industria, Turismo y Comercio (Informe mensual de precios).

a 2011 data relate to the CBQ.

DISTRIBUTION OF CORPORATIONS BY RATE OF CHANGE IN GROSS VALUE ADDED AT FACTOR COST

CHART 3



SOURCE: Banco de España.

The factors accounting for the increase in the interest expense can be analysed in the following table:

	11 Q1 / 10 Q1
Change in financial costs	**+9.4%**
A. Interest on borrowed funds	*+10.4%*
1 Due to the cost (interest rate)	+8.7%
2 Due to the amount of interest-bearing debt	+1.7%
B. Other financial costs	**-1.0 %**

As can be seen, practically all the growth in financial costs was due to the increase in interest rates which since the previous year has been gradually feeding through to corporations costs' and which has progressively raised the average cost of debt to 3.4% in 2011 Q1.

PERSONNEL COSTS, EMPLOYEES AND AVERAGE COMPENSATION PER EMPLOYEE **TABLE 4**
Percentage of corporations in specific situations

	CBA		CBQ			
	2008	2009	09 Q1 - Q4 (a)	10 Q1 - Q4 (a)	10 Q1	11 Q1
Number of corporations	9,583	9,217	805	792	835	705
PERSONNEL COSTS	100	100	100	100	100	100
Falling	32.1	57.2	57.4	50.1	54.1	49.0
Constant or rising	67.9	42.8	42.6	49.9	45.9	51.0
AVERAGE NUMBER OF EMPLOYEES	100	100	100	100	100	100
Falling	42.0	54.2	62.7	56.1	58.9	52.1
Constant or rising	58.0	45.8	37.3	43.9	41.1	47.9

SOURCE: Banco de España.

a Weighted average of the relevant quarters for each column.

EMPLOYMENT AND PERSONNEL COSTS **TABLE 5**
Details based on changes in staff levels

		TOTAL CBQ CORPORATIONS 2011 Q1	CORPORATIONS INCREASING (OR NOT CHANGING) STAFF LEVELS	CORPORATIONS REDUCING STAFF LEVELS
Number of corporations		705	362	343
PERSONNEL COSTS:				
Initial situation 10 Q1 (€m)		7,495.1	3,730.4	3,764.7
Rate 11 Q1 / 10 Q1		0.1	4.4	-4.3
AVERAGE COMPENSATION:				
Initial situation 10 Q1 (€)		11,212.0	10,542.0	11,965.6
Rate 11 Q1 / 10 Q1		1.2	0.6	2.7
NUMBER OF EMPLOYEES:				
Initial situation 10 Q1 (000s)		668	354	315
Rate 11 Q1 / 10 Q1		-1.1	3.9	-6.7
Permanent	Initial situation 10 Q1 (000s)	581	310	270
	Rate 11 Q1 / 10 Q1	0.1	3.1	-3.2
Non-permanent	Initial situation 10 Q1 (000s)	88	44	44
	Rate 11 Q1 / 10 Q1	-9.5	9.5	-28.4

SOURCE: Banco de España.

The change due to the amount of debt had very little influence on the changes in financial costs, since firms hardly increased net recourse to borrowed funds (the balance increased by 1.7%), which is consistent with the sluggish investment of these firms which seems to have decreased during this period by 10.4%. Against this background of moderate rises in liabilities, the E1 and E2 debt ratios performed very stably and even moved slightly downwards in the early months of this year (see Chart 4).

Financial revenue rose strongly by 32.1%, owing to the increase in interest received and especially to higher dividends mainly from foreign subsidiaries. That triggered a year-on-year rise in ONP of 8.4% in 2011 Q1, a slightly lower rate than that posted a year earlier, when this surplus had increased by 9.7%. As a result of the growth in ordinary profit, prof-

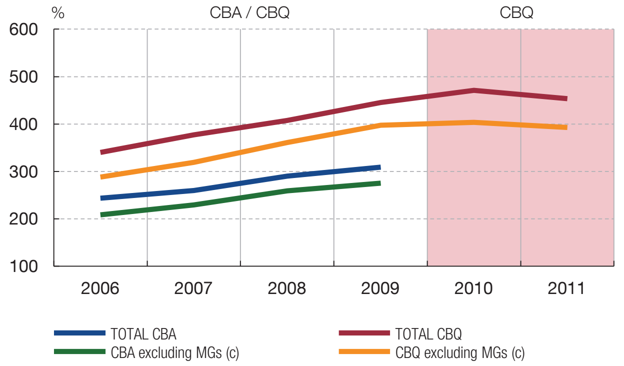
DEBT RATIOS

CHART 4

E1. INTEREST-BEARING BORROWING / NET ASSETS (a)
Ratios

	2006	2007	2008	2009	2010	2011
CBA	47.1	47.4	48.2	47.4		
CBQ	49.0	49.5	48.8	48.7	48.6	47.5

E2. INTEREST-BEARING BORROWING / GVA (b)
Ratios



	2006	2007	2008	2009	2010	2011
CBA	243.8	259.9	289.8	309.0		
CBQ	339.9	377.0	407.7	445.3	470.9	453.4
CBA excl. MGs	208.6	229.2	258.8	275.4		
CBQ excl. MGs	287.8	318.8	361.2	397.7	403.4	393.0

INTEREST BURDEN
(Interest on borrowed funds) / (GOP + financial revenue)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CBA	15.5	14.0	12.0	12.5	15.4	19.7	24.1	20.8		
CBQ	16.7	15.2	13.3	13.0	17.1	21.5	28.8	22.9	22.8	23.6

SOURCE: Banco de España.

a Ratio calculated from final balance sheet figures. Net assets include an adjustment to current prices.
b Ratio calculated from final balance sheet figures. Interest-bearing borrowing includes an adjustment to eliminate intragroup debt (approximation of consolidated debt).
c MGs: sample corporations belonging to the main reporting multinational groups. These do not include the large construction sector companies.

itability levels, for the sample as a whole, held at very similar levels to those in the same period of 2010. Thus, ROI (R.1) stood at 4.5%, exactly the same as a year earlier, while return on equity (R.2) was 5.4%, only 0.2 pp lower than the figure of 5.6% obtained in 2010 Q1. In any event, as discussed in more detail in Box 2, it is useful to complement this analysis of the aggregate data with the statistical distributions of this variable. Accordingly, Table 6 shows the distribution of firms by profitability level. A shift can be seen towards segments with higher values for this indicator. Thus, while in 2010 Q1 39.9% of the firms recorded ROI of more than 5%, the percentage of firms in this situation climbed in

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

TABLE 6

		CBQ			
		Return on investment (R.1)		Ordinary return on equity (R.3)	
		10 Q1	11 Q1	10 Q1	11 Q1
Number of corporations		835	705	835	705
Percentage of corporations by profitability bracket	R <= 0	33.5	29.5	37.6	31.6
	0 < R <= 5	26.6	24.1	18.6	17.4
	5 < R <= 10	13.4	17.3	10.9	12.5
	10 < R <= 15	6.7	7.2	6.9	9.2
	15 < R	19.8	21.8	26.0	29.2
MEMORANDUM ITEM: Average return		4.5	4.5	5.6	5.4

SOURCE: Banco de España.

GROSS OPERATING PROFIT, ORDINARY NET PROFIT, RETURN ON INVESTMENT (ROI) AND ROI-COST OF DEBT (R.1 – R.2). BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS

Ratios and rates of the same corporations on the same period a year earlier

TABLE 7

	GROSS OPERATING PROFIT				ORDINARY NET PROFIT				RETURN ON INVESTMENT (R.1)				ROI-COST OF DEBT (R.1-R.2)			
	CBA	CBQ			CBA	CBQ			CBA	CBQ			CBA	CBQ		
	2009	10 Q1-Q4 (a)	10 Q1	11 Q1	2009	10 Q1-Q4 (a)	10 Q1	11 Q1	2009	10 Q1-Q4 (a)	10 Q1	11 Q1	2009	10 Q1-Q4 (a)	10 Q1	11 Q1
TOTAL	**-13.3**	**7.8**	**9.3**	**2.1**	**-11.2**	**2.0**	**9.7**	**8.4**	**6.2**	**6.1**	**4.5**	**4.5**	**2.7**	**2.8**	**1.2**	**1.1**
SIZE:																
Small	-23.5	—	—	—	-41.8	—	—	—	3.3	—	—	—	0.2	—	—	—
Medium	-16.1	15.7	12.4	22.6	-21.6	36.0	33.9	41.2	4.6	5.9	4.4	6.4	1.4	2.8	1.7	3.7
Large	-12.8	7.6	9.3	1.6	-10.0	1.3	9.2	7.5	6.3	6.1	4.5	4.4	2.8	2.8	1.2	1.0
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Energy	-9.2	11.3	12.9	8.4	-9.9	-3.6	13.4	4.6	7.0	6.3	5.1	5.6	3.4	3.1	1.9	2.3
Industry	-29.6	75.4	35.7	55.2	-50.2	-	18.9	-	4.0	4.6	2.8	2.9	0.4	0.6	-0.9	-1.1
Wholesale & retail trade and accommodation & food service activities	-10.4	8.7	25.5	-13.1	-2.7	16.4	49.0	-9.5	7.1	5.7	8.7	7.9	3.6	2.3	5.6	3.8
Information and communication	-6.5	-7.3	-5.8	-10.0	-13.4	-10.8	-7.8	-16.3	20.4	27.4	26.2	22.8	15.6	22.6	21.6	17.5
Other activities	-10.4	12.7	12.1	6.4	34.8	13.4	-20.0	-	5.2	4.9	2.5	2.5	1.9	0.6	-0.6	-0.7

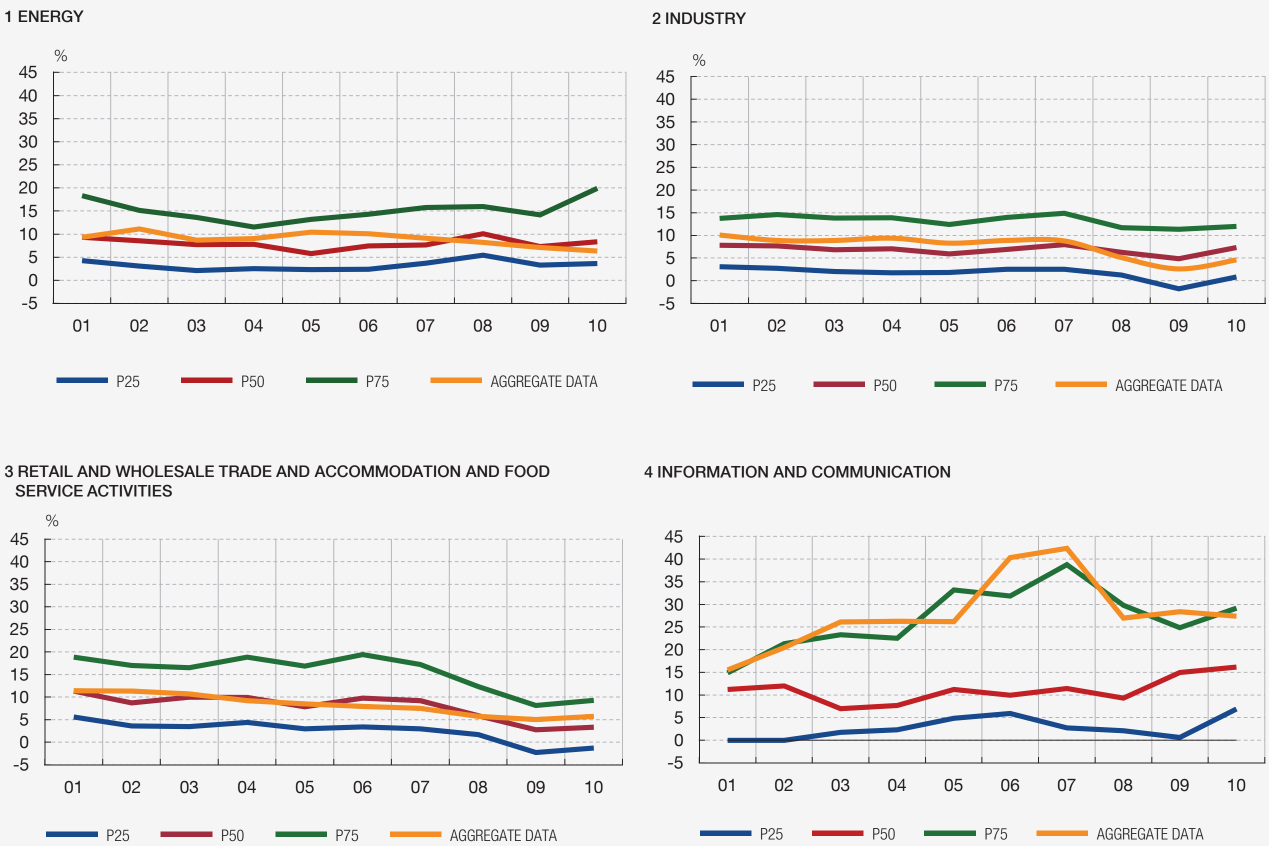
SOURCE: Banco de España.

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

The Central Balance Sheet Data Office is an important source of information on the non-financial corporations sector. A large part of the analysis in the regular articles on the results of the reporting firms is based on the aggregate sample data, with a breakdown by activity. This approximation is useful for studying the main trends, but it does not allow the heterogeneity within each group of companies to be observed. Consequently, the use of microdata to supplement the conclusions deriving from the aggregate indicators could be of great interest. In particular, with this type of information the statistical distributions for the variables of interest can be extracted. These distributions cover both the behaviour of the typical or median firm (50th percentile), and that of firms in extreme positions (upper and lower percentiles). They make it possible to analyse aspects such as the degree of dispersion (approximated by the distance between the highest and lowest deciles), or the course of those companies that display a less favourable performance (captured by one end of the distribution), which may be relevant to identify possible situations of vulnerability.

The usefulness of microdata can be illustrated with an analysis of the statistical distribution of the return on investment, one of the main ratios characterising the economic and financial situation of a firm. The adjoining panels show the 25th, 50th and 75th percentiles for this indicator for the four sectors best represented in the CBQ (energy, industry, retail and wholesale trade and accommodation and food service activities, and information and communication), along with the aggregate data, for the period 2001-10. In 2008 and 2009 a fall in profitability can be seen almost right across the board in all these sectors, followed by a recovery in 2010, although generally without reaching pre-crisis levels. Within this common pattern there was however some special behaviour. Thus, during the most acute stage of the crisis (2009), one can see how in industry and in retail and wholesale trade and accommodation and food service activities the firms in the lowest part of the distribution (25th percentile) actually recorded negative returns. In 2010, the industrial companies in this decile managed to post positive returns again, but the firms of this decile in the retail and wholesale trade and accommodation and

RETURN ON ASSETS: DISTRIBUTION PERCENTILES AND AGGREGATE DATA (a)



SOURCE: Banco de España.

a P25, P50 and P75 represent the 25th, 50th and 75th percentiles of the distribution.

food service activities did not. One can also see that in the sector information and communication the firms in the upper part of the distribution are highly sensitive to the business cycle (they tend to display more pronounced improvements during upturns and larger falls in downturns). By contrast, energy utilities seem to have been comparatively unaffected by the crisis (falls in profitability are only observed in 2009 and these were very moderate), while the most profitable among them (75th percentile) saw a robust recovery in 2010.

The dispersion of the return on investment is especially high in the sector information and communication, which suggests that the companies in this sector are more heterogeneous. By contrast, in industry and in retail and wholesale trade and accommodation and food service activities the firms display more homogeneous levels of profitability. Moreover, within the latter group, rates of return can be seen to have converged somewhat in recent years.

Finally, the aggregate indicators are generally close to the median of the distribution, except in the case of the information and communication sector, in which the ratio analysed is in the upper part, which suggests that the larger firms in this group tend to have the highest levels of profitability, affecting the data for the sector as a whole.

In conclusion, the analysis in this box shows the value added of studying disaggregated data characterising the profitability of firms. It supplements the results obtained from the aggregate data, and allows the identification, where applicable, of possible elements of vulnerability in certain groups of firms or sectors of activity.

the first three months of 2011 to 46.4%. The breakdown of the performance of this variable by productive branch shows some heterogeneity, which is in line with the divergent performance of activity (see Table 7). For instance, in energy and industry ROI increased whereas in information and communications the opposite trend was seen. Finally, ROI less cost of debt held at positive values, albeit slightly lower than those of the same period of the previous year (1.1% in 2011 compared with 1.2% in 2010).

Lastly, an analysis of extraordinary gains (losses) underlines that during 2011 Q1 there were no significant extraordinary transactions and their relative share of firms' profit and loss accounts decreased notably. Thus, the item which includes gains (losses) from disposals and impairment experienced a strong decline of 75.8% with respect to 2010 Q1. Similarly, changes in fair value and other gains (losses) also posted a large decrease (in absolute terms) from almost 4% of GVA, in 2010 Q1, to only 0.6% in 2011 Q1. The amount relating to the corporate income tax accrued decreased by 2.6%, since the bulk of the profits obtained by corporations in this period arose from dividends, most of which are not taxed to avoid double taxation. Consequently, the positive performance of ONP fed through to net profit, which increased by 9.6%, during the first three months of this year. ONP amounted to 23.7% of GVA, nearly 2 pp more than the corresponding figure for the same period of the previous year.

14.6.2011.

SURVEY OF HOUSEHOLD FINANCES (EFF) 2008: METHODS, RESULTS AND CHANGES SINCE 2005

Introduction

The Spanish Survey of Household Finances ("EFF" by its Spanish acronym) is a survey by the Banco de España which allows the linking of income, assets, debt and spending of each household unit. The third edition of the EFF (EFF2008), referring to the end of the first quarter of 2009, has been designed to give continuity to this statistical source, from which data were collected for the first time in 2002 and subsequently in 2005. The EFF2008 updates the information on household finances and thus allows an assessment of the changes in the financial position of Spanish households in the period from the end of 2005 to the end of the first quarter of 2009 (2009 Q1), while offering a more up-to-date picture of the structure of household assets and debts.

The usefulness of the information contained in a survey such as the EFF has prompted the system of euro area central banks to decide to conduct a financial survey in all the euro area countries, following a methodology similar to that of the EFF. Thus the EFF2008 will allow a harmonised comparison with the new European surveys of the financial position of households.

An important characteristic of the three editions of the EFF is that their samples contain a large number of high-wealth households. Since the distribution of wealth is heavily skewed and some types of asset are only held by a small fraction of the population, in the absence of very large samples, it is important to oversample the wealthiest households. This is what the EFF does, to ensure that its sample is representative not only of the population as a whole, but also of the aggregate wealth of the economy, in order to facilitate the study of financial behaviour at the top of the wealth distribution.

Another important characteristic of the EFF is that, from the second edition onwards, some of the households that participated in previous editions have been re-interviewed, while a refreshment sample has been incorporated to preserve the representativeness of the overall sample. Thus, the EFF2002, EFF2005 and EFF2008 samples contain a common sub-set of households that can be observed at various points in time, considerably expanding the possibilities for analysing the nature of the changes observed.

These characteristics (which are highly desirable for a survey of this kind) have been obtained by means of a system of blind collaboration with the National Statistics Institute ("INE" by its Spanish acronym) and the tax authorities (TA), which respects strict tax confidentiality requirements and response anonymity. However, first and foremost, we are most grateful for the generosity of the households that have participated in this project, especially those that have participated in various waves of the EFF.

This article describes the results of the EFF2008 and the changes observed in the financial position of households between 2005 and 2009 Q1.[1] It also contains a box summarising the main methodological characteristics of the EFF2008 (see Box 1), which are described in more detail in Bover (2011). The first section reviews some important aspects of the socio-economic background to the period from 2005 to 2009 Q1. The second section

1 For this purpose the tables referring to the financial position of households at the end of 2009 Q1 and those referring to 2005 have both been included, the variables relating to the value of assets, debt, income and spending being expressed in March 2009 euro in both cases. Tables 1.A and 1.B on income and net wealth provide, in addition, information relating to 2002 in March 2009 euro.

Questionnaire

The EFF questionnaire is divided into nine main sections, reflecting the variables studied, which are as follows:

1 Demographics
2 Real assets and their associated debts
3 Other debts
4 Financial assets
5 Pension plans and insurance
6 Labour market status and related income
7 Non-labour income in the previous calendar year (2007)
8 Means of payment
9 Consumption and savings

The questions on assets and debts refer to the household as a whole, while those on labour market status and related income are for each household member over the age of 16. Most of the information relates to the time of the interview, although information is also collected on all pre-tax income in the calendar year prior to the Survey, i.e., in this case, 2007. The information was collected by means of personal interviews with the households, conducted between November 2008 and June 2009. Given the data collection schedule, the period covered by the Survey is up to the end of 2009 Q1. Owing to the complexity of the questionnaire, the interviews were computer-assisted.

Sample design

As in the second edition of the EFF, the design of the third edition had two main objectives. First, to maintain the same quality characteristics, in particular, to provide a representative sample of the population with oversampling of wealth. Second, there was a desire that part of the 2008 sample should be longitudinal, i.e. that it should include households that participated in the second edition (and sometimes in the first edition). To achieve these aims, a refreshment sample was designed to supplement the longitudinal component (in order to make a total sample of 7,000 households) and to ensure that, when used in combination with the longitudinal one, the overall sample should satisfy the representativeness and oversampling requirements. This sample was achieved thanks to the collaboration of the National Statistics Institute (INE) and the tax authorities (TA), through a complex coordination mechanism that enabled strict confidentiality and anonymity requirements to be observed at all times. Specifically, the TA devised a wealth strata-based random sample, additional to the longitudinal sample, drawing on the *Padrón Continuo* (a continuously updated municipal population census) provided by the INE, following the guidelines of the sample design prepared by the latter. This ensures the representativeness of the information obtained, while securing accurate information on the behaviour of the richest household segment and including a longitudinal component. A complex procedure for replacing non-respondent households was incorporated into the sample design, thus ensuring the maintenance of the sample's desirable characteristics.

Interviews

The total number of valid interviews was 6,197, of which 3,967 corresponded to households who participated in the EFF2005. Of these 3,967 households, 1,925 have participated since 2002 and 2,042 since 2005. The percentage of households that could not be contacted accounted for 5.4% of the total, and the cooperation rate was, overall, 61.9%.[1] This rate diminishes as the wealth stratum rises. However, for the longitudinal component the collaboration rate is 76.6%, with no significant reductions at the highest wealth strata. Overall, the degree of oversampling in the final sample is satisfactory. For example, the highest percentile of the wealth distribution is represented in the EFF2008 sample by 587 households. In the absence of oversampling, and if the response rate were uniform across the different strata, scarcely 62 households might be expected at best in this percentile, which would hamper statistical analysis of the population segment in which the most complex financial decisions are concentrated. Finally, the quality tests carried out using the information contained in other national statistics and similar surveys carried out in other countries give satisfactory results.

Weights and imputation

To obtain magnitudes representative of the population, use is made of weights, i.e. the frequency with which households in the sample are to be found in the total household population. To calculate the weights, account is taken mainly of the characteristics of the sample design, but various adjustments are made, in particular to reflect the different response rate by income and wealth level.

The lack of a reply to certain questions is an inherent characteristic of wealth surveys. This type of non-response arises when a household agrees to reply to the Survey but leaves one or several questions unanswered, owing to a lack of knowledge or to other reasons. Any analysis based exclusively on cases with fully completed questionnaires might bias the results substantially. Consequently, the Banco de España has devised a system of imputations for the non-observed values to facilitate data analysis. These imputations are based on advanced statistical techniques, with several estimates being obtained for each non-observed value so as to take into account the uncertainty associated with the imputation.[2] The statistics of interest are obtained by combining the information on these multiple imputations.[3]

1 The cooperation rate is defined as the ratio of the number of completed interviews to the sum of the number of completed interviews and the number of refusals to participate.
2 Five imputations are provided in the EFF for each non-observed value.
3 The data presented in this report will foreseeably be revised slightly upon conclusion of the process of imputation of the EFF variables not used in the compilation of the report.

presents the results for household income and net wealth. The third section analyses households' holdings of real and financial assets. The fourth section provides information on the debt and debt burden of households. The fifth section focuses on aspects relating to household spending. Finally, the sixth section contains some concluding remarks.

The distributions of most of the important variables, such as those relating to the various assets and debts, have very high values for a relatively small number of households. Typical values of the distribution are therefore better approximated by the median than by the mean, so this is the statistic included in the tables. All the variables relating to income, wealth, debt and spending levels are expressed in real terms. More specifically, all euro amounts have been expressed in March 2009 euro using the consumer price index (CPI).[2]

Socio-economic background

Following an expansionary phase that lasted more than a decade, during 2007 economic activity took a decelerating path, which gave way to a sharp adjustment in 2008 that persisted with particular virulence in the first half of 2009. Although the annual average growth of GDP in 2008 was still positive (0.9%), the year ended with a decrease of 1.4% in year-on-year terms and at the end of 2009 Q1 the fall in output amounted to 3.5%. The adjustment was very sharp also in the labour market. The unemployment rate reached 11.3% of the labour force in 2008, rising to 18% in the first half of 2009, following the historical low of 8% in the middle months of 2007. The inflation rate measured in terms of the CPI was 2.8% on average for the period 2006-2008, with rates near -1% being recorded in the first half of 2009. In 2008 Q4 there were also significant falls in asset values. All these changes, which are reflected in the data of the EFF2008, are important when it comes to interpreting the Survey. In particular, the Survey was conducted at a time when, although the effects of the crisis were already clearly apparent in the behaviour of the financial and confidence indicators, the effects of the growing unemployment and the changes in disposable income, which move more gradually, cannot yet be appreciated in all their magnitude in the EFF data.[3]

Following the sustained rises between 2005 and mid-2008, interest rates took a downward path in late 2008 which continued throughout the following year. Household wealth decreased as a result of the fall-off in financial asset values, particularly stock market prices,[4] and of the downward revision of households' residential asset values. The slowing path of house prices initiated in 2005 became more firmly established, the growth rate standing at 5.8% in 2007, 0.7% in 2008 and -8.3% in mid-2009. Additionally, the housing stock increased by more than 2.3 million units between end-2005 and end-2008 (representing an increase of 9.7% with respect to the number of houses in 2005), as a result of the completion of projects started in the previous years of expansion.

Between end-2005 and end-2008 the population resident in Spain grew by around 4.6%, an increase explained basically by a rise of 36.3% in the foreign population.[5] However, this contribution ceased in 2009 with the reduction in migrant inflows: the year-on-year increase in the foreign population in 2009 was 1.1%, compared with an annual average growth rate of 11% in the period 2005-2008. The number of foreign residents in Spain increased from 4.1 million at 1 January 2006 to 5.6 million at 1 January 2009. As a result of

2 To adjust assets and debts to March 2009 euro, the EFF2005 data were multiplied by 1.0738 and the EFF2002 data by 1.1791. To adjust household income for the calendar year prior to the Survey to March 2009 euro, the factors applied were 1.2262 for 2002, 1.1135 for 2005 and 1.0040 for 2008.

3 In this respect, it should be noted that, in any event, the household annual income stated in the EFF2008 refers to 2007.

4 The Madrid Stock Exchange General Index fell by 29% in the period from 2005 to 2009 Q1.

5 Population data are drawn from the Municipal Census (*Padrón de Habitantes*).

this increase, the share of foreigners in the total population rose from 9.3% at the beginning of 2006 to 12.1% and the end of 2008.

In the period 2005-2008 some of the demographic factors which drove the creation of new households in the expansionary phase continued to persist, such as the reduction in the average size of households,[6] marital separations[7] and, albeit to a lesser degree, migrant inflows. In fact, the rate of creation of new households (around 450,000 per year) was considerably higher than the population growth rate, although lower than between 2002 and 2005. According to the *Encuesta de Condiciones de Vida* (Survey of Income and Living Conditions), the number of households increased by 9.5% in the period 2005-2008.[8]

In this period, apart from increasing in number, households also changed in composition. Specifically, the relative increase in the number of one- or two-member households continued (from 44.4% to 47.8% of households), but the weight of three-member households also increased (from 23.9% to 25.3%). The relative importance of younger households declined (from 15.3% to 13.3%), the relative weight of these households standing below that in 2002 (14%) and the weight of older households increased. Regarding these changes, the EFF shows that, between 2005 and 2009 Q1 there was an increase in the percentage of households in which offspring above age 30 lived (from 8.5% to 9.7% for total households), particularly among households headed by a person above age 64 (from 18.9% to 20.9%). Finally, the proportion of households made up of foreigners continued to increase (from 5.7% to 6.6%), although more slowly than between 2002 and 2005.[9]

Household income and wealth[10]

INCOME

According to the EFF2008, the average income of Spanish households as at end-2007 is €33,600 while their median income is €26,000 (see Table 1.A).[11] The patterns in the income distribution are as one would expect. By age group, average and median income vary according to the life cycle, increasing with age, peaking for households within the 45 to 54-year-old segment, and declining thereafter for the older groups. Income also increases with level of education, being substantially higher in the case of households whose heads have a university education. As regards labour market status, households whose heads are self-employed have the highest incomes.

Compared with the 2005 figures, household real median income increased by 5.3%, while average income remained practically unchanged.[12, 13] This behaviour for total households is the result of increases in the income per household –both the median and the average– for households in the bottom six deciles of the income distribution and of decreases for the top 20% of households by income. There are also decreases in the median and the average for households in the highest decile of the wealth distribution. By age group, the highest increases are in households whose head is above age 64.

6 According to the EFF, the average number of members per household was 2.68 in 2009 Q1, compared with 2.79 in 2005 and 2.94 in 2002.

7 During the period 2005-2008 an average of 134,000 separation or divorce rulings were registered each year.

8 According to the EFF, the number of households increased by 9.3% in the period 2005-2009 Q1 and by 11.4% in the period 2002-2005.

9 These figures relate to the EFF2005 and the EFF2008. According to this same source, the percentage of households headed by a foreigner in 2002 was 3.8%.

10 The measure of household income used in this report is the total gross income of the household (including the income from employment and other income of all its members), i.e. before taxes and social-security contributions, for the whole of the calendar year prior to the Survey, which for the EFF2008 is 2007 and for the EFF2005 is 2004.

11 That is to say, 50% of households have an income of more than €26,000 and 50% less.

12 The difference in average income comes within the Survey's error margin, which is defined as twice the standard error.

13 The change in average income between the EFF2008 and the EFF2005 is consistent with that deriving from the comparison of National Accounts data for these years.

HOUSEHOLD INCOME
Distribution by household characteristics

TABLE 1.A

% and thousands of 2009 Q1 euro

	EFF2002			EFF2005			EFF2008		
Household characteristics	% of households	Median	Mean	% of households	Median	Mean	% of households	Median	Mean
ALL HOUSEHOLDS	100.0	27.1	35.9	100.0	24.7	33.9	100.0	26.0	33.6
		(0.5) (a)	(0.6)		(0.5)	(0.8)		(0.6)	(0.9)
INCOME PERCENTILE									
Less than 20	20.0	9.3	9.1	20.0	7.4	7.0	20.0	8.0	8.1
Between 20 and 40	20.0	18.0	18.1	20.0	15.6	15.7	20.0	16.7	16.8
Between 40 and 60	20.0	27.1	27.3	20.0	24.6	24.6	20.0	25.9	25.8
Between 60 and 80	20.0	39.9	40.5	20.0	36.5	37.1	20.0	36.7	37.1
Between 80 and 90	10.0	58.7	59.3	10.0	54.8	55.1	10.0	52.1	52.8
Between 90 and 100	10.0	91.4	109.9	10.0	90.7	114.4	10.0	80.8	106.7
AGE OF HOUSEHOLD HEAD (b)									
Under 35	14.0	29.0	33.7	15.3	24.7	30.6	13.3	26.6	31.2
35-44	22.1	29.9	37.4	21.5	28.6	38.4	22.1	29.9	35.6
45-54	19.7	35.4	47.0	20.1	33.2	42.7	20.5	31.3	42.4
55-64	16.5	31.6	43.0	16.2	30.1	42.4	16.4	31.8	42.4
65-74	17.1	20.3	27.5	16.5	16.9	23.6	15.0	18.8	24.9
Over 74	10.5	12.8	17.9	10.4	10.9	15.1	12.7	12.0	16.9
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD									
Employee	45.7	33.2	42.3	47.4	30.7	39.7	43.9	31.7	39.5
Self-employed	11.4	38.1	50.5	10.6	36.7	53.2	10.9	36.6	53.1
Retired	25.4	20.6	28.3	25.5	16.9	23.6	24.2	17.9	25.7
Other inactive or unemployec	17.5	15.2	20.8	16.5	12.8	20.8	20.9	14.8	20.1
LEVEL OF EDUCATION OF HOUSEHOLD HEAD									
Below secondary education	58.8	21.5	27.5	57.6	19.1	24.0	58.4	19.6	24.2
Secondary education	26.0	31.7	39.7	25.2	30.2	37.7	25.4	30.6	37.6
University education	15.2	47.3	62.0	17.2	46.4	61.2	16.2	45.3	60.7
STATUS OF MAIN RESIDENCE									
Ownership	81.9	28.8	38.0	81.3	26.2	36.4	82.7	27.0	35.2
Other	18.1	21.8	26.7	18.7	18.3	23.0	17.3	21.1	25.8
NUMBER OF HOUSEHOLD MEMBERS WORKING									
None	28.8	13.4	16.9	29.1	12.0	16.6	32.4	13.1	17.0
One	38.4	27.1	34.3	32.5	22.2	28.6	30.6	26.0	31.5
Two	26.9	41.9	51.9	30.8	37.1	49.8	31.1	37.2	46.6
Three or more	5.9	54.5	66.7	7.6	47.9	58.0	5.9	46.7	66.0
NUMBER OF HOUSEHOLD MEMBERS									
One	15.2	11.6	15.8	16.6	10.6	14.4	18.3	10.4	15.6
Two	25.7	21.3	27.5	27.8	20.3	27.3	29.5	22.4	30.1
Three	24.3	30.8	38.6	23.9	30.5	38.8	25.3	30.1	36.3
Four	24.3	36.3	47.2	24.9	33.7	45.4	21.3	35.2	47.8
Five or more	10.6	42.2	53.7	6.8	39.6	48.7	5.4	39.0	44.5
NET WEALTH PERCENTILE									
Less than 25	25.0	19.9	23.3	25.0	16.4	20.2	25.0	19.5	23.0
Between 25 and 50	25.0	22.9	28.0	25.0	21.0	25.2	25.0	21.2	24.4
Between 50 and 75	25.0	29.2	34.8	25.0	26.1	32.5	25.0	26.4	31.5
Between 75 and 90	15.0	36.9	45.3	15.0	36.1	42.7	15.0	36.2	43.6
Between 90 and 100	10.0	59.5	76.1	10.0	55.7	80.0	10.0	48.7	72.9

SOURCE: Banco de España.

a Bootstrap standard errors in brackets.
b This report designates a household head as a means of organising the data consistently. The reference person designated by the household for the purposes of replying to the Survey is defined as the household head if the reference person is a man, or the partner if the reference person is a woman and her partner lives in the household.

NET WEALTH[14]

The median net wealth of households is €178,300 (see Table 1.B), while the average is €285,800. By age group, net wealth conforms to the expected life-cycle profile, peaking for households whose head is aged between 55 and 64, which is slightly later than the age at which income peaks. Average and median wealth both increase with education and are higher for households whose head is self-employed. Net wealth also increases with income, reflecting the fact that high-income households obtain more income from their asset portfolio and have greater saving possibilities.

Between 2005 and 2009 Q1 household net wealth increased on average (3.6%), while the median of the distribution decreased by 6.1%. The sharpest decreases in median wealth were among the self-employed, whose average wealth also decreased. However, between 2002 and 2005 the largest increases in net wealth were, as regards labour market status, among the self-employed. By level of net wealth, there were falls in the average and in the median for households in the bottom 75% of the wealth distribution, while those belonging to the top quartile saw increases in both the average and the median.

Assets

98.3% of households possess some type of real or financial asset (see the last column of Table 3). The median value of these households' assets is €206,800. With respect to 2005, the percentage of households possessing some type of asset decreased slightly and the median value of their assets decreased by 5.7%.

REAL ASSETS

Real assets account for 89.1% of the total value of household assets (see Table 2). This proportion is similar at different income levels and is only lower for the top decile. However, even at these relatively high income levels, real assets still represent a large proportion of the value of household assets (84.6%). By level of wealth, real assets are relatively less important at the two ends of the distribution, although they exceed 86% in both cases.

Housing is the most important asset held by households, representing 61.4% of the total value of households' real assets and 54.8% of the total value of all their assets. The two next most important assets are other real-estate properties, which represent 27.8% of real assets and 24.8% of all assets, and businesses related to activities engaged in by self-employed household members, which account for 10.3% of real assets and 9.2% of total assets.[15, 16] The relative weight of housing declines with income, in favour of other real-estate property and businesses. For the self-employed, the value of their businesses represents 30.6% of the total value of their real assets.

Between 2005 and 2009 Q1, the value of real assets as a proportion of the value of total assets remained practically unchanged, edging up from 89% to 89.1% for total households. However, the different real asset types varied appreciably. The main residence lost weight (-4.1% with respect to total assets), and, by contrast, other real-estate properties gained weight (3.5%). In total, real estate assets constitute 79.6% of the total value of household assets, against 80.1% in 2005. By contrast, the weight of businesses related to self-employment increased from 8.4% of total assets in 2005 to 9.2% in 2009 Q1. By household group, there was an increase in the weight of other real-estate properties and of businesses related to self-employment for households headed by a person above age 64.

14 Net wealth is defined as the total value of assets (real and financial) less the amount of debts. The value of cars and other vehicles is not included.

15 "Other real-estate properties" includes dwellings, building plots and rural land, garages (except when they form part of the main residence), industrial buildings, shops, commercial premises, offices and hotels.

16 The value of businesses is sometimes considered a real asset (if related to the work of their owners) and sometimes a financial asset through the ownership of unlisted shares or other equity (if it is a means of investing savings).

HOUSEHOLD NET WEALTH
Distribution by household characteristics

TABLE 1.B

Thousands of 2009 Q1 euro

Household characteristics	EFF2002 Median	EFF2002 Mean	EFF2005 Median	EFF2005 Mean	EFF2008 Median	EFF2008 Mean
ALL HOUSEHOLDS	113.1	181.5	189.8	275.9	178.3	285.8
	(2.7) (a)	(5.2)	(6.2)	(8.3)	(5.5)	(9.2)
INCOME PERCENTILE						
Less than 20	59.3	86.1	99.6	138.2	113.7	138.0
Between 20 and 40	92.7	117.3	129.9	167.9	135.6	175.4
Between 40 and 60	102.0	136.7	167.4	208.7	160.3	218.1
Between 60 and 80	134.8	189.2	226.4	282.3	210.0	286.5
Between 80 and 90	182.7	249.0	285.7	391.6	264.3	359.7
Between 90 and 100	306.6	506.0	441.3	770.5	463.4	858.8
AGE OF HOUSEHOLD HEAD						
Under 35	61.8	99.6	78.8	137.6	74.4	137.6
35-44	105.5	147.8	176.6	219.5	154.7	202.7
45-54	148.4	234.2	243.3	352.0	203.4	335.3
55-64	144.2	258.0	260.4	441.8	271.7	432.0
65-74	118.8	181.5	197.2	259.6	198.8	328.9
Over 74	88.5	141.8	146.8	216.6	153.2	266.6
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	108.9	154.0	168.7	226.0	162.0	222.1
Self-employed	217.3	392.1	396.3	663.5	308.2	638.0
Retired	120.0	184.5	203.1	263.5	211.0	330.8
Other inactive or unemployed	71.4	111.9	117.4	190.8	118.2	183.7
LEVEL OF EDUCATION OF HOUSEHOLD HEAD						
Below secondary education	96.1	138.1	156.2	206.8	148.0	204.7
Secondary education	127.4	191.6	194.1	290.5	194.3	299.6
University education	184.8	331.5	309.0	486.3	298.6	554.6
STATUS OF MAIN RESIDENCE						
Ownership	135.8	213.1	226.6	330.3	206.4	332.5
Other	2.0	38.3	2.2	39.4	1.6	62.8
NUMBER OF HOUSEHOLD MEMBERS WORKING						
None	90.0	142.4	162.5	215.8	154.4	236.8
One	107.8	176.1	169.5	263.6	167.2	289.5
Two	136.1	216.6	221.2	330.1	187.3	316.2
Three or more	151.4	247.0	218.8	339.0	237.4	375.7
NUMBER OF HOUSEHOLD MEMBERS						
One	72.2	109.2	123.6	182.9	124.0	204.2
Two	106.5	172.7	177.0	250.7	183.8	308.0
Three	116.7	197.8	200.2	286.5	180.0	283.3
Four	138.3	203.3	224.1	341.2	198.8	322.9
Five or more	131.8	218.8	205.0	330.0	136.7	307.4
NET WEALTH PERCENTILE						
Less than 25	9.1	14.3	6.6	18.0	6.3	15.2
Between 25 and 50	78.9	79.6	128.3	128.2	121.1	123.1
Between 50 and 75	148.8	154.6	246.9	249.5	236.3	237.6
Between 75 and 90	272.8	279.7	405.8	416.7	417.7	427.8
Between 90 and 100	557.7	772.6	797.0	1,143.8	848.5	1,272.7

SOURCE: Banco de España.

a Bootstrap standard errors in brackets.

DISTRIBUTION OF THE VALUE OF HOUSEHOLDS' REAL ASSETS
By type of asset and household characteristics

TABLE 2

%

Household characteristics	EFF2008 Main residence	Other real estate properties	Businesses related to self-employment	Jewellery, works of art, antiques	Total	Memorandum item: real assets as % of total assets
ALL HOUSEHOLDS	66.2	23.8	9.4	0.6	100.0	89.0
INCOME PERCENTILE						
Less than 20	79.4	18.7	1.5	0.4	100.0	91.8
Between 20 and 40	79.2	16.4	4.1	0.3	100.0	94.4
Between 40 and 60	75.7	19.1	4.9	0.4	100.0	91.9
Between 60 and 80	69.5	23.6	6.5	0.4	100.0	90.7
Between 80 and 90	61.1	25.4	13.0	0.5	100.0	88.5
Between 90 and 100	48.8	31.8	18.3	1.1	100.0	83.0
AGE OF HOUSEHOLD HEAD						
Under 35	78.8	15.4	5.5	0.4	100.0	90.7
35-44	73.5	19.1	7.0	0.4	100.0	91.6
45-54	60.5	23.8	15.2	0.5	100.0	90.5
55-64	55.4	30.2	13.6	0.9	100.0	84.6
65-74	71.9	25.3	2.2	0.6	100.0	89.6
Over 74	73.7	24.3	1.4	0.6	100.0	88.7
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	78.3	19.6	1.7	0.5	100.0	89.9
Self-employed	38.9	28.4	32.1	0.7	100.0	89.0
Retired	72.1	26.2	1.2	0.5	100.0	87.5
Other inactive or unemployed	70.8	24.7	3.6	0.8	100.0	88.9
NET WEALTH PERCENTILE						
Less than 25	86.0	10.6	2.3	1.2	100.0	87.0
Between 25 and 50	88.6	9.6	1.4	0.4	100.0	93.5
Between 50 and 75	86.7	11.0	1.8	0.4	100.0	92.7
Between 75 and 90	69.6	24.4	5.6	0.3	100.0	90.0
Between 90 and 100	41.4	37.8	19.9	0.9	100.0	85.0

SOURCE: Banco de España.

In 2009 Q1, 88.2% of households have some type of real asset (see Table 3) and the median value of the real assets of such households was €210,400.

Compared with 2005, the percentage of households with some type of real asset increased slightly for total households, although it rose more sharply for lower-income households and those headed by a person below age 35 or above age 74. For those households possessing some type of real asset, the median value of such assets decreased by 6.9%. The sharpest decrease was for the self-employed (-17.8%).

Main residence

The percentage of households who own their main residence (82.7% in the case of all households) increases with income, to peak in the case of households whose head is aged between 55 and 64. The median value of the main residence of households who own it is €180,300. The latter increases with income and is highest for households whose head is aged between 55 and 64 (€203,300).

Between 2005 and 2009 Q1 the percentage of households who own their main residence increased for total households from 81.3% to 82.7%. This figure reflects basically an increase in the percentage of households owning their main residence among the bottom two deciles of the

DISTRIBUTION OF THE VALUE OF HOUSEHOLDS' REAL ASSETS (cont.)
By type of asset and household characteristics

TABLE 2 (cont.)

%

Household characteristics	EFF2008 Main residence	Other real estate properties	Businesses related to self-employment	Jewellery, works of art, antiques	Total	Memorandum item: real assets as % of total assets
ALL HOUSEHOLDS	61.4	27.8	10.3	0.5	100.0	89.1
INCOME PERCENTILE						
Less than 20	84.3	14.5	1.0	0.2	100.0	92.3
Between 20 and 40	72.4	22.2	5.1	0.3	100.0	93.3
Between 40 and 60	69.5	22.5	7.7	0.3	100.0	92.8
Between 60 and 80	62.7	29.3	7.7	0.4	100.0	89.8
Between 80 and 90	63.4	26.6	9.4	0.6	100.0	87.8
Between 90 and 100	42.3	37.3	19.5	0.9	100.0	84.6
AGE OF HOUSEHOLD HEAD						
Under 35	72.3	17.6	9.9	0.2	100.0	94.3
35-44	69.2	20.5	9.9	0.4	100.0	90.0
45-54	56.9	30.2	12.5	0.5	100.0	88.4
55-64	55.6	30.9	12.7	0.8	100.0	86.5
65-74	58.6	34.2	6.6	0.6	100.0	89.7
Over 74	66.2	26.8	6.6	0.4	100.0	90.5
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	75.2	21.2	3.1	0.5	100.0	89.3
Self-employed	34.8	34.0	30.6	0.6	100.0	88.1
Retired	61.7	32.6	5.1	0.6	100.0	88.3
Other inactive or unemployed	70.3	25.6	3.7	0.3	100.0	92.1
NET WEALTH PERCENTILE						
Less than 25	83.3	13.8	2.4	0.5	100.0	90.3
Between 25 and 50	88.8	9.4	1.4	0.4	100.0	93.8
Between 50 and 75	82.1	15.0	2.6	0.3	100.0	91.7
Between 75 and 90	65.8	29.1	4.7	0.4	100.0	89.7
Between 90 and 100	37.4	41.0	20.9	0.7	100.0	86.1

SOURCE: Banco de España.

income distribution (from 70.1% to 78.1%). For households owning their main residence, its median value decreased by 6.9%. These losses in median value took place at all income levels.

Other real-estate properties

36.1% of households own real-estate assets other than their main residence. In particular, 23.3% own a residence other than their main one, followed by 9.8% who own building plots and rural land. These proportions increase with income, but even in the lower part of the income distribution a considerable percentage of households possess real-estate assets other than their main residence (20.1%). By age, the highest percentage of households owning other real-estate properties is seen among households whose head is aged between 55 and 64. The median value of these properties is €120,200, which increases with income and wealth. By age, the top median value occurs in the 55-64 age group.

Compared with 2005, the percentage of households owning other real-estate properties increased in general and, by income level, for all households except those lying in the two bottom deciles of the income distribution. The median value of these properties also increased for total households. The increase in median value for total households owning other real-estate properties was 7.1%. Notably, there was an increase both in the percentage of households owning other real-estate properties and in the median thereof for households headed by a person between age 65 and 74.

HOLDINGS OF REAL ASSETS BY HOUSEHOLDS
By type of asset and household characteristics

TABLE 3

% and thousands of 2009 Q1 euro

	EFF2005					
	Main residence	Other real estate properties	Businesses related to self-employment	Jewellery, works of arts, antiques	Some type of real asset	Some type of asset
	Percentage of households owning asset					
ALL HOUSEHOLDS	81.3	34.5	11.1	19.3	87.4	99.0
INCOME PERCENTILE						
Less than 20	70.6	22.3	2.4	13.7	76.8	97.9
Between 20 and 40	78.5	26.7	7.6	16.3	85.0	98.6
Between 40 and 60	80.8	31.3	9.3	17.6	86.9	98.9
Between 60 and 80	85.7	41.0	14.9	18.9	91.5	99.8
Between 80 and 90	88.4	42.6	16.7	25.5	95.3	100.0
Between 90 and 100	93.4	59.2	25.7	34.8	97.9	100.0
AGE OF HOUSEHOLD HEAD						
Under 35	62.0	17.0	9.2	17.2	72.0	98.1
35-44	79.4	27.5	11.7	18.0	85.7	98.9
45-54	84.7	42.3	20.1	22.9	91.4	99.0
55-64	89.2	49.5	14.0	21.6	94.1	99.7
65-74	88.4	39.0	4.6	20.7	92.2	99.4
Over 74	83.8	28.6	1.3	12.6	87.4	99.2
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	80.0	30.2	3.0	19.6	85.7	99.1
Self-employed	85.8	53.4	76.6	25.0	97.1	100.0
Retired	87.9	38.9	3.6	18.9	91.4	99.4
Other inactive or unemployed	72.0	27.6	4.1	15.7	79.6	97.7
NET WEALTH PERCENTILE						
Less than 25	35.2	12.0	3.3	13.0	50.0	96.2
Between 25 and 50	94.5	25.9	4.7	18.8	99.6	100.0
Between 50 and 75	97.5	30.7	9.1	18.0	99.8	100.0
Between 75 and 90	98.2	59.0	19.9	20.4	99.9	100.0
Between 90 and 100	97.4	84.5	38.5	37.9	100.0	100.0
	Median of the asset value for households owning such asset					
ALL HOUSEHOLDS	193.6	112.2	65.8	2.8	225.9	219.3
INCOME PERCENTILE						
Less than 20	129.1	62.7	34.8	1.3	130.8	107.2
Between 20 and 40	161.3	64.5	56.1	1.5	179.7	161.4
Between 40 and 60	193.6	76.8	59.2	1.4	215.8	209.1
Between 60 and 80	225.9	116.2	48.0	3.2	258.1	263.0
Between 80 and 90	249.5	178.1	88.5	3.2	306.7	331.8
Between 90 and 100	305.9	229.3	129.1	6.8	431.4	488.4
AGE OF HOUSEHOLD HEAD						
Under 35	193.6	73.1	48.9	1.8	193.6	156.9
35-44	204.5	114.2	46.2	1.9	234.4	227.6
45-54	225.9	115.7	124.2	3.2	262.1	270.5
55-64	195.2	158.8	52.3	3.3	261.8	271.4
65-74	169.1	80.9	40.0	2.6	193.7	201.7
Over 74	134.6	96.8	12.9	2.0	161.3	148.5
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	213.0	95.7	32.4	3.1	226.6	220.5
Self-employed	225.9	193.6	89.7	3.4	401.8	432.9
Retired	182.5	96.8	21.4	2.1	207.5	210.9
Other inactive or unemployed	146.8	78.7	46.6	2.4	161.3	130.3
NET WEALTH PERCENTILE						
Less than 25	64.5	19.1	13.3	1.4	51.6	13.7
Between 25 and 50	129.1	44.5	34.7	1.3	141.3	155.0
Between 50 and 75	225.9	67.1	26.5	2.9	258.0	264.2
Between 75 and 90	290.4	157.0	101.5	3.2	387.2	432.9
Between 90 and 100	387.2	322.7	206.1	8.0	735.8	835.4

SOURCE: Banco de España

HOLDINGS OF REAL ASSETS BY HOUSEHOLDS (cont.)
By type of asset and household characteristics

TABLE 3 (cont.)

% and thousands of 2009 Q1 euro

	EFF2008					
	Main residence	Other real estate properties	Businesses related to self-employment	Jewellery, works of arts, antiques	Some type of real asset	Some type of asset
	Percentage of households owning asset					
ALL HOUSEHOLDS	82.7	36.1	12.0	17.2	88.2	98.3
INCOME PERCENTILE						
Less than 20	78.1	20.1	2.2	10.2	81.9	96.1
Between 20 and 40	78.7	29.7	6.9	13.2	83.1	98.9
Between 40 and 60	84.1	33.0	12.4	14.7	89.2	98.7
Between 60 and 80	83.1	42.2	15.7	19.3	91.7	98.4
Between 80 and 90	87.7	49.1	19.5	25.7	93.8	98.3
Between 90 and 100	91.3	61.8	25.7	31.9	96.1	100.0
AGE OF HOUSEHOLD HEAD						
Under 35	65.8	18.8	11.1	10.8	73.2	96.6
35-44	78.1	29.7	15.8	15.7	85.8	98.2
45-54	86.0	41.1	15.7	19.5	90.7	98.7
55-64	89.3	51.4	16.0	23.5	94.7	98.7
65-74	88.5	45.1	6.4	19.5	92.0	98.2
Over 74	87.8	27.1	1.7	12.4	90.9	99.1
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	81.5	32.0	4.8	19.0	87.4	98.4
Self-employed	83.9	56.8	77.2	19.8	95.7	99.3
Retired	90.7	43.2	4.8	16.9	93.2	99.4
Other inactive or unemployed	75.3	25.9	1.4	12.6	80.1	96.2
NET WEALTH PERCENTILE						
Less than 25	41.9	9.4	3.8	8.4	53.1	93.1
Between 25 and 50	94.9	24.3	5.5	16.8	99.6	100.0
Between 50 and 75	96.8	37.6	10.1	16.1	100.0	100.0
Between 75 and 90	97.1	65.9	20.7	23.1	99.9	100.0
Between 90 and 100	96.9	83.9	40.6	34.4	100.0	100.0
	Median of the asset value for households owning such asset					
ALL HOUSEHOLDS	180.3	120.2	71.9	3.0	210.4	206.8
INCOME PERCENTILE						
Less than 20	120.2	50.4	41.2	1.1	125.6	120.8
Between 20 and 40	150.3	90.1	38.6	2.0	176.6	157.4
Between 40 and 60	180.3	99.8	81.7	3.0	197.1	201.6
Between 60 and 80	187.1	130.0	52.9	3.0	238.0	246.1
Between 80 and 90	240.4	137.0	76.2	3.0	300.5	335.4
Between 90 and 100	300.4	262.2	118.9	8.8	471.9	517.3
AGE OF HOUSEHOLD HEAD						
Under 35	178.2	102.2	61.4	1.3	180.3	152.3
35-44	180.3	117.2	34.6	3.0	209.5	205.1
45-54	180.3	120.2	97.2	3.0	226.9	235.3
55-64	204.3	164.6	112.6	3.0	271.6	289.7
65-74	180.1	120.2	84.1	3.0	199.5	207.0
Over 74	150.3	104.8	197.6	2.3	152.7	156.1
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	180.3	109.4	41.7	3.0	210.4	210.7
Self-employed	199.7	159.4	76.3	3.1	330.5	353.5
Retired	180.3	120.2	115.0	3.1	210.4	216.4
Other inactive or unemployed	150.2	96.1	90.2	1.9	157.1	143.8
NET WEALTH PERCENTILE						
Less than 25	71.7	22.4	18.3	2.0	60.1	27.1
Between 25 and 50	120.2	36.1	24.3	1.2	133.4	145.6
Between 50 and 75	200.9	90.1	39.4	2.8	240.4	251.9
Between 75 and 90	270.5	170.8	72.7	3.5	402.4	439.9
Between 90 and 100	395.1	366.3	267.5	12.0	796.0	897.4

SOURCE: Banco de España

Businesses related to self-employment[17]

12% of households own assets in businesses related to the activities of self-employed members of the household. This figure increases with income and wealth and is higher for the group of households headed by a person between age 55 and 64. The median value of these businesses is €71,900 and increases with increasing income and wealth.[18]

The proportion of households with these businesses is somewhat higher than in 2005. By age, the only household groups for which this proportion decreased are those headed by a person between age 45 and 54. The increase in the median value in the period 2005-2009 Q1 was 9.3% overall. The largest increase in this median value was in the group of households headed by a person above age 54. However, the self-employed saw a decrease of 14.9% in the median value of their businesses related to self-employment.

FINANCIAL ASSETS

For households as a whole, bank accounts make up nearly 49% of the value of their financial assets, followed, in order of importance, by pension plans (18.2%), listed shares (9.3%), unlisted shares and other equity (8%), investment funds (7.1%) and fixed-income securities (1.8%) (see Table 4). Included in the "other financial assets" category are outstanding loans to households and portfolios under management,[19] which represent 6.1% and 0.6%, respectively, of the total value of households' financial assets. By income and wealth level, the composition of the portfolio tends to be similar, except in the case of households belonging to the highest decile of these distributions, which have a larger percentage of their assets in unlisted shares.

Compared with 2005, the only financial assets which have gained relative weight in the financial asset portfolio of total households are bank accounts (particularly those that cannot be used to make payments) and outstanding loans to households. These changes in the relative weights of financial assets are observed for nearly all types of households, although more markedly for the households in the upper deciles of the income and wealth distributions. Moreover, these groups of households show the most noticeable decrease in the weight of their financial assets with respect to the total value of assets held by them.

In 2009 Q1 93.6% of households hold some type of financial asset (see Table 5), although this figure decreases considerably if bank accounts are excluded. This percentage increases slightly with increasing level of income. The median value of these financial assets is €7,100.

Compared with 2005, the percentage of households with some type of financial asset is lower and the reduction in this percentage is larger in the lower half of the income and wealth distributions. For households with some type of financial asset, the median value of these assets has increased by 9.3%. By household group, the sharpest increase has occurred for households whose head is aged between 55 and 64.

Bank accounts

The percentage of households that have some type of bank account that can be used to make payments is 90.5%. This percentage is above 83% for all types of household. The median balance on this type of account is €3,000, and it rises with income and wealth and, by labour market status, for households whose head is self-employed.

---

17 In the EFF2008 the ownership of unlisted businesses in which one or more household members worked is determined separately from self-employment status. This practice may mean that more businesses related to self-employment are recognised than in previous editions of the Survey.

18 The value of the businesses includes the value of their land and buildings, provided these have not been included by any household in the real estate owned by it.

19 The EFF2008 includes new questions designed to obtain information about the asset portfolios under management held by households and not included in the categories of specific assets.

The proportion of households with bank accounts that cannot be used to make payments, including *cuentas vivienda* (savings accounts in which the money deposited must be used to buy a house), is 24.1%. This percentage rises with income and wealth. The median balance in this case is €15,000. For the upper deciles of the income and net wealth distributions, the median investment in this type of asset is higher than in other financial assets.

Between 2005 and 2009 Q1 the percentage of households with accounts for payments decreased by 2 percentage points, while the fraction of households with accounts that cannot be used to make payments increased: from 18.5% in 2005 to 24.1% at the end of 2009 Q1. In this respect, there has also been a decline in the median balance of accounts that can be used to make payments, but an increase of 16.3% in the median balance of accounts that cannot be used to make payments. By type of household, the increase in the proportion of households that have accounts that cannot be used to make payments increased especially among the households in the upper deciles of the income and wealth distributions. These households also saw an noticeable increase in their median balance of this type of account (by 57.7% and 45%, respectively).

Listed shares and investment funds[20]

The percentage of households directly owning listed shares is 10.4%. This figure increases with income and net wealth, and the increase is greater for the upper income and wealth groups. By level of income, 3.5% of households in the bottom two deciles of the distribution hold this type of asset, and the proportion rises to 34.9% for the top decile. Households whose heads are in the 55-64 age bracket are those most inclined to hold listed shares (14.9%).

For households investing in listed shares, the median invested value is €6,000. Median values do not vary significantly by income and wealth except for the group of households in the upper decile of the income and wealth distributions. By age, the median value is higher for households above age 54.

The profile of households with investment funds (5.6% for households as a whole) is similar to that of households that invest in listed shares, but the proportions of households holding such funds are smaller for all types of household. Conversely, the median investment in these funds (€14,100) is higher than in the case of listed shares for all groups of households. The variation by income level in the median holding of these assets differs from that of the median holding of listed shares, since the median values are relatively higher in the lower 20% of the income distribution in the case of investment funds, while they are relatively higher in the upper 20% of the income distribution in the case of shares.

Since 2005, the proportion of households that invest in these two types of assets has decreased, although the decrease has been greater for investment funds. Also, for households as a whole, the median investment has decreased clearly for both investment funds (-26.9%) and listed shares (-13%). The groups that have most clearly decreased their participation have been households in the upper deciles of the income and wealth distributions, those whose head is aged between 45 and 64 and the self-employed. These household groups also reduced appreciably their median investment in both types of asset.

Unlisted shares and other equity

The percentage of households holding unlisted shares or other corporate participating interests is 1.3%. This percentage is higher in the top decile of income (6.1%) and net wealth (6.6%), and is concentrated among the self-employed. The median value invested is €12,000 for those households holding this type of asset.

20 Investment funds include money market funds, capital market funds, real-estate investment funds and other undertakings for collective investment in transferable securities.

DISTRIBUTION OF THE VALUE OF HOUSEHOLDS' FINANCIAL ASSETS
By type of asset and household characteristics

%

Household characteristics	EFF2005				
	Accounts and deposits usable for payments	Accounts not usable for payments and house-purchase savings accounts	Listed shares	Investment funds	Fixed-income securities
ALL HOUSEHOLDS	26.6	14.7	11.1	13.2	1.7
INCOME PERCENTILE					
Less than 40	40.6	20.0	5.8	12.8	1.9
Between 40 and 60	35.1	22.3	7.4	7.8	2.9
Between 60 and 80	36.8	21.1	6.6	8.9	1.9
Between 80 and 90	25.2	14.5	9.9	9.2	2.0
Between 90 and 100	16.4	8.5	15.9	18.1	1.1
NET WEALTH PERCENTILE					
Less than 50	53.6	16.1	2.8	5.3	0.8
Between 50 and 75	36.9	21.8	4.3	9.4	1.4
Between 75 and 90	27.9	19.2	7.9	11.3	1.9
Between 90 and 100	17.5	10.8	15.9	16.7	1.9

SOURCE: Banco de España.

DISTRIBUTION OF THE VALUE OF HOUSEHOLDS' FINANCIAL ASSETS (cont.)
By type of asset and household characteristics

%

Household characteristics	EFF2008				
	Accounts and deposits usable for payments	Accounts not usable for payments and house-purchase savings accounts	Listed shares	Investment funds	Fixed-income securities
ALL HOUSEHOLDS	22.9	25.9	9.3	7.1	1.8
INCOME PERCENTILE					
Less than 40	31.4	29.2	6.9	10.3	4.2
Between 40 and 60	32.4	29.8	6.5	6.8	1.6
Between 60 and 80	26.0	27.4	8.1	5.8	1.3
Between 80 and 90	21.0	26.1	8.3	4.9	1.0
Between 90 and 100	17.1	23.2	11.7	7.5	1.6
NET WEALTH PERCENTILE					
Less than 50	43.8	28.2	3.1	4.3	0.8
Between 50 and 75	35.7	28.5	3.0	3.6	3.0
Between 75 and 90	24.0	28.0	8.4	7.4	1.9
Between 90 and 100	14.7	23.9	12.7	8.6	1.6

SOURCE: Banco de España.

Overall, the percentage of households that invest in unlisted shares or other corporate participating interests is slightly lower than in 2005. This decrease is observed for all types of households and is sharper for those in the upper part of the income distribution and those whose head is self-employed. The median investment has also decreased for households as a whole (by 33%) and this fall is sharper for those in the upper part of the income distribution and those whose head is self-employed.

Fixed-income securities

The percentage of households investing in fixed-income securities is 1.4%. This figure increases with income and net wealth, without exceeding 4% in any case. By labour market

TABLE 4

Pension schemes and unit-linked or mixed life insurance	Unlisted shares and other equity	Other financial assets	Total	Memorandum item: financial assets as a % of total assets	Household characteristics
EFF2005					
20.0	9.2	3.5	100.0	11.0	ALL HOUSEHOLDS
					INCOME PERCENTILE
14.6	2.3	2.1	100.0	6.7	Less than 40
16.7	3.2	4.6	100.0	8.1	Between 40 and 60
19.0	2.6	3.1	100.0	9.3	Between 60 and 80
32.5	3.4	3.3	100.0	11.5	Between 80 and 90
18.5	17.7	3.9	100.0	17.0	Between 90 and 100
					NET WEALTH PERCENTILE
14.7	0.9	5.8	100.0	7.7	Less than 50
22.0	2.1	2.2	100.0	7.3	Between 50 and 75
25.5	3.5	2.9	100.0	10.0	Between 75 and 90
18.5	15.1	3.7	100.0	15.0	Between 90 and 100

TABLE 4 (cont.)

Pension schemes and unit-linked or mixed life insurance	Unlisted shares and other equity	Other financial assets	Total	Memorandum item: financial assets as a % of total assets	Household characteristics
EFF2008					
18.2	8.0	6.7	100.0	10.9	ALL HOUSEHOLDS
					INCOME PERCENTILE
11.1	1.4	5.6	100.0	7.1	Less than 40
17.1	1.0	4.7	100.0	7.2	Between 40 and 60
19.4	6.3	5.7	100.0	10.2	Between 60 and 80
21.8	3.4	13.4	100.0	12.2	Between 80 and 90
19.1	14.2	5.7	100.0	15.4	Between 90 and 100
					NET WEALTH PERCENTILE
14.6	0.0	5.1	100.0	7.0	Less than 50
18.1	1.2	6.9	100.0	8.3	Between 50 and 75
23.8	1.3	5.2	100.0	10.3	Between 75 and 90
16.8	14.1	7.6	100.0	13.9	Between 90 and 100

status, the possession of this asset is highest among the self-employed and, by age, among those above age 55. The median holding of fixed-income securities is €19,100, without any clear variation according to level of income or wealth.

Compared with 2005, households are somewhat less inclined to hold fixed-income securities directly, but the median investment in this asset has decreased significantly for households as a whole (-25.8%), although the change has been heterogeneous. However, there has been an increase both in participation and in the median value invested in this type of asset for households whose head is in the 45-55 age bracket.

HOLDINGS OF FINANCIAL ASSETS BY HOUSEHOLDS
By type of asset and household characteristics

% and thousands 2009 Q1 euro

Household characteristics	EFF2005 Accounts and deposits usable for payments	Accounts not usable for payments and house-purchase savings	Listed shares	Investment funds	Fixed-income securities
	Percentage of households owning asset				
ALL HOUSEHOLDS	92.5	18.5	11.4	8.7	1.5
INCOME PERCENTILE					
Less than 20	86.8	12.2	4.4	4.0	0.4
Between 20 and 40	90.4	13.7	4.6	3.7	0.8
Between 40 and 60	92.7	16.4	7.0	5.4	1.2
Between 60 and 80	95.5	21.1	11.3	10.3	1.8
Between 80 and 90	95.9	27.8	23.8	13.1	2.9
Between 90 and 100	98.0	29.9	35.6	27.3	3.3
AGE OF HOUSEHOLD HEAD					
Under 35	92.3	13.2	6.5	5.0	1.2
35-44	93.4	17.4	9.6	9.3	1.3
45-54	93.5	19.4	14.5	10.7	1.1
55-64	94.2	21.3	18.5	11.1	2.3
65-74	91.0	20.0	10.3	7.5	1.6
Over 74	88.4	19.8	7.1	7.5	1.6
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	94.0	16.9	12.2	10.0	0.6
Self-employed	94.3	23.4	16.6	10.0	3.1
Retired	90.5	22.5	11.1	7.9	2.0
Other inactive or unemployed	89.9	13.7	6.4	5.7	2.0
NET WEALTH PERCENTILE					
Less than 25	89.5	9.8	2.1	2.5	0.1
Between 25 and 50	91.6	12.6	5.0	4.0	1.1
Between 50 and 75	93.1	21.0	10.2	8.5	1.1
Between 75 and 90	95.2	28.9	17.9	13.9	2.1
Between 90 and 100	96.0	32.8	44.0	29.0	5.8
	Median of the asset value for households owning such asset				
ALL HOUSEHOLDS	3.2	12.9	6.9	19.3	25.8
INCOME PERCENTILE					
Less than 20	1.4	11.0	6.4	17.7	(a)
Between 20 and 40	2.1	9.0	6.5	12.3	31.0
Between 40 and 60	3.1	11.9	6.4	16.5	31.4
Between 60 and 80	3.9	14.0	5.9	14.8	6.5
Between 80 and 90	6.0	16.8	6.0	18.8	34.0
Between 90 and 100	8.3	19.0	16.7	31.8	27.2
AGE OF HOUSEHOLD HEAD					
Under 35	2.2	7.1	6.4	9.9	(a)
35-44	3.2	9.9	4.6	12.6	19.3
45-54	3.4	12.9	6.6	17.8	6.5
55-64	3.3	19.1	12.9	28.1	32.2
65-74	3.2	15.6	7.2	23.7	37.6
Over 74	2.5	18.4	9.0	24.7	32.3
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	3.2	10.7	6.4	15.7	25.8
Self-employed	5.4	13.2	10.5	25.8	19.4
Retired	3.2	15.8	7.6	22.7	34.7
Other inactive or unemployed	2.0	14.7	6.4	21.6	14.2
NET WEALTH PERCENTILE					
Less than 25	1.3	3.5	1.3	6.5	(a)
Between 25 and 50	2.6	6.5	4.5	7.5	2.8
Between 50 and 75	3.3	12.9	4.2	13.1	28.3
Between 75 and 90	6.4	19.2	7.2	19.3	28.1
Between 90 and 100	11.4	27.5	15.7	43.0	32.2

SOURCE: Banco de España.

a Fewer than eleven observations.

EFF2005				
Pension schemes and unit-linked or mixed life insurance	Unlisted shares and other equity	Other financial assets	Some type of financial asset	Household characteristics
Percentage of households owning asset				
29.3	2.2	4.3	96.6	ALL HOUSEHOLDS
				INCOME PERCENTILE
9.5	0.3	2.8	93.2	Less than 20
12.4	0.6	3.3	95.3	Between 20 and 40
27.1	1.4	3.9	97.2	Between 40 and 60
38.6	1.8	5.3	97.8	Between 60 and 80
50.2	4.1	4.6	99.4	Between 80 and 90
67.2	9.2	7.6	99.9	Between 90 and 100
				AGE OF HOUSEHOLD HEAD
22.4	2.2	4.3	95.7	Under 35
37.8	2.8	5.5	97.3	35-44
44.6	2.8	6.0	96.4	45-54
43.5	2.2	4.6	97.6	55-64
9.1	1.4	1.9	97.2	65-74
2.4	0.7	1.5	94.9	Over 74
				LABOUR MARKET SITUATION OF HOUSEHOLD HEAD
39.1	1.5	3.7	97.0	Employee
55.1	10.4	13.8	98.4	Self-employed
11.6	1.1	2.2	96.7	Retired
12.0	0.7	3.1	94.4	Other inactive or unemployed
				NET WEALTH PERCENTILE
12.9	0.2	4.2	93.2	Less than 25
21.9	1.2	3.1	96.8	Between 25 and 50
31.6	1.7	4.1	97.6	Between 50 and 75
42.3	3.8	4.2	98.5	Between 75 and 90
63.8	8.2	8.1	99.9	Between 90 and 100
Median of the asset value for households owning such asset				
6.9	17.9	6.4	6.5	ALL HOUSEHOLDS
				INCOME PERCENTILE
4.4	(a)	4.3	2.3	Less than 20
4.3	3.2	3.1	3.2	Between 20 and 40
4.4	7.8	4.2	5.5	Between 40 and 60
6.4	20.0	5.9	9.3	Between 60 and 80
9.2	8.1	14.9	21.2	Between 80 and 90
16.6	49.8	20.1	50.4	Between 90 and 100
				AGE OF HOUSEHOLD HEAD
3.2	8.6	5.3	3.2	Under 35
5.0	19.9	3.2	6.4	35-44
7.5	22.6	8.9	10.2	45-54
18.5	60.2	19.3	13.4	55-64
10.8	4.5	6.5	5.4	65-74
12.9	38.7	3.1	5.2	Over 74
				LABOUR MARKET SITUATION OF HOUSEHOLD HEAD
6.4	8.8	3.9	6.6	Employee
10.0	40.8	11.5	19.3	Self-employed
12.9	4.5	6.4	6.5	Retired
6.4	23.5	3.6	2.8	Other inactive or unemployed
				NET WEALTH PERCENTILE
2.0	(a)	2.4	2.0	Less than 25
3.7	8.6	5.3	4.3	Between 25 and 50
6.2	12.1	4.3	8.2	Between 50 and 75
12.8	16.6	14.8	24.1	Between 75 and 90
22.6	60.1	19.3	72.1	Between 90 and 100

HOLDINGS OF FINANCIAL ASSETS BY HOUSEHOLDS (cont.)
By type of asset and household characteristics

% and thousands of 2009 Q1 euro	EFF2008				
Household characteristics	Accounts and deposits usable for payments	Accounts not usable for payments and house-purchase savings accounts	Listed shares	Investment funds	Fixed-income securities
	Percentage of households owning asset				
ALL HOUSEHOLDS	90.5	24.1	10.4	5.6	1.4
INCOME PERCENTILE					
Less than 20	83.2	15.3	3.5	2.1	1.5
Between 20 and 40	88.7	19.5	5.7	3.0	1.2
Between 40 and 60	90.8	20.9	6.3	3.4	0.6
Between 60 and 80	92.3	27.8	10.6	5.8	1.2
Between 80 and 90	96.8	32.8	16.4	8.6	1.7
Between 90 and 100	98.2	41.0	34.9	18.4	3.3
AGE OF HOUSEHOLD HEAD					
Under 35	87.9	14.6	5.6	2.7	0.9
35-44	91.1	24.5	8.4	5.0	0.8
45-54	90.8	23.8	12.2	7.1	1.7
55-64	93.4	24.2	14.9	7.9	2.0
65-74	88.6	29.4	12.5	6.6	1.5
Over 74	90.3	27.4	7.5	2.7	1.6
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	92.6	24.6	11.7	6.5	1.5
Self-employed	93.9	23.4	12.1	5.4	1.7
Retired	90.2	29.0	12.3	6.4	1.5
Other inactive or unemployed	84.7	17.7	4.4	2.6	0.9
NET WEALTH PERCENTILE					
Less than 25	81.6	11.6	1.9	0.6	0.0
Between 25 and 50	88.4	18.1	4.0	2.4	0.9
Between 50 and 75	94.2	27.9	9.6	5.8	1.6
Between 75 and 90	97.4	36.4	19.1	10.5	2.6
Between 90 and 100	98.3	42.6	36.1	17.7	3.7
	Median of the asset value for households owning such asset				
ALL HOUSEHOLDS	3.0	15.0	6.0	14.1	19.1
INCOME PERCENTILE					
Less than 20	1.2	9.4	6.3	30.0	15.3
Between 20 and 40	1.9	10.0	6.4	4.4	55.0
Between 40 and 60	2.4	12.0	5.8	18.9	30.1
Between 60 and 80	3.9	16.4	3.6	16.0	13.6
Between 80 and 90	5.4	18.4	8.5	12.0	12.0
Between 90 and 100	8.3	30.0	8.0	15.8	30.0
AGE OF HOUSEHOLD HEAD					
Under 35	2.2	10.0	1.7	12.0	(a)
35-44	2.5	10.0	4.0	6.0	12.0
45-54	3.0	15.0	3.0	15.0	40.0
55-64	3.4	25.5	13.2	15.0	14.8
65-74	3.0	18.8	12.0	23.2	55.0
Over 74	2.2	15.4	15.9	19.8	36.1
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	3.0	12.0	4.0	12.0	12.0
Self-employed	5.0	24.0	6.0	15.0	60.1
Retired	3.0	23.4	13.1	19.6	55.0
Other inactive or unemployed	1.5	11.6	6.0	23.2	47.8
NET WEALTH PERCENTILE					
Less than 25	1.0	4.8	6.0	10.0	(a)
Between 25 and 50	2.0	8.0	3.0	19.0	(a)
Between 50 and 75	3.0	14.3	3.1	9.1	47.6
Between 75 and 90	5.8	21.3	6.6	12.6	12.3
Between 90 and 100	9.8	39.8	15.0	24.0	40.0

SOURCE: Banco de España.

a Fewer than eleven observations.

EFF2008				
Pension schemes and unit-linked or mixed life insurance	Unlisted shares and other equity	Other financial assets	Some type of financial asset	Household characteristics
Percentage of households owning asset				
25.7	1.3	6.8	93.6	ALL HOUSEHOLDS
				INCOME PERCENTILE
7.4	0.2	3.3	87.3	Less than 20
14.2	0.5	5.1	93.4	Between 20 and 40
25.2	0.6	7.8	93.5	Between 40 and 60
31.1	1.1	5.9	95.2	Between 60 and 80
46.1	2.5	11.0	97.8	Between 80 and 90
54.2	6.1	12.8	99.3	Between 90 and 100
				AGE OF HOUSEHOLD HEAD
16.7	0.3	8.6	89.4	Under 35
31.9	2.0	10.4	93.8	35-44
39.2	2.1	7.5	93.7	45-54
41.8	1.3	6.7	96.5	55-64
8.5	1.2	3.6	92.6	65-74
1.7	0.2	1.3	94.6	Over 74
				LABOUR MARKET SITUATION OF HOUSEHOLD HEAD
35.5	1.3	6.3	95.0	Employee
44.0	4.4	19.4	96.3	Self-employed
11.5	0.7	3.0	94.4	Retired
11.9	0.5	5.6	88.1	Other inactive or unemployed
				NET WEALTH PERCENTILE
10.4	0.0	5.9	86.2	Less than 25
19.0	0.1	5.3	92.0	Between 25 and 50
27.4	1.6	6.7	97.1	Between 50 and 75
40.5	1.5	7.1	98.7	Between 75 and 90
53.7	6.6	12.3	99.5	Between 90 and 100
Median of the asset value for households owning such asset				
7.8	12.0	6.4	7.1	ALL HOUSEHOLDS
				INCOME PERCENTILE
7.3	(a)	4.9	2.0	Less than 20
4.9	(a)	4.0	3.6	Between 20 and 40
4.8	9.3	6.0	6.1	Between 40 and 60
7.1	11.4	6.3	11.3	Between 60 and 80
8.9	12.4	8.7	19.5	Between 80 and 90
20.0	12.0	19.6	42.7	Between 90 and 100
				AGE OF HOUSEHOLD HEAD
4.2	(a)	2.0	4.2	Under 35
4.1	12.0	7.6	6.1	35-44
10.2	12.0	12.0	9.9	45-54
16.5	12.0	13.3	13.1	55-64
10.0	11.1	5.8	8.4	65-74
8.8	30.8	15.7	4.9	Over 74
				LABOUR MARKET SITUATION OF HOUSEHOLD HEAD
6.8	12.0	6.0	8.0	Employee
9.9	13.6	13.7	14.7	Self-employed
15.0	10.4	13.5	8.5	Retired
7.6	6.0	3.0	2.4	Other inactive or unemployed
				NET WEALTH PERCENTILE
3.0	(a)	2.0	1.5	Less than 25
4.5	(a)	3.8	4.1	Between 25 and 50
6.0	7.8	8.1	9.3	Between 50 and 75
13.3	12.0	14.6	24.6	Between 75 and 90
20.5	33.1	27.5	65.3	Between 90 and 100

DISTRIBUTION OF THE VALUE OF HOUSEHOLD DEBT
By purpose of debt and household characteristics

TABLE 6

%	EFF2005				
Household characteristics	Purchase of main residence	Purchase of other real estate properties	Other outstanding debts (secured loans, personal loans, credit cards and other debts)	Total	Memorandum item: debt as a % of total assets
ALL HOUSEHOLDS	56.9	23.7	19.5	100.0	9.3
INCOME PERCENTILE					
Less than 40	66.8	15.2	18.0	100.0	6.3
Between 40 and 60	67.5	10.9	21.6	100.0	11.3
Between 60 and 80	57.2	23.8	19.0	100.0	11.7
Between 80 and 90	55.5	25.1	19.4	100.0	11.3
Between 90 and 100	42.5	38.4	19.2	100.0	7.7
NET WEALTH PERCENTILE					
Less than 50	71.3	8.5	20.2	100.0	26.2
Between 50 and 75	61.5	20.1	18.4	100.0	8.8
Between 75 and 90	41.0	40.6	18.4	100.0	6.2
Between 90 and 100	28.7	51.6	19.7	100.0	4.4

SOURCE: Banco de España.

Pension schemes and life insurance[21]

25.7% of households have a pension scheme (or unit-linked or mixed life insurance product). This percentage rises with income and wealth. By age group, possession is highest for households whose head is aged between 45 and 54 years, and, by labour market status, for the self-employed. The median value of pension schemes is €7,800 for those households owning a scheme. This value rises with income and wealth, and is highest for households in the 55-64 age bracket.

Thus, the proportion of households with some type of pension scheme, which was 29.3% in 2005, decreased considerably. The decline in this percentage is greatest in the upper half of the income distribution and in the top decile of the wealth distribution and, by labour market status, for the self-employed. By age, households below age 54 homogeneously reduced their participation, while this decrease is smaller for households nearer to retirement. The median amount invested in pension schemes for households holding assets of this type increased. The increase in the median value invested is greater in the bottom part of the income and wealth distributions.

Other financial assets

Included in this category are outstanding loans to households and portfolios under management. The percentage of households holding these assets is 6.8%.[22] The holding of these assets is more frequent in the high income and wealth brackets and, by labour market status, for the self-employed. The median amount (€6,400) follows a similar pattern.

Between 2005 and 2009 Q1 the percentage of households with loans in their favour increased from 4.3% to 6.3%. This increase is particularly appreciable for the self-employed (from 13.8% to 18.8%).

Debts

Household debt accounts for 10.3% of the total value of their assets (see Table 6). The amount outstanding in relation to the purchase of the main residence represents 59.6% of

21 Pension schemes do not include entitlements to Social Security pensions. The life-insurance instruments considered are unit-linked or mixed products, but not those covering the risk of death.
22 To break down this figure, 6.3% of households have debts in their favour and 0.6% hold managed portfolios.

DISTRIBUTION OF THE VALUE OF HOUSEHOLD DEBT (cont.)
By purpose of debt and household characteristics

TABLE 6 (cont.)

%	EFF2008				
Household characteristics	Purchase of main residence	Purchase of other real estate properties	Other outstanding debts (secured loans, personal loans, credit cards and other debts)	Total	Memorandum item: debt as a % of total assets
ALL HOUSEHOLDS	59.6	24.6	15.9	100.0	10.3
INCOME PERCENTILE					
Less than 40	73.4	11.1	15.5	100.0	6.6
Between 40 and 60	70.9	14.0	15.1	100.0	14.6
Between 60 and 80	63.9	18.5	17.6	100.0	11.9
Between 80 and 90	50.6	33.3	16.1	100.0	13.3
Between 90 and 100	42.2	42.8	15.0	100.0	8.0
NET WEALTH PERCENTILE					
Less than 50	68.5	15.8	15.7	100.0	32.5
Between 50 and 75	63.9	23.7	12.4	100.0	9.9
Between 75 and 90	44.6	36.7	18.6	100.0	6.3
Between 90 and 100	37.7	43.6	18.7	100.0	3.9

SOURCE: Banco de España.

household debt, while outstanding debt in relation to the purchase of other real-estate properties represents 24.6% thereof.

The increase in debt has been greater than the increase in assets and the percentage of the value of assets that this debt represents has therefore increased. This increase is seen at all levels of income and up to the ninetieth percentile of the wealth distribution. Outstanding debt for the purchase of the main residence and for the purchase of other real-estate properties increases as a proportion of total household debt, while the relative importance of other outstanding debts declines.

In 2009 Q1, 50.1% of households have some type of debt and the median outstanding amount is €36,000 (see Table 7). The groups least likely to have debts are households in the bottom segment of the income distribution (16.5%), those aged over 64 and the retired. Conversely, the percentage of indebted households in the 35-44 age bracket reaches 72.3%. The highest volumes of outstanding debt in terms of the median amount are among the youngest group (€61,800), the self-employed and households with two members working. Moreover, these amounts increase with income, but not so clearly with wealth.

With respect to 2005, the percentage of indebted households remained practically unchanged (from 49.5% to 50.1%). The largest increases in the percentage of indebted households are among the youngest and the oldest households, those with no members working and those lying in the central part of the income distribution. Between 2005 and 2009 Q1 the median volume of outstanding debt increased by 7%. By income level, this value increases appreciably for the bottom 60% of the income distribution and decreases for the other 40%. Also substantial is the increase in the median debt of households in which no member works.

DEBTS RELATING TO PURCHASE OF MAIN RESIDENCE

26.3% of households have outstanding debt in connection with the purchase of their main residence (31.8% of households that own their main residence). This percentage rises in the central parts of the income and net wealth distributions. Households most likely to

HOUSEHOLD DEBT
By purpose, type of debt and household characteristics

TABLE 7

% and thousands of 2009 Q1 euro

EFF2005	Purchase of main residence		Purchases of other real estate properties	Other debt outstanding				Some type of debt
	Total	With mortgage guarantee		With collateral (incl. mortgages)	Personal loans	Credit card debt	Other debts	
Percentage of households with debts outstanding								
ALL HOUSEHOLDS	26.1	25.3	7.8	3.6	24.6	2.0	2.9	49.5
INCOME PERCENTILE								
Less than 20	6.8	6.2	0.9	1.0	10.0	1.5	1.7	18.7
Between 20 and 40	21.3	20.6	4.3	2.7	22.4	2.0	2.0	42.3
Between 40 and 60	32.0	30.8	5.5	5.0	28.0	2.5	4.2	57.5
Between 60 and 80	35.3	34.5	12.1	4.3	32.1	2.6	2.6	63.0
Between 80 and 90	36.8	36.3	12.9	4.3	30.8	1.1	3.6	66.5
Between 90 and 100	32.7	31.9	19.5	5.3	30.1	1.5	4.7	65.4
AGE OF HOUSEHOLD HEAD								
Under 35	46.6	46.1	5.4	1.6	31.2	2.0	3.2	65.2
35-44	48.0	46.8	11.4	3.2	31.5	2.8	3.5	70.4
45-54	26.5	25.9	12.5	7.3	33.3	3.1	4.5	63.1
55-64	15.1	14.1	9.6	4.0	26.0	2.1	3.4	48.5
65-74	3.7	3.2	2.5	3.0	11.3	0.5	1.4	19.8
Over 74	1.9	1.3	0.5	0.3	2.9	0.2	0.0	5.6
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD								
Employee	41.2	40.0	8.7	3.3	33.7	3.2	3.4	67.5
Self-employed	31.6	31.1	19.5	9.6	27.9	1.1	7.0	66.6
Retired	4.9	4.4	3.2	2.5	10.9	0.4	1.4	19.9
Other inactive or unemployed	11.8	11.5	5.0	2.4	17.5	1.3	1.4	32.6
NUMBER OF HOUSEHOLD MEMBERS WORKING								
None	4.8	4.4	1.6	1.1	8.0	0.7	1.1	15.2
One	30.5	29.8	7.5	4.1	26.4	2.1	3.3	56.1
Two	42.4	41.0	11.4	4.0	33.4	2.7	4.1	70.2
Three or more	22.4	22.4	18.3	8.9	44.7	3.4	3.7	69.2
NET WEALTH PERCENTILE								
Less than 25	15.2	14.8	1.7	4.0	30.2	2.2	3.8	43.9
Between 25 and 50	38.6	37.2	5.9	2.7	28.9	2.6	1.6	56.8
Between 50 and 75	29.7	29.1	6.2	3.3	20.8	2.3	2.7	49.3
Between 75 and 90	22.3	21.5	14.0	3.3	20.1	0.8	2.8	48.0
Between 90 and 100	18.4	17.9	22.5	6.0	16.0	0.9	4.7	48.2
Median of the debt value for households having such debt								
ALL HOUSEHOLDS	44.9	45.2	64.9	39.1	6.9	0.5	5.1	33.6
INCOME PERCENTILE								
Less than 20	35.5	38.5	(a)	14.2	3.9	0.3	1.6	6.5
Between 20 and 40	33.8	35.7	47.5	25.5	4.0	0.6	3.8	18.7
Between 40 and 60	38.5	38.7	50.9	38.1	7.5	1.1	4.0	27.5
Between 60 and 80	44.7	46.4	58.1	61.3	7.2	0.3	7.3	43.6
Between 80 and 90	55.1	55.9	69.7	31.4	12.6	(a)	6.1	53.1
Between 90 and 100	63.6	64.5	88.2	36.4	12.3	1.2	18.2	64.4
AGE OF HOUSEHOLD HEAD								
Under 35	68.2	69.0	81.0	(a)	8.1	0.5	1.5	64.5
35-44	39.7	42.3	54.7	43.0	6.8	0.5	5.0	41.0
45-54	38.4	38.7	77.5	33.4	6.6	0.7	6.4	28.5
55-64	22.6	22.9	71.6	36.8	7.6	0.4	7.1	19.4
65-74	12.9	14.8	32.4	45.2	6.5	(a)	1.7	11.9
Over 74	19.4	25.2	73.0	(a)	4.2	(a)	(a)	6.5
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD								
Employee	45.2	45.5	58.1	39.1	6.5	0.5	3.9	38.7
Self-employed	51.6	51.6	94.6	41.9	13.1	0.5	13.7	55.6
Retired	19.3	20.2	41.9	37.6	7.6	(a)	5.9	13.2
Other inactive or unemployed	38.2	39.3	75.2	21.4	5.3	0.5	2.0	15.0
NUMBER OF HOUSEHOLD MEMBERS WORKING								
None	25.8	25.8	52.2	37.6	4.3	0.5	1.6	9.3
One	38.9	39.1	72.3	36.1	5.4	0.5	3.2	26.8
Two	51.7	53.9	58.1	38.7	10.3	0.5	10.7	45.5
Three or more	38.7	38.7	85.4	41.9	9.0	1.7	3.1	36.6
NET WEALTH PERCENTILE								
Less than 25	62.8	64.5	60.3	38.7	5.4	0.5	3.7	13.8
Between 25 and 50	45.8	46.6	39.5	41.0	6.5	0.6	5.3	41.3
Between 50 and 75	34.7	35.5	58.1	40.5	9.5	0.5	4.5	31.4
Between 75 and 90	38.7	38.7	56.3	43.2	11.9	(a)	7.0	34.9
Between 90 and 100	45.9	45.9	85.1	32.4	9.2	0.4	6.3	63.4

SOURCE: Banco de España.

a Fewer than eleven observations.

HOUSEHOLD DEBT (cont.)
By purpose, type of debt and household characteristics

TABLE 7 (cont.)

% and thousands of 2009 Q1 euro	EFF2008							
	Purchase of main residence		Purchases of other real estate properties	Other debt outstanding				Some type of debt
	Total	With mortgage guarantee		With collateral (incl. mortgages)	Personal loans	Credit card debt	Other debts	
	Percentage of households with debts outstanding							
ALL HOUSEHOLDS	26.3	25.9	7.9	3.1	23.1	7.3	2.6	50.1
INCOME PERCENTILE								
Less than 20	7.0	7.0	0.7	0.2	9.0	2.6	1.2	16.5
Between 20 and 40	20.6	20.1	3.4	1.9	21.9	4.3	2.1	42.3
Between 40 and 60	38.4	38.2	6.6	4.3	29.6	10.5	2.9	63.6
Between 60 and 80	33.5	33.2	9.2	4.1	29.3	11.3	3.6	61.2
Between 80 and 90	33.3	32.0	15.5	3.8	29.8	10.4	3.3	68.5
Between 90 and 100	30.1	29.3	23.3	5.7	21.6	5.4	3.5	64.7
AGE OF HOUSEHOLD HEAD								
Under 35	45.6	45.1	9.0	2.7	31.1	12.8	2.2	68.6
35-44	51.4	50.9	9.0	2.8	28.9	10.9	3.2	72.3
45-54	27.9	27.1	10.9	5.1	30.2	9.1	3.4	60.0
55-64	13.3	13.3	10.1	3.8	22.1	6.1	3.5	48.5
65-74	4.6	4.2	4.8	2.4	13.5	1.8	1.8	22.9
Over 74	1.9	1.8	0.8	0.4	5.9	0.8	0.7	9.9
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD								
Employee	41.8	41.3	9.9	3.1	30.0	12.7	3.0	68.4
Self-employed	31.3	30.9	17.9	6.2	25.2	4.7	6.4	64.0
Retired	5.1	4.8	4.0	2.6	12.2	1.9	1.0	22.2
Other inactive or unemployed	15.8	15.3	3.0	2.0	20.4	3.9	1.8	36.7
NUMBER OF HOUSEHOLD MEMBERS WORKING								
None	8.0	7.5	2.6	1.5	10.3	2.1	1.2	21.3
One	28.9	28.5	7.7	2.1	26.9	8.5	3.0	56.6
Two	44.5	44.2	11.7	4.4	30.2	11.4	3.3	69.9
Three or more	16.9	16.7	18.0	9.5	36.9	9.1	5.4	69.7
NET WEALTH PERCENTILE								
Less than 25	21.8	21.8	3.5	3.7	31.4	10.9	2.3	50.1
Between 25 and 50	36.4	36.0	4.8	2.9	24.9	7.8	2.9	53.5
Between 50 and 75	28.3	27.9	6.9	1.7	19.0	5.2	1.7	47.5
Between 75 and 90	18.3	17.1	13.6	3.7	20.3	6.8	4.3	51.3
Between 90 and 100	19.3	18.9	20.6	4.5	12.6	3.4	2.8	46.3
	Median of the debt value for households having such debt							
ALL HOUSEHOLDS	53.9	54.0	63.0	40.1	8.0	0.8	6.1	36.0
INCOME PERCENTILE								
Less than 20	40.8	42.0	(a)	(a)	6.0	0.6	1.0	10.3
Between 20 and 40	55.6	57.1	28.9	7.6	5.5	1.0	1.5	22.4
Between 40 and 60	50.3	50.1	70.0	36.1	7.3	0.8	3.3	37.2
Between 60 and 80	52.0	51.4	57.0	58.9	7.8	0.8	8.5	37.0
Between 80 and 90	60.6	64.7	103.7	60.0	9.5	0.5	12.7	44.7
Between 90 and 100	61.2	62.4	76.4	66.9	11.8	1.5	12.0	58.9
AGE OF HOUSEHOLD HEAD								
Under 35	79.4	80.3	70.0	(a)	8.0	1.0	(a)	61.8
35-44	49.0	49.4	68.0	23.0	5.5	0.7	8.0	47.1
45-54	45.0	46.9	60.2	67.1	9.1	0.8	3.7	30.1
55-64	36.1	36.1	46.0	40.0	8.1	0.7	11.8	18.9
65-74	30.1	38.0	86.9	44.4	6.0	0.8	1.5	14.0
Over 74	30.0	26.4	60.0	(a)	4.3	(a)	(a)	4.3
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD								
Employee	57.0	57.0	59.3	36.1	7.6	0.8	6.5	40.6
Self-employed	49.7	49.8	90.1	55.0	13.0	1.0	18.9	49.7
Retired	30.1	31.3	59.0	40.0	4.7	0.9	0.7	12.0
Other inactive or unemployed	57.3	58.3	60.3	22.4	6.7	0.8	1.5	20.0
NUMBER OF HOUSEHOLD MEMBERS WORKING								
None	46.2	56.5	54.1	22.4	6.0	0.6	1.5	14.6
One	48.9	49.2	44.4	46.2	5.9	1.0	3.4	28.1
Two	57.0	57.0	80.0	36.1	8.0	0.8	8.0	51.1
Three or more	42.1	52.0	65.0	67.1	11.9	0.3	(a)	25.0
NET WEALTH PERCENTILE								
Less than 25	89.0	88.8	105.7	62.9	6.9	0.9	3.1	25.8
Between 25 and 50	51.1	51.1	41.7	36.1	7.8	0.8	2.4	41.0
Between 50 and 75	42.1	41.6	49.6	46.1	6.4	0.5	2.5	31.3
Between 75 and 90	40.4	41.1	60.1	41.7	9.0	0.6	7.6	29.2
Between 90 and 100	47.0	48.2	90.0	83.2	12.0	2.0	21.0	61.8

SOURCE: Banco de España.

a Fewer than eleven observations.

have this type of debt are, by age group, those in the 35-44 age bracket (51.4%); by labour market status, dependent employees (41.8%); and, by number of members working, those with two such members (44.5%). The median amount of debt outstanding in relation to the purchase of the main residence is €53,900 for all households with this type of debt. The median volume of outstanding debt increases with income, decreases with wealth, and is greater for households whose head is under 35 and when two household members are working. Debt outstanding in connection with the purchase of the main residence is almost entirely mortgage debt.

With respect to 2005, the percentage of all households that have outstanding debt in connection with the purchase of their main residence remained practically unchanged. This proportion rises most in the central part of the income distribution and in households in the age 35-44 bracket. The median value of debt in connection with the purchase of the main residence rises by 20% for households as a whole. This debt increases in all groups of households except those belonging to the top decile of the income distribution and the self-employed.

DEBT RELATING TO THE PURCHASE OF REAL-ESTATE PROPERTIES

7.9% of households have debts outstanding in relation to the purchase of real-estate properties other than a main residence. This proportion rises with income and wealth and, by age, is lower for the under-45s and the over-64s. By labour market status, 17.9% of households whose head is self-employed have outstanding debt of this type. The median value of debt outstanding in relation to the purchase of real-estate properties other than the main residence is €63,000, without any clear pattern existing by age group, income or wealth.

Since 2005, the percentage of households with debts in relation to the purchase of real-estate properties other than the main residence remained basically unchanged for total households. However, this proportion rises for households in the top quintile of the income distribution and, by age, for households whose head is in the 65-74 age bracket. The median outstanding value of this type of debt decreased slightly (-3%) as regards the total for households with this type of debt. However, the median amount of this type of debt increased significantly for some groups, particularly households whose head is in the 65-74 age bracket.

OTHER DEBTS

The EFF also collects information on other debts, in addition to those for the purchase of a main residence or other real-estate properties. The main reasons for incurring other debts are to carry out home improvements, to invest in non-real-estate assets, to finance business activity and to purchase vehicles and other durable goods. The main types of debt incurred for these purposes are secured loans (including mortgage loans other than those for the purchase of the main residence or other real-estate properties), personal loans, credit card debt and other types.[23]

Of these debts, the type most prevalent among households is the personal loan, incurred by 23.1% of households. The groups of households that least use this type of loan are those with lower income, the over-64s and the retired or inactive. The median outstanding amount of these personal loans is €8,000. Less frequent are outstanding secured loans for purposes other than for the purchase of real estate (3.1% of households), but the median outstanding amount of this type of debt is €40,100. 7.3% of households use credit cards

23 Specifically, credit lines, deferred payment, advances, loans from relatives or friends, debit balances in current accounts, leasing or renting and other unspecified items.

to obtain credit. This type of credit is most common amongst households below age 35, employees and those lying in the bottom quartile of the wealth distribution. The median balance of this type of debt is low, being €800 for those households that use credit cards to obtain credit.

Since 2005, the percentage of households with personal loans decreased slightly for total households, but increased for those above age 64, the retired and other inactive or unemployed households. The median amount obtained through personal loans increased by 15.2%. The median amount of credit card debt increased significantly (49%) and the fraction of households with this type of debt increased. The incurrence of secured debt for purposes other than the purchase of real-estate properties remained at levels similar to those of 2005 for total households, both in terms of the percentage of households having this type of debt and as the median balance of this debt.

DEBT BURDEN

The EFF enables measures of the financial burden to be constructed for different types of household with debts outstanding. Table 8 shows three measures. The first is the ratio of debt payments (including repayment of principal and interest) to gross household income. One limitation of this measure is that it only reflects the significance of financial commitments in the short term. For this reason, figures for the ratio of total debt to gross household income and to total assets are also given. In all cases the median of these individual ratios is provided for each group of households, as is the percentage of households for which these financial burden measures exceed a certain threshold.

The median indebted household assigns 19% of its gross income to the payment of its debts (see the first column of Table 8). This figure is greater for the lower income levels (39.2%) and diminishes as income rises. By age group, the youngest households assign a higher percentage of their income to debt payment (25.6%) than those of intermediate age; by labour market status, the financial burden is higher among the unemployed and other inactive households excluding the retired (23.5%). Meanwhile, the median stock of outstanding debts accounts for 104.7% of annual household income (see the third column of the same table). This proportion is greater in the central part of the income distribution (148%), for the youngest (217.4%) and for the self-employed (122.9%).

The proportion of households setting aside more than 40% of their gross income to debt payment is 16.6% of indebted households (see the second column of Table 8) or 8.3% of all households. In the bottom two deciles of the income distribution, this threshold is exceeded by 46.7% of indebted households, which make up 7.7% of all households in these income brackets. By age, these percentages are higher for the youngest group (24.4%). The debt of 23.1% of indebted households is more than three times their annual gross income (see the fourth column of the same table). This figure is once again higher for lower-income households (34.1%) and in this case the same age-based differences are also observed. Specifically, for 38.1% of households whose head is under the age of 35 that have debts (or for 26.2% of all households whose head is under the age of 35), the total amount of such debts is more than three times their annual gross income.

The last two columns of the table give the data on debt in relation to gross wealth. For the median indebted household, debt accounts for 19.4% of the total value of its assets (real assets plus financial assets). Further, 14.8% of indebted households have debts which exceed 75% of their assets. In this case also, the proportion of households exceeding this threshold is higher for certain household groups. In particular, 31.8% of indebted households below age 35 (21.8% of total households below age 35) have debts which exceed 75% of their assets.

MEASURES OF DEBT BURDEN OF HOUSEHOLDS WITH DEBT OUTSTANDING
By household characteristics

TABLE 8

% (calculated on the basis of 2009 Q1 euro)

	EFF2005					
	Ratio of debt payments to household income		Ratio of debt to household income		Ratio of debt to gross household wealth	
Household characteristics	Median (%)	Percentage of households where ratio exceeds 40%	Median (%)	Percentage of households where ratio exceeds 3	Median (%)	Percentage of households where ratio exceeds 75%
ALL HOUSEHOLDS WITH DEBT	17.2	11.8	100.0	19.4	17.2	11.1
INCOME PERCENTILE						
Less than 20	37.7	48.5	137.0	42.5	21.0	26.4
Between 20 and 40	24.6	22.0	109.4	28.3	20.9	14.8
Between 40 and 60	20.6	9.7	113.4	23.4	19.1	12.4
Between 60 and 80	15.6	5.7	114.3	15.0	18.0	9.5
Between 80 and 90	11.8	3.7	93.1	11.3	15.3	8.6
Between 90 and 100	8.1	1.6	59.9	4.6	11.1	1.2
AGE OF HOUSEHOLD HEAD						
Under 35	21.7	15.2	192.6	36.5	40.3	21.4
35-44	18.5	11.0	114.4	18.5	19.5	10.3
45-54	15.3	11.5	81.2	14.4	13.1	8.9
55-64	13.6	9.7	53.2	12.0	7.2	4.9
65-74	12.5	12.2	46.0	12.0	7.4	8.5
Over 74	11.6	5.0	32.8	1.6	4.2	2.1
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	17.0	8.9	104.4	18.9	20.4	12.0
Self-employed	20.6	20.1	123.9	23.1	11.5	4.4
Retired	13.2	11.0	51.9	12.5	7.6	8.0
Other inactive or unemployed	18.2	18.7	81.9	24.2	15.6	17.6
STATUS OF MAIN RESIDENCE						
Ownership	18.0	11.9	113.8	21.5	14.5	4.2
Other	14.0	10.8	31.6	7.6	78.5	50.8
NUMBER OF HOUSEHOLD MEMBERS WORKING						
None	17.6	21.3	57.1	21.2	8.2	15.0
One	19.6	14.6	104.3	25.5	18.4	13.0
Two	16.3	8.1	113.4	15.7	18.6	9.9
Three or more	12.1	9.0	54.9	12.1	12.3	6.4
NET WEALTH PERCENTILE						
Less than 25	17.7	16.0	65.5	24.7	75.2	50.2
Between 25 and 50	20.5	12.9	144.1	24.5	24.3	0.0
Between 50 and 75	16.3	8.4	93.8	13.1	10.9	0.0
Between 75 and 90	14.4	8.1	82.5	14.2	7.6	0.0
Between 90 and 100	14.0	13.1	91.0	16.2	6.1	0.0

SOURCE: Banco de España.

MEASURES OF DEBT BURDEN OF HOUSEHOLDS WITH DEBT OUTSTANDING (cont.) **TABLE 8** (cont.)
By household characteristics

% (calculated on the basis of 2009 Q1 euro)

	EFF2008					
	Ratio of debt payments to household income		Ratio of debt to household income		Ratio of debt to gross household wealth	
Household characteristics	Median (%)	Percentage of households where ratio exceeds 40%	Median (%)	Percentage of households where ratio exceeds 3	Median (%)	Percentage of households where ratio exceeds 75%
ALL HOUSEHOLDS WITH DEBT	19.0	16.6	104.7	23.1	19.4	14.8
INCOME PERCENTILE						
Less than 20	39.2	46.7	147.7	34.1	25.5	25.2
Between 20 and 40	26.4	27.5	137.0	29.7	24.8	21.8
Between 40 and 60	24.0	16.4	148.0	28.1	24.6	14.5
Between 60 and 80	17.0	11.9	95.8	21.9	19.4	17.0
Between 80 and 90	14.4	9.8	84.6	16.3	15.9	6.1
Between 90 and 100	10.0	3.3	62.0	8.3	12.5	6.2
AGE OF HOUSEHOLD HEAD						
Under 35	25.6	24.4	217.4	38.1	52.0	31.8
35-44	21.5	17.1	142.7	26.8	24.6	15.6
45-54	17.9	16.0	89.9	20.0	13.8	8.3
55-64	12.1	9.5	41.0	9.0	6.8	5.3
65-74	15.9	14.2	55.3	14.9	8.1	13.6
Over 74	12.5	8.5	18.5	7.7	6.2	7.4
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	18.9	14.6	121.3	23.3	23.4	15.1
Self-employed	22.4	22.7	122.9	26.3	13.4	4.1
Retired	13.6	10.8	41.2	11.9	6.3	7.7
Other inactive or unemployed	23.5	22.8	100.9	27.1	27.7	28.3
STATUS OF MAIN RESIDENCE						
Ownership	20.3	17.5	129.1	25.6	15.4	7.4
Other	13.8	11.1	31.2	7.7	171.3	59.9
NUMBER OF HOUSEHOLD MEMBERS WORKING						
None	21.4	22.5	81.2	25.8	14.2	20.4
One	20.4	15.5	100.5	21.6	20.5	16.3
Two	19.0	16.5	137.4	24.9	21.7	11.7
Three or more	11.0	11.4	48.1	15.0	12.1	15.6
NET WEALTH PERCENTILE						
Less than 25	23.8	25.0	139.4	31.8	87.5	58.8
Between 25 and 50	22.5	15.6	151.7	26.7	25.4	0.6
Between 50 and 75	16.8	11.1	87.0	15.3	11.4	0.0
Between 75 and 90	13.6	9.5	61.8	12.3	6.2	0.0
Between 90 and 100	17.7	22.3	98.6	26.4	5.4	0.0

SOURCE: Banco de España.

HOLDINGS OF DURABLE GOODS AND SPENDING ON NON-DURABLE AND DURABLE GOODS
By type of good and household characteristics

% and thousands of 2009 Q1 euro	EFF2005				
	Valuation of stock			Expenditure	
Household characteristics	Cars and other vehicles		Other durable goods	Food	Other non-durable goods
	% with good	Median	Median	Median	Median
ALL HOUSEHOLDS	74.8	6.5	12.9	5.2	3.9
INCOME PERCENTILE					
Less than 20	41.7	2.1	6.5	3.3	2.5
Between 20 and 40	64.9	3.7	11.9	5.2	3.4
Between 40 and 60	83.0	6.5	12.9	5.3	3.9
Between 60 and 80	89.9	7.9	19.3	6.4	5.4
Between 80 and 90	93.5	10.6	19.8	7.7	6.4
Between 90 and 100	94.9	13.2	25.8	8.2	8.8
AGE OF HOUSEHOLD HEAD					
Under 35	82.5	7.5	11.2	4.5	4.5
35-44	88.3	7.7	16.1	5.8	5.2
45-54	88.1	9.0	19.3	6.4	5.4
55-64	81.6	7.4	16.1	6.4	4.4
65-74	58.2	3.2	12.8	4.5	3.1
Over 74	25.4	2.9	8.0	3.8	2.3
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	88.3	7.5	16.1	6.1	5.2
Self-employed	95.9	10.9	19.4	6.4	5.2
Retired	57.7	4.0	12.9	5.2	3.2
Other inactive or unemployed	49.3	5.5	9.7	3.9	2.6
LEVEL OF EDUCATION OF HOUSEHOLD HEAD					
Below secondary education	66.8	6.4	12.9	5.2	3.3
Secondary education	84.8	8.7	16.1	5.4	4.9
University education	87.3	9.7	19.4	6.4	6.4
STATUS OF MAIN RESIDENCE					
Ownership	77.7	7.4	16.1	5.5	3.9
Other	62.1	4.8	6.9	4.5	3.9
NUMBER OF HOUSEHOLD MEMBERS WORKING					
None	41.8	2.6	9.7	3.9	2.6
One	83.9	6.4	12.9	5.2	3.9
Two	92.4	9.7	19.3	6.4	5.4
Three or more	91.5	12.2	19.3	7.7	6.4
NUMBER OF HOUSEHOLD MEMBERS					
One	35.3	3.7	7.2	3.1	2.6
Two	67.4	5.5	12.9	5.2	3.9
Three	89.1	7.7	16.1	5.8	5.2
Four	92.2	9.7	19.4	6.9	5.4
Five or more	87.6	8.3	13.1	7.7	5.6
NET WEALTH PERCENTILE					
Less than 25	61.0	4.5	6.5	4.0	3.2
Between 25 and 50	73.9	6.4	12.9	5.2	3.9
Between 50 and 75	75.9	7.1	16.3	5.8	4.5
Between 75 and 90	86.1	9.5	19.4	6.4	5.2
Between 90 and 100	92.0	12.9	31.6	7.7	6.4

SOURCE: Banco de España.

EFF2005				
Expenditure				
Cars and other vehicles		Other durable goods		Household characteristics
% incurring expense	Median	% incurring expense	Median	
15.6	14.0	49.3	1.1	ALL HOUSEHOLDS
				INCOME PERCENTILE
4.8	6.9	33.5	0.5	Less than 20
12.0	11.6	43.9	0.7	Between 20 and 40
17.9	13.6	51.7	1.0	Between 40 and 60
19.3	15.9	55.7	1.3	Between 60 and 80
22.9	16.2	58.7	1.8	Between 80 and 90
24.5	18.9	64.2	1.5	Between 90 and 100
				AGE OF HOUSEHOLD HEAD
20.1	15.0	55.9	1.2	Under 35
18.6	12.9	63.0	1.1	35-44
19.6	14.0	57.4	1.3	45-54
19.4	16.1	45.2	1.3	55-64
7.4	16.1	37.2	0.6	65-74
1.8	12.9	20.9	0.5	Over 74
				LABOUR MARKET SITUATION OF HOUSEHOLD HEAD
20.2	14.0	59.1	1.3	Employee
25.1	14.0	60.1	1.4	Self-employed
7.6	12.9	34.4	0.6	Retired
8.7	15.0	37.3	0.7	Other inactive or unemployed
				LEVEL OF EDUCATION OF HOUSEHOLD HEAD
14.0	12.9	42.4	1.0	Below secondary education
16.8	16.4	56.9	1.2	Secondary education
19.3	15.0	61.5	1.1	University education
				STATUS OF MAIN RESIDENCE
16.3	15.0	49.7	1.1	Ownership
12.4	9.7	47.5	0.6	Other
				NUMBER OF HOUSEHOLD MEMBERS WORKING
3.3	11.6	32.0	0.5	None
16.1	14.0	52.9	1.1	One
22.7	16.1	60.1	1.3	Two
31.5	15.0	56.5	1.1	Three or more
				NUMBER OF HOUSEHOLD MEMBERS
3.7	12.9	35.5	0.5	One
10.1	14.5	41.4	1.0	Two
19.7	16.1	52.6	1.3	Three
23.4	13.4	61.5	1.3	Four
23.7	9.7	58.9	1.1	Five or more
				NET WEALTH PERCENTILE
13.0	11.0	45.9	0.7	Less than 25
16.3	15.9	46.4	1.1	Between 25 and 50
14.9	14.1	48.6	1.0	Between 50 and 75
17.3	12.9	57.2	1.1	Between 75 and 90
19.2	19.3	55.0	2.0	Between 90 and 100

HOLDINGS OF DURABLE GOODS AND SPENDING ON NON-DURABLE AND DURABLE GOODS (cont.)
By type of good and household characteristics

% and thousands of 2099 Q1 euro

Household characteristics	EFF2008				
	Valuation of stock			Expenditure	
	Cars and other vehicles		Other durable goods	Food	Other non-durable goods
	% with good	Median	Median	Median	Median
ALL HOUSEHOLDS	77.3	6.5	13.6	6.0	4.2
INCOME PERCENTILE					
Less than 20	38.3	2.5	7.0	3.6	2.4
Between 20 and 40	72.4	5.1	12.0	5.1	3.6
Between 40 and 60	88.0	6.0	14.6	6.0	4.7
Between 60 and 80	92.7	8.1	17.4	6.2	5.3
Between 80 and 90	94.7	11.3	19.0	7.2	7.2
Between 90 and 100	95.4	15.0	24.0	8.6	9.7
AGE OF HOUSEHOLD HEAD					
Under 35	90.0	7.4	12.0	4.8	4.4
35-44	87.6	8.0	15.0	6.0	4.8
45-54	90.3	9.0	18.0	7.2	5.7
55-64	84.1	6.9	18.0	6.2	4.8
65-74	64.8	3.0	12.0	5.2	3.6
Over 74	31.1	3.2	8.0	3.9	2.4
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	90.9	8.0	18.0	6.0	5.1
Self-employed	94.8	10.0	18.0	7.2	6.0
Retired	63.7	4.0	12.0	5.2	3.6
Other inactive or unemployed	55.7	6.0	9.9	4.2	2.4
LEVEL OF EDUCATION OF HOUSEHOLD HEAD					
Below secondary education	69.2	6.0	12.0	5.2	3.6
Secondary education	88.1	8.0	18.0	6.0	4.8
University education	89.3	9.0	18.3	7.2	7.3
STATUS OF MAIN RESIDENCE					
Ownership	79.5	7.4	15.0	6.0	4.8
Other	66.8	5.0	7.1	4.8	3.6
NUMBER OF HOUSEHOLD MEMBERS WORKING					
None	49.6	3.6	10.0	4.4	2.4
One	85.5	6.0	14.4	6.0	4.6
Two	95.5	9.0	18.0	7.2	6.0
Three or more	91.4	18.0	18.0	8.1	6.5
NUMBER OF HOUSEHOLD MEMBERS					
One	36.2	4.0	8.4	3.0	2.4
Two	76.7	5.0	12.0	5.2	3.6
Three	91.1	7.0	18.0	6.0	4.8
Four	94.1	12.0	18.0	7.2	6.0
Five or more	89.8	12.0	12.0	8.4	4.8
NET WEALTH PERCENTILE					
Less than 25	65.3	5.0	7.2	4.8	3.2
Between 25 and 50	74.6	6.0	12.0	4.8	3.6
Between 50 and 75	79.2	6.1	17.6	6.0	4.7
Between 75 and 90	88.5	9.7	18.0	7.2	6.1
Between 90 and 100	92.7	12.6	30.0	8.4	8.4

SOURCE: Banco de España.

EFF2008				
Expenditure				
Cars and other vehicles		Other durable goods		Household characteristics
% incurring expense	Median	% incurring expense	Median	
11.5	13.0	40.9	1.0	ALL HOUSEHOLDS
				INCOME PERCENTILE
2.9	6.0	24.3	0.6	Less than 20
9.4	10.6	35.3	0.8	Between 20 and 40
13.5	13.8	42.3	1.0	Between 40 and 60
12.5	9.9	50.3	1.0	Between 60 and 80
16.3	16.9	53.3	1.5	Between 80 and 90
21.5	17.3	51.4	2.0	Between 90 and 100
				AGE OF HOUSEHOLD HEAD
17.3	10.5	45.9	1.5	Under 35
12.9	10.6	49.9	1.0	35-44
16.6	14.0	47.0	1.2	45-54
12.7	15.0	38.0	1.0	55-64
3.8	16.0	30.3	0.8	65-74
1.8	7.2	26.7	0.5	Over 74
				LABOUR MARKET SITUATION OF HOUSEHOLD HEAD
15.5	14.0	49.8	1.0	Employee
16.2	13.0	42.2	1.5	Self-employed
4.9	16.6	33.0	0.7	Retired
8.1	7.1	30.9	1.0	Other inactive or unemployed
				LEVEL OF EDUCATION OF HOUSEHOLD HEAD
9.7	10.9	33.7	0.8	Below secondary education
13.6	10.5	51.8	1.0	Secondary education
14.5	16.0	50.1	1.5	University education
				STATUS OF MAIN RESIDENCE
11.8	14.0	41.5	1.0	Ownership
9.9	6.0	38.1	0.8	Other
				NUMBER OF HOUSEHOLD MEMBERS WORKING
4.6	12.0	29.2	0.7	None
8.9	11.5	45.6	1.0	One
18.4	14.0	48.1	1.2	Two
25.7	13.0	43.0	1.0	Three or more
				NUMBER OF HOUSEHOLD MEMBERS
2.8	10.0	30.2	0.6	One
7.4	11.6	39.3	1.0	Two
14.1	13.0	46.3	1.0	Three
17.7	11.5	45.1	1.3	Four
26.0	15.0	44.8	1.0	Five or more
				NET WEALTH PERCENTILE
11.0	9.1	38.9	0.8	Less than 25
10.7	14.0	37.6	1.0	Between 25 and 50
11.6	11.4	39.7	1.0	Between 50 and 75
10.7	14.8	47.2	1.1	Between 75 and 90
15.2	18.7	48.1	2.0	Between 90 and 100

With respect to 2005, the median indebted household assigns 1.8% more of its gross income to debt payments. The increase is greatest for households below age 35 (3.9%). As for the stock of debt, it now represents an extra 4.7% of annual income for the median indebted household. By labour market status, the largest increase in both these ratios is in households whose head is unemployed or inactive (excluding the retired).

In comparison with 2005, an additional 4.8% of indebted households assign more than 40% of their income to debt payments. The increase is greatest for the younger indebted households (9.2%). Also, the percentage of indebted households whose debt is more than three times their gross annual income has risen (3.6% extra). However, there is a decrease in the percentage of households that exceed both thresholds among the households lying in the bottom quintile of the income distribution.

Finally, since 2005 the median household has seen the ratio of its debt to assets increase slightly. This increase is largest among the youngest households (11.7%) and among the unemployed and other inactive households (excluding the retired) (12.2%). Also, the percentage of indebted households whose debt is more than 75% of their assets has increased, especially among households belonging to these two groups. However, also in this case the percentage of households exceeding this threshold decreases among the households in the bottom quintile of the income distribution.

Other information

The definition of household wealth does not include the value of vehicles and other durable goods. Table 9 provides information, by household characteristics, on the percentage of households that have cars or other vehicles and on the median value of these and of other durable goods.[24] The variations across the different types of household are as expected. In particular, the percentage of households with a vehicle, the median value thereof and the median value of other durable goods increase with income and net wealth.

The EFF also includes information on expenditure, given the importance of its relationship to the distribution of household income, wealth and debt. Table 9 offers information on the distribution of different expenditure items according to household characteristics. Spending on food and other non-durable goods varies considerably with income and net wealth. Also spending on vehicles and other durables for households that purchase these goods during the year varies to some extent with income and wealth. In turn, the percentage of households that incur such expenditure varies to a greater extent with income than with wealth.

With respect to 2005 there has been a increase in the median expenditure by households on food and other non-durable goods. By type of household, median spending on non-durable goods other than food decreased significantly for households in the bottom part of the income distribution, those below age 45 and the unemployed and other inactive households (excluding the retired). Further, spending on cars (and other vehicles), and on other durable goods, decreased, owing to falls both in the percentage of households that incur this type of expenditure and in the median expenditure by households that incur this type of expenditure. The falls in the percentage of households acquiring a vehicle and in the percentage of households acquiring other durables are apparent at all levels of income and wealth.

Conclusion

The third wave of the EFF allows comparison of the financial position of households over what is now a fairly lengthy period. This report limits itself to describing the situation reflected in the EFF2008 and the changes since the previous wave. However, the possibili-

---

24 Specifically, household furnishings, fittings and appliances are included in this category in the EFF.

ties of comparative analysis over time are wider. Moreover, the fact that the results of this third edition can be compared with the information collected in other similar surveys which all the euro area countries have begun to conduct will broaden the possibilities for analysis of the financial position of households.

20.12.2010.

REFERENCES

BOVER, O. (2011). *The Spanish survey of household finances (EFF): description and methods of the 2008 wave*, Documentos Ocasionales No. 1103, Banco de España.

THE EFFECT ON PURCHASE DECISIONS OF RETURNS ON HOUSING AS AN INVESTMENT: EMPIRICAL EVIDENCE BASED ON THE SPANISH SURVEY OF HOUSEHOLD FINANCES

THE EFFECT ON PURCHASE DECISIONS OF RETURNS ON HOUSING AS AN INVESTMENT: EMPIRICAL EVIDENCE BASED ON THE SPANISH SURVEY OF HOUSEHOLD FINANCES

The author of this article is Olympia Bover of the Directorate General Economics, Statistics and Research.[1]

Introduction

Spanish household wealth essentially comprises real estate assets. According to the Spanish Survey of Household Finances (EFF), 83% of Spanish households own their main residence and slightly more than 23% own at least one dwelling which is not their main residence. As a result, at the end of the first quarter of 2009 real estate assets represented more than 80% of total Spanish household wealth (main residences accounted for 55% and other real estate assets for 25%). Both the owner-occupation rate and its relative weight in housing wealth are significantly higher in Spain than in other developed countries [see Bover, Martínez-Carrascal and Velilla (2005)].

This article summarises the main findings of a recent paper [see Bover (2010)] which uses the EFF data to study Spanish households' decision to buy a dwelling. More specifically, firstly those factors which explain why Spanish households accumulate such a large share of their wealth in the form of housing other than their main residence are identified. Also, the determinants of households' desired share of housing as a proportion of their total wealth are studied as well as the time it takes them to achieve this level, with particular focus on the role of expectations about house prices. Accordingly, this article goes beyond the scope of other studies on housing demand which analyse the determinants of the probability of owning one or several dwellings but without investigating the acquisition of second homes or the dynamic aspects of the accumulation of housing wealth.

Data

The EFF contains detailed information on households' assets, debts, income and consumption. It is especially designed to study household wealth since it includes oversampling of the wealthiest households in order to ensure that the data compiled cover a sufficiently broad set of this type of households. To date, there have been three waves of the EFF: end of 2002 - beginning of 2003, end of 2005 - beginning of 2006 and end of 2008 - beginning of 2009. However, all of the data from the third wave are not available and, consequently, this article only uses the information relating to households which participated in the EFF2002-2003 and in EFF2005-2006 (EFF panel sample) and which owned their main residence in 2002.

The EFF questionnaire asks households about the characteristics of their main residence and of other dwellings they own. Specifically, among other things, and of relevance for this analysis, they are asked about the year of purchase, purchase price, current value, use (for holidays, own business, rental, etc.) of each dwelling, and any outstanding debt for financing its purchase. Consequently, the data of the EFF panel contain information about household purchases during the five-year period from 2002 to 2006, which is covered by the first two waves of the EFF. The proportion of households which purchased a dwelling during this period is 2.3%, 0.6% as a result of change of main residence (annual average) and 1.7% due to the purchase of a second home

1 This article summarises BOVER, O. *Housing Purchases and the Dynamics of Housing Wealth*, Documentos de Trabajo no. 1036, Banco de España.

2 The EFF also contains retrospective information for these households about the actual purchases of dwellings provided that these dwellings were still owned by the household in 2002.

PURCHASE AND SALE OF HOUSING BY HOUSEHOLDS TABLE 1

ANNUAL AVERAGE PERIOD 2002-2006 (%)	
Owner-occupiers changing main residence	0.6
Households which buy a second home	1.7
For investment	0.9
For consumption	0.8
Households which buy a second home, by age:	
< 35 years old	2.5
35-44 years old	2.4
45-54 years old	2.1
55-64 years old	2.0
65-74 years old	0.4
>74 years old	0.1
Households which buy a second home:	
Those already owning a second home	2.0
Those without a second home	1.6
Households which sold their main residence	0.5
Households which sold their second home	2.9

SOURCE: EFF2002 and EFF2005 panel.

(see Table 1). As might be expected, purchases are less frequent as the age of the household reference person increases. Finally, the proportion of households which used these dwellings as a holiday home or for work-related purposes is slightly lower than the proportion of households which let them out or left them vacant.[2] In this article the first type of use is labelled "for consumption" and the second type is described as dwellings acquired "for investment".

Information can also be obtained from the EFF about sales of dwellings, although this information is less detailed than in the case of purchases. The percentage of households that sold dwellings (3.4% in annual average terms) is higher than the percentage that bought them (2.3% in annual average terms). This is because the EFF panel sample does not include the new households formed during this period, a portion of which bought used dwellings from existing households. It should be pointed out that the available aggregate information on transactions from other statistical sources and the information from the EFF in this respect are consistent and according to the EFF slightly more than 40% of the purchases during this period were of second homes.

As for price expectations, which cannot be observed in the EFF, in this research an approximation is used which is based on a forecast of changes in house prices over the next five years. The approximation is obtained from an empirical model explaining the changes in house prices based on past prices.[3] On the basis of this recursive forecast of the future value of housing and of interest rate fluctuations,[4] it is possible to calculate the expected rate of return on housing which is used to study purchase decisions.[5]

3 Specifically, an AR(2)ARCH(1) model is estimated for house prices.

4 In the estimates for the EFF observation period (2002-2006) the information provided by the EFF on the rates paid by each household is used to calculate a specific rate per income group. For the retrospective period 1980-2001, the aggregate interest rate for new mortgages is used. For more details, see the working paper summarised here.

5 This variable is calculated as the difference between the expected value of house prices and the interest rate ($E_t(\Delta \ln HP_{t,t+5}) - i_t$). See the working paper summarised in this article.

PURCHASE RATES OF SECOND HOMES (1980-2001) (a)

TABLE 2

Explanatory variables	Total	By use: Consumption	By use: Investment
Secondary education	0.204	0.376	-0.054
	(1.02)	(1.55)	(0.15)
University education	0.913	1.215	0.379
	(5.03)	(5.29)	(1.34)
Age	0.266	0.352	0.145
	(5.17)	(5.27)	(1.88)
Age squared	-0.003	-0.004	-0.002
	(5.23)	(5.05)	(2.12)
Rate of expected return on housing (b)	5.345	6.969	3.396
	(4.24)	(3.60)	(1.52)
Estimated volatility (c)	—	0.407	-0.480
		(1.24)	(1.29)
Previous ownership of second home	-0.250	-0.584	0.250
	(1.31)	(1.95)	(1.00)
Unemployment rate	-0.056	-0.100	0.024
	(1.81)	(2.72)	(0.43)
Percentage change in real income	8.624	7.524	13.067
	(2.07)	(1.26)	(1.90)
Constant	-10.415	-12.707	-9.026
	(8.43)	(7.33)	(4.92)

SOURCE: Banco de España.

a t-ratios in parentheses.
b Rate of expected return on housing is defined as $\Delta\, ln\, \widehat{HP}_{t+5,t} - i_t$.
c The estimated volatility is the expected volatility in the rates of change in house prices.

The determinants of purchasing a dwelling

THE PURCHASE DECISION

The information on housing transactions is constructed on the basis of purchases and sales recorded by the EFF for the period 2002-2006 and of the historical sequence of purchases during the period 1980-2001 which can be reconstructed using the retrospective information of the EFF 2002-2003. One advantage of these retrospective data is that the considerable variation over time in house prices and interest rates during this longer period can be exploited. However, no information is available on dwellings bought and subsequently sold prior to 2002, when the observation period of the EFF begins. Furthermore, for purchases referring to the previous period, there is less information on the demographic variables of households, since only the age and educational attainment level of the household reference person are available. Nevertheless, the results obtained from the analysis of the two periods (2002-2006 and 1980-2001) point to similar conclusions and, consequently, in this summary only the estimates with the retrospective data will be presented in detail and, where relevant, the results obtained from the period 2002-2006 will be discussed.

Table 2 shows the results obtained with respect to second homes.[6] As can be seen, both the age and educational attainment level of the household reference person have significant effects on the probability of purchasing a second home, this increases up to age 45 and is higher for individuals with a university education. Part of the effect detected by the "age" variable no doubt reflects the effect owing to marital status since in the estimates for

6 These results are obtained from logistic hazard models.

the period 2002-2006 (for which information on marital status is available) being married has a strong positive effect. The expected rate of return on housing in future years also has a significant positive impact on the likelihood of buying a second home. For example, for the period 1980-2001, if a standard household is considered in which the reference person is 40 years old, has completed secondary education and has no second home, with a median rate of return (4%), ten of 1,000 households with these characteristics would buy a second home within a year, but the figure increases to 17 with higher rates of return (15%) and falls to 4 with low returns (-15%). By way of comparison, if a reference person is a university graduate, these forecasted probabilities would be 25‰, 42‰ and 10‰ respectively.[7] When similar estimates are made for the period 2002-2006 [see Bover (2010)], the expected rate of return effect is even higher than that estimated for the previous period.[8]

These differences in the individual probabilities of households translate into substantial differences in the aggregate number of housing transactions expected in various scenarios. In fact, if the likelihood of each household in the sample buying a dwelling in 2005 is calculated using the model's estimates and then the expected rate of return for that year (0.088 on average) is replaced by that for 2009 (0.015 on average), and the number of households in the total population represented by each household surveyed in the EFF is considered, the purchases of dwellings would decrease by 61%.[9] It is interesting to ascertain that according to the National Statistics Institute (INE), the total number of housing transactions fell by 58% during this period. Therefore, changes in the expected rates of return predict quite accurately the aggregate decline in purchases observed between 2005 and 2009.

CONSUMPTION VERSUS INVESTMENT MOVTIVATED PURCHASES

In principle, the effects of price volatility on the decision to purchase a dwelling are not clearly determined. On one hand, greater uncertainty about house prices increases the financial risk of maintaining part of household wealth in the form of housing but, on the other, it raises the incentives to insure against the risk of higher future housing costs for households planning to purchase a dwelling in the future. In order to assess which of these two factors has a higher weight in the purchase decision, the information provided by the EFF on the main use assigned to second homes can be used. True, this information does not provide a fully accurate breakdown of which dwellings were purchased "for investment" as opposed to "for consumption" purposes. But it is illustrative in ascertaining whether differences do exist in the estimated effects of the determinants on the likelihood of purchase depending on the dwelling's potential use: for holidays, business activities, etc. (classified here under the "consumption" category), or to let, be left vacant, etc. ("investment").

Column two and column three of Table 2 show the results of second homes purchased for consumption rather than investment purposes.[10] It can be seen that the effects of education and age are stronger on demand for second homes for "consumption" purposes than demand for "investment" purposes, while the effect of the expected return is positive in

7 Since this estimated probability model is non-linear, in order to value the size of this effect it is necessary to calculate the probability of buying a second home for various rates of return.

8 For the period 2002-2006 the effects of the various variables on the probability of purchasing another main residence are also estimated. In this case, due to the low number of observations, the estimates are generally imprecise but the estimated effect of the expected return is very similar in size to that for second homes.

9 This figure relates to a fall in purchases of second homes. When the exercise is repeated for purchases due to a change of main residence among households which own their main residence, a fall of 63.4% in purchases is forecast.

10 The estimates are obtained using a multinomial hazard model [see Bover (2010)].

both cases, but higher and of greater statistical significance in the case of demand for consumption.[11] Neither the positive or negative estimated volatility effects are very precise: the positive effect on demand for consumption purposes would indicate an "insurance" effect whereas the negative effect on demand for investment purposes would correspond with the effect of an increase in financial risk. The size of these effects, which is of a similar scale but of opposite sign, explains the absence of the volatility effect in the probability of purchase when no distinction is made between purchases for investment or consumption purposes.

The effects of aggregate macroeconomic variables on housing demand for consumption versus investment purposes also differ. The unemployment rate has a significantly negative effect on demand for consumption purposes but has no effect on demand for investment purposes, while the variation in income has a positive effect on demand for investment purposes but no significant effect on demand for consumption purposes.

HETEROGENEOUS RESPONSES TO EXPECTED RETURNS

The evidence presented emphasises the important effect of expectations formed solely on the basis of past and present rates of return without considering possible future events. An important issue is whether this behaviour varies according to wealth or another measure of the financial sophistication of households. In order to test this hypothesis, the measure of expected returns is interacted with the variables of education (period 1980-2001) and of household income (period 2002-2006). Evidence is found of a significant positive effect of university education and income. Although these findings should be interpreted with caution, because they may be detecting an income effect, they would seemingly indicate, in accordance with the argument presented in De Long *et al* (1990), that more rational households could buy in anticipation of the potential effect on prices of purchases by households whose decisions are based on past prices.

Desired household wealth and adjustment period

Buying or selling a dwelling is the means whereby households attain their desired level of housing wealth. Given the high adjustment costs entailed and the large amounts inevitably involved, dwellings are bought and sold infrequently. Therefore, a suitable way to model the dynamic process of the accumulation of housing wealth consists of assuming an optimal level for households' desired proportion of housing wealth. Deviation by households from this proportion is precisely because of the adjustment costs and the indivisible nature of buying or selling a dwelling. When this deviation exceeds a certain threshold, households either sell (if the real estate owned exceeds the desired level), or purchase a dwelling (in the opposite situation).[12] In this context, the determinants of the desired proportion of housing wealth and those of the band of inaction can be studied separately. In this case, no distinction is made between main residence and second home but total household housing wealth is considered.

Table 3 presents the estimates obtained using this approach. In the first part of the table the estimates of the optimal proportion desired show that the expected return has a positive and precise effect on households' desired proportion of housing wealth.[13] The size of this effect implies that the increase in the rate of return which occurred, for example, between

11 It should be underlined that if an alternative measure of the rate of return based on the Madrid stock exchange index is used, instead of the mortgage interest rate, the estimated effect of the return on housing is more precise in the case of demand for investment purposes.

12 This is an (S,s) model of discrete and infrequent adjustment. The seminal reference in this area is Grosmman and Laroque's model (1990).

13 The proportion of housing wealth is defined as the ratio of the value of all the dwellings owned by the household to its total gross wealth.

DYNAMIC DEMAND FOR HOUSING WEALTH TABLE 3

Estimates of the desired proportion of housing wealth and the adjustment bandwidth

Equation of the desired proportion of housing wealth

EXPLANATORY VARIABLES	COEFFICIENT	T-RATIO
Self-employed	-0.190	6.64
Partner self-employed	-0.147	3.54
Reference person does not work	-0.078	3.98
Any other inactive adult	-0.054	2.77
Rate of expected return on housing (a)	1.099	3.33
Permanent income (b)	-0.001	4.21
Wealth (c)	-0.063	7.75
Provincial unemployment rate	0.0001	0.04
Percentage change in provincial income	-0.381	0.70
Constant	0.928	22.41
Standard deviation	0.179	29.51

Adjustment bandwidth equation

EXPLANATORY VARIABLES	COEFFICIENT	T-RATIO
Rate of expected return on housing (a)	-2.147	0.69
Permanent income (b)	-0.008	2.76
Wealth (c)	-0.285	3.00
Provincial unemployment rate	0.002	0.10
Percentage change in provincial income	3.252	0.52
Constant	0.590	1.46
Standard deviation	2.228	23.38

SOURCE: Banco de España.

a t-Rate of expected return on housing is defined as $\Delta\, ln\, \widehat{HP}_{2007,\,2002} - i_{income\ group}$.
b In thousands of euro.
c In millions of euro.

2001 and 2002 (around 2%) would increase households' desired optimal proportion of housing wealth by 2.2 percentage points (pp).

Both household income and wealth (net of debt) have a negative effect on households' target proportion of housing wealth, which probably reflects the fact that households with high income and wealth own more diversified asset portfolios. Also, the position of household members in the labour market has significant effects. If the reference persons or their partners are self-employed, this has a considerable negative effect, possibly due to the wealth needed for the operation of their business. Unemployed or inactive reference persons also reduce their optimal proportion of housing wealth, but to a lesser degree than in the case of the self-employed.

As for the results relating to the adjustment bandwidth, the return on housing does not affect the time elapsed until the adjustment. Conversely, household income and wealth have a negative effect,[14] which indicates a prevalence of more fixed transaction costs (search and removal costs) than proportional costs (fees for intermediaries and taxes). Finally, it could be thought that households' outstanding debt or their capacity to borrow may play a role in the decision to purchase a second home (or to change main residence),

14 A negative effect on the adjustment bandwidth means more frequent adjustment to the housing stock (i.e. purchases and sales).

however, none of these variables has a significant effect (beyond their role in determining the level of net wealth).

Considering the findings relating to the optimal proportion and the adjustment bandwidth together, it can be concluded that the changes in the expected housing returns affect housing demand through the desired proportion of housing wealth but not through a change in the time elapsed until the adjustment. This result is important since it implies that when the expected returns decrease, there is a decline in households' desired proportion of housing wealth. A fall in the rate of return does not mean that purchases are merely postponed, as would be the case if the negative effect on the probability of purchase occurred through the adjustment bandwidth and not through the desired proportion. In general, by using these estimates, it is possible to calculate the average effects of changes in each of the relevant variables on the probability of a positive adjustment (purchases) or a negative adjustment (sales) to the housing stock [see Bover (2010)].

Conclusions

The objective of the empirical exercise presented, which is described in greater detail in the paper summarised here, was on the one hand to identify the determinants of decisions to purchase second homes using a sample of households from the EFF observed during the period 2002-2006. The results underline that the expected housing return, based on the extrapolation of the changes in past prices, has a significant positive effect. Furthermore, the changes in expected returns predict the fall in aggregate purchases which occurred between 2005 and 2009.

On the other hand, the pattern of housing purchases and sales by households to adjust the real estate they own over time to the desired proportion of real estate wealth was analysed. This analysis, which supplements the analysis of the determinants of purchase probabilities, shows that the fall in the number of purchases, which could be anticipated as a result of a decline in the expected rate of return on housing, does not reflect a temporary postponement of purchases but it is the result of a decrease in the proportion of total wealth that households wish to invest in housing.

Lastly, although the modelling of the behaviour of house prices is not within the aims of this study, the estimated association between housing demand and changes in house prices is revealing about how episodes of strong growth in prices may be sustained.

16.5.2011.

REFERENCES

BOVER, O. (2010). *Housing Purchases and the Dynamics of Housing Wealth*, Documentos de Trabajo, no. 1036, Banco de España.

BOVER, O., C. MARTÍNEZ-CARRASCAL and P. VELILLA (2005). "The wealth of Spanish households: a microeconomic comparison with the United States, Italy and the United Kingdom", *Economic Bulletin*, July-August, Banco de España, pp. 87-110.

DE LONG, J. B., A. SCHLEIFER, L. H. SUMMERS and R. J. WALDMANN (1990). "Positive Feedback Investment Strategies and Destabilizing Rational Speculation", *The Journal of Finance*, 45, pp. 379-395.

GROSSMAN, S. J., and G. LAROQUE (1990). "Asset Pricing and Optimal Portfolio Choice in the Presence of Illiquid Durable Consumption Goods", *Econometrica*, 58, pp. 25-51.

FINANCIAL REGULATION: 2011 Q2

The author of this article is Juan Carlos Casado Cubillas, of the Directorate General Economics, Statistics and Research.

Introduction

In 2011 Q2 a relatively small number of new financial provisions was promulgated in comparison with previous periods.

In the field of financial institutions, Spanish solvency law was amended to adapt it partially to recent Union legislation. The opportunity was taken to introduce a new legal regime governing additional contributions to credit institution deposit guarantee funds based on the remuneration of these instruments.

Also, amendments were made to adapt Spanish law on payment and securities settlement systems to Union legislation, particularly to recognise so-called "interoperable systems" and to extend to them the legal provisions on settlement finality in credit transfer orders.

In the European Union area, there were four notable new provisions: the amendment of TARGET legislation to enable the ECB to provide overnight credit to certain counterparty institutions not licensed as credit institutions; the regulation of mergers of public limited companies in order to unify the protection of shareholders' and third parties' interests in these processes in Member States; the updating of legislation on purchases of euro banknotes; and the amendment of the EU regulation on credit rating agencies to include the functions acquired by the new European Securities and Markets Authority.

Within the securities market, there were three new pieces of legislation: the adaptation of Spanish law to EU legislation on credit rating agencies; certain changes to the information required of foreign collective investment institutions registered in the CNMV registers; and the updating of collective investment institution categories based on investment policy.

Finally, a new law on consumer credit agreements writes into Spanish law the recent European legislation in this connection.

Amendment of the law on credit institutions' own funds and on credit institution deposit guarantee funds

Law 6/2011 of 11 April 2011 (BOE of 12 April 2011) amended Law 13/1985 of 25 May 1985[1] on investment ratios, own funds and reporting requirements for financial intermediaries, Law 24/1988 of 28 July 1988[2] on the securities market and Legislative Royal Decree 1298/1986 of 28 June 1986[3] on the adaptation of current credit institution law to EU legislation.

The purpose of the Law is to commence transposition of Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management.

1 See "Regulación financiera: segundo trimestre de 1985", *Boletín Económico,* July-August 1985, Banco de España, pp. 51 and-52.
2 See "Regulación financiera: tercer trimestre de 1988", *Boletín Económico,* October 1988, Banco de España, pp. 61 and-62.
3 See "Regulación financiera: segundo trimestre de 1988", *Boletín Económico,* July-August 1988, Banco de España, pp. 45 and-46.

More recently, *Royal Decree 771/2011 of 3 June 2011* (BOE of 4 June 2011) amended Royal Decree 216/2008 of 15 February 2008[4] on financial institutions' own funds and Royal Decree 2606/1996 of 20 December 1996[5] on credit institution deposit guarantee funds.

This Royal Decree implements Law 2/2011 of 4 March 2011 on sustainable economy and Law 6/2011 of 11 April 2011. It also makes headway in the transposition of Directive 2009/111/EC and of Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010[6] amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for resecuritisations and the supervisory review of remuneration policies.

It also takes the opportunity to introduce a new legal regime governing additional contributions to credit institution deposit guarantee funds based on the remuneration of the deposits, in line with the provisions being adopted in this connection in the EU.

The most noteworthy developments from the standpoint of financial regulation are as follows:

SECURITISATION

Law 6/2011 makes it compulsory for credit institutions and investment firms to meet certain requirements to allow them to assume exposures to securitisation positions and to initiate such securitisation.

Under these requirements, which are set out in Royal Decree 771/2011, a credit institution, other than when acting as an originator, a sponsor or original lender, shall be exposed to the credit risk of a securitisation position in its trading book or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to the credit institution that it will retain, on an ongoing basis, a material net economic interest.

For these purposes, "retention of net economic interest" means: a) retention of no less than 5% of the nominal value of each of the tranches sold or transferred to the investors; b) in the case of securitisations of revolving exposures, retention of the originator's interest of no less than 5% of the nominal value of the securitised exposures;[7] c) retention of randomly selected exposures, equivalent to no less than 5% of the nominal amount of the securitised exposures, provided that the number of potentially securitised exposures is no less than 100 at origination; or d) retention of the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total no less than 5% of the nominal value of the securitised exposures.

The Banco de España may specify the conditions of application of this Law and how those institutions will communicate the retention requirement to investors. This communication must allow them ready access to all pertinent data on exposures. Also, the Banco de España may opt to suspend temporarily the aforementioned requirements during periods of general market liquidity crisis.

---

4 See «Financial Regulation: 2008 Q1», *Economic Bulletin*, April 2008, Banco de España, pp. 159-163.
5 See "Regulación financiera: cuarto trimestre de 1996", *Boletín Económico,* January 1997, Banco de España, pp. 106-109.
6 See «Financial Regulation: 2010 Q4», *Economic Bulletin*, January 2011, Banco de España, pp. 153-155.
7 Securitisations of revolving exposures are those whereby investors remain fully exposed to all future draws by borrowers so that the risk on the underlying facilities does not return to the originator credit institution even after an early amortisation event has occurred.

As an exception to the foregoing, this Law will not apply where the securitised exposures are claims on assets unconditionally and irrevocably guaranteed by: a) central governments or central banks; b) regional governments, local authorities and public sector entities of Member States; c) institutions to which a 50% risk weight or less is assigned under Royal Decree 216/2008; or d) multilateral development banks.

In addition, the Law establishes monitoring and reporting obligations on institutions investing in securitisation instruments. Thus credit institutions shall have a comprehensive and thorough understanding of each of their individual securitisation positions and demonstrate that they have implemented therein formal policies and procedures appropriate to their trading book and non-trading book and commensurate with the risk profile of their investments. To comply with this obligation, the Banco de España shall determine the items which, as a minimum, have to be examined and recorded by institutions, including stress tests and how they are to be carried out.

Originator and sponsor credit institutions shall apply to the exposures they intend to securitise the same credit standards and credit management criteria applied to the exposures they intend to hold in their portfolio, in accordance with the technical criteria on the organisation and treatment of risk stipulated by the Banco de España. Moreover, they shall inform investors of the level of their commitment to maintaining a net economic interest in the securitisation. Further, they shall ensure that prospective investors have readily available access to all relevant data as stipulated by the Banco de España.

Finally, the consequences of failing to comply with the requirements regarding securitisation positions are set out. If a credit institution does not comply with its obligation to communicate its retention requirements, the risk weight of its securitisation exposures shall be increased, the Banco de España determining the extent of such increase and how it is to be applied. If the due diligence conditions established by the Banco de España are not met, the originator credit institution may not exclude the securitised exposures in the calculation of its capital requirements.

CHANGE IN THE REQUIREMENTS FOR PREFERENCE SHARES TO BE ELIGIBLE AS OWN FUNDS

In order to adapt the legal regime governing credit institution preference shares[8] to international requirements and thus ensure they are an effective instrument for meeting solvency requirements, Spanish legislation has been changed in certain respects.

Specifically, the issuance conditions may not include early redemption incentives and must set the remuneration to which the securityholders are entitled, provided always that it shall be conditional on the existence of distributable profit or reserves. The Board of Directors or equivalent body of the issuing or parent credit institution has the power to cancel, at its discretion, when necessary, the payment of interest or dividends for an unlimited period of time, on a non-cumulative basis. Payment may also be cancelled if the issuing or parent credit institution or its consolidatable group or sub-group does not meet the minimum capital requirements. In any event, the Banco de España may require the cancellation of remuneration payments based on the financial and solvency situation of the issuing or parent credit institution or on that of its consolidatable group or sub-group.

Also, a mechanism should be established to ensure that preference shareholders participate in the absorption of present or future losses of the issuer or controlling institution.

8 The legal regime governing preference shares is extended to investment firms and, accordingly, references to the Banco de España and to credit institutions, respectively, are understood to also be to the CNMV and to investment firms.

That mechanism should be defined clearly and not hinder possible recapitalisation processes, whether they be through the conversion of preference shares into ordinary shares, non-voting equity units or capital contributions to credit cooperatives, or through the reduction of the nominal value.

The mechanism must be applied in either of the following circumstances: a) where the issuing or parent institution, or its consolidatable group or sub-group, has an original own funds ratio, calculated in the same way as the solvency ratio, below 4% (the Banco de España may set any other solvency ratio provided it is more demanding), or b) where the issuing or parent institution, or its consolidatable group or sub-group, has an original own funds ratio below 6% and material accounting losses.[9]

When the mechanism is that of conversion into ordinary shares, non-voting equity units or capital contributions to credit cooperatives of the issuing or parent credit institution, the issuer has to allow immediate conversion and specify an exchange ratio which sets a floor on the number and nominal amount of shares to be delivered. When the mechanism consists in reducing the nominal amount of the preference shares, the losses incurred by the issuer shall be apportioned between total capital and reserves, on the one hand, and total preference shares outstanding, on the other.

The Banco de España may specify the preference share conversion conditions in accordance with the aforementioned criteria and the manner of determining the losses and the other indicators stated, particularly in the case of issues guaranteed by various institutions, on the basis that the stipulated loss absorption mechanisms do not hinder possible recapitalisation processes.

The limit on the outstanding nominal amount of preference shares remains at 30% of the original own funds of the consolidatable group or sub-group of the controlling entity of the issuing subsidiary, including the amount of the issue itself, without prejudice to any additional limitations that may be imposed for solvency purposes. However, from now on, the Banco de España may change this percentage, although it may never exceed 35%.

Preference shares continue to be perpetual and the issuer continues to have the option of agreeing to early redemption from the fifth year after they were paid in, following prior authorisation from the Banco de España. From now on, this authorisation is subject to the financial situation or solvency of the credit institution or its consolidatable group or sub-group being unaffected. It may also be made subject to the institution replacing the redeemed preference shares with eligible capital items of the same or higher quality.

In this respect the Banco de España may authorise at any time the early redemption of dated or undated instruments in the event of any change in the fiscal regime or in the eligibility of such instruments as own funds that was not envisaged at the issue date.

The payment of remuneration may be replaced, if so stipulated in the terms of issue, by the delivery of ordinary shares of commercial banks or non-voting equity units of savings banks or capital contributions to credit cooperatives, provided that this enables the institution to preserve its financial resources.

---

9 Losses are defined as material when those accumulated over the past four quarters have reduced the intitutions's capital and prior reserves by one-third.

This delivery of capital instruments will only be permissible if it produces the same economic result as redemption, i.e. if it does not entail the reduction of capital of the institution,[10] and the issuer has full discretion to opt not to pay the remuneration in cash and, furthermore, may cancel delivery of the capital instruments when necessary.

Lastly, the transitional regime envisaged in Law 6/2011 is implemented, such that the preference shares issued before the entry into force of this Law (13 April 2011) and not meeting the requirements under it may continue to be eligible as the own funds of credit institutions and of their groups, subject to certain limits detailed in Royal Decree 771/2011.

CHANGE IN LIMITS ON LARGE EXPOSURES

The new legislation generally maintains the limit such that the value of all the exposures of a credit institution to a customer (entity or economic group) may not exceed 25% of its own funds.

Where that customer is a credit institution or investment firm, or where the economic group includes one or more credit institutions or investment firms, the value of all exposures may not exceed 25% of the credit institution's own funds or €150 million, whichever the higher, provided that the sum of exposure values to all customers in the economic group that are not credit institutions or investment firms does not exceed 25% of the credit institution's own funds.

Where the amount of €150 million is higher than 25% of the credit institution's own funds, in accordance with the policies and procedures to manage and control concentration risk, the value of the exposure shall not exceed a reasonable limit in terms of the credit institution's own funds. That limit shall not be higher than 100% of the credit institution's own funds.

The previous limit that total large exposures could not exceed 800% of the credit institution's own funds is eliminated.

The following exceptions to limits on large exposures are also eliminated: 1) holdings in certain insurance companies up to a maximum of 40% of own funds, and 2) claims on certain central governments and central banks of countries that are denominated and financed in the borrower's national currency.

CHANGES IN LIQUIDITY RISK MANAGEMENT POLICY

A substantial change was made to the risk management policy of credit institutions, specifically that regarding liquidity risk. The Banco de España will periodically assess the overall management of this risk and encourage the development of sound internal methodologies. Its assessments shall take into account the role played by credit institutions in financial markets. However, the Banco de España shall detail the method and procedure to be used in these assessments.

Credit institutions shall establish robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons, including intra-day, so as to ensure that credit institutions maintain adequate levels of liquidity buffers. Those strategies, policies, processes and

10 The delivery of capital instruments is only considered to produce the same economic result as redemption if the payment in kind is made with capital instruments issued for that purpose and the issuer's obligation is limited to the issuance of such instruments, but neither the issuer nor any of the firms in its economic group undertakes to find purchasers of the instruments or to assume any risk relating to the sale or to the value of the instruments delivered.

systems shall be tailored to business lines, currencies and entities and shall include adequate allocation mechanisms of liquidity costs, benefits and risks.

Credit institutions shall consider different liquidity risk mitigation tools, including a system of limits and liquidity buffers in order to be able to withstand a range of different stress events and an adequately diversified funding structure and access to funding sources. Those arrangements shall be reviewed regularly.

As under the previous legislation, alternative scenarios shall be considered and the assumptions underlying decisions concerning the funding position shall be reviewed regularly.

Credit institutions shall adjust their strategies, internal policies and limits on liquidity risk and develop effective contingency plans, taking into account the outcome of the alternative scenarios considered.

CREDIT INSTITUTION REMUNERATION POLICIES

In accordance with the transposition of Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010, credit institutions have to apply certain requirements for those categories of staff whose professional activities have a material impact on their risk profile at group, parent and subsidiary levels.

Most notable among other requirements are the following: a) a list indicating the categories of the aforementioned staff must be submitted to the Banco de España ; b) the remuneration policy is consistent with sound and effective risk management, does not encourage risk-taking that exceeds the level of tolerated risk of the credit institution and incorporates measures to avoid conflicts of interest; c) the management body adopts and periodically reviews the general principles of the remuneration policy at least annually, and the implementation of the remuneration policy is subject to central and independent internal review for compliance with the remuneration policies and procedures in place; d) staff engaged in control functions are independent from the business units they oversee, and are remunerated in accordance with the achievement of the objectives linked to their functions; and e) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by a remuneration committee or, if such a committee has not been established, by the relevant management body.

The new legislation regulates the design of remuneration schemes, in which the fixed and variable components should be appropriately and efficiently balanced. The variable remuneration components should be sufficiently flexible such that their adjustment includes the possibility to pay no variable remuneration component.

For these purposes, the Banco de España may establish specific criteria for determining the appropriate proportion between fixed and variable components. The variable remuneration components should create incentives aligned with the long-term interests of the institution and meet certain requirements set out in Royal Decree 771/2011.

The remuneration schemes of credit institutions which receive government financial support for restructuring purposes have to meet, in addition to the foregoing requirements, the following ones: a) where variable remuneration is incompatible with a sound capital base and with an appropriate waiver of government support, it shall be strictly limited to a percentage of net income and b) the directors and managers who effectively direct the activity of the institution may not receive variable remuneration unless it is duly justified in the opinion of the Banco de España, which may, moreover, set limits on their total remuneration.

Most of the remuneration policy is extended to investment firms, such that the references to the Banco de España and to credit institutions shall be deemed to be to the CNMV and to investment firms, respectively.

STRENGTHENING OF THE COMPETENCE OF AND COOPERATION BETWEEN SUPERVISORS

The Law introduces various measures in this respect, such as the obligation of the Banco de España and the CNMV to take into account the effect of their decisions on the stability of the financial stability of other Member States, the regulation of colleges of supervisors and of common decisions within the framework of supervision of cross-border groups, and the possibility of designating a branch of a credit institution as being significant.

Along these lines, to the competences entrusted to the Banco de España and the CNMV as the authorities responsible supervising credit institutions and investment firms, respectively, and their respective consolidatable groups, are added the following new ones:

1 Require institutions and their groups to have in place remuneration policies and practices that are consistent with and promote sound and effective risk management and to limit variable remuneration when it is inconsistent with the maintenance of a sound capital base.

2 Use the information received in accordance with the disclosure criteria established in this Law to compare remuneration trends and practices.

3 Collect information on the number of individuals per credit institution in pay brackets of at least €1 million including the business area involved and the main elements of salary, bonus, long-term award and pension contribution.

That information shall be forwarded to the European Banking Authority and the European Securities and Markets Authority by the Banco de España and the CNMV, respectively.

Regarding European Union supervisory authorities, the new obligations set for the Banco de España and the CNMV include the following:

1 Planning and coordination of supervisory activities in cooperation with the competent authorities involved, in preparation for and during emergency situations, including adverse developments in credit institutions or in financial markets, using, where possible, existing defined channels of communication for facilitating crisis management.[11]

2 The formulation of applications to the competent supervisory authorities of a credit institution or investment firm authorised in the European Union with branches in Spain for such branches to be deemed to be significant, and, in the absence of a joint decision in this respect, the issuance of a decision on whether the branch is significant.

Regarding this latter case, in accordance with the legally stipulated procedure, the Banco de España or, as applicable, the CNMV shall work towards the adoption of a joint decision on the application with the other competent authorities of other Member States entrusted with supervising the various institutions forming part of the group. Also, they shall be re-

11 The planning and coordination of supervisory activities shall include the preparation of joint assessments, the implementation of contingency plans and communication to the public.

sponsible for ruling, through a joint decision, on the equivalent applications made by the competent authorities of countries in which branches of Spanish credit institutions are located, and, in the absence of a joint decision in that respect, for recognising the decision by such competent authority on the branch's significant nature. In these procedures, a branch shall be considered to be significant on the basis of such reasons as market share in terms of deposits, the likely impact of a suspension or closure of the operations on market liquidity or on the payment and clearing and settlement systems, and the size and the importance of the branch in terms of number of clients.

Also, the Law strengthens the close cooperation with other competent authorities responsible for the supervision of foreign credit institutions or investment firms, parents, subsidiaries or investees in the same group. Within this cooperation framework, the Banco de España and, where applicable, the CNMV shall do everything in their power to reach a joint decision to determine the adequacy of the consolidated level of own funds held by the group with respect to its financial situation and risk profile and the required level of own funds for each entity within the banking group and on a consolidated basis. The joint decision shall also duly consider the risk assessment of subsidiaries performed by relevant competent authorities. The joint decision shall be adopted according to the legally stipulated procedure.

In order to facilitate the exercise of their tasks with other EU competent authorities, the Banco de España and the CNMV shall establish colleges of supervisors and ensure appropriate coordination and cooperation with third-country competent authorities.

Colleges of supervisors shall provide a framework for the following tasks, among others: 1) exchanging information; 2) agreeing on voluntary entrustment of tasks and voluntary delegation of responsibilities where appropriate; 3) determining supervisory examination programmes based on a risk assessment of the group; 4) increasing the efficiency of supervision by removing unnecessary duplication of supervisory requirements; and 5) consistently applying the prudential requirements for the taking up and pursuit of the business of credit institutions across all entities within a banking group without prejudice to the options and discretions available in EU legislation;

When the Banco de España or the CNMV supervise an institution with significant branches, they shall also establish and preside a college of supervisors to facilitate the exchange of information. Legal provisions may be promulgated specifying the characteristics to be met by these colleges, the composition of which shall be determined by the Banco de España or the CNMV, as appropriate.

Lastly, the Law reforms the exchange of information by the Banco de España with central banks and other bodies with a similar function in their capacity as monetary authorities. Under this reform, which addresses the exchange of information and cooperation between supervisory authorities, it is expressly provided that such exchange may refer to the information relevant for the exercise of their respective statutory tasks.

AMENDMENT OF LEGISLATION ON CREDIT INSTITUTION DEPOSIT GUARANTEE FUNDS

Royal Decree 771/2011 amends Royal Decree 2606/1996 by introducing a new regime for additional contributions to these funds based on the remuneration of the deposits in them.[12] Specifically, the amounts of the deposits whose agreed remuneration exceeds the

12 Currently the annual contributions of the institutions belonging to the funds are 2‰ of the deposits at year-end covered by the guarantee. The base used for the calculation is the guaranteed deposits plus 5% of the market value on the last trading day of the year, in the relevant secondary market, of the guaranteed securities existing at year-end.

limits specified below shall be weighted at 500% (i.e. 400% more than the weight they would have if they were included in that base) for the purpose of calculating the contributions of the credit institutions belonging to the related deposit guarantee funds.

The limits above which the new weights will be applied are as follows: 1) sight deposits whose annual interest paid in the periodic settlement of the account is more than 100 basis points higher than average 1-month EURIBOR; 2) time deposits (or similar instruments) up to three months whose agreed annual interest is more than 150 basis points higher than average 3-month EURIBOR; 3) time deposits (or similar instruments) between three months and one year whose agreed annual interest is more than 150 basis points higher than average 6-month EURIBOR; and 4) time deposits (or similar instruments) with a term of one year or more whose agreed remuneration is more than 100 basis points higher than average 12-month EURIBOR.

Banco de España Circular *CBE 3/2011 of 30 June 2011* (BOE of 2 July 2011) on additional contributions to deposit guarantee funds sets out technical provisions implementing the new precepts introduced by Royal Decree 771/2011.

The Circular contains two types of rules: those for identifying what is understood as deposit remuneration in different practical cases, and those regulating ad hoc tools for calculating the additional contribution.

Deposit remuneration shall comprise any explicit or implicit compensation or payment, in cash or in kind, for maintaining a deposit. Thus the value of remuneration in kind shall be that applicable under tax legislation, including any tax prepayments to be made for the remuneration when they are borne by the institution. In variable-rate time deposits, the remuneration shall be that which results from applying the reference index at the deposit placement date over the whole of the agreed time period, disregarding possible future modifications. In time deposits in which the interest rates change before maturity, the interest rate taken shall be the average of the rates, weighting each by the time it is to be applied. In hybrid financial instruments in which the embedded derivative does not share similar characteristics and risks with the host contract, the interest rate used to determine their remuneration shall be the maximum annual percent remuneration receivable by the depositor on the amount deposited, if it is higher than the effective annual interest rate corresponding to the host contract after the embedded derivative has been stripped out; in the absence of the former, only the latter shall be taken. In any event, any additional remuneration envisaged in the contract, be it in cash or in kind, has to be included.

For the purpose of calculating the additional contributions to a deposit guarantee fund stipulated in Royal Decree 771/2011, in sight deposits the specified limits shall be compared with the remuneration of their average balances. These average balances shall be the result of dividing the sum of the daily balances of each sight deposit by the number of calendar days included in each settlement. In time deposits, comparison shall be with the various limits set depending on the duration of the initially agreed deposit, disregarding any potential partial repayments agreed in the contract. Subsequent renewals, whether envisaged or not in the original contract, shall be considered as new deposits.

Law 6/2011 came into force on 13 April 2011, Royal Decree 771/2011 came into force on 5 June 2011 (except as provided in the case of the transitional regimes envisaged therein) and Circular 3/2011 came into force on 4 July 2011.

Amendment of legislation on payment and securities settlement systems

Law 7/2011 of 11 April 2011 (BOE of 12 April 2011) amended Law 41/1999 of 12 November 1999[13] on payment and securities settlement systems and Royal Decree-Law 5/2005 of 11 March 2005[14] on urgent reforms to boost productivity and improve public procurement.[15]

The purpose of this Law is to transpose Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009[16] amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims. More specifically, this Law is intended to recognise so-called interoperable systems and extend to them the legislation on settlement finality of credit transfer orders given through these systems.

The main changes are as follows:

The definition of "credit transfer order" is updated to read as follows: 1) any instruction by a participant[17] to place at the disposal of a recipient an amount of money by means of a book entry on the accounts of a credit institution, a central bank, a central counterparty or a settlement agent; 2) any instruction which results in the assumption or discharge of a payment obligation as defined by the rules of the system; or 3) any instruction by a participant to transfer ownership of or any other claim on one or more securities by means of an entry in a register or other way of accrediting transfer.

Law 41/1999 is amended to provide for so-called "interoperable systems", which are two or more systems whose system operators have entered into an arrangement with one another that involves cross-system execution of transfer orders. System operators may in turn act as settlement agent, central counterparty or clearing house. An arrangement entered into between interoperable systems shall not constitute a system.

The new Law extends to interoperable systems the rules on the irrevocability and finality of settlement of transfer orders given through such systems. In this respect, each system shall determine in its own rules the time when transfer orders become irrevocable and final and shall, to the extent possible, ensure that systems are coordinated in order to avoid legal uncertainty in the event of default of a participating system. However, unless expressly provided for by the rules of all the systems that are party to the interoperable systems, one system's rules on the moment of irrevocability and finality shall not be affected by those of the others.

The new Law also extends to interoperable systems the legal regime under Law 41/1999 for insolvency of a system participant, the procedures established and the effects on transfer orders and on collateral. It should be noted that the opening of an insolvency proceeding against a participant or operator of an interoperable system does not prevent the funds or securities

---

13 See «Financial Regulation: 1999 Q4», *Economic Bulletin*, January 2000, Banco de España, pp. 103-104.

14 See «Financial Regulation: 2005 Q1», *Economic Bulletin*, April 2005, Banco de España, pp. 115-118.

15 This Law transposes Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims.

16 See «Financial Regulation: 2009 Q2», *Economic Bulletin*, July 2009, Banco de España, pp. 183-184.

17 For these purposes, participants shall be understood to be credit institutions and investment firms, the Treasury and its equivalent regional government bodies, and the entities belonging to the public sector, as well as any enterprises whose management is mainly located outside the European Union and whose functions are those of European Union credit institutions or investment companies, which are accepted as system members under the applicable regulations and which are liable to the system for financial obligations derived from its functioning.

available in that participant's liquidation account from being used to meet its obligations in that system during the business day in which the insolvency proceeding was opened.

As regards Royal Decree-Law 5/2005, credit claims[18] are included as part of the collateral that can be used in financial transactions. However, credit claims in which the debtor is a consumer, a micro enterprise or a small enterprise may not be used as financial collateral, save where the collateral taker or the collateral provider of such credit claims is one of the institutions listed in Royal Decree-Law 5/2005.[19]

It continues to be legally required that financial collateral agreements be in writing, or in a legally equivalent form, with no further requirement for their creation, validity, perfection, priority, enforceability or admissibility as evidence. The creation of the security interest shall require, in addition to registration of the collateral agreement, the provision of the asset designated as collateral, and registration of such provision in writing or in a legally equivalent form. However, in the case of credit claims, the inclusion in a list of claims submitted in writing, or in a legally equivalent manner, to the collateral taker is sufficient to identify the credit claim and to evidence the provision of the claim provided as financial collateral between the parties and against the debtor or third parties. A debtor that pays before being notified of the provision of a security interest shall be released from the related obligation.

Debtors of credit claims may validly waive, in writing or in a legally equivalent manner: 1) their rights of set-off vis-à-vis the creditors of the credit claim and vis-à-vis persons to whom the creditor assigned, pledged or otherwise mobilised the credit claim as collateral; and 2) their rights arising from banking secrecy rules.

Regarding the rights of substitution and disposal of collateral provided for in Royal Decree-Law 5/2005, the right of disposal shall not apply when the collateral is a credit claim and the right of substitution shall not apply when the collateral is a non-fungible credit claim.[20]

In the event of enforcement of collateral arrangements by the collateral taker due to non-compliance with the obligations or any enforcement event agreed by the parties, when the collateral is in the form of credit claims, these shall be realised by sale or appropriation and by setting off their value against, or applying their value in discharge of, the relevant financial obligations.

Finally, the rest of the text of Royal Decree-Law 5/2005 is revised so as to correct and clarify other matters not relating to the transposition of the directive, and to resolve some problems of legal uncertainty.

In addition, Law 22/2007 of 11 July 2007 on the distance marketing of consumer financial services was amended. Specifically, the consumer's prior consent is required for a supplier to use automated calling systems without human intervention or fax messages as a means of distance communication.

The Law came into force on 1 July 2011, except for the amendment to Law 22/2007, which came into force on 13 April 2011.

---

18 Credit claims are defined as pecuniary claims arising out of an agreement whereby a credit institution grants credit in the form of a loan.

19 Specifically, the ECB, the Banco de España, the central banks of the Member States of the EU, the central banks of third-party States, the Bank for International Settlements, the multilateral development banks, the International Monetary Fund and the European Investment Bank.

20 A credit claim is non-fungible if it cannot be replaced by another of like nature.

Update of TARGET2 legislation

Guideline ECB/2011/2 of 17 March 2011 (OJ L of 1 April 2011) amended Guideline ECB/2007/2 of 26 April 2007[21] on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) so that the ECB Governing Council may, as a precautionary measure, make available overnight credit in TARGET2 to certain central counterparties that are not licensed as credit institutions.

For this purpose, they must meet the following conditions: 1) provide clearing and settlement services and, in addition, be authorised as central counterparties in accordance with the applicable Union or national legislation; 2) be established in the euro area; 3) be subject to supervision and/or oversight by competent authorities; 4) comply with the oversight requirements for the location of infrastructures offering services in euro, as amended from time to time and published on the ECB's website; 5) have accounts in the Payments Module of TARGET2; and 6) have access to intraday credit.

It is clarified that the guarantee funds that a central counterparty has to maintain under the applicable legislation, including those required on oversight grounds, shall be remunerated at the main refinancing operations rate minus 15 basis points, while other guarantee funds shall be remunerated at the deposit rate.

The Guideline came into force on 3 April 2011 and shall apply from 11 April 2011.

Mergers of public limited liability companies: Union legislation

Directive 2011/35/EU of the European Parliament and of the Council of 5 April 2011 (OJ L of 29 April 2011) concerning mergers of public limited liability companies coordinates the safeguards required in mergers for the protection of the interests of members and others.

The Directive incorporates most of the provisions of Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses, as well as the provisions on reporting and documentation set out in Directive 2009/109/EC of the European Parliament and of the Council of 16 September 2009[22] amending Council Directives 77/91/EEC, 78/855/EEC and 82/891/EEC, and Directive 2005/56/EC as regards reporting and documentation requirements in the case of mergers and divisions. It thus regulates these transactions with a view to ensuring that third parties are sufficiently informed.

The Member States shall, in accordance with this Directive, make provision for rules governing merger by the acquisition of one or more companies by another company[23] and merger by the formation of a new company.[24]

---

21 See «Financial Regulation: 2007 Q3», *Economic Bulletin*, October 2007, Banco de España, pp. 151 and 152.

22 See «Financial Regulation: 2009 Q4», *Economic Bulletin*, January 2010, Banco de España, pp. 164 and 165.

23 "Merger by acquisition" shall mean the operation whereby one or more companies are wound up without going into liquidation and transfer to another all their assets and liabilities in exchange for the issue to the shareholders of the company or companies being acquired of shares in the acquiring company and a cash payment, if any, not exceeding 10% of the nominal value of the shares so issued or, where they have no nominal value, of their accounting par value. A Member State's laws may provide that merger by acquisition may also be effected where one or more of the companies being acquired is in liquidation, provided that this option is restricted to companies which have not yet begun to distribute their assets to their shareholders.

24 "merger by the formation of a new company" shall mean the operation whereby several companies are wound up without going into liquidation and transfer to a company that they set up all their assets and liabilities in exchange for the issue to their shareholders of shares in the new company and a cash payment, if any, not exceeding 10% of the nominal value of the shares so issued or, where they have no nominal value, of their accounting par value. A Member State's laws may provide that merger by the formation of a new company may also be effected where one or more of the companies which are ceasing to exist is in liquidation, provided that this option is restricted to companies which have not yet begun to distribute their assets to their shareholders.

In the case of merger by acquisition, the administrative or management bodies of the merging companies shall draw up draft terms of merger in writing, the content of which is set out in detail in the Directive. Draft terms of merger must be published for each of the merging companies, at least one month before their approval, or made available on its website free of charge for the public or via the central electronic platform referred to in Directive 2009/101/EC.

One or more experts, acting on behalf of each of the merging companies but independent of them, appointed or approved by a judicial or administrative authority, shall examine the draft terms of merger and draw up a written report to the shareholders. However, the laws of a Member State may provide for the appointment of one or more independent experts for all the merging companies, if such appointment is made by a judicial or administrative authority at the joint request of those companies.

In addition to the draft terms of merger, shareholders shall be entitled to receive certain documentation, specified in the Directive, at least one month before the date fixed for the general meeting approving the merger. This documentation includes the annual accounts and annual reports of the merging companies for the preceding three financial years. A company shall be exempt from this requirement if it make such documentation available to the public on its website during that period of time.

A merger shall require at least the approval of the general meeting with a majority of not less than two thirds of the votes attached to the shares, equity units or subscribed capital represented. The laws of a Member State may, however, provide that a simple majority of the votes shall be sufficient when at least half of the subscribed capital is represented.

Protection of the rights of the employees of each of the merging companies shall be regulated in accordance with Directive 2001/23/EC.

The laws of the Member States must provide for an adequate system of protection of the interests of creditors of the merging companies whose claims antedate the publication of the draft terms of merger and have not fallen due at the time of such publication. To that end, such creditors shall be entitled to obtain adequate safeguards where the financial situation of the merging companies makes such protection necessary.

In any event, Member States shall ensure that the creditors are authorised to apply to the appropriate administrative or judicial authority for adequate safeguards provided that they can credibly demonstrate that due to the merger the satisfaction of their claims is at stake and that no adequate safeguards have been obtained from the company.

The Directive sets out the legal consequences of a merger and the civil liability of the administrative or management bodies of the acquiring or acquired company, and limits the cases of nullity of a merger in order to preserve legal certainty in dealings between interested companies, between interested companies and third parties and between shareholders.

Also set forth is the regime governing merger by formation of a new company, which includes most of the provisions laid down for the other type of merger.

Finally, where a merger by acquisition is carried out by a company which holds 90% or more, but not all, of the shares and other securities conferring the right to vote at general meetings of the company or companies being acquired, Member States shall not require approval of the merger by the general meeting of the acquiring company if certain conditions are fulfilled.

The Directive came into force on 1 July 2011.

Amendment of legislation on the procurement of euro banknotes

Guideline ECB/2011/3 of 18 March 2011 (OJ L of 1 April 2011), amending Guideline ECB/2004/18 of 16 September 2004,[25] on the procurement of euro banknotes was issued in compliance with the requirement to review Guideline ECB/2004/18 at the beginning of 2008 and every 2 years thereafter.

The ECB Governing Council decided on 10 July 2003 that a single Eurosystem tender procedure should apply to the procurement of euro banknotes at the latest from 1 January 2012 onwards. Thus national central banks (NCBs) that have an inhouse printing works, or those using a public printing works may elect not to participate in the single Eurosystem tender procedure. In such cases, these printing works will remain responsible for the production of the euro banknotes that have been allocated to their NCBs in accordance with the capital key but will be excluded from participating in the single Eurosystem tender procedure.

The expected start date of the procedure described above may be changed by a Governing Council decision where more than half of the national central banks (NCBs) representing more than half of the Eurosystem's total banknote printing requirement choose not to participate.

Given that this situation has occurred, Guideline ECB/2011/3 changes the start date of the single Eurosystem tender procedure from 1 January 2012 to 1 January 2014, unless the Governing Council decides on a different start date.

The Guideline came into force on 20 March 2011.

Credit rating agencies: amendment of Union regulation and application to Spanish law

Regulation 513/2011 of the European Parliament and of the Council of 11 May 2011 (OJ L of 31 May 2011) amends Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009[26] on credit rating agencies.

AMENDMENT OF UNION LEGISLATION

The main change introduced by the Regulation is that it entrusts to the new European Securities and Markets Authority (ESMA)[27] most of the functions relating to the registration, deregistration and ongoing supervision of credit rating agencies, jointly with those of the competent authority of the credit rating agency's home Member State. Previously these powers were shared by the Committee of European Securities Regulators and, where appropriate, the competent authority of that Member State. In general, a noteworthy change from the previous legislation is the reduction of the time period for the ESMA to examine the application for registration submitted by a credit rating agency.

The ESMA is empowered to require credit rating agencies, persons involved in credit rating activities, rated entities and related third parties, third parties to whom the credit rating agencies have outsourced operational functions or activities and persons otherwise closely and

25 See «Financial Regulation: 2004 Q4», *Economic Bulletin*, January 2005, Banco de España, pp. 8 and 9.
26 See «Financial Regulation: 2009 Q4», *Economic Bulletin*, January 2010, Banco de España, pp. 165 and 166.
27 The ESMA was created by Regulation 1095/2010 of the European Parliament and of the Council of 24 November 2010.

substantially related or connected to credit rating agencies or credit rating activities to provide all information that is necessary in order to carry out its duties.

The ESMA may delegate specific supervisory tasks to the competent authority of a Member State, for instance where a supervisory task requires knowledge and experience with respect to local conditions, which are more easily available at national level. The kind of tasks that it has to delegate include the carrying out of specific investigatory tasks and on-site inspections.

The ESMA may impose fines on credit rating agencies, where it finds that there are serious indications of the possible existence of facts liable to constitute one or more of the infringements listed in the Regulation. Fines are imposed according to the level of seriousness of the infringements. For this purpose, the Regulation establishes coefficients linked to aggravating and mitigating circumstances in order to give the ESMA the necessary tools to decide on a fine which is proportionate to the seriousness of an infringement. The ESMA is empowered to take a range of measures, including, but not limited to, requiring the credit rating agency to bring the infringement to an end, suspending the use of credit ratings for regulatory purposes, temporarily prohibiting the credit rating agency from issuing credit ratings and, as a last resort, withdrawing the registration when the credit rating agency has seriously or repeatedly infringed the Regulation.

The ESMA, along with the competent authorities and the sectoral competent authorities, shall cooperate with each other and exchange the information required for the purposes of carrying out their duties. Also, powers are granted to the ESMA (previously to the competent authorities of the Member States) to transmit to the national central banks, the European System of Central Banks and the European Central Bank, in their capacity as monetary authorities, to the European Systemic Risk Board and, where appropriate, to other public authorities responsible for overseeing payment and settlement systems, confidential information intended for the performance of their tasks.

Lastly, exclusive powers are granted to the ESMA (previously to the competent authorities of the Member States) to conclude cooperation agreements on information exchange with the supervisory authorities of third countries, provided that the information disclosed is subject to guarantees of professional secrecy.

The Regulation came into force on 1 June 2011.

APPLICATION OF UNION LEGISLATION

Law 15/2011 of 16 June 2011 (BOE of 17 June 2011) amending certain financial legislation[28] applies to the Spanish legal system Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

The main purpose of the Law is to establish the obligation for certain financial institutions[29] to use the ratings issued by credit rating agencies. Also, the legislation on credit rating agencies is adjusted as necessary for the respective national supervisors to cooperate with the ESMA.

28 Specifically, Law 13/1985 of 25 May 1985 on investment ratios, own funds and reporting requirements for financial intermediaries; Law 24/1988 of 28 July 1988 on the securities market; Law 19/1992 of 7 July 1992 on the legal regime for real estate investment companies, real estate funds and mortgage securitisation special purpose entities, and Law 35/2003 of 4 November 2003 on collective investment institutions.

29 Specifically, the entities concerned are credit insitutitons, investment firms, mortgage securitisation special purpose entities and collective investment institution custodians.

The main amendments made by the Law are as follows:

From the standpoint of solvency, the use by credit institutions or investment firms of external credit ratings shall require that these have been issued or endorsed by an ESMA established in the European Union and registered according to Regulation 1060/2009. Ratings of institutions established or financial instruments issued outside the European Union must have been issued by a credit rating entity established in a non-Member State that has received an equivalent certification in accordance with Regulation 1060/2009.

The credit rating agency must have been recognised by the Banco de España or, where applicable, by the CNMV, in accordance with the criteria established for this purpose and, in turn, considering the objectivity, independence, transparency and ongoing review of the methodology applied, as well as the market credibility and acceptance of the credit ratings issued by that credit rating agency.

The CNMV supervision, inspection and sanctioning regime established in Securities Market Law 24/1988 of 28 July 1988 shall apply to: 1) the credit rating agencies established in Spain and registered in accordance with Regulation 1060/2009, persons involved in credit rating activities, rated entities and related third parties, third parties to whom the credit rating agencies have outsourced certain functions or activities, and other persons otherwise related or connected to credit rating agencies or credit rating activities, and 2) the credit rating agencies registered by a competent authority of the European Union, and the credit rating agencies registered by a competent authority of a third country that have received certification based on equivalence under said Regulation, and which in both cases operate in Spain.

The CNMV shall exercise its authority and apply the infringement and sanctioning regime pursuant to Law 24/1988 in accordance with European Union legislation on credit rating agencies. It shall have the necessary supervision and inspection powers to perform the functions assigned by delegation or under cooperation arrangements with other competent authorities, in accordance with the provisions of Regulation 1060/2009.

The CNMV shall cooperate with and assist other competent authorities of the European Union to carry out the functions set out in Regulation 1060/2009. In particular it may request the cooperation of other competent authorities of the European Union in a supervisory activity, for an on-the-sport verification or an investigation of, inter alia, matters relating to credit rating agencies.

Lastly, the CNMV shall maintain, in addition to the official registers set out in Law 24/1988, which shall be freely available to the public, a register of credit rating agencies established in Spain.

The Law came into force on 18 June 2011.

Amendment of rules on reporting by foreign collective investment institutions registered with the CNMV

CNMV Circular 2/2011 of 9 July 2011 (BOE of 26 July 2011) on reporting by foreign collective investment institutions registered with the CNMV repeals and replaces CNMV Circular 2/2006 of 27 June 2006.[30] The Circular writes into the Spanish legal system the latest

30 See «Financial Regulation: 2006 Q3», *Economic Bulletin*, October 2006, Banco de España, pp. 7 and 8.

precepts of Union legislation[31] which came into force on 1 July 2011.

Under the new notification procedure, collective investment institutions (CIIs) have to submit the relevant documentation to the competent authority of the home Member State. That documentation shall include the notification letter, which contains the identity of the entity empowered to represent the CII before the CNMV and the information on the provisions for marketing the CII in the host Member State. In this respect, the Circular spells out the specific information which the foreign CII must include in the notification letter, for which purpose it sets out a standard format of the marketing report.[32]

Certain information on the foreign CII must be kept up to date electronically.

The requirements regarding the CII documentation to be sent to the CNMV are changed, the information required to be disclosed to investors is adjusted somewhat, the requirement to register compartments in the CNMV register is eliminated, and the content of the communication to be made to the CNMV pursuant to Article 52 of the Personal Income Tax Regulations is broadened to include information on compartments and/or classes to be reported for tax purposes.

Lastly, non-harmonised CIIs are no longer required to send information electronically.

The Circular came into force on 1 July 2011.

Categories of collective investment institutions based on investment policy: amendment of legal provisions

CNMV Circular 3/2011 of 9 June 2011 (BOE of 27 June 2011) amended CNMV Circular 1/2009 of 4 February 2009[33] on CII categories based on investment policy.

The CII types established for the purpose of defining CII categories are changed as regards listed funds, being reclassified as listed CIIs so as to include the listed index SICAV (open-end investment company) created by Royal Decree 749/2010 of 7 June 2010 amending the implementing regulations of Law 35/2003 of 4 November 2003 on CIIs approved by Royal Decree 1309/2005 of 4 November 2005.

The calculation of the investment percentages which define the various investment policies is changed. Previously the net assets of the CII were taken as the base for the calculation, whereas now the total exposure of the CII is used.

For this purpose, the total exposure is defined as the sum of the exposure obtained by the CII through its investments in spot and derivative financial instruments. To calculate the

---

31 Specifically, Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), which, among other things, established a new notification procedure for harmonised foreign collective investment institutions, in order to facilitate access by them to the markets of other Member States, and Commission Regulation 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities, and Commission Directive 2010/42/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure.

32 The letter must include the following information: a) identity of the foreign CII; b) name of the compartments or subfunds marketed in Spain with more than 500 shareholders and of the share classes forming part of those compartments or subfunds; c) ISIN code numbers of the CII, compartments or subfunds and, where applicable, share classes; d) total number of shareholders of the compartment or subfund; e) total assets of the foreign CII or of the compartment or subfund; and f) date of reference of the information communicated.

33 See «Financial Regulation: 2009 Q1», *Economic Bulletin*, April 2009, Banco de España, pp. 194 and 195.

exposure through derivatives, use shall be made of the commitment methodology set out in CNMV Circular 6/2010 on transactions in derivatives of CIIs. Furthermore, investments in equity securities issued by non-euro area entities and currency risk shall also be considered in terms of total exposure.

Lastly, solely for the purpose of determining investment policy, no additional exposure for the CII is considered to arise if its investments in spot or derivative financial instruments do not expose it to additional risk, including but not limited to, interest rate risk and credit risk. Hence they must be in, for example, public debt issued by a State of high credit quality or repos on these assets, the maturities of which are below three months.

The Circular came into force on 27 August 2011.

New legislation on consumer credit agreements

Law 16/2011 of 24 June 2011 (BOE of 25 June 2011) on credit agreements for consumers wrote into Spanish law Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealed Law 7/1995 of 23 March 1995 on consumer credit.

Like the previous law, this Law applies to those contracts whereby a creditor grants or promises to grant to a consumer credit in the form of a deferred payment, loan, credit line or other similar financial accommodation. The term “consumer” means a natural person who is acting for purposes which are outside his trade, business or profession.

The following contracts, inter alia, are excluded from the scope of this Law: a) credit agreements which are secured by a real estate mortgage; b) credit agreements the purpose of which is to acquire or retain property rights in land or in an existing or projected building; c) credit agreements involving a total amount of credit less than €200 (previously €150); d) hiring or leasing agreements where an obligation to purchase the object of the agreement is not laid down either by the agreement itself or by any separate agreement; e) credit agreements in the form of an overdraft facility and where the credit has to be repaid within one month; f) credit agreements where the credit is granted free of interest and without any other charges and credit agreements under the terms of which the credit has to be repaid within three months and only insignificant charges are payable (1% of the total credit amount); and g) credit agreements where the credit is granted by an employer to his employees as a secondary activity free of interest or at annual percentage rates of charge lower than those prevailing on the market.[34] However, the partial application of the Law to credit agreements of total amount exceeding €75,000 (previously €18,030) remains in place.

In order to improve consumer information, the Law addresses what takes place before the consumer concludes a credit agreement. Specifically, it regulates in detail the basic information to be included in advertising, in business communications and in the announcements of offers displayed in commercial premises proposing either a credit or the services of an intermediary to conclude a credit agreement.

Also set forth is a list of the credit features about which the creditor and, if applicable, the credit intermediary must inform the consumer before he is bound by any credit agreement or offer. Such information shall be provided by means of the Standard European Consumer Credit Information form set out in the annexes to this Law.

---

34 Annual percentage rates of charge lower than those prevailing on the market are defined as those below the legal interest rate.

Creditors and, if applicable, intermediaries must help the consumer to decide which credit agreement, within the range of products proposed, is the most appropriate for his needs and financial situation. This assistance specifically entails an obligation to explain to the consumer in a personalised manner the characteristics of the products proposed and the related pre-contractual information and to warn him of the risks attaching to default on payment and to over-indebtedness. so that he can understand the effects which they may have on his economic situation.

If the obtainment of credit on the terms and conditions offered is linked by the creditor to the conclusion of a contract for ancillary services, in particular insurance, the creditor must inform the consumer of this circumstance and of its cost, and also of the terms and conditions which would otherwise be applied to the credit agreement should the contract for ancillary services, in particular insurance, not be concluded.

The creditor must assess the consumer's creditworthiness prior to the conclusion of the credit agreement, for which purpose it may use information obtained from its own sources and that furnished by the consumer, including the consultation of certain databases.[35] Although this assessment is compulsory, its scope is left to the discretion of the creditor depending on the commercial relationship between it and its customer. The assessment of consumer creditworthiness by credit institutions shall also take account of specific risk management and internal control rules applicable to them under the related specific legislation.

Where a decision to reject an application for credit is based on the consultation of a relevant database, the creditor must, immediately and at no cost, inform the consumer of the results of the consultation and of the details of the database. Database managers must provide creditors from other Member States with access to their databases for assessing the creditworthiness of consumers. The conditions for access shall be non-discriminatory for Spanish creditors.

The increased interest of consumers in knowing their rights and obligations is reflected in the regulation of the content of credit agreements, which takes into account the specific features of the various kinds of credit agreement.

In the contract termination phase, the Law regulates the right of the contracting parties to terminate an open-end credit agreement, the consumer's right to repay the credit early and the borrower's position in the event of assignment of the creditor's rights under a credit agreement, which had been established in Law 7/1995 and now has its precedent in the transposed Directive. It also introduces the consumer's right of withdrawal from a credit agreement, the regulation of which follows the criteria governing the exercise of this right in the distance marketing of financial services.

The mathematical formula for calculating the annual percentage rate is intended to define clearly and comprehensively the total cost of a credit to the consumer,[36] and to ensure that its definition is comparable in all Member States of the European Union. The formula is set

---

35 The credit and creditworthiness records referred to in Organic Law 15/1999 of 13 December 1999 on the Protection of Personal Data, subject to the conditions, requirements and assurances envisaged in said Organic Law and its implementing regulations.

36 Excluded are any charges payable by the consumer for non-compliance with any of his commitments laid down in the credit agreement and charges other than the purchase price which, for purchases of goods or services, he is obliged to pay whether the transaction is effected in cash or on credit.

out in the annexes to the Law, as are the assumptions for its calculation. However, in accordance with Directive 2008/48/EC the Ministry of Economic Affairs and Finance is empowered to establish additional assumptions or change existing ones if the assumptions included in the Law do not suffice to calculate said rate in a uniform manner or are not adapted any more to the commercial situation at the market.

Certain provisions of Law 7/1995 enhancing protection in the area of consumer credit are retained although they are not required by Union legislation, such as those relating to binding offers, the effectiveness of contracts linked to the obtainment of credit, improper charging and penalties for non-compliance with formalities and for omission of compulsory clauses in contracts.

As regards the penalty regime, non-compliance by credit institutions with the requirements of this Law are penalised under the law on discipline and supervisory intervention of credit institutions.[37] Non-compliance by other natural and legal persons is an infringement of consumer and user protection requirements.[38]

The regime governing appeals provides for an out-of-court complaint and redress mechanism to resolve disputes between consumers and creditors or credit intermediaries, and incorporates the regulation of injunctions against unlawful conduct.

The Law came into force on 25 September 2011.

8.7.2011.

37 Law 26/1988 of 29 July 1988 on the discipline and intervention of credit institutions.

38 The General Consumer and User Protection Law and other supplementary laws, enacted by Legislative Royal Decree 1/2007 of 16 November 2007, and other applicable legislation, as well as regional government legislation.

CONTENTS

These economic indicators are permanently updated on the Banco de España website (http://www.bde.es/homee.htm). The date on which the indicators whose source is the Banco de España [those indicated with (BE) in this table of contents] are updated is published in a calendar that is disseminated on the Internet (http://www.bde.es/estadis/estadise.htm).

1 IMF Special Data Dissemination Standard (SDDS).

INTEREST RATES
AND INDICES OF SPANISH
COMPETITIVENESS

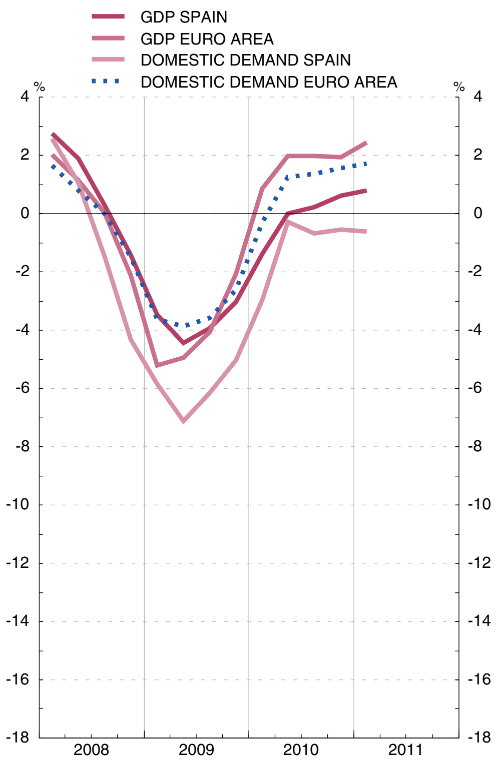
1 IMF Special Data Dissemination Standard (SDDS).

1.1. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES, REFERENCE YEAR 2000=100. DEMAND COMPONENTS. SPAIN AND EURO AREA (a)

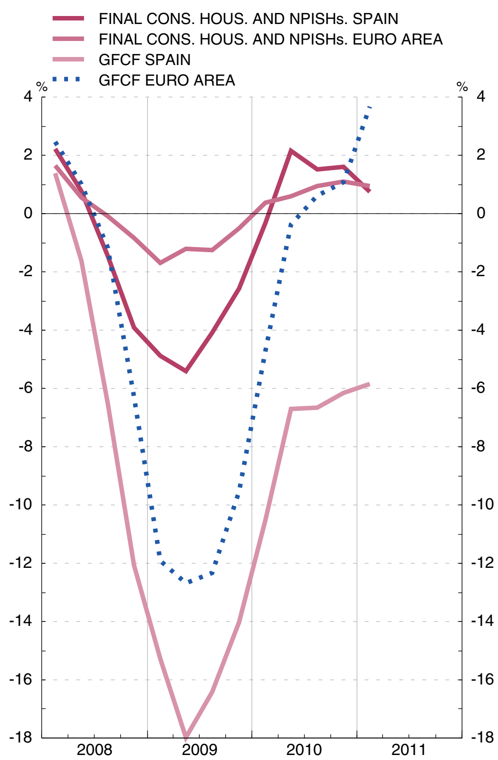
■ Series depicted in chart. *Annual percentage changes*

		GDP		Final consumption of households and NPISHs		General government final consumption		Gross fixed capital formation		Domestic demand		Exports of goods and services		Imports of goods and services		Memorandum item: GDPmp (current prices) (g)	
		Spain	Euro area	Spain (b)	Euro area (c)	Spain	Euro area (d)	Spain	Euro area	Spain (e)	Euro area	Spain	Euro area (f)	Spain	Euro area (f)	Spain	Euro area
		1 ■	2 ■	3 ■	4 ■	5	6	7 ■	8 ■	9 ■	10 ■	11	12	13	14	15	16
08	P	0.9	0.3	-0.6	0.3	5.8	2.2	-4.8	-1.0	-0.5	0.2	-1.1	0.8	-5.3	0.7	1 088	9 226
09	P	-3.7	-4.1	-4.2	-1.2	3.2	2.4	-16.0	-11.6	-6.0	-3.4	-11.6	-12.9	-17.8	-11.6	1 054	8 937
10	P	-0.1	1.7	1.2	0.8	-0.7	0.6	-7.6	-0.9	-1.1	1.0	10.3	10.9	5.4	9.3	1 063	9 168
08 *Q2*	P	1.9	1.1	0.8	0.6	5.7	2.3	-1.6	1.0	1.1	0.8	2.6	3.5	-0.2	2.8	273	2 318
Q3	P	0.3	0.0	-1.5	-0.1	6.0	2.3	-6.5	-1.2	-1.5	0.0	-3.4	0.7	-8.2	0.6	273	2 313
Q4	P	-1.4	-2.1	-3.9	-0.8	6.4	2.4	-12.1	-6.3	-4.3	-1.5	-7.8	-6.4	-15.6	-5.1	270	2 283
09 *Q1*	P	-3.5	-5.2	-4.9	-1.7	5.9	2.6	-15.3	-11.9	-5.8	-3.6	-16.5	-16.3	-21.5	-12.9	266	2 229
Q2	P	-4.4	-5.0	-5.4	-1.2	4.4	2.5	-18.0	-12.7	-7.1	-3.9	-15.8	-16.6	-22.2	-14.4	263	2 225
Q3	P	-3.9	-4.1	-4.1	-1.3	2.7	2.5	-16.4	-12.3	-6.1	-3.6	-11.0	-13.4	-17.2	-12.5	262	2 237
Q4	P	-3.0	-2.1	-2.6	-0.5	0.2	2.1	-14.0	-9.5	-5.0	-2.6	-2.1	-5.3	-9.2	-6.7	263	2 246
10 *Q1*	P	-1.4	0.9	-0.3	0.4	-1.1	1.2	-10.5	-4.7	-3.0	-0.3	9.4	7.2	2.0	4.2	264	2 259
Q2	P	-0.0	2.0	2.1	0.6	-0.1	0.7	-6.7	-0.4	-0.3	1.3	11.9	13.1	9.6	11.4	265	2 289
Q3	P	0.2	2.0	1.5	1.0	-0.7	0.4	-6.7	0.6	-0.7	1.4	9.4	12.0	5.0	10.8	266	2 307
Q4	P	0.6	1.9	1.6	1.1	-0.9	-0.0	-6.1	1.1	-0.6	1.6	10.5	11.3	5.3	10.7	268	2 313
11 *Q1*	P	0.8	2.4	0.7	1.0	1.1	0.8	-5.8	3.7	-0.6	1.7	11.2	9.7	5.2	8.1	271	2 344

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



DEMAND COMPONENTS. SPAIN AND EURO AREA
Annual percentage changes



Sources: INE (Quarterly National Accounts of Spain. Base year 2000) 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. Final consumption expenditure may take place on the domestic territory or abroad (ESA95, 3.75). It therefore includes residents' consumption abroad, which is subsequently deducted in Imports of goods and services. c. Euro area, private consumption.
d. Euro area, government consumption. e. Residents' demand within and outside the economic territory.
f. Exports and imports comprise goods and services and include cross-border trade within the euro area. g. Billions of euro.

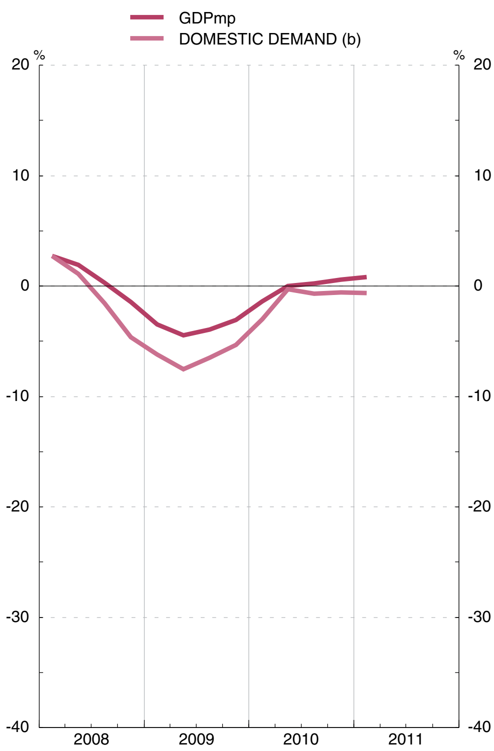
1.2. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES. REFERENCE YEAR 2000=100. DEMAND COMPONENTS. SPAIN: BREAKDOWN (a)

■ Series depicted in chart.

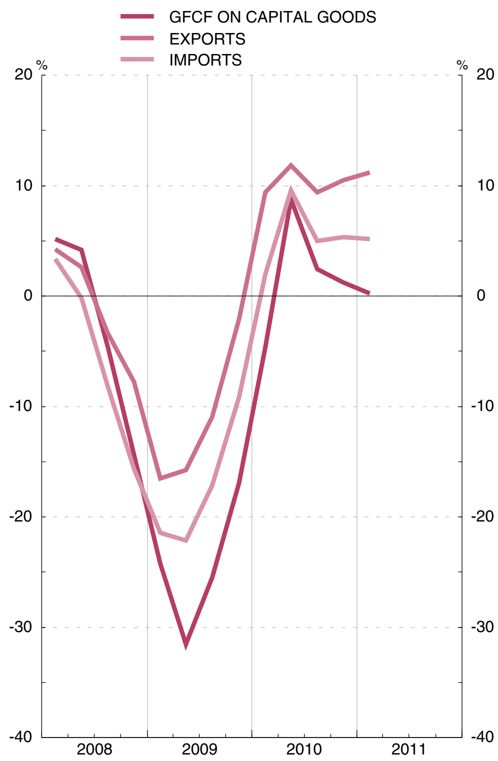
Annual percentage changes

		Gross fixed capital formation				Change in Stocks (b)	Exports of goods and services				Imports of goods and services				Memorandum items:	
		Total	Capital goods	Construc- tión	Other products		Total	Goods	Final con- sumption of non-resi- dents in economic territory	Services	Total	Goods	Final consumption of residents in the rest of the world	Services	Domestic demand (b) (c)	GDP
		1	2 ■	3	4	5 ■	6	7	8	9	10 ■	11	12	13	14 ■	15 ■
08	P	-4.8	-2.5	-5.9	-4.1	0.1	-1.1	-1.9	-4.3	4.6	-5.3	-6.0	-6.0	-1.6	-0.6	0.9
09	P	-16.0	-24.8	-11.9	-16.2	-0.0	-11.6	-12.5	-9.6	-10.0	-17.8	-19.2	-13.4	-12.5	-6.4	-3.7
10	P	-7.6	1.8	-11.1	-8.2	0.1	10.3	13.6	2.5	5.5	5.4	6.2	2.6	3.1	-1.1	-0.1
08 *Q2*	P	-1.6	4.2	-4.3	-1.1	0.2	2.6	2.2	-3.1	9.5	-0.2	0.2	-2.6	-1.6	1.1	1.9
Q3	P	-6.5	-4.6	-7.5	-6.0	0.2	-3.4	-2.8	-4.7	-4.2	-8.2	-9.3	-11.6	-2.2	-1.6	0.3
Q4	P	-12.1	-14.4	-11.1	-11.7	0.1	-7.8	-10.6	-10.1	5.4	-15.6	-18.0	-13.1	-4.6	-4.6	-1.4
09 *Q1*	P	-15.3	-24.2	-12.2	-12.1	0.0	-16.5	-20.0	-13.9	-5.3	-21.5	-23.7	-19.5	-11.1	-6.2	-3.5
Q2	P	-18.0	-31.5	-12.0	-16.9	-0.0	-15.8	-18.4	-9.4	-10.9	-22.2	-24.4	-18.3	-12.0	-7.5	-4.4
Q3	P	-16.4	-25.5	-11.7	-18.7	-0.0	-11.0	-11.5	-9.3	-10.2	-17.2	-18.4	-8.7	-13.5	-6.5	-3.9
Q4	P	-14.0	-16.9	-11.9	-17.2	-0.1	-2.1	2.1	-5.4	-13.3	-9.2	-8.3	-5.6	-13.4	-5.3	-3.0
10 *Q1*	P	-10.5	-4.6	-11.4	-15.8	0.0	9.4	14.7	-0.2	0.1	2.0	3.0	-0.7	-1.4	-3.0	-1.4
Q2	P	-6.7	8.7	-11.3	-11.0	0.1	11.9	16.3	0.2	6.8	9.6	10.4	2.8	7.5	-0.3	-0.0
Q3	P	-6.7	2.4	-11.2	-3.0	0.1	9.4	11.3	5.8	5.8	5.0	5.8	4.9	1.6	-0.7	0.2
Q4	P	-6.1	1.2	-10.6	-1.5	0.1	10.5	12.3	4.4	9.5	5.3	5.6	3.2	5.0	-0.6	0.6
11 *Q1*	P	-5.8	0.3	-10.2	-0.1	0.1	11.2	15.9	4.6	-0.7	5.2	6.9	-0.0	-1.1	-0.6	0.8

GDP. DOMESTIC DEMAND
Annual percentage changes



GDP. DEMAND COMPONENTS
Annual percentage changes



Source: INE (Quarterly National Accounts of Spain. Base year 2000).
a. Prepared in accordance with ESA95, seasonally- and working-day-adjusted series (see Economic bulletin April 2002).
b. Contribution to GDPmp growth rate.
c. Residents' demand within and outside the economic territory.

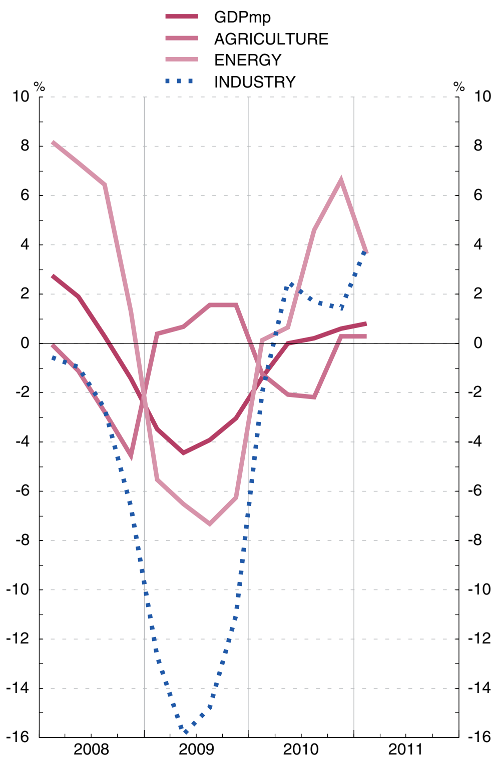
1.3. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES. REFERENCE YEAR 2000=100. BRANCHES OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

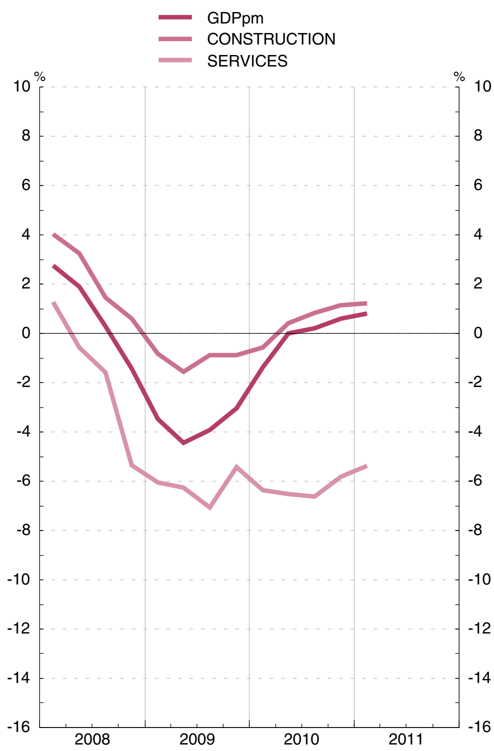
Annual percentage changes

		Gross domestic product at market prices	Agriculture and fisheries	Energy	Industry	Construction	Services: Total	Services: Market services	Services: Non-market services	VAT on products	Net taxes linked to imports	Other net taxes on products
		1 ■	2 ■	3	4 ■	5 ■	6 ■	7	8	9	10	11
08	P	0.9	-2.1	5.8	-2.7	-1.6	2.3	1.7	4.7	-1.3	-1.0	-0.7
09	P	-3.7	1.0	-6.4	-13.6	-6.2	-1.0	-1.9	2.1	-5.0	-9.9	-7.4
10	P	-0.1	-1.3	3.0	0.9	-6.3	0.5	0.4	0.8	-0.7	14.4	1.9
08 *Q2*	P	1.9	-1.1	7.3	-1.0	-0.6	3.3	2.6	5.6	-0.2	1.6	-0.6
Q3	P	0.3	-2.8	6.4	-2.6	-1.6	1.5	0.7	4.3	-2.0	-3.1	-1.2
Q4	P	-1.4	-4.6	1.3	-6.6	-5.4	0.6	-0.2	3.6	-3.6	-6.7	-1.3
09 *Q1*	P	-3.5	0.4	-5.5	-12.7	-6.1	-0.8	-1.8	2.5	-4.8	-10.6	-7.2
Q2	P	-4.4	0.7	-6.5	-15.9	-6.3	-1.6	-2.6	2.2	-6.0	-12.3	-8.1
Q3	P	-3.9	1.6	-7.3	-14.8	-7.1	-0.9	-1.7	2.0	-5.2	-10.7	-8.4
Q4	P	-3.0	1.6	-6.3	-11.0	-5.4	-0.9	-1.6	1.6	-4.0	-5.7	-6.1
10 *Q1*	P	-1.4	-1.2	0.1	-2.0	-6.4	-0.6	-1.0	0.7	-2.1	3.1	0.6
Q2	P	-0.0	-2.1	0.6	2.5	-6.5	0.4	0.3	0.9	-0.3	12.7	4.3
Q3	P	0.2	-2.2	4.6	1.7	-6.6	0.8	0.9	0.7	-0.4	19.7	1.6
Q4	P	0.6	0.3	6.6	1.4	-5.8	1.1	1.3	0.7	-	22.7	1.1
11 *Q1*	P	0.8	0.3	3.6	3.9	-5.4	1.2	1.5	0.2	0.8	15.7	-4.3

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



GDP. BRANCHES OF ACTIVITY
Annual percentage changes



Source: INE (Quarterly National Accounts of Spain. Base year 2000).
a. Prepared in accordance with ESA95, seasonally- and working-day-adjusted series (see Economic bulletin April 2002).

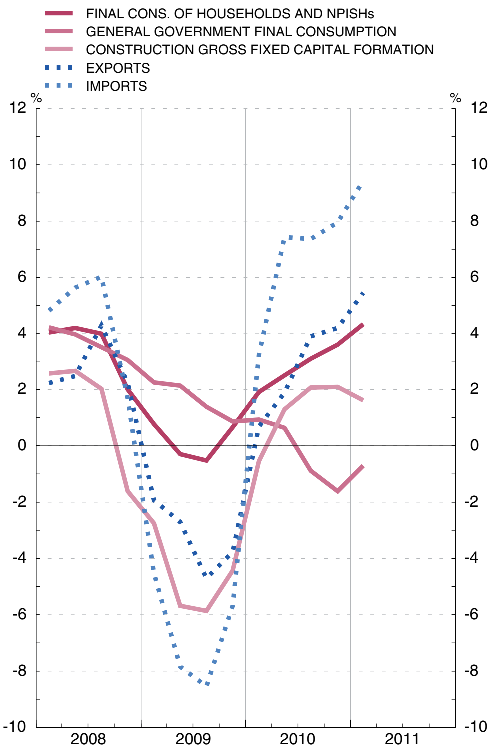
1.4. GROSS DOMESTIC PRODUCT. IMPLICIT DEFLATORS. SPAIN (a)

■ Series depicted in chart.

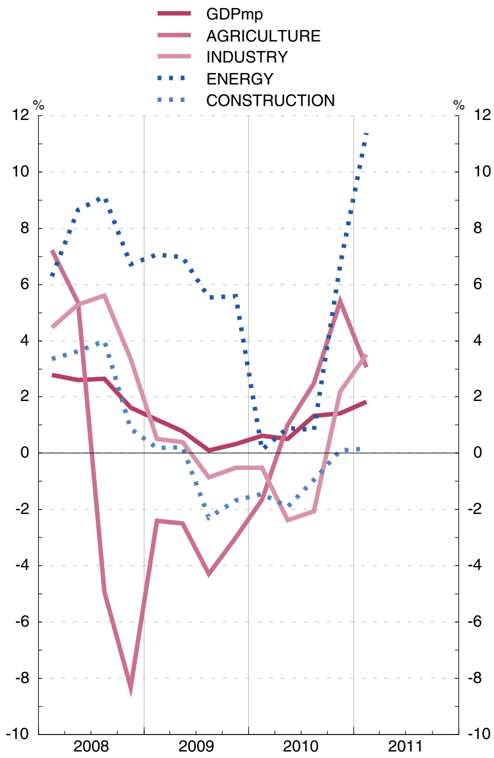
Annual percentage changes

		Demand components							Gross domestic product at market prices	Branches of activity					
		Final consump-tion of households and NPISHs (b)	General government final consump-tion	Gross fixed capital formation			Exports of goods and services	Imports of goods and services		Agricul-ture and fisheries	Energy	Industry	Construc-tion	Of which	
				Capital goods	Construc-tion	Other products								Services	Market services
		1 ■	2 ■	3	4 ■	5	6 ■	7 ■	8 ■	9 ■	10 ■	11 ■	12 ■	13	14
08	P	3.5	3.7	0.9	1.4	1.4	2.8	4.5	2.4	-0.5	7.7	4.7	2.9	4.5	4.7
09	P	0.1	1.7	-0.8	-4.7	-2.9	-3.3	-6.7	0.6	-3.0	6.3	-0.1	-0.9	2.8	2.8
10	P	2.8	-0.2	2.3	1.2	4.7	2.7	6.5	1.0	1.7	2.2	-0.7	-1.1	-0.6	-0.6
08 *Q2*	P	4.2	4.0	1.4	2.7	1.5	2.5	5.6	2.6	5.3	8.6	5.3	3.6	4.9	5.1
Q3	P	4.0	3.5	0.7	2.0	1.5	4.3	6.0	2.6	-4.9	9.1	5.6	4.0	4.6	4.9
Q4	P	2.0	3.1	0.3	-1.6	0.1	2.2	1.7	1.6	-8.3	6.7	3.4	0.9	4.0	4.1
09 *Q1*	P	0.8	2.3	-0.0	-2.8	-2.5	-1.9	-4.5	1.2	-2.4	7.1	0.5	0.2	3.4	3.8
Q2	P	-0.3	2.2	-1.0	-5.7	-3.4	-2.7	-7.8	0.8	-2.5	7.0	0.4	0.2	3.6	3.6
Q3	P	-0.5	1.4	-1.3	-5.9	-4.0	-4.7	-8.5	0.1	-4.3	5.5	-0.8	-2.3	2.3	2.2
Q4	P	0.6	0.9	-0.9	-4.4	-1.9	-3.8	-5.7	0.3	-3.0	5.6	-0.5	-1.7	1.8	1.7
10 *Q1*	P	1.9	0.9	1.2	-0.5	1.9	0.7	3.2	0.6	-1.6	0.1	-0.5	-1.5	0.6	0.4
Q2	P	2.5	0.6	1.9	1.3	4.6	1.9	7.4	0.5	1.0	0.9	-2.4	-1.9	-1.3	-1.8
Q3	P	3.1	-0.9	2.7	2.1	5.9	3.9	7.3	1.3	2.5	0.8	-2.1	-0.9	-1.3	-1.3
Q4	P	3.6	-1.6	3.6	2.1	6.4	4.2	7.9	1.4	5.4	6.7	2.2	0.1	-0.4	0.2
11 *Q1*	P	4.3	-0.7	4.1	1.6	7.0	5.5	9.4	1.8	3.1	11.4	3.5	0.2	1.3	1.9

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



Source: INE (Quarterly National Accounts of Spain. Base year 2000).

a. Prepared in accordance with ESA95, seasonally- and working-day-adjusted series (see Economic bulletin April 2002).

b. Final consumption expenditure may take place on the domestic territory or abroad (ESA95, 3.75). It therefore includes residents' consumption abroad, which is subsequently deducted in Imports of goods and services.

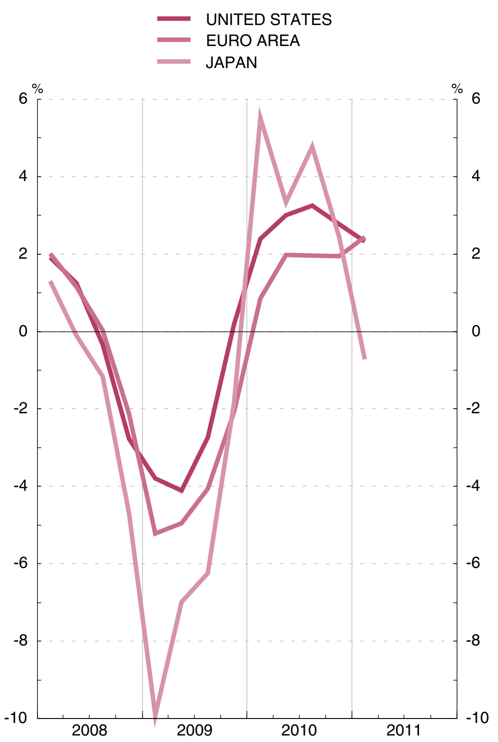
2.1. INTERNATIONAL COMPARISON. GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

■ Series depicted in chart.

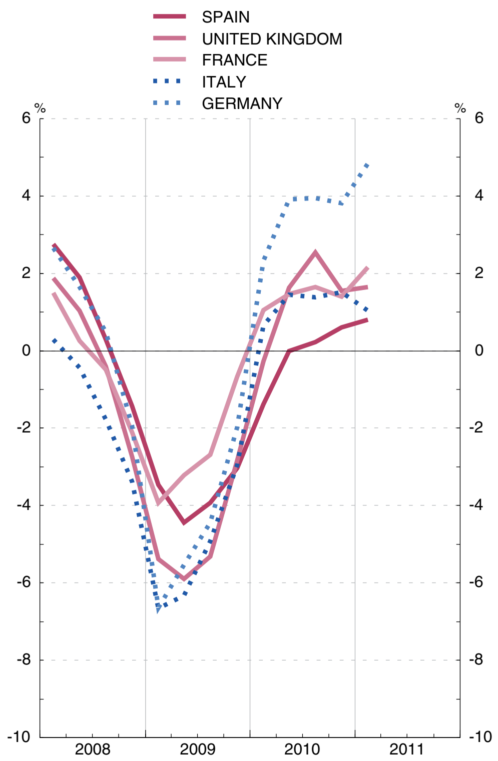
Annual percentage changes

	OECD 1	EU-27 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
08	0.3	0.4	0.3	0.7	0.9	-	-0.2	-1.3	-1.2	-0.1
09	-3.5	-4.2	-4.1	-4.7	-3.7	-2.6	-2.6	-5.2	-6.3	-4.9
10	3.0	1.8	1.7	3.5	-0.1	2.9	1.4	1.2	4.0	1.4
08 *Q1*	2.3	2.2	2.0	2.7	2.8	1.9	1.5	0.3	1.3	1.9
Q2	1.4	1.4	1.1	1.6	1.9	1.2	0.3	-0.4	-0.1	1.0
Q3	0.1	0.2	0.0	0.5	0.3	-0.3	-0.5	-1.8	-1.2	-0.4
Q4	-2.5	-2.2	-2.1	-1.9	-1.4	-2.8	-2.1	-3.4	-4.7	-2.7
09 *Q1*	-5.1	-5.1	-5.2	-6.6	-3.5	-3.8	-3.9	-6.7	-9.9	-5.4
Q2	-4.7	-5.1	-5.0	-5.5	-4.4	-4.1	-3.2	-6.3	-7.0	-5.9
Q3	-3.5	-4.3	-4.1	-4.4	-3.9	-2.7	-2.7	-4.9	-6.2	-5.3
Q4	-0.7	-2.2	-2.1	-2.0	-3.0	0.2	-0.7	-3.0	-1.8	-2.8
10 *Q1*	2.6	0.7	0.9	2.3	-1.4	2.4	1.0	0.6	5.5	-0.3
Q2	3.2	2.0	2.0	3.9	-0.0	3.0	1.5	1.5	3.3	1.6
Q3	3.2	2.2	2.0	3.9	0.2	3.2	1.6	1.4	4.8	2.5
Q4	2.8	2.1	1.9	3.8	0.6	2.8	1.4	1.5	2.4	1.5
11 *Q1*	...	2.5	2.4	4.8	0.8	2.3	2.2	1.0	-0.7	1.6

GROSS DOMESTIC PRODUCT
Annual percentage changes



GROSS DOMESTIC PRODUCT
Annual percentage changes



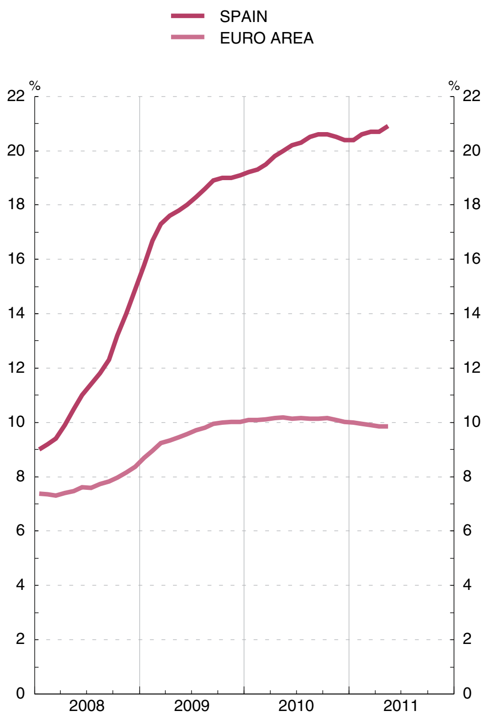
Sources: ECB, INE and OECD.
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín Estadístico.

2.2. INTERNATIONAL COMPARISON. UNEMPLOYMENT RATES

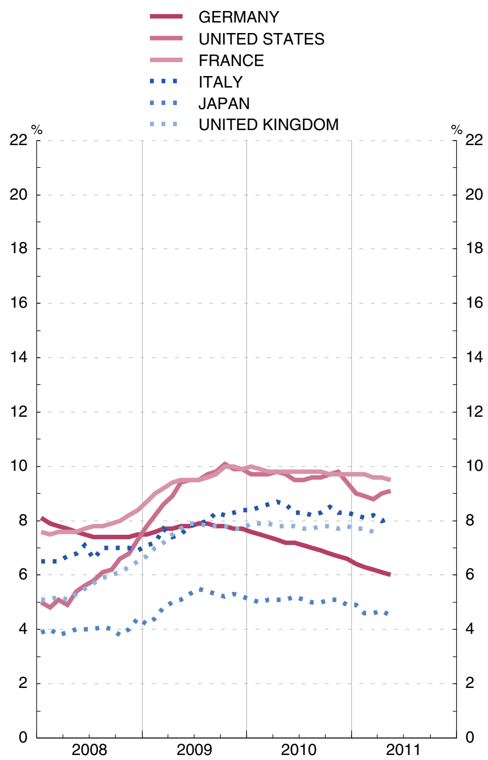
■ Series depicted in chart. *Percentages*

	OECD	EU-27	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
09	8.4	9.0	9.6	7.7	18.0	9.3	9.5	7.8	5.1	7.6
10	8.6	9.7	10.2	7.1	20.1	9.6	9.8	8.4	5.1	7.8
11 A	...	...	...	...	...	...	...	...	...	...
09 *Dec*	8.8	9.5	10.1	7.7	19.1	9.9	9.9	8.4	5.2	7.7
10 *Jan*	8.7	9.6	10.1	7.6	19.2	9.7	10.0	8.4	5.1	7.9
Feb	8.7	9.7	10.1	7.5	19.3	9.7	9.9	8.5	5.0	7.9
Mar	8.7	9.7	10.1	7.4	19.5	9.7	9.8	8.6	5.1	7.9
Apr	8.7	9.7	10.2	7.3	19.8	9.8	9.8	8.7	5.1	7.8
May	8.6	9.7	10.2	7.2	20.0	9.7	9.8	8.6	5.1	7.8
Jun	8.6	9.7	10.2	7.2	20.2	9.5	9.8	8.3	5.2	7.8
Jul	8.6	9.7	10.2	7.1	20.3	9.5	9.8	8.3	5.1	7.7
Aug	8.6	9.6	10.2	7.0	20.5	9.6	9.8	8.2	5.0	7.7
Sep	8.6	9.7	10.2	6.9	20.6	9.6	9.8	8.3	5.0	7.8
Oct	8.6	9.7	10.2	6.8	20.6	9.7	9.7	8.5	5.1	7.8
Nov	8.6	9.6	10.1	6.7	20.5	9.8	9.7	8.3	5.1	7.7
Dec	8.4	9.6	10.0	6.6	20.4	9.4	9.7	8.3	4.9	7.8
11 *Jan*	8.3	9.5	10.0	6.4	20.4	9.0	9.7	8.2	4.9	7.7
Feb	8.2	9.4	10.0	6.3	20.6	8.9	9.7	8.1	4.6	7.7
Mar	8.1	9.4	9.9	6.2	20.7	8.8	9.6	8.2	4.6	7.6
Apr	8.1	9.3	9.9	6.1	20.7	9.0	9.6	8.0	4.7	...
May	8.1	9.3	9.9	6.0	20.9	9.1	9.5	8.1	4.5	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



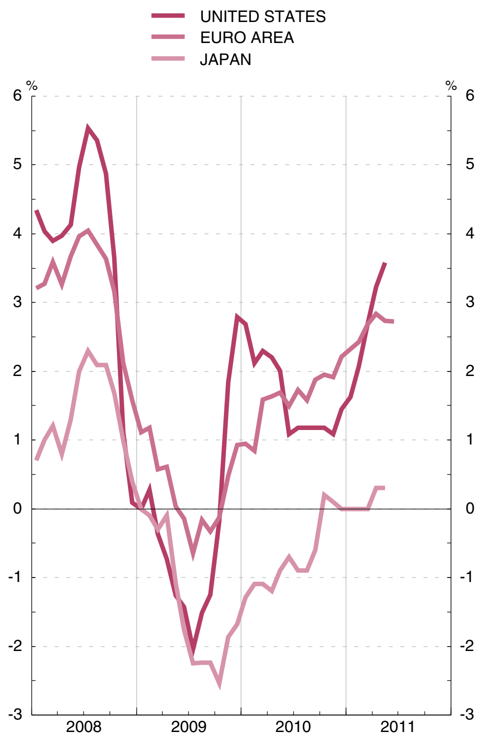
Source: OECD.

2.3. INTERNATIONAL COMPARISON. CONSUMER PRICES (a)

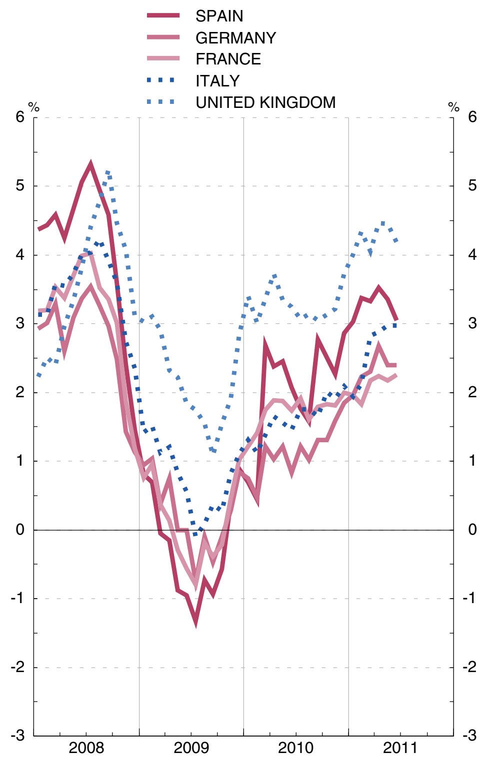
■ Series depicted in chart. *Annual percentage changes*

	OECD	EU-27	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
08	3.7	3.7	3.3	2.8	4.1	3.8	3.2	3.5	1.4	3.6
09	0.6	1.0	0.3	0.2	-0.2	-0.3	0.1	0.8	-1.4	2.2
10	1.9	2.1	1.6	1.2	2.0	1.6	1.7	1.6	-0.7	3.3
10 *Jan*	2.0	1.7	0.9	0.8	0.7	2.7	1.2	1.3	-1.3	3.4
Feb	1.9	1.5	0.8	0.5	0.4	2.1	1.4	1.1	-1.1	3.0
Mar	2.1	2.0	1.6	1.2	2.7	2.3	1.7	1.4	-1.1	3.4
Apr	2.1	2.1	1.6	1.0	2.4	2.2	1.9	1.6	-1.2	3.7
May	2.0	2.1	1.7	1.2	2.5	2.0	1.9	1.6	-0.9	3.3
Jun	1.5	1.9	1.5	0.8	2.1	1.1	1.7	1.5	-0.7	3.2
Jul	1.6	2.1	1.7	1.2	1.8	1.2	1.9	1.8	-0.9	3.1
Aug	1.5	2.0	1.6	1.0	1.6	1.2	1.6	1.8	-0.9	3.1
Sep	1.7	2.2	1.9	1.3	2.8	1.2	1.8	1.6	-0.6	3.0
Oct	1.9	2.3	1.9	1.3	2.5	1.2	1.8	2.0	0.2	3.1
Nov	1.8	2.3	1.9	1.6	2.3	1.1	1.8	1.9	0.1	3.2
Dec	2.1	2.7	2.2	1.9	2.9	1.4	2.0	2.1	-	3.7
11 *Jan*	2.2	2.8	2.3	2.0	3.0	1.6	2.0	1.9	-	4.0
Feb	2.3	2.9	2.4	2.2	3.4	2.1	1.8	2.1	-	4.3
Mar	2.6	3.1	2.7	2.3	3.3	2.7	2.2	2.8	-	4.1
Apr	3.0	3.3	2.8	2.7	3.5	3.2	2.2	2.9	0.3	4.5
May	3.2	3.2	2.7	2.4	3.4	3.6	2.2	3.0	0.3	4.5
Jun	...	3.1	2.7	2.4	3.0	...	2.3	3.0	...	4.2

CONSUMER PRICES
Annual percentage changes



CONSUMER PRICES
Annual percentage changes



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

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

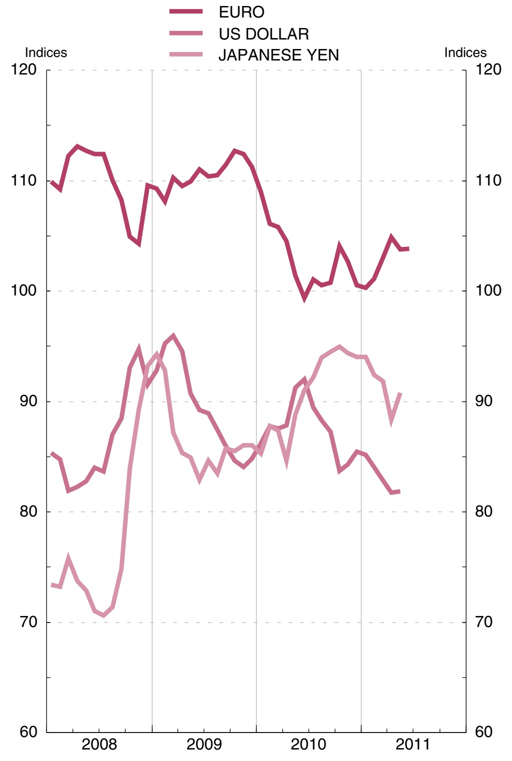
■ Series depicted in chart.

Average of daily data

	Exchange rates			Indices of the nominal effective exchange rate vis-à-vis the (a) developed countries 1999 QI=100			Indices of the real effective exchange rate vis-à-vis the developed countries (b) 1999 QI=100					
							Based on consumer prices			Based on producer prices		
	US dollar per ECU/euro	Japanese yen per ECU/euro	Japanese yen per US dollar	Euro	US dollar	Japanese yen	Euro	US dollar	Japanese yen	Euro	US dollar	Japanese yen
	1 ■	2 ■	3 ■	4	5	6	7 ■	8 ■	9 ■	10	11	12
08	1.4707	152.31	103.36	110.4	78.2	98.3	109.9	86.6	76.9	107.6	90.5	74.9
09	1.3940	130.30	93.57	111.7	81.1	112.4	110.6	89.5	86.5	104.9	92.7	85.0
10	1.3267	116.42	87.78	104.7	79.1	120.7	103.0	87.6	90.8	98.8	93.2	87.9
10 *J-J*	1.3283	121.50	91.47	106.0	80.0	116.0	104.4	88.8	87.5	99.8	94.1	85.3
11 *J-J*	1.4033	115.03	81.99	105.0	74.4	124.5	102.8	83.1	91.5	98.7	89.9	87.5
10 *Apr*	1.3406	125.33	93.49	106.1	79.2	112.6	104.5	87.8	84.7	100.0	93.4	82.5
May	1.2565	115.83	92.15	102.8	82.4	118.1	101.4	91.3	88.8	97.0	97.2	86.3
Jun	1.2209	110.99	90.92	100.6	83.1	121.0	99.4	92.0	91.0	95.2	97.5	88.4
Jul	1.2770	111.73	87.50	102.5	80.7	123.0	101.0	89.4	92.2	97.0	94.8	89.6
Aug	1.2894	110.04	85.33	102.1	79.7	125.3	100.6	88.3	94.0	96.6	93.8	90.9
Sep	1.3067	110.26	84.38	102.5	78.8	125.7	100.8	87.3	94.5	97.2	92.7	90.9
Oct	1.3898	113.67	81.79	106.0	75.8	126.1	104.1	83.7	95.0	100.4	89.7	91.0
Nov	1.3661	112.69	82.51	104.7	76.3	125.8	102.7	84.3	94.4	98.9	90.5	90.4
Dec	1.3220	110.11	83.29	102.6	77.5	126.2	100.5	85.5	94.0	96.7	91.6	90.5
11 *Jan*	1.3360	110.38	82.63	102.4	76.6	126.5	100.3	85.2	94.0	96.7	90.8	90.3
Feb	1.3649	112.77	82.63	103.4	75.6	125.1	101.1	84.1	92.4	97.6	90.1	88.5
Mar	1.3999	114.40	81.72	105.2	74.4	125.2	103.0	82.9	91.9	99.0	89.8	87.7
Apr	1.4442	120.42	83.39	107.0	73.2	120.7	104.9	81.7	88.4	100.5	89.1	84.3
May	1.4349	116.47	81.17	106.0	73.2	124.3	103.7	81.9	90.8	99.2	89.9	86.4
Jun	1.4388	115.75	80.45	106.1	73.2	125.3	103.8	...	...	98.9	...	...

EXCHANGE RATES

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



Sources: ECB and BE.

a. Geometric mean calculated using a double weighting system based on (1995-1997),(1998-2000), (2001-2003), and (2004-2006) manufacturing trade of changes in the spot price of each currency against the currencies of the other developed countries. A fall in the index denotes a depreciation of the currency against those of the other developed countries.

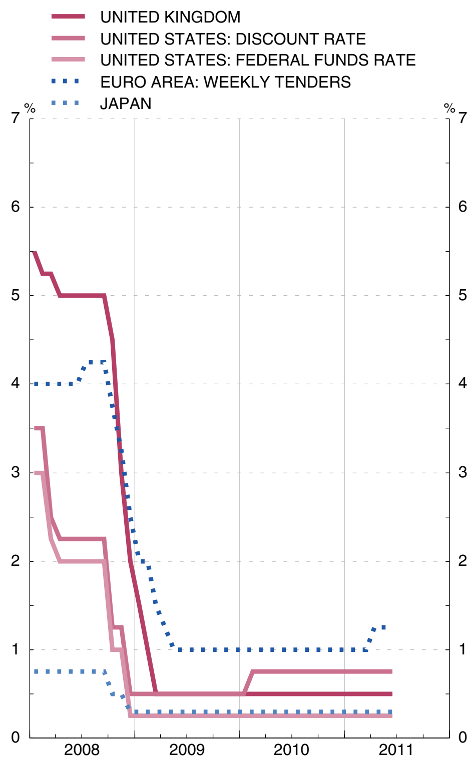
b. Obtained by multiplying the relative prices of each area/country (relation betwen its price index and the price index of the group) by the nominal effective exchange rate. A decline in the index denotes a depreciation of the real effective exchange rate and, may be interpreted as an improvement in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

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

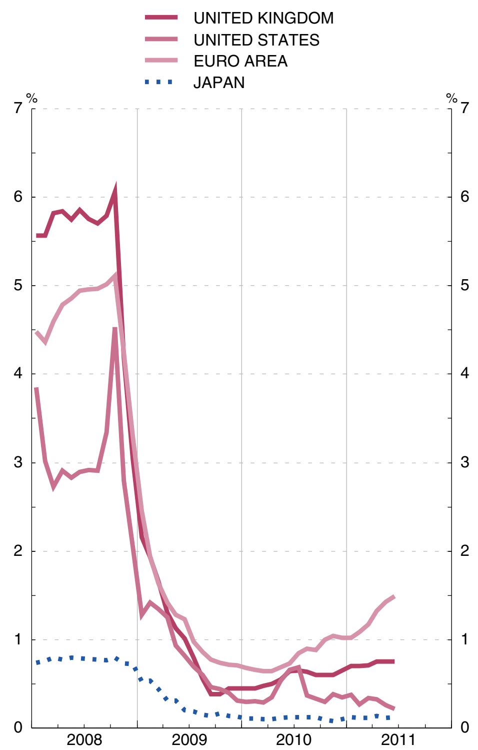
■ Series depicted in chart. *Percentages*

	Official intervention interest rates					3-month interbank rates									
	Euro area	United States		Japan	United Kingdom	OECD	EU-15	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	(a)	Discount rate (b)	Federal funds rate	(c)	(d)										
	1 ■	2 ■	3 ■	4 ■	5 ■	6	7	8 ■	9	10	11 ■	12	13	14 ■	15 ■
08	2.50	0.50	0.25	0.30	2.00	3.45	4.75	4.63	-	-	3.07	-	-	0.77	5.41
09	1.00	0.50	0.25	0.30	0.50	0.93	1.19	1.22	-	-	0.83	-	-	0.27	1.01
10	1.00	0.75	0.25	0.30	0.50	0.61	0.78	0.81	-	-	0.40	-	-	0.11	0.57
10 *Jan*	1.00	0.50	0.25	0.30	0.50	0.48	0.64	0.68	-	-	0.30	-	-	0.11	0.45
Feb	1.00	0.75	0.25	0.30	0.50	0.48	0.62	0.66	-	-	0.30	-	-	0.11	0.45
Mar	1.00	0.75	0.25	0.30	0.50	0.48	0.61	0.65	-	-	0.29	-	-	0.10	0.48
Apr	1.00	0.75	0.25	0.30	0.50	0.51	0.62	0.65	-	-	0.35	-	-	0.10	0.50
May	1.00	0.75	0.25	0.30	0.50	0.61	0.66	0.69	-	-	0.54	-	-	0.11	0.55
Jun	1.00	0.75	0.25	0.30	0.50	0.70	0.74	0.73	-	-	0.66	-	-	0.12	0.64
Jul	1.00	0.75	0.25	0.30	0.50	0.75	0.83	0.85	-	-	0.69	-	-	0.12	0.65
Aug	1.00	0.75	0.25	0.30	0.50	0.64	0.86	0.90	-	-	0.37	-	-	0.12	0.64
Sep	1.00	0.75	0.25	0.30	0.50	0.63	0.84	0.88	-	-	0.33	-	-	0.13	0.60
Oct	1.00	0.75	0.25	0.30	0.50	0.64	0.93	1.00	-	-	0.30	-	-	0.09	0.60
Nov	1.00	0.75	0.25	0.30	0.50	0.69	0.98	1.04	-	-	0.38	-	-	0.08	0.60
Dec	1.00	0.75	0.25	0.30	0.50	0.69	0.98	1.02	-	-	0.35	-	-	0.10	0.65
11 *Jan*	1.00	0.75	0.25	0.30	0.50	0.70	0.99	1.02	-	-	0.37	-	-	0.12	0.70
Feb	1.00	0.75	0.25	0.30	0.50	0.68	1.05	1.09	-	-	0.27	-	-	0.12	0.70
Mar	1.00	0.75	0.25	0.30	0.50	0.74	1.13	1.18	-	-	0.34	-	-	0.11	0.71
Apr	1.25	0.75	0.25	0.30	0.50	0.78	1.25	1.32	-	-	0.32	-	-	0.14	0.75
May	1.25	0.75	0.25	0.30	0.50	0.79	1.34	1.43	-	-	0.26	-	-	0.12	0.75
Jun	1.25	0.75	0.25	0.30	0.50	0.79	1.39	1.49	-	-	0.21	-	-	0.12	0.75

OFFICIAL INTERVENTION INTEREST RATES



3-MONTH INTERBANK RATES



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

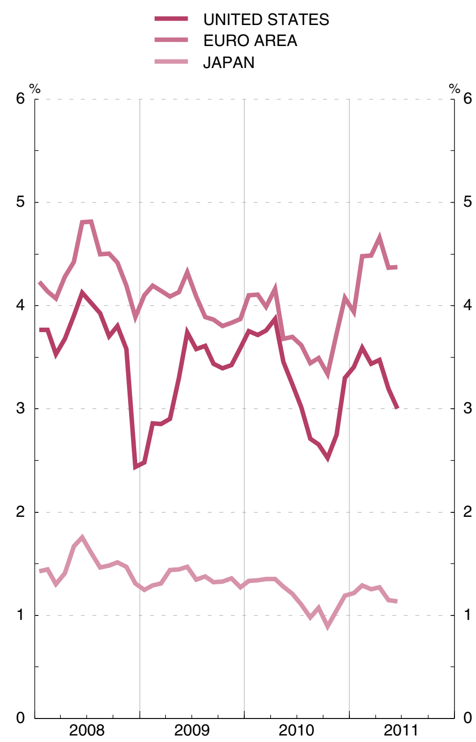
2.6. 10-YEAR GOVERNMENT BOND YIELDS ON DOMESTIC MARKETS

■ Series depicted in chart.

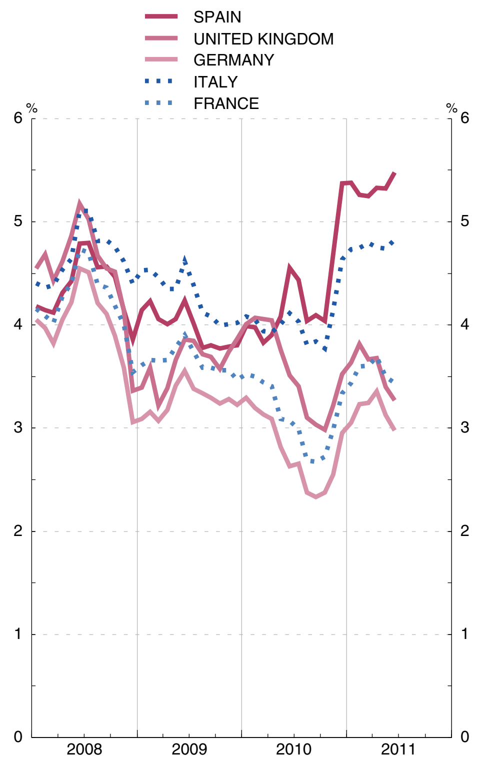
Percentages

	OECD 1	EU-15 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
08	3.63	4.33	4.36	4.00	4.36	3.69	4.24	4.66	1.49	4.55
09	3.18	3.74	4.03	3.27	3.97	3.27	3.65	4.28	1.35	3.63
10	3.05	3.52	3.78	2.78	4.25	3.22	3.12	4.03	1.18	3.56
10 *Jan*	3.40	3.75	4.10	3.30	3.99	3.75	3.53	4.08	1.34	4.01
Feb	3.36	3.73	4.11	3.19	3.98	3.71	3.50	4.05	1.34	4.07
Mar	3.36	3.65	3.99	3.14	3.83	3.76	3.45	3.94	1.35	4.05
Apr	3.42	3.67	4.16	3.09	3.90	3.87	3.41	3.93	1.35	4.05
May	3.16	3.49	3.68	2.82	4.08	3.46	3.09	4.01	1.28	3.76
Jun	3.05	3.49	3.70	2.63	4.56	3.24	3.07	4.11	1.21	3.51
Jul	2.92	3.45	3.62	2.65	4.43	3.01	2.99	4.03	1.10	3.41
Aug	2.67	3.18	3.44	2.38	4.04	2.71	2.69	3.81	0.98	3.10
Sep	2.67	3.21	3.50	2.33	4.09	2.65	2.67	3.84	1.07	3.03
Oct	2.58	3.18	3.34	2.38	4.04	2.52	2.72	3.77	0.89	2.99
Nov	2.83	3.52	3.73	2.55	4.69	2.75	2.99	4.14	1.05	3.22
Dec	3.24	3.92	4.07	2.95	5.37	3.30	3.34	4.63	1.19	3.53
11 *Jan*	3.32	4.02	3.94	3.05	5.38	3.41	3.44	4.73	1.22	3.63
Feb	3.46	4.13	4.48	3.23	5.26	3.59	3.60	4.74	1.29	3.81
Mar	3.40	4.15	4.49	3.24	5.25	3.44	3.60	4.80	1.26	3.67
Apr	3.46	4.26	4.66	3.36	5.33	3.47	3.69	4.75	1.27	3.68
May	3.28	4.15	4.37	3.13	5.32	3.19	3.50	4.74	1.15	3.40
Jun	3.18	4.14	4.37	2.98	5.48	3.00	3.44	4.82	1.14	3.27

10-YEAR GOVERNMENT BOND YIELDS



10-YEAR GOVERNMENT BOND YIELDS



Sources: ECB, Reuters and BE.

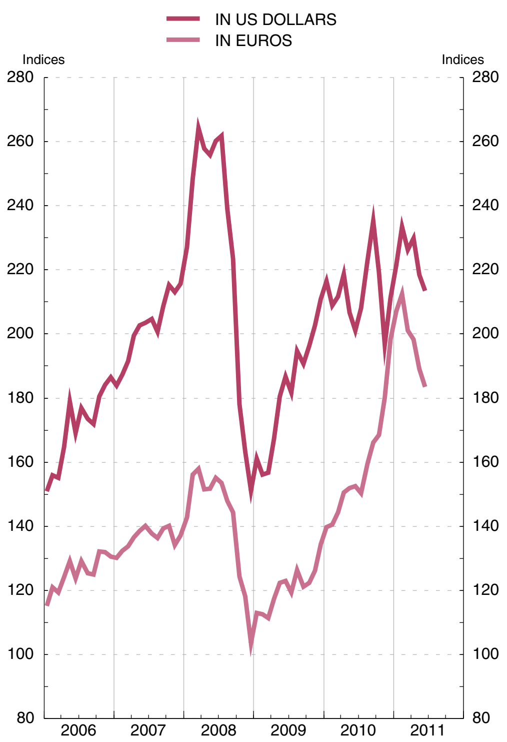
2.7 INTERNATIONAL MARKETS. NON-ENERGY COMMODITIES PRICE INDEX. CRUDE OIL AND GOLD PRICE.

■ Series depicted in chart.

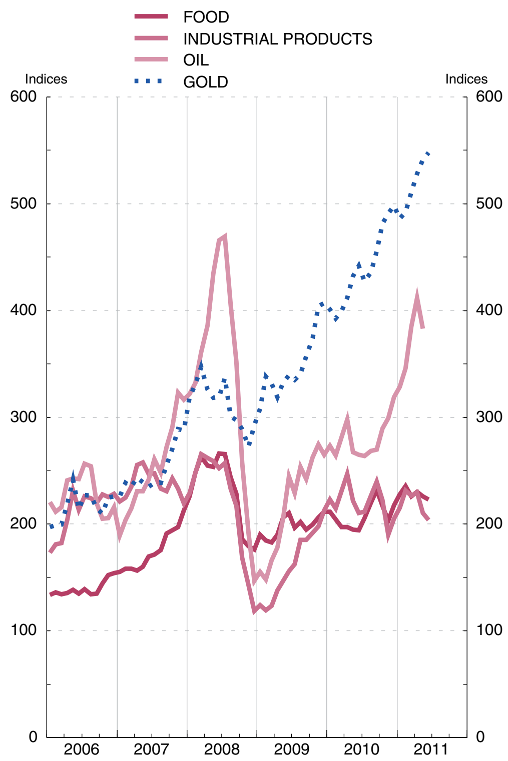
Base 2000 = 100

	Non-energy commodity price index (a)						Oil		Gold		
	Euro index	US dollar index					Index (b)	Brent North sea	Index (c)	US dollars per troy ounce	Euro per gram
	General	General	Food	Industrial products				US dollars per barrel			
				Total	Non-food agricul-tural products	Metals					
	1 ■	2 ■	3 ■	4 ■	5	6	7 ■	8	9 ■	10	11
06	125.6	170.8	139.3	211.6	147.3	246.4	227.8	64.9	216.7	604.6	15.45
07	136.4	202.3	175.1	237.4	162.4	278.4	252.1	73.0	249.8	696.7	16.32
08	142.2	227.4	232.4	221.0	176.0	245.5	343.7	97.2	312.5	871.7	19.07
09	120.8	182.3	198.0	162.2	136.0	176.4	219.2	61.7	348.8	973.0	22.42
10	158.6	213.1	207.9	220.2	211.2	225.9	280.0	79.9	439.2	1 225.3	29.76
10 *J-J*	146.6	210.6	199.8	224.7	202.5	236.7	274.9	77.5	413.2	1 152.8	28.06
11 *J-J*	198.4	223.7	227.9	219.4	278.0	194.3	...	112.1	517.9	1 444.9	33.11
10 *May*	151.9	206.7	195.0	222.0	210.7	228.1	267.6	75.8	432.1	1 205.4	30.96
Jun	152.4	201.1	193.9	210.5	206.2	212.9	264.7	75.0	442.0	1 232.9	32.45
Jul	150.4	208.1	205.4	211.4	198.1	218.7	263.9	76.4	427.6	1 193.0	30.01
Aug	159.6	222.9	220.2	226.4	203.5	238.9	268.8	77.9	435.8	1 215.8	30.31
Sep	166.1	235.2	231.7	239.6	223.0	248.8	269.7	78.4	455.6	1 271.0	31.25
Oct	168.6	219.0	216.8	222.6	223.0	223.5	289.4	83.0	481.1	1 342.0	31.04
Nov	180.1	196.8	203.2	190.1	223.5	175.7	299.4	85.7	491.1	1 369.9	32.27
Dec	198.3	211.3	217.6	204.8	248.0	186.2	319.0	92.3	498.2	1 389.7	33.80
11 *Jan*	207.1	221.5	227.7	215.2	266.7	193.1	328.2	97.4	486.2	1 356.4	32.70
Feb	212.5	233.5	235.4	231.5	301.3	201.5	346.1	103.7	492.1	1 372.7	32.35
Mar	201.2	226.3	226.0	226.8	298.4	196.1	384.8	115.4	510.5	1 424.0	32.66
Apr	198.4	229.9	230.2	229.5	300.8	199.0	411.9	124.4	528.3	1 473.8	32.88
May	189.0	218.4	226.0	210.6	258.1	190.2	383.2	116.2	541.4	1 510.4	33.90
Jun	183.4	213.5	222.8	203.9	244.5	186.5	...	114.9	548.0	1 528.7	34.15

NON-ENERGY COMMODITY PRICE INDEX



PRICE INDICES FOR NON-ENERGY COMMODITIES, OIL AND GOLD



Sources: The Economist, IMF, ECB and BE.

a. The weights are based on the value of the world commodity imports during the period 1999-2001.

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.

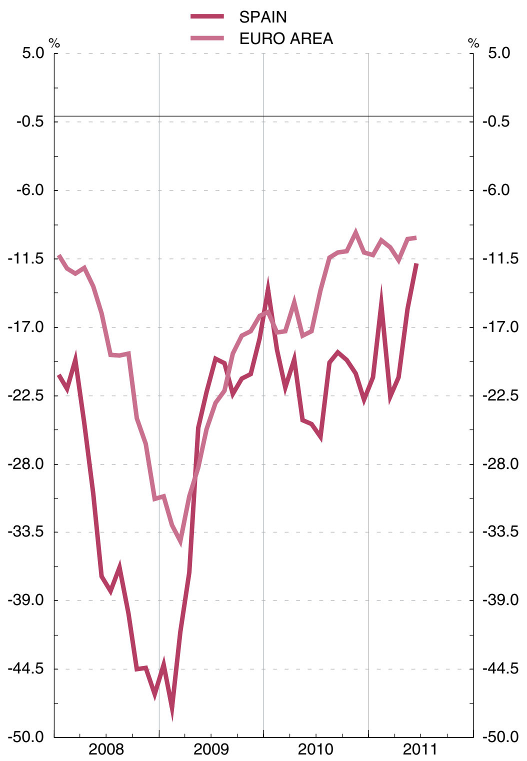
3.1 INDICATORS OF PRIVATE CONSUMPTION. SPAIN AND EURO AREA

■ Series depicted in chart.

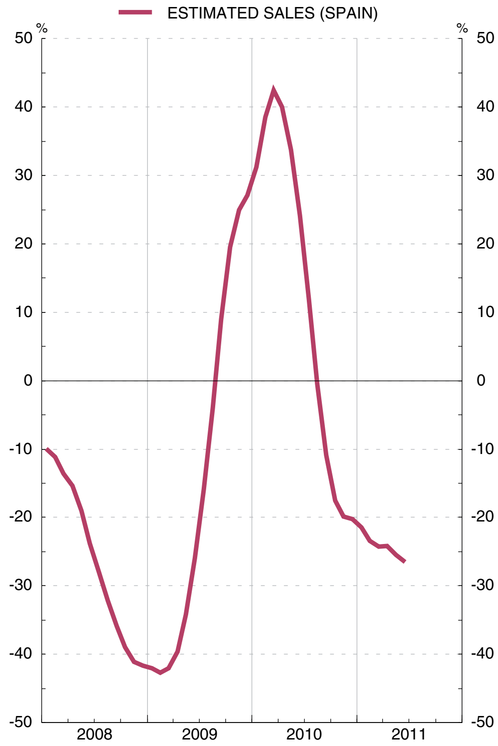
Annual percentage changes

		Opinion surveys (net percentages)						New car registrations and sales				Retail trade indices (2005=100, NACE 2009) (Deflated indices)							
		Consumers			Retail trade confidence index	Memorandum item: euro area		of which			Memorandum item: euro area	General retail trade index	General index without petrol stations						
													of which						
		Confidence index	General economic situation: anticipated trend	Household economic situation: anticipated trend		Consumer confidence index	Retail trade confidence index	Registrations	Private use	Estimated sales	Registrations		Total	Food	Large retail outlets	Large chain stores	Small chain stores	Single-outlet retailers	Memorandum item: euro area (a)
		1 ■	2	3	4	5 ■	6	7	8	9 ■	10	11	12	13	14	15	16	17	18
08		-33.7	-32.6	-20.4	-27.6	-18.1	-10.0	-27.4	-30.0	-28.1	-8.0	-5.7	-5.7	-2.3	-5.2	1.1	-8.6	-8.0	-0.8
09		-28.2	-26.2	-13.2	-24.6	-24.8	-15.5	-18.1	-10.7	-17.9	4.6	-5.7	-5.8	-3.4	-6.0	-1.6	-7.1	-7.2	-2.0
10	P	-20.9	-18.0	-9.7	-17.2	-14.0	-4.0	3.0	-1.3	3.1	-8.1	-1.6	-0.9	-0.4	-1.6	1.9	-3.1	-2.0	1.1
10 *J-J*	P	-20.6	-17.0	-8.7	-14.3	-16.8	-7.0	39.6	33.6	39.5	-2.6	-0.8	0.3	-0.3	0.1	2.4	-2.1	-0.8	0.9
11 *J-J*	P	-17.9	-14.8	-7.8	-20.4	-10.5	-1.5	-27.3	-11.4	-26.8	-2.4	...	...	...	...	...	...	...	...
10 *Jul*	P	-25.8	-27.2	-15.9	-21.4	-14.0	-4.0	-23.9	-31.0	-24.1	-18.2	-2.2	-2.0	1.5	-2.2	3.9	-4.2	-4.3	1.7
Aug	P	-19.9	-18.0	-11.9	-21.0	-11.4	-3.5	-22.9	-25.5	-23.8	-19.2	-1.3	-1.2	-0.9	-5.4	1.3	-1.0	1.8	1.9
Sep	P	-19.0	-15.5	-8.4	-13.3	-11.0	-0.8	-27.0	-27.2	-27.3	-12.4	-3.0	-2.9	-0.8	-5.8	0.6	-6.3	-3.6	1.6
Oct	P	-19.7	-17.3	-8.4	-22.3	-10.9	-0.8	-37.9	-36.0	-37.6	-15.4	-2.9	-2.6	-2.1	-1.0	0.4	-5.0	-5.1	1.5
Nov	P	-20.7	-16.3	-10.0	-20.7	-9.4	-1.1	-25.8	-22.1	-25.5	-10.1	-1.0	-0.7	1.0	-0.8	3.3	-4.4	-2.5	1.3
Dec	P	-22.8	-20.2	-9.8	-22.6	-11.0	4.3	-24.0	-19.9	-23.9	-7.0	-4.5	-3.9	-2.0	-5.2	-0.4	-4.1	-5.4	0.2
11 *Jan*	P	-21.0	-22.6	-10.5	-22.3	-11.2	-0.6	-23.6	-16.4	-23.5	-4.4	-4.6	-4.5	-3.2	-6.3	-0.4	-4.6	-6.1	0.9
Feb	P	-15.2	-18.2	-5.5	-20.1	-10.0	-0.2	-28.0	-13.1	-27.6	0.1	-4.6	-4.6	-2.9	-7.1	0.1	-3.9	-6.3	1.3
Mar	P	-22.6	-15.0	-10.6	-23.1	-10.6	-1.4	-29.8	-8.9	-29.1	-4.6	-7.9	-8.1	-5.7	-12.4	-3.8	-7.9	-8.7	-1.3
Apr	P	-21.0	-15.2	-11.0	-21.7	-11.6	-1.8	-24.1	-12.0	-23.3	-0.2	-2.1	-1.5	1.1	0.5	6.4	-3.5	-6.1	1.3
May	P	-15.5	-11.5	-6.2	-18.7	-9.9	-2.4	-24.1	-4.3	-23.3	-1.2	-5.8	-5.8	-3.5	-8.5	-	-8.6	-6.7	-1.5
Jun	P	-11.9	-6.3	-2.9	-16.5	-9.8	-2.4	-31.5	-14.8	-31.4	-3.9	...	...	...	...	...	...	...	...

CONSUMER CONFIDENCE INDEX



CAR SALES
Trend obtained with TRAMO-SEATS



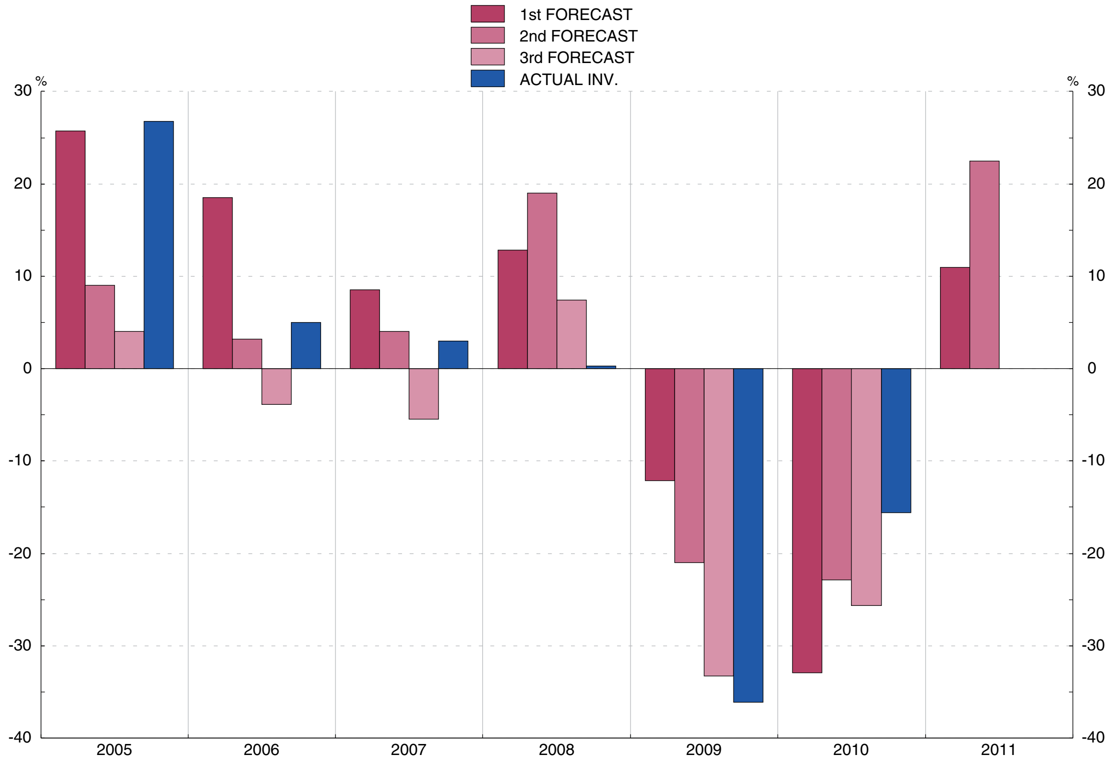
Sources: European Commission, European Economy, Supplement B, INE, Dirección General de Tráfico, Asociación Nacional de Fabricantes de Automóviles y Camiones and ECB.
a. Data adjusted by working days.

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

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

	ACTUAL INV. 1 ■	1st FORECAST 2 ■	2nd FORECAST 3 ■	3rd FORECAST 4 ■
05	27	26	9	4
06	5	19	3	-4
07	3	9	4	-6
08	0	13	19	7
09	-36	-12	-21	-33
10	-16	-33	-23	-26
11	...	11	23	...

INVESTMENT IN INDUSTRY
Annual rates of change



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

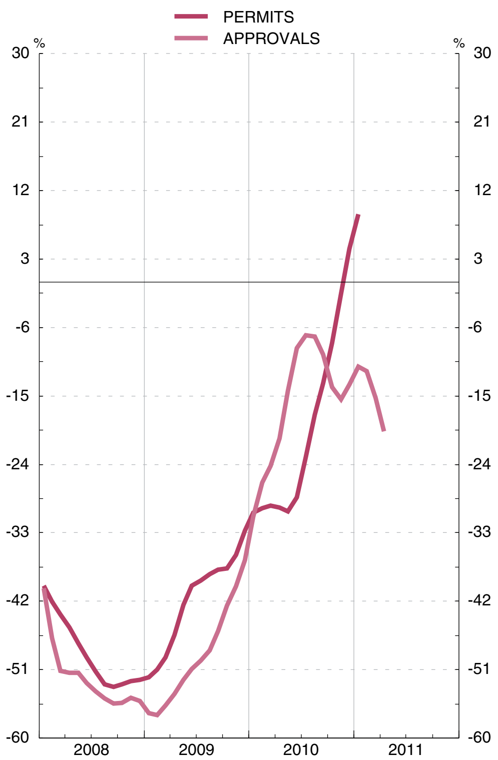
3.3. CONSTRUCTION. INDICATORS OF BUILDING STARTS AND CONSUMPTION OF CEMENT. SPAIN

■ Series depicted in chart.

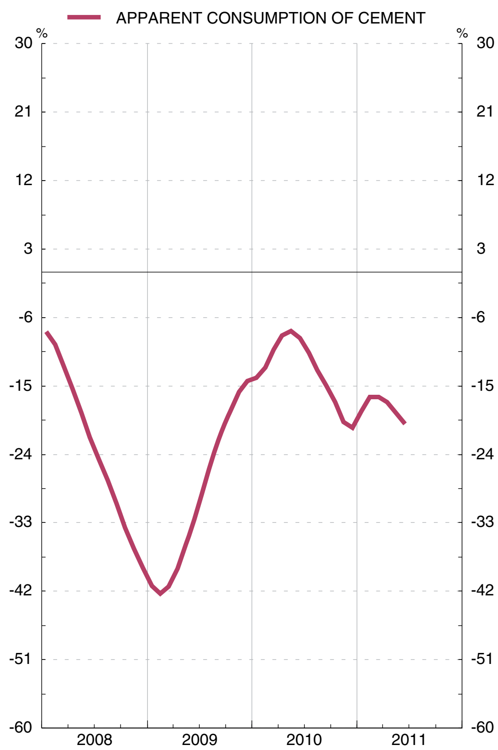
Annual percentage changes

		Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)							Apparent consumption of cement
		Total	of which: Residential	of which: Housing	Non-residential	Total	of which: Housing	Total: For the month	Total: Year to date	Building: Total	Building, of which: Residential	Building, of which: Housing	Building: Non-residential	Civil engineering	
		1 ■	2	3	4	5 ■	6	7 ■	8	9	10	11	12	13	14 ■
08	P	-48.5	-53.1	-53.8	-29.8	-52.1	-56.6	2.9	2.9	-7.5	8.5	13.4	-11.5	7.2	-23.8
09	P	-43.4	-49.3	-49.2	-27.2	-51.4	-56.8	-8.2	-8.2	1.1	3.7	-19.9	0.3	-11.4	-32.3
10	P	-28.7	-24.3	-25.2	-36.9	-16.0	-16.1	-37.9	-37.9	-20.1	-38.1	-38.7	-14.4	-45.1	-14.8
10 *J-J*	P	-42.2	-39.1	-39.9	-47.8	-18.7	-18.0	-39.8	-39.8	-21.8	-28.5	-23.1	-20.1	-48.0	-14.5
11 *J-J*	P	...	...	...	...	...	...	...	...	...	...	...	...	...	-10.2
10 *Mar*	P	-42.4	-39.3	-39.2	-48.3	-24.5	-11.6	-44.5	-52.2	-11.3	93.8	80.6	-28.6	-59.2	-16.4
Apr	P	-48.7	-53.1	-53.4	-37.8	-23.7	-23.7	-28.5	-48.1	7.8	-67.3	-64.8	38.5	-44.4	-9.1
May	P	-44.1	-50.6	-51.1	-29.1	-15.1	-14.4	0.4	-42.4	26.6	-15.7	-41.0	42.2	-10.6	-7.3
Jun	P	-52.2	-39.5	-40.0	-67.6	3.0	9.0	-22.3	-39.8	-39.7	-36.2	-9.9	-40.3	-12.5	-10.7
Jul	P	-30.0	-28.2	-25.7	-34.4	-13.1	-23.6	-55.5	-42.1	-28.7	-56.9	-66.7	-11.5	-67.3	-15.5
Aug	P	-5.2	15.5	15.2	-31.5	-1.6	2.0	-29.1	-40.8	-30.0	-43.5	-46.3	-25.5	-28.7	-11.2
Sep	P	-28.9	-15.3	-15.1	-47.7	1.4	-0.7	-13.7	-38.9	-26.1	20.6	125.8	-33.8	-9.4	-16.2
Oct	P	-16.0	-19.5	-20.7	-8.1	-27.7	-30.4	-0.4	-36.6	36.6	53.1	-50.4	33.4	-15.2	-15.8
Nov	P	2.0	10.2	2.2	-14.8	-13.2	-13.7	-15.1	-35.1	-27.8	-61.1	347.5	-4.3	-9.3	-20.5
Dec	P	11.1	10.0	11.3	13.7	-15.6	-4.4	-57.0	-37.9	-9.6	-73.4	-66.8	22.7	-65.5	-9.6
11 *Jan*	P	14.4	22.7	21.8	-8.2	-4.8	13.9	-18.4	-18.4	-27.3	-45.8	30.1	-22.4	-12.4	0.3
Feb	P	...	...	...	...	-6.3	5.0	-46.2	-35.0	-57.2	-58.6	-72.0	-57.1	-37.9	0.9
Mar	P	...	...	...	...	-16.2	-23.3	-57.7	-44.5	-66.4	-65.8	-92.6	-66.6	-49.5	-7.3
Apr	P	...	...	...	...	-22.9	-25.0	-49.0	-45.6	-61.7	40.0	98.4	-71.5	-38.2	-17.1
May	P	...	...	...	...	...	...	...	...	...	...	...	...	...	-10.7
Jun	P	...	...	...	...	...	...	...	...	...	...	...	...	...	-20.4

CONSTRUCTION
Trend obtained with TRAMO-SEATS



CONSTRUCTION
Trend obtained with TRAMO-SEATS



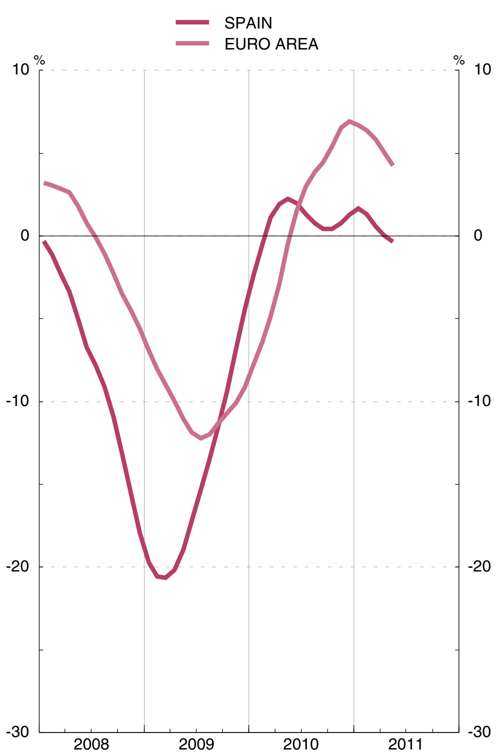
Sources: Ministerio de Fomento and Asociación de Fabricantes de Cemento de España.
Note: The underlying series for this indicator are in Tables 23.7, 23.8, and 23.9 of the BE Boletín estadístico.

3.4. INDUSTRIAL PRODUCTION INDEX. SPAIN AND EURO AREA (a)

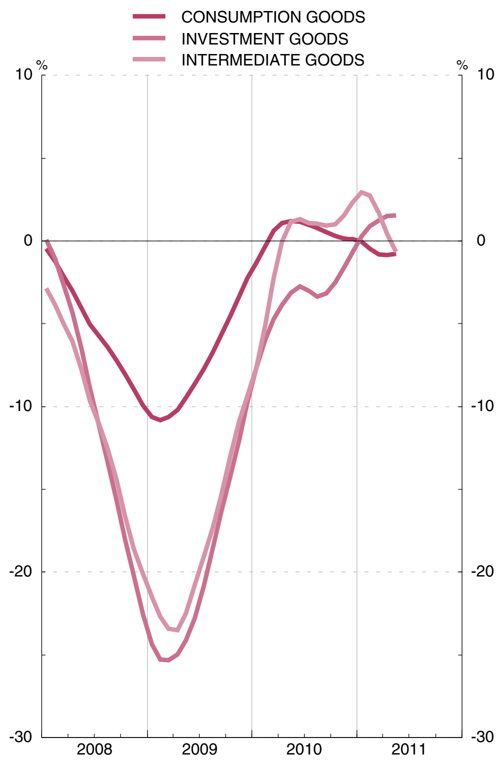
■ Series depicted in chart. *Annual percentage changes*

		Overall Index		By end-use of goods				By branch of activity (NACE 2009)			Memorandum item: euro area				
		Total		Consumer goods	Capital goods	Intermediate goods	Energy	Mining and quarrying	Manufacturing	Electrity and gas supply	Total	of which	By end-use of goods		
		Original series	12-month %change 12									Manufacturing	Consumer goods	Capital goods	Intermediate goods
		1	2 ■	3 ■	4 ■	5 ■	6	7	8	9	10 ■	11	12	13	14
08	MP	98.6	-7.1	-4.6	-8.7	-11.0	1.6	-13.7	-7.8	1.1	-1.6	-1.7	-1.8	0.1	-3.4
09	MP	82.6	-16.2	-8.8	-22.5	-21.4	-8.6	-24.3	-17.0	-7.6	-14.7	-15.8	-4.9	-20.8	-19.0
10	MP	83.4	0.9	0.9	-3.3	2.7	2.5	4.4	0.6	2.9	7.4	7.9	3.3	9.4	10.1
10 *J-M*	MP	83.4	1.7	1.7	-2.4	4.9	-0.2	5.8	1.4	3.3	7.0	7.2	3.4	5.7	11.5
11 *J-M*	MP	84.4	1.2	-0.7	3.4	2.4	-0.4	-11.2	1.8	-1.2	5.8	7.3	2.2	11.6	7.5
10 *Feb*	P	80.8	-1.9	-3.1	-3.5	1.1	-3.6	4.1	-2.5	2.6	4.8	5.0	2.3	4.0	8.1
Mar	P	91.2	6.8	8.5	2.0	8.0	7.7	7.8	6.4	11.0	7.9	8.2	5.5	4.9	12.4
Apr	P	82.2	3.0	4.4	-4.8	8.4	-0.3	7.7	2.9	4.0	9.4	9.5	2.7	9.4	15.8
May	P	86.1	5.1	4.0	0.7	9.7	2.0	15.4	5.0	3.8	10.0	10.0	4.6	9.9	14.6
Jun	P	89.0	3.2	2.1	1.9	4.6	4.1	7.4	3.6	-0.3	8.7	9.4	4.5	9.8	12.5
Jul	P	89.7	-2.3	-3.2	-5.9	-2.5	6.0	3.4	-2.9	2.5	7.6	8.1	4.0	9.9	9.8
Aug	P	63.9	3.4	5.7	-7.4	6.5	3.9	14.8	3.6	1.5	8.4	9.5	4.2	12.8	11.7
Sep	P	86.1	-1.1	-0.3	-6.7	0.1	2.5	4.6	-1.5	2.2	5.6	6.1	1.4	8.5	7.3
Oct	P	84.9	-3.5	-3.2	-8.9	-3.3	2.9	4.7	-4.3	2.8	7.3	7.8	3.2	13.1	7.6
Nov	P	90.3	3.4	1.4	2.0	4.1	8.5	-7.6	3.2	7.3	8.2	8.6	3.4	13.2	7.9
Dec	P	79.4	0.4	0.8	-3.5	0.9	3.7	-2.1	0.1	2.6	8.9	9.4	2.0	16.9	8.0
11 *Jan*	P	80.5	5.0	3.5	5.0	7.1	3.8	-3.8	5.4	3.3	6.3	8.0	0.9	12.7	9.8
Feb	P	83.5	3.3	0.1	5.1	6.6	0.2	-10.9	4.3	-2.3	7.8	9.7	2.9	15.0	10.3
Mar	P	92.4	1.3	-3.2	3.1	5.6	-1.8	-9.0	1.7	-0.6	5.8	6.9	1.1	11.3	7.7
Apr	P	78.9	-4.0	-6.1	-1.3	-4.1	-3.2	-15.9	-3.7	-5.5	5.3	6.7	4.2	10.2	5.6
May	P	86.8	0.8	2.9	5.1	-2.3	-1.3	-14.6	1.5	-1.9	4.0	5.3	2.0	9.2	4.3

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.
a. Spain 2005 = 100; euro area 2000 = 100.

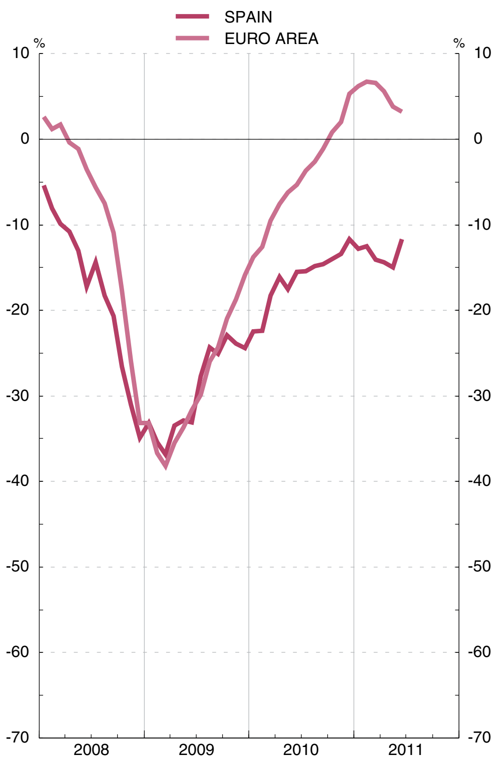
3.5. MONTHLY BUSINESS SURVEY: INDUSTRY AND CONSTRUCTION. SPAIN AND EURO AREA (NACE 2009)

■ Series depicted in chart.

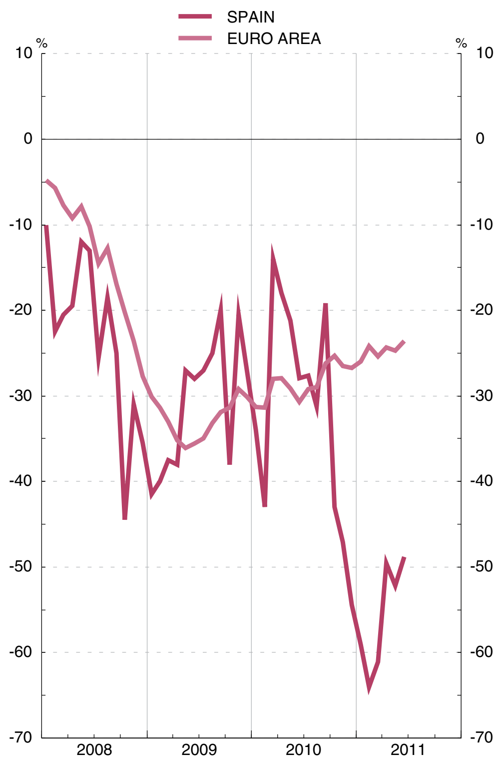
Percentage balances

		Industry, excluding construction										Construction					Memorandum item:euro area (b)		
								Business climate indicator							Trend		Industry, excluding construction		
		Business climate indi-cator- (a)	Produc-tion over the last three months	Trend in pro-duction (a)	Total orders (a)	Foreign orders	Stocks of finished products (a)	Con-sum-ption (a)	In-vest-ment (a)	In-ter-me-diate goods (a)	Other sec-tors (a)	Business climate indicator	Produc-tion	Orders	Produc-tion	Orders	Business climate indicator	Order Book	Construc-tion climate indicator
		1 ■	2	3	4	5	6	7	8	9	10	11 ■	12	13	14	15	16 ■	17	18 ■
08	M	-18	-16	-8	-24	-17	21	-12	-7	-27	-3	-23	-2	-20	-16	-16	-8	-13	-13
09	M	-29	-34	-11	-54	-52	23	-19	-26	-37	-44	-31	-20	-32	-13	-19	-29	-57	-33
10	M	-16	-8	-1	-37	-29	11	-10	-14	-18	-52	-32	-19	-31	-26	-33	-5	-25	-28
10 *J-J*	M	-19	-15	0	-43	-36	14	-11	-18	-20	-54	-26	-19	-30	-15	-25	-9	-35	-30
11 *J-J*	M	-13	-8	-2	-28	-22	10	-10	-10	-13	-56	-56	-25	-53	-38	-31	5	-1	-25
10 *Mar*		-18	-21	1	-44	-36	12	-12	-16	-20	-57	-14	-57	-20	12	-28	-10	-39	-28
Apr		-16	-9	3	-40	-30	11	-10	-14	-17	-53	-18	9	-25	6	-12	-8	-33	-28
May		-18	-4	-1	-37	-33	14	-11	-13	-21	-52	-21	11	-27	-8	-7	-6	-28	-29
Jun		-16	-1	1	-36	-27	12	-9	-15	-14	-55	-28	9	-39	-26	-37	-5	-26	-31
Jul		-15	7	-0	-35	-29	11	-9	-11	-18	-55	-28	0	-30	-6	-4	-4	-21	-29
Aug		-15	1	-2	-33	-22	9	-6	-13	-17	-58	-31	1	-18	-46	-47	-3	-18	-29
Sep		-15	1	-4	-33	-22	7	-9	-12	-20	-22	-19	-34	-21	-2	-43	-1	-16	-26
Oct		-14	-7	-2	-31	-9	9	-10	-14	-14	-37	-43	-25	-32	-55	-55	1	-13	-25
Nov		-13	-7	-2	-30	-24	8	-9	-11	-14	-68	-47	-29	-43	-56	-44	2	-11	-27
Dec		-12	-7	3	-28	-26	10	-7	-5	-14	-57	-54	-29	-51	-51	-48	5	-5	-27
11 *Jan*		-13	-7	-1	-28	-20	10	-9	-6	-14	-57	-59	-35	-67	-41	-24	6	-3	-26
Feb		-13	-14	1	-29	-27	10	-9	-9	-12	-61	-64	-42	-58	-50	-51	7	-1	-24
Mar		-14	-7	-2	-29	-24	11	-12	-13	-13	-54	-61	-48	-58	-43	-21	7	-0	-25
Apr		-14	-6	-4	-28	-21	12	-9	-14	-12	-68	-50	-10	-47	-43	-27	6	0	-24
May		-15	-7	-5	-28	-22	12	-12	-12	-16	-65	-52	-6	-47	-24	-31	4	-3	-25
Jun		-12	-6	-3	-26	-17	6	-10	-4	-13	-33	-49	-6	-41	-27	-31	3	-2	-24

INDUSTRIAL BUSINESS CLIMATE
Percentage balances



CONSTRUCTION BUSINESS CLIMATE
Percentage balances



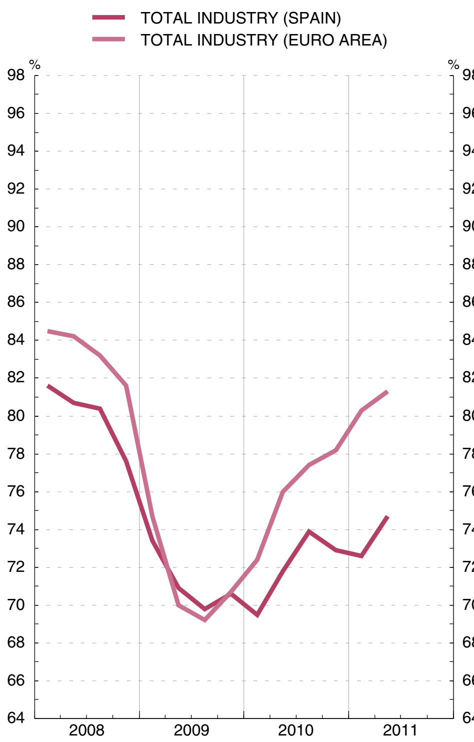
Sources: Ministerio de Industria, Turismo y Comercio and ECB.
a. Seasonally adjusted.
b. To April 2010, NACE 1993; from May 2010, NACE 2009.

3.6. BUSINESS SURVEY: CAPACITY UTILISATION. SPAIN AND EURO AREA (NACE 2009)

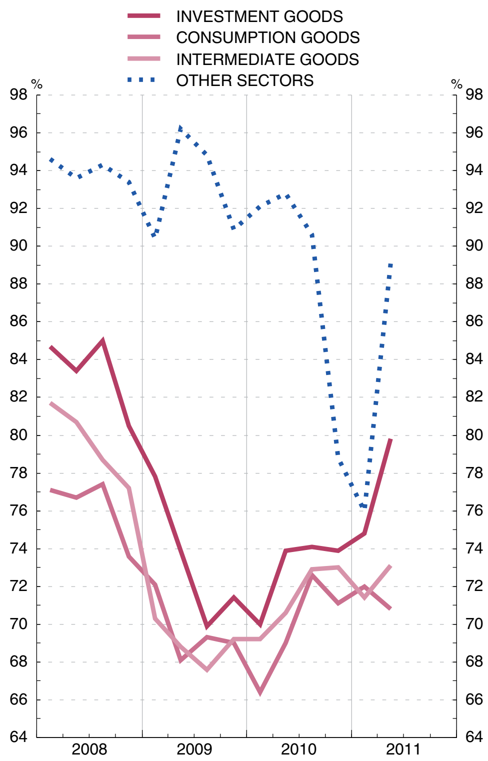
■ Series depicted in chart. *Percentages and percentage balances*

	Total industry: Capacity utilisation: Over last three months (%)	Total industry: Capacity utilisation: Forecast (%)	Total industry: Installed capacity (Percentage balances)	Consumer goods: Capacity utilisation: Over last three months (%)	Consumer goods: Capacity utilisation: Forecast (%)	Consumer goods: Installed capacity (Percentage balances)	Investment goods: Capacity utilisation: Over last three months (%)	Investment goods: Capacity utilisation: Forecast (%)	Investment goods: Installed capacity (Percentage balances)	Intermediate goods: Capacity utilisation: Over last three months (%)	Intermediate goods: Capacity utilisation: Forecast (%)	Intermediate goods: Installed capacity (Percentage balances)	Other sectors (a): Capacity utilisation: Over last three months (%)	Other sectors (a): Capacity utilisation: Forecast (%)	Other sectors (a): Installed capacity (Percentage balances)	Memorandum item: euro area capacity utilisation (b) (%)
	1 ■	2	3	4 ■	5	6	7 ■	8	9	10 ■	11	12	13 ■	14	15	16 ■
08	80.1	80.4	7	76.2	77.3	8	83.4	83.3	6	79.6	79.7	7	94.0	94.5	-0	83.4
09	71.2	71.4	26	69.6	70.7	18	73.3	73.6	25	69.0	68.5	34	93.1	94.3	1	71.1
10	72.0	72.8	22	69.8	70.5	18	73.0	72.5	23	71.4	72.9	24	88.6	90.5	18	76.0
10 *Q1-Q2*	70.7	72.3	23	67.7	68.6	20	72.0	72.7	24	69.9	72.6	27	92.5	93.2	0	74.2
11 *Q1-Q2*	73.7	74.6	17	71.4	72.7	16	77.3	77.3	12	72.3	73.5	21	82.6	85.2	2	80.8
08 *Q4*	77.6	76.5	12	73.6	73.5	12	80.5	78.8	7	77.2	75.6	16	93.4	94.1	-0	81.6
09 *Q1*	73.4	72.9	22	72.1	71.8	9	77.8	76.2	17	70.3	70.1	36	90.4	92.7	-	74.7
Q2	70.9	71.4	26	68.1	69.8	20	73.9	73.9	22	68.8	68.7	35	96.2	96.7	-	70.0
Q3	69.8	70.7	30	69.3	70.8	19	69.9	70.6	38	67.6	68.4	36	94.8	95.8	3	69.2
Q4	70.6	70.4	24	69.0	70.4	23	71.4	73.7	22	69.2	66.7	28	90.9	91.9	-	70.7
10 *Q1*	69.5	70.7	25	66.4	67.1	20	70.0	71.0	26	69.2	70.9	30	92.1	92.8	0	72.4
Q2	71.8	73.9	21	69.0	70.1	19	73.9	74.3	22	70.6	74.3	24	92.8	93.6	-	76.0
Q3	73.9	74.6	15	72.6	73.6	10	74.1	74.5	19	72.9	73.8	18	90.6	90.9	0	77.4
Q4	72.9	72.1	26	71.1	71.3	21	73.9	70.3	25	73.0	72.4	24	78.8	84.5	73	78.2
11 *Q1*	72.6	73.4	16	72.0	72.6	13	74.8	75.0	15	71.4	72.7	20	76.0	78.4	3	80.3
Q2	74.7	75.8	17	70.8	72.7	20	79.8	79.6	9	73.1	74.2	21	89.1	91.9	-	81.3

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages



CAPACITY UTILISATION. BY TYPE OF GOOD
Percentages



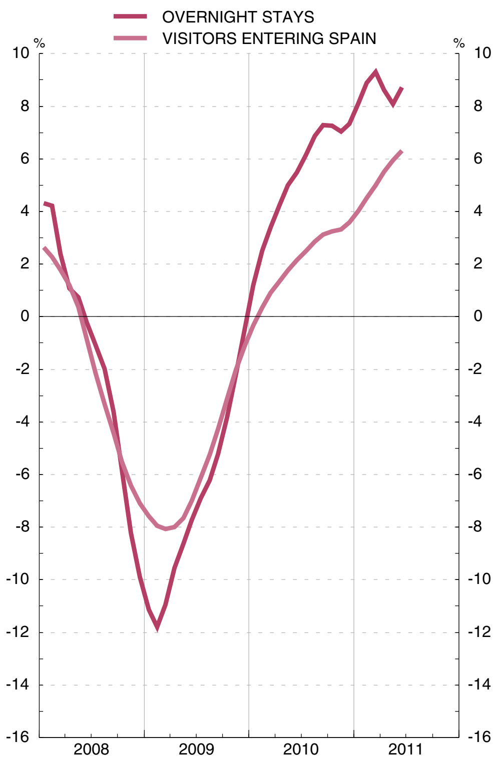
Sources: Ministerio de Industria, Turismo y Comercio and ECB.
a. Includes mining and quarrying, manufacture of coke and refined petroleum products, and nuclear fuels.
b. To April 2010, NACE 1993; from May 2010, NACE 2009.

3.7. TOURISM AND TRANSPORT STATISTICS. SPAIN

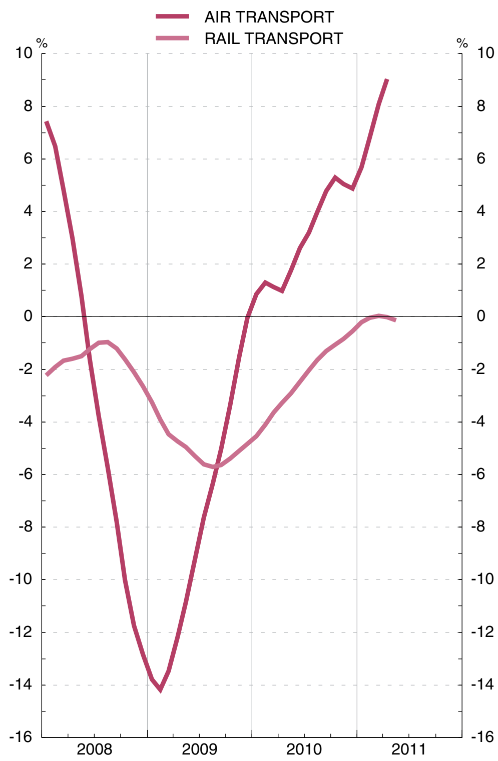
■ Series depicted in chart. *Annual percentage changes*

		Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
									Passengers							
		Total	Foreigners	Total	Foreigners	Total	Tourists	Day-trippers	Total	Domestic flights	International flights	Freight	Passengers	Freight	Passengers	Freight
		1	2	3 ■	4	5 ■	6	7	8 ■	9	10	11	12	13	14 ■	15
08		-1.7	-0.1	-1.2	0.2	-1.3	-2.5	0.6	-3.0	-7.5	0.3	0.0	0.6	-2.1	-0.7	-10.3
09		-7.1	-10.6	-6.7	-9.3	-5.9	-8.8	-1.9	-8.0	-8.0	-8.0	-9.6	-4.1	-12.9	-5.7	-24.8
10	P	6.3	11.7	6.5	9.2	2.0	1.0	3.4	3.0	1.3	4.1	15.8	2.8	4.6	-2.6	-3.0
10 *J-J*	P	4.8	7.4	3.9	3.4	1.2	-1.8	5.3	1.2	2.0	0.7	25.3	4.4	2.5	-3.6	-0.2
11 *J-J*	P	4.1	11.4	6.9	14.0	6.7	7.5	5.5	...	...	...	...	...	...	...	...
10 *Mar*		7.3	6.9	7.1	5.6	8.1	3.2	14.3	5.5	5.4	5.6	29.8	8.0	1.9	-3.7	-9.2
Apr		3.5	8.7	0.7	-0.2	-5.4	-13.3	6.2	-8.6	-3.3	-12.4	40.7	-4.2	2.7	0.5	2.3
May		5.6	9.2	5.5	5.8	-1.2	1.2	-4.9	3.2	1.9	4.1	30.6	2.3	3.6	-4.3	10.7
Jun	P	6.0	7.5	4.9	4.3	4.5	1.6	9.4	3.4	1.0	4.9	17.6	4.5	3.5	-3.6	4.7
Jul	P	8.5	15.6	6.7	10.3	2.9	4.5	0.6	3.8	-1.6	7.0	10.0	4.4	7.1	-3.4	5.3
Aug	P	6.4	14.7	8.1	14.7	2.8	4.0	1.4	3.8	-1.5	7.0	10.6	-3.1	3.7	-1.6	-0.9
Sep	P	6.7	14.4	7.4	12.3	8.0	4.2	14.1	5.8	2.4	7.9	4.1	9.1	2.7	0.0	-14.4
Oct	P	8.8	13.3	8.5	10.4	3.6	4.2	2.7	8.9	6.5	10.4	6.7	1.5	7.7	-2.0	-3.7
Nov	P	4.3	13.0	4.8	10.9	0.2	2.7	-2.5	5.5	4.0	6.7	10.9	0.8	8.1	-1.5	-3.9
Dec	P	4.6	9.0	3.6	3.3	-4.9	-4.6	-5.1	-2.0	-4.6	0.2	5.9	-1.2	9.8	-0.6	-14.6
11 *Jan*	P	2.9	8.5	4.6	9.0	6.1	4.7	7.5	6.4	2.7	9.3	9.2	...	...	0.7	-7.6
Feb	P	3.2	7.0	5.4	9.6	3.9	4.3	3.6	4.9	-0.6	9.5	5.9	...	...	3.0	14.7
Mar	P	1.0	11.1	4.9	13.5	0.2	0.6	-0.2	4.8	0.5	8.3	4.0	...	...	4.3	17.3
Apr	P	8.5	13.3	11.9	20.6	13.3	20.9	4.1	20.7	4.3	33.5	-8.8	...	...	-0.9	2.7
May	P	-0.8	6.9	1.6	9.3	3.5	4.2	2.3	...	...	...	...	...	...	-3.1	...
Jun	P	8.4	18.0	10.9	18.1	11.1	8.5	15.4	...	...	...	...	...	...	...	...

TOURISM
Trend obtained with TRAMO-SEATS



TRANSPORT
Trend obtained with TRAMO-SEATS



Sources: INE and Instituto de Estudios Turísticos, Estadística de Movimientos Turísticos en Frontera.
Note: The underlying series for this indecator are in Tables 23.14 and 23.15 of the BE Boletín estadístico .
a. Information from hotel directories. Since January 2006, the frequency of data collection has been increased to every day of the month.

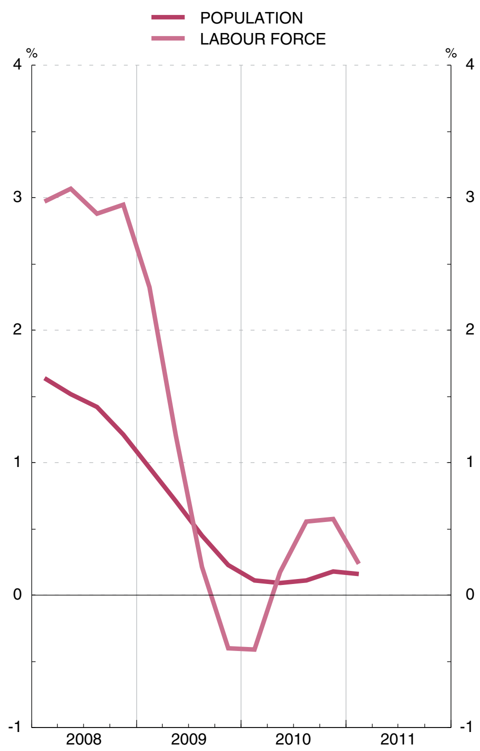
4.1. LABOUR FORCE. SPAIN

■ Series depicted in chart.

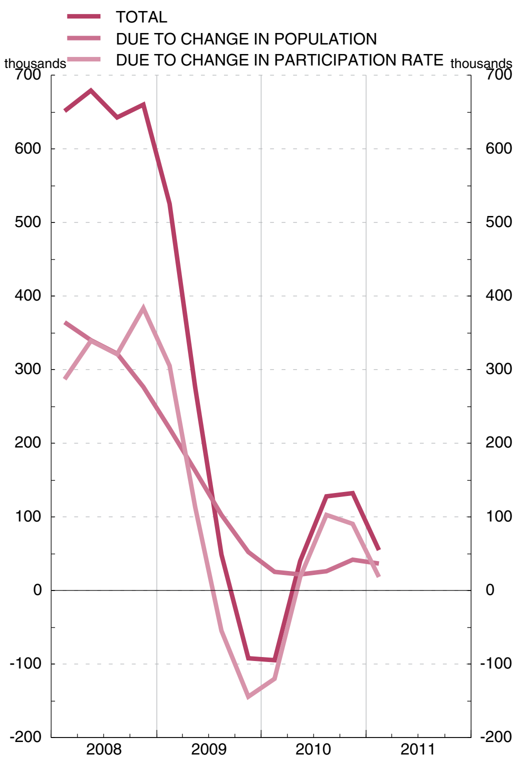
Thousands and annual percentage changes

	Population over 16 years of age			Participation rate (%) (a)	Labour force				
						Annual change (b)			
	Thousands	Annual change	4-quarter % change		Thousands (a)	Total	Due to change in population over 16 years of age	Due to change in partici- pation rate	4-quarter % change
	1	2	3 ■	4	5	6 ■	7 ■	8 ■	9 ■
08 M	38 208	545	1.4	59.80	22 848	658	326	333	3.0
09 M	38 432	224	0.6	59.95	23 037	189	134	55	0.8
10 M	38 479	48	0.1	60.00	23 089	51	29	23	0.2
10 *Q1-Q1* M	38 451	42	0.1	59.83	23 007	-95	25	-120	-0.4
11 *Q1-Q1* M	38 512	61	0.2	59.88	23 062	55	37	18	0.2
08 *Q3*	38 271	537	1.4	59.95	22 945	643	322	321	2.9
Q4	38 357	460	1.2	60.13	23 065	660	276	384	2.9
09 *Q1*	38 409	366	1.0	60.15	23 102	525	220	305	2.3
Q2	38 432	271	0.7	60.06	23 082	276	162	113	1.2
Q3	38 443	172	0.4	59.81	22 994	48	103	-54	0.2
Q4	38 443	87	0.2	59.76	22 973	-92	52	-144	-0.4
10 *Q1*	38 451	42	0.1	59.83	23 007	-95	25	-120	-0.4
Q2	38 468	36	0.1	60.11	23 122	40	22	18	0.2
Q3	38 485	43	0.1	60.08	23 122	128	26	102	0.6
Q4	38 512	69	0.2	59.99	23 105	132	42	91	0.6
11 *Q1*	38 512	61	0.2	59.88	23 062	55	37	18	0.2

LABOUR FORCE SURVEY
Annual percentage change



LABOUR FORCE
Annual changes



Source: INE (Labour Force Survey: 2005 methodology).
a. the new definition of unemployment applies from 2001 Q1 onwards, entailing a break in the series. (See 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).
General note to the tables: As a result of the change in the population base (2001 Census), all the series in this table have been revised as from 1996. In addition, since 2005 Q1 the new obligatory variables referred to in Regulation (EC) 2257/2003 (on the adaptation of the list of labour force survey characteristics) have been included, a centralised procedure for telephone interviews has been set in place and the questionnaire has been modified. Thus, in 2005 Q1, there is a break in the series of some variables. For further information, see www.ine.es

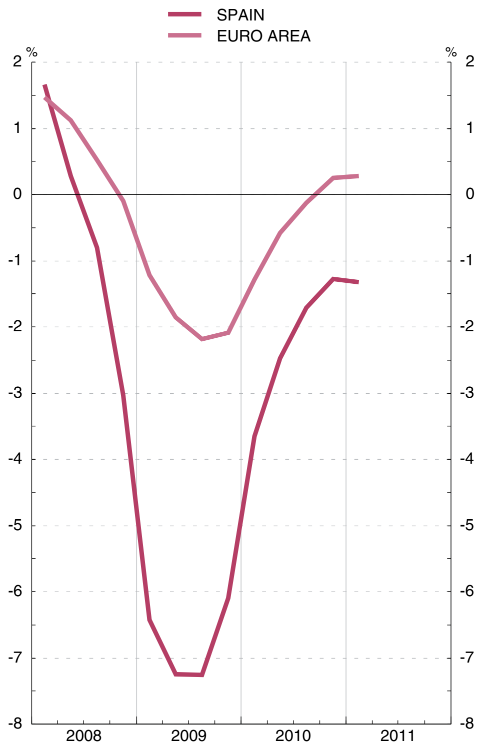
4.2. EMPLOYMENT AND WAGE-EARNERS. SPAIN AND EURO AREA

■ Series depicted in chart.

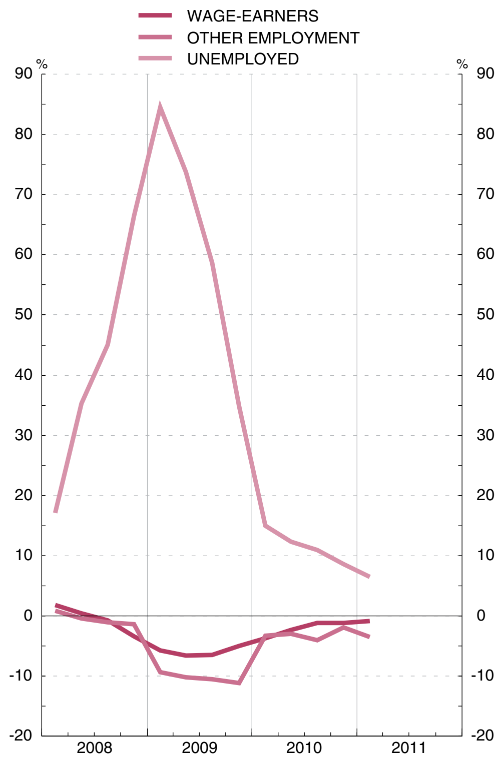
Thousands and annual percentage changes

	Employment									Unemployment				Memorandum item: euro area	
	Total			Wage-earners			Other								
	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands (a)	Annual change	4-quarter % change	Unem-ployment rate (a)	Employ-ment 4-quarter % change	Unem-ployment rate
	1	2	3 ■	4	5	6 ■	7	8	9 ■	10	11	12 ■	13	14	15
08 M	20 258	-98	-0.5	16 681	-79	-0.5	3 576	-20	-0.5	2 591	757	41.3	11.33	0.8	7.68
09 M	18 888	-1 370	-6.8	15 681	-1 001	-6.0	3 207	-369	-10.3	4 150	1 559	60.2	18.01	-1.8	9.56
10 M	18 457	-431	-2.3	15 347	-334	-2.1	3 110	-98	-3.0	4 632	483	11.6	20.07	-0.4	10.12
10 *Q1-Q1* M	18 394	-697	-3.6	15 253	-590	-3.7	3 141	-107	-3.3	4 613	602	15.0	20.05	-1.3	10.09
11 *Q1-Q1* M	18 152	-243	-1.3	15 121	-133	-0.9	3 031	-110	-3.5	4 910	298	6.4	21.29	0.3	9.95
08 *Q3*	20 346	-164	-0.8	16 746	-124	-0.7	3 600	-41	-1.1	2 599	807	45.0	11.33	0.5	7.72
Q4	19 857	-620	-3.0	16 308	-568	-3.4	3 549	-52	-1.4	3 208	1 280	66.4	13.91	-0.1	8.16
09 *Q1*	19 091	-1 312	-6.4	15 843	-974	-5.8	3 248	-337	-9.4	4 011	1 837	84.5	17.36	-1.2	8.97
Q2	18 945	-1 480	-7.2	15 737	-1 116	-6.6	3 208	-364	-10.2	4 138	1 756	73.7	17.92	-1.9	9.45
Q3	18 870	-1 476	-7.3	15 650	-1 096	-6.5	3 220	-380	-10.6	4 123	1 525	58.7	17.93	-2.2	9.81
Q4	18 646	-1 211	-6.1	15 493	-816	-5.0	3 153	-395	-11.1	4 327	1 119	34.9	18.83	-2.1	10.02
10 *Q1*	18 394	-697	-3.6	15 253	-590	-3.7	3 141	-107	-3.3	4 613	602	15.0	20.05	-1.3	10.09
Q2	18 477	-468	-2.5	15 363	-373	-2.4	3 113	-95	-3.0	4 646	508	12.3	20.09	-0.6	10.16
Q3	18 547	-323	-1.7	15 456	-194	-1.2	3 090	-130	-4.0	4 575	451	10.9	19.79	-0.1	10.14
Q4	18 408	-238	-1.3	15 314	-178	-1.2	3 094	-59	-1.9	4 697	370	8.6	20.33	0.3	10.08
11 *Q1*	18 152	-243	-1.3	15 121	-133	-0.9	3 031	-110	-3.5	4 910	298	6.4	21.29	0.3	9.95

EMPLOYMENT
Annual percentage changes



LABOUR FORCE: COMPONENTS
Annual percentage changes



Sources: INE (Labour Force Survey: 2005 methodology), and ECB.
a. the new definition of unemployment applies from 2001 Q1 onwards, entailing a break in the series. (See www.ine.es).
General note to the tables: As a result of the change in the population base (2001 Census), all the series in this table have been revised as from 1996. In addition, since 2005 Q1 the new obligatory variables referred to in Regulation (EC) 2257/2003 (on the adaptation of the list of labour force survey characteristics) have been included, a centralised procedure for telephone interviews has been set in place and the questionnaire has been modified. Thus, in 2005 Q1, there is a break in the series of some variables. For further information, see www.ine.es.

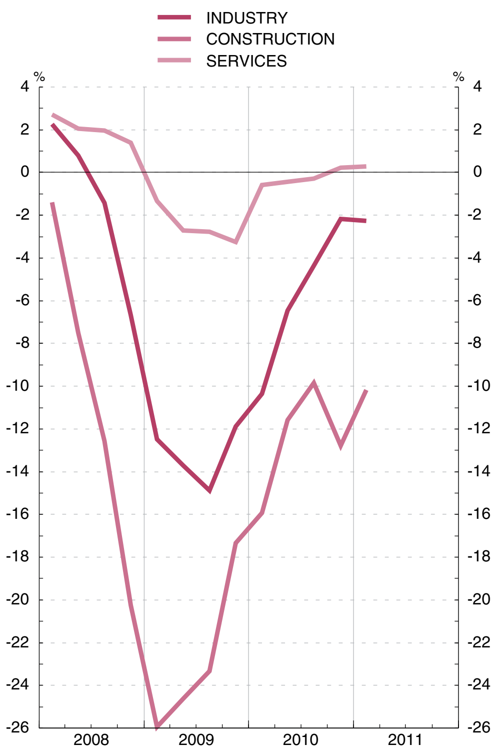
4.3. EMPLOYMENT BY BRANCH OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

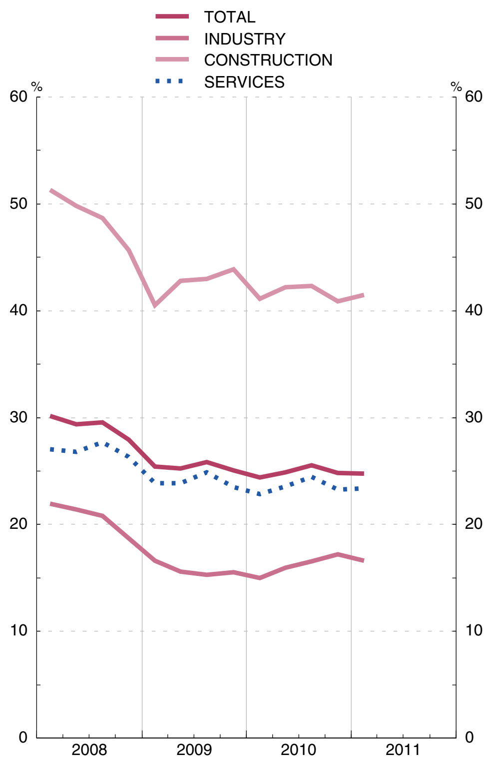
Annual percentage changes

	Total			Agriculture			Industry			Construction			Services			Memorandum item:
	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora-ry em-ployment	Employment in branches other than agriculture
	1	2	3 ■	4	5	6	7 ■	8	9 ■	10 ■	11	12 ■	13 ■	14	15 ■	16
08 M	-0.5	-0.5	29.2	-5.1	-8.0	58.0	-1.3	-1.3	20.7	-10.4	-12.2	48.9	2.0	2.3	27.0	-0.3
09 M	-6.8	-6.0	25.4	-4.0	-0.1	59.0	-13.3	-13.1	15.8	-23.0	-25.0	42.6	-2.5	-1.3	24.0	-6.9
10 M	-2.3	-2.1	24.9	0.9	5.4	59.1	-5.9	-5.2	16.2	-12.6	-14.9	41.6	-0.3	-0.1	23.5	-2.4
10 *Q1-Q1* M	-3.6	-3.7	24.4	-0.3	2.4	62.7	-10.4	-10.9	15.0	-15.9	-17.2	41.1	-0.6	-0.5	22.8	-3.8
11 *Q1-Q1* M	-1.3	-0.9	24.8	-6.2	-4.6	59.1	-2.3	-1.1	16.6	-10.2	-9.0	41.5	0.3	0.2	23.4	-1.1
08 *Q3*	-0.8	-0.7	29.5	-4.6	-9.5	54.2	-1.4	-1.6	20.8	-12.6	-14.1	48.7	2.0	2.4	27.7	-0.6
Q4	-3.0	-3.4	27.9	-4.8	-3.4	59.8	-6.7	-7.7	18.7	-20.2	-23.8	45.7	1.4	1.7	26.3	-3.0
09 *Q1*	-6.4	-5.8	25.4	-3.0	3.3	63.0	-12.5	-12.0	16.6	-25.9	-29.9	40.5	-1.3	0.0	23.9	-6.6
Q2	-7.2	-6.6	25.2	-4.2	0.8	57.1	-13.7	-14.0	15.6	-24.6	-26.4	42.8	-2.7	-1.6	23.9	-7.4
Q3	-7.3	-6.5	25.9	-6.4	-3.5	56.9	-14.9	-15.0	15.3	-23.3	-24.5	43.0	-2.8	-1.7	24.9	-7.3
Q4	-6.1	-5.0	25.1	-2.6	-1.5	59.2	-11.9	-11.4	15.5	-17.3	-17.6	43.9	-3.3	-1.8	23.5	-6.2
10 *Q1*	-3.6	-3.7	24.4	-0.3	2.4	62.7	-10.4	-10.9	15.0	-15.9	-17.2	41.1	-0.6	-0.5	22.8	-3.8
Q2	-2.5	-2.4	24.9	-1.1	1.1	57.1	-6.4	-5.6	15.9	-11.6	-14.8	42.2	-0.4	-0.2	23.6	-2.5
Q3	-1.7	-1.2	25.6	2.3	11.2	55.4	-4.4	-3.2	16.5	-9.8	-12.3	42.3	-0.3	0.2	24.5	-1.9
Q4	-1.3	-1.2	24.8	2.8	7.7	61.3	-2.2	-0.7	17.2	-12.8	-15.1	40.9	0.2	0.1	23.3	-1.5
11 *Q1*	-1.3	-0.9	24.8	-6.2	-4.6	59.1	-2.3	-1.1	16.6	-10.2	-9.0	41.5	0.3	0.2	23.4	-1.1

EMPLOYMENT
Annual percentage changes



TEMPORARY EMPLOYMENT
Percentages



Source: INE (Labour Force Survey: 2005 methodology).
a. Series re-calculated drawing on the transition matrix to NACE 2009 published by INE. The underlying series of this indicator are in Tables 24.4 and 24.6 of the BE Boletín Estadístico.
General note to the tables:As a result of the change in the population base (2001 Census), all the series in this table have been revised as from 1996. In addition, since 2005 Q1 the new obligatory variables referred to in Regulation (EC) 2257/2003 (on the adaptation of the list of labour force survey characteristics) have been included, a centralised procedure for telephone interviews has been set in place and the questionnaire has been modified. Thus, in 2005 Q1, there is a break in the series of some variables. For further information, see www.ine.es.

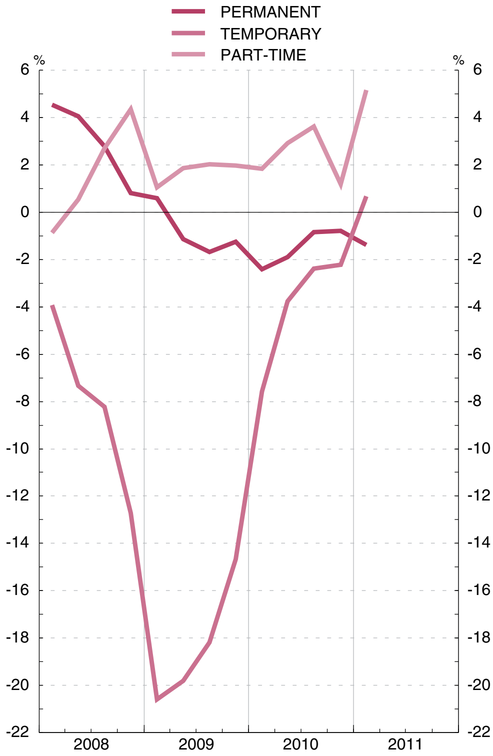
4.4. WAGE-EARNERS BY TYPE OF CONTRACT AND UNEMPLOYMENT BY DURATION. SPAIN. (a)

■ Series depicted in chart.

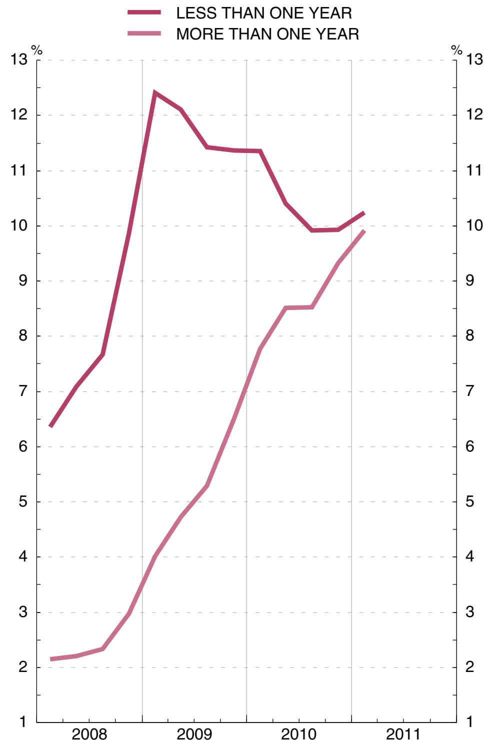
Thousands, annual percentage changes and %

	Wage-earners										Unemployment			
	By type of contract					By duration of working day					By duration			
	Permanent		Temporary			Full-time		Part-time			Less than one year		More than one year	
	Annual change Thousands	4-quarter % change	Annual change Thousands	4-quarter % change	Proportion of temporary employment	Annual change Thousands	4-quarter % change	Annual change Thousands	4-quarter % change	As % for wage earners	Unemployment rate (a)	4-quarter % change	Unemployment rate (a)	4-quarter % change
	1	2 ■	3	4 ■	5	6	7	8	9 ■	10	11 ■	12	13 ■	14
08 M	348	3.0	-426	-8.0	29.25	-112	-0.8	33	1.6	12.33	7.75	55.5	2.41	27.0
09 M	-102	-0.9	-898	-18.4	25.40	-1 036	-7.1	36	1.7	13.34	11.83	53.8	5.13	114.0
10 M	-175	-1.5	-159	-4.0	24.91	-384	-2.8	50	2.4	13.95	10.40	-11.9	8.53	66.7
10 *Q1-Q1* M	-285	-2.4	-305	-7.6	24.39	-628	-4.6	39	1.8	13.99	11.36	-8.9	7.77	93.0
11 *Q1-Q1* M	-158	-1.4	26	0.7	24.77	-243	-1.8	110	5.2	14.84	10.24	-9.6	9.92	27.9
08 *Q3*	320	2.8	-444	-8.2	29.53	-175	-1.2	52	2.7	11.72	7.67	59.5	2.34	36.3
Q4	96	0.8	-664	-12.7	27.93	-656	-4.4	88	4.3	12.92	9.86	83.6	2.97	56.8
09 *Q1*	70	0.6	-1 045	-20.6	25.41	-996	-6.8	22	1.1	13.22	12.42	99.7	4.01	91.0
Q2	-135	-1.1	-981	-19.8	25.24	-1 155	-7.8	39	1.9	13.48	12.11	72.9	4.72	117.2
Q3	-197	-1.7	-899	-18.2	25.85	-1 136	-7.7	40	2.0	12.79	11.42	49.2	5.29	127.2
Q4	-148	-1.3	-668	-14.7	25.08	-857	-6.0	42	2.0	13.87	11.37	14.8	6.50	117.8
10 *Q1*	-285	-2.4	-305	-7.6	24.39	-628	-4.6	39	1.8	13.99	11.36	-8.9	7.77	93.0
Q2	-224	-1.9	-149	-3.8	24.88	-436	-3.2	62	2.9	14.21	10.40	-14.0	8.51	80.6
Q3	-98	-0.8	-96	-2.4	25.56	-266	-2.0	73	3.6	13.42	9.92	-12.7	8.52	61.9
Q4	-93	-0.8	-86	-2.2	24.82	-204	-1.5	26	1.2	14.20	9.93	-12.2	9.33	44.3
11 *Q1*	-158	-1.4	26	0.7	24.77	-243	-1.8	110	5.2	14.84	10.24	-9.6	9.92	27.9

WAGE-EARNERS
Annual percentage changes



UNEMPLOYMENT
Unemployment rate



Source: INE (Labour Force Survey: 2005 methodology).
a. The new definition of unemployment applies from 2001 Q1 onwards, entailing a break in the series. (See www.ine.es).
General note to the tables: As a result of the change in the population base (2001 Census), all the series in this table have been revised as from 1996. In addition, since 2005 Q1 the new obligatory variables referred to in Regulation (EC) 2257/2003 (on the adaptation of the list of labour force survey characteristics) have been included, a centralised procedure for telephone interviews has been set in place and the questionnaire has been modified. Thus, in 2005 Q1, there is a break in the series of some variables. For further information, see www.ine.es.

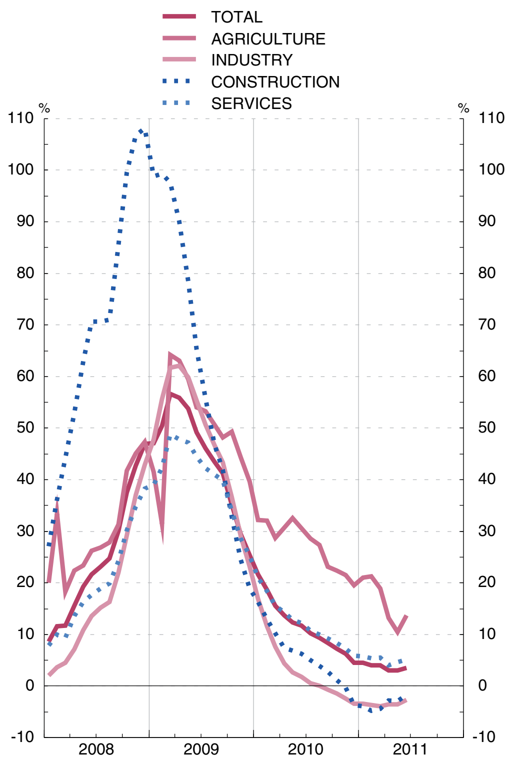
4.5. REGISTERED UNEMPLOYMENT BY BRANCH OF ACTIVITY. CONTRACTS AND PLACEMENTS. SPAIN

■ Series depicted in chart.

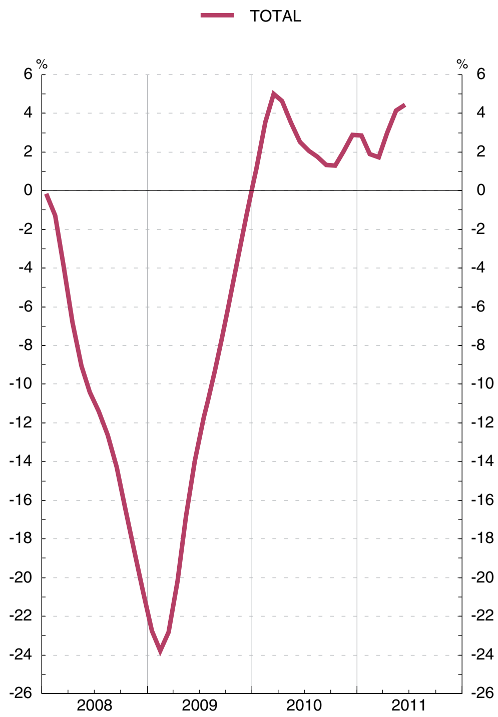
Thousands, annual percentage changes and %

		Registered unemployment: Total: Thousands (1)	Registered unemployment: Total: Annual change, Thousands (2)	Registered unemployment: Total: 12 month % change (3) ■	First time job-seekers (a): 12 month % change (4)	Previously employed (a), 12-month % change: Total (5)	Previously employed (a), 12-month % change: Agriculture (6) ■	Previously employed (a), 12-month % change: Branches other than agriculture: Total (7)	Branches other than agriculture: Industry (8) ■	Branches other than agriculture: Construction (9) ■	Branches other than agriculture: Services (10) ■	Contracts: Total: Thousands (11)	Contracts: Total: 12 month % change (12)	Contracts: Percentage of total: Permanent (13)	Contracts: Percentage of total: Part time (14)	Contracts: Percentage of total: Temporary (15)	Placements: Total: Thousands (16)	Placements: Total: 12 month % change (17) ■
08	M	2 540	501	24.6	7.9	26.6	30.6	26.5	17.0	71.1	20.1	1 383	-10.9	11.39	25.61	88.61	1 358	-9.8
09	M	3 644	1 104	43.5	35.7	45.3	49.9	45.2	47.7	62.5	40.0	1 168	-15.5	9.41	27.97	90.59	1 165	-14.2
10	M	4 061	417	11.4	35.1	9.9	27.4	9.4	3.1	5.7	12.1	1 201	2.8	8.55	29.26	91.45	1 191	2.3
10 *J-J*	M	4 089	549	15.5	43.4	13.7	31.1	13.2	7.5	10.0	15.7	1 138	3.1	9.18	27.81	90.82	1 124	2.8
11 *J-J*	M	4 241	151	3.7	18.1	2.5	16.4	2.1	-3.5	-3.4	5.1	1 158	1.8	8.74	29.50	91.26	1 160	3.2
10 *May*		4 066	446	12.3	36.1	10.6	32.6	10.0	2.7	6.9	12.8	1 182	6.5	9.16	28.97	90.84	1 198	7.9
Jun		3 982	417	11.7	35.3	9.9	30.6	9.3	1.8	6.3	12.2	1 298	1.8	7.61	29.42	92.39	1 244	-1.2
Jul		3 909	364	10.3	32.3	8.6	28.6	8.0	0.5	5.0	10.8	1 397	-0.4	6.86	31.51	93.14	1 386	0.3
Aug		3 970	341	9.4	30.1	7.8	27.3	7.2	0.0	3.9	10.0	1 010	6.9	6.62	28.59	93.38	1 021	6.0
Sep		4 018	308	8.3	26.3	6.9	23.1	6.4	-0.7	2.8	9.2	1 390	2.6	8.78	31.88	91.22	1 442	3.1
Oct		4 086	278	7.3	23.9	5.9	22.4	5.4	-1.4	1.1	8.4	1 346	-0.9	8.80	33.12	91.20	1 295	-6.1
Nov		4 110	241	6.2	24.1	4.8	21.5	4.2	-2.4	-0.4	7.2	1 257	4.4	8.60	30.86	91.40	1 243	4.5
Dec		4 100	176	4.5	24.7	2.9	19.5	2.4	-3.4	-3.7	5.8	1 190	4.6	7.83	28.24	92.17	1 165	5.4
11 *Jan*		4 231	183	4.5	25.5	2.9	21.0	2.3	-3.4	-3.9	5.7	1 116	6.3	9.21	26.03	90.79	1 116	8.3
Feb		4 299	169	4.1	24.0	2.5	21.3	1.9	-3.7	-4.7	5.4	1 011	-1.6	9.33	28.08	90.67	1 004	-1.9
Mar		4 334	167	4.0	20.8	2.6	18.9	2.1	-3.9	-4.4	5.5	1 155	-2.9	9.62	29.94	90.38	1 148	-2.5
Apr		4 269	127	3.1	16.3	1.9	13.2	1.5	-3.6	-2.8	4.1	1 067	-1.1	9.02	31.13	90.98	1 083	1.3
May		4 190	123	3.0	12.5	2.2	10.5	1.9	-3.5	-3.0	4.7	1 289	9.0	8.00	30.28	92.00	1 306	9.0
Jun		4 122	139	3.5	9.3	3.0	13.7	2.6	-2.7	-1.7	5.1	1 313	1.1	7.23	31.54	92.77	1 304	4.8

REGISTERED UNEMPLOYMENT
Annual percentage changes



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



Source: Instituto de Empleo Servicio Público de Empleo Estatal (INEM).
Note: The underlying series for this indicator are in Tables 24.16 and 24.17 of the BE Boletín estadístico.
a. To December 2008, NACE 1993; from January 2009, NACE 2009.

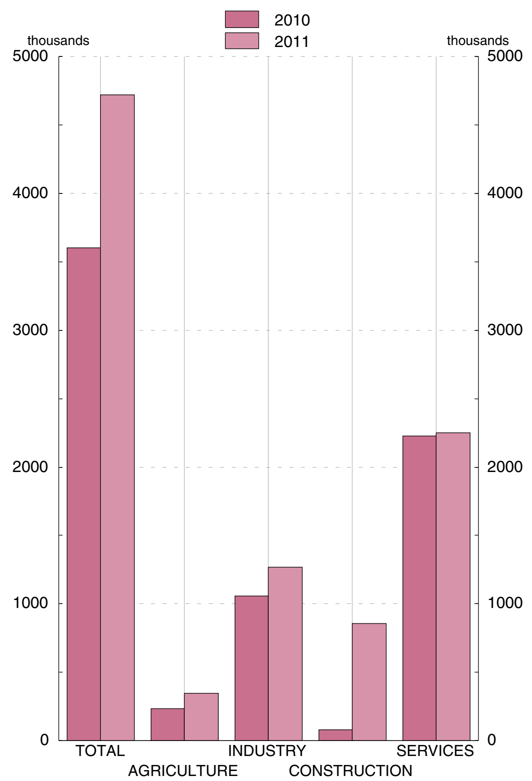
4.6. COLLECTIVE BARGAINING AGREEMENTS

■ Series depicted in chart.

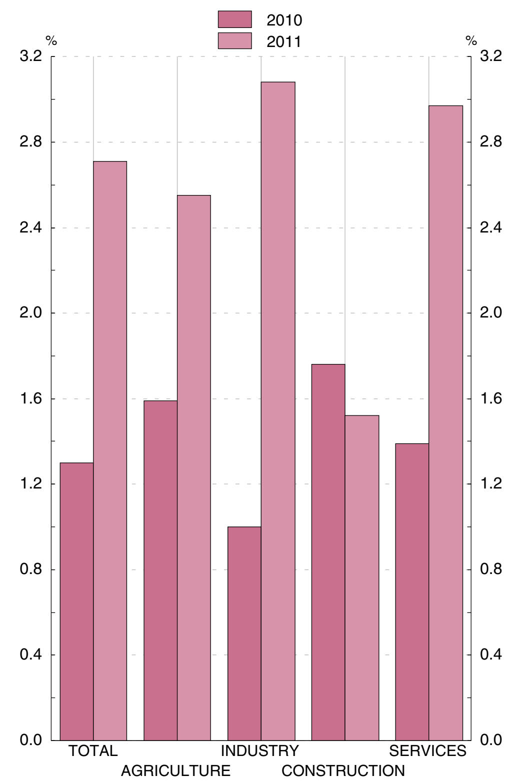
Thousands and %

	As per month economic effects come into force (a): Employees affected 1	As per month economic effects come into force (a): Average wage settlement (b) 2	As per month recorded – Employees affected (a): Automatic adjustment 3	Newly-signed agreements 4	Total 5 ■	Annual change 6	Agriculture (c) 7 ■	Industry (c) 8 ■	Construction (c) 9 ■	Services (c) 10 ■	As per month recorded – Average wage settlement (%): Automatic adjustment 11	Newly signed agreements 12	Total 13 ■	Agriculture (c) 14 ■	Industry (c) 15 ■	Construction (c) 16 ■	Services (c) 17 ■
08	11 968	3.60	7 069	1 733	8 802	390	406	2 419	1 070	4 907	3.48	3.80	3.54	3.21	3.39	3.64	3.62
09	11 558	2.24	7 611	1 064	8 676	-126	483	2 063	1 158	4 971	2.62	2.35	2.59	2.39	2.48	3.57	2.43
10	9 241	2.21	6 071	1 023	7 093	-1 583	557	1 699	1 084	3 753	1.32	1.20	1.30	1.35	1.08	1.49	1.34
10 *Jan*	8 770	2.22	1 154	-	1 154	-2 340	131	241	4	778	1.62	-	1.62	1.30	1.12	1.96	1.82
Feb	8 788	2.22	1 393	0	1 393	-4 590	151	337	39	866	1.52	1.54	1.52	1.20	1.18	0.90	1.73
Mar	8 825	2.22	1 754	126	1 879	-4 355	152	366	40	1 321	1.38	1.04	1.36	1.20	1.15	0.90	1.45
Apr	9 111	2.21	2 625	156	2 781	-3 993	224	715	40	1 802	1.29	1.04	1.27	1.46	0.94	0.90	1.39
May	9 116	2.21	2 890	194	3 083	-3 915	234	831	41	1 978	1.33	1.06	1.31	1.59	1.04	0.90	1.40
Jun	9 160	2.20	3 396	208	3 604	-3 781	234	1 060	81	2 229	1.31	1.06	1.30	1.59	1.00	1.76	1.39
Jul	9 178	2.20	3 548	224	3 771	-3 665	235	1 100	66	2 371	1.30	1.13	1.29	1.58	1.02	1.41	1.38
Aug	9 179	2.20	3 766	290	4 056	-3 391	236	1 319	66	2 435	1.29	1.10	1.28	1.58	1.01	1.41	1.39
Sep	9 200	2.20	4 786	344	5 130	-2 698	238	1 354	910	2 628	1.32	1.09	1.31	1.58	1.02	1.49	1.37
Oct	9 240	2.21	5 381	821	6 202	-2 183	429	1 537	1 084	3 153	1.33	1.10	1.30	1.39	1.04	1.49	1.34
Nov	9 241	2.21	6 047	917	6 964	-1 625	520	1 664	1 084	3 696	1.32	1.09	1.29	1.32	1.08	1.49	1.32
Dec	9 241	2.21	6 071	1 023	7 093	-1 583	557	1 699	1 084	3 753	1.32	1.20	1.30	1.35	1.08	1.49	1.34
11 *Jan*	4 465	2.65	1 372	0	1 373	219	210	438	12	712	2.98	0.50	2.98	2.90	2.95	1.62	3.04
Feb	4 480	2.66	2 230	0	2 230	837	263	712	32	1 223	3.12	0.50	3.12	2.81	3.16	3.45	3.15
Mar	4 611	2.68	2 754	26	2 780	901	263	1 064	155	1 298	3.08	1.66	3.06	2.81	3.27	1.81	3.10
Apr	4 714	2.71	2 984	41	3 025	244	263	1 149	228	1 384	3.03	1.63	3.01	2.81	3.17	1.72	3.14
May	4 715	2.71	3 935	71	4 007	923	263	1 193	644	1 906	2.82	1.95	2.80	2.81	3.11	1.58	3.02
Jun	4 715	2.71	4 355	365	4 719	1 116	345	1 270	854	2 251	2.82	1.41	2.71	2.55	3.08	1.52	2.97

EMPLOYEES AFFECTED
January-June



AVERAGE WAGE SETTLEMENT
January-June



Source: Ministerio de Trabajo e Inmigración (MTIN), Estadística de Convenios Colectivos de Trabajo. Avance mensual.
a. Cumulative data.
b. Includes revisions arising from indexation clauses, except in 2011.
c. To December 2008, NACE 1993; from January 2009, NACE 2009.

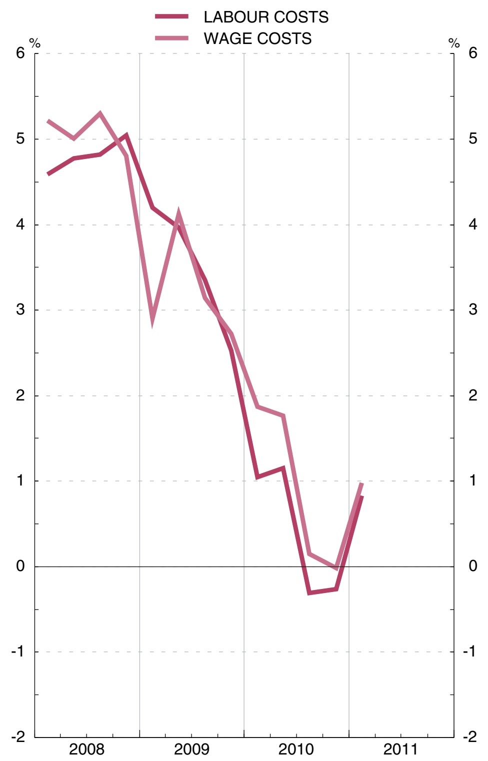
4.7. QUARTERLY LABOUR COSTS SURVEY

■ Series depicted in chart.

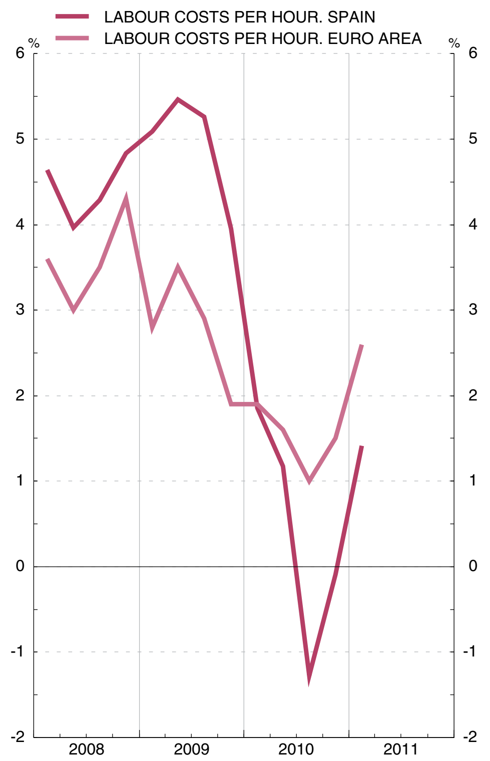
Annual percentage change

	Labour costs: Per worker and per month: Total ■	Labour costs: Per worker and per month: Industry	Labour costs: Per worker and per month: Construc-tion	Labour costs: Per worker and per month: Services	Labour costs: Per hour worked	Wage costs: Per worker and per month: Total ■	Wage costs: Per worker and per month: Industry	Wage costs: Per worker and per month: Construc-tion	Wage costs: Per worker and per month: Services	Wage costs: Per hour worked	Other costs per worker and month	memoramdum item: total hourly costs (a): Spain (b) ■	memoramdum item: total hourly costs (a): Euro area (c) ■
	1	2	3	4	5	6	7	8	9	10	11	12	13
08 M	4.8	4.4	6.3	4.9	4.6	5.1	4.8	6.3	5.0	4.9	4.1	4.4	3.6
09 M	3.5	3.1	5.4	3.5	5.6	3.2	2.1	5.2	3.2	5.3	4.3	4.9	2.8
10 M	0.4	2.3	0.1	0.2	0.6	0.9	2.9	0.8	0.5	1.1	-1.1	0.4	1.5
10 *Q1-Q1* M	1.0	2.1	0.7	1.0	2.1	1.9	2.8	1.9	1.6	2.9	-1.1	1.9	1.9
11 *Q1-Q1* M	0.8	1.3	2.8	0.6	-	1.0	3.0	2.3	0.3	0.2	0.4	1.4	2.6
08 *Q3*	4.8	3.9	5.7	5.2	5.4	5.3	4.6	6.1	5.4	6.0	3.5	4.3	3.5
Q4	5.0	4.6	7.9	5.0	3.0	4.8	4.5	6.6	4.7	2.7	5.8	4.8	4.3
09 *Q1*	4.2	3.8	6.5	4.1	3.7	2.9	1.2	4.6	3.0	2.4	7.8	5.1	2.8
Q2	4.0	3.1	6.3	4.1	9.6	4.1	2.4	5.8	4.3	9.8	3.5	5.5	3.5
Q3	3.4	2.9	5.0	3.5	4.2	3.1	2.0	4.9	3.2	3.9	3.9	5.3	2.9
Q4	2.5	2.7	4.1	2.5	5.1	2.7	2.5	5.3	2.5	5.3	1.9	4.0	1.9
10 *Q1*	1.0	2.1	0.7	1.0	2.1	1.9	2.8	1.9	1.6	2.9	-1.1	1.9	1.9
Q2	1.2	2.5	0.4	1.1	0.8	1.8	3.0	1.4	1.6	1.4	-0.6	1.2	1.6
Q3	-0.3	2.1	-0.9	-0.6	-1.4	0.1	2.9	-0.9	-0.4	-0.9	-1.5	-1.3	1.0
Q4	-0.3	2.3	0.2	-0.8	1.1	-	2.8	0.6	-0.7	1.3	-1.0	-0.1	1.5
11 *Q1*	0.8	1.3	2.8	0.6	-	1.0	3.0	2.3	0.3	0.2	0.4	1.4	2.6

PER WORKER AND MONTH
Annual percentage change



PER HOUR WORKED
Annual percentage change



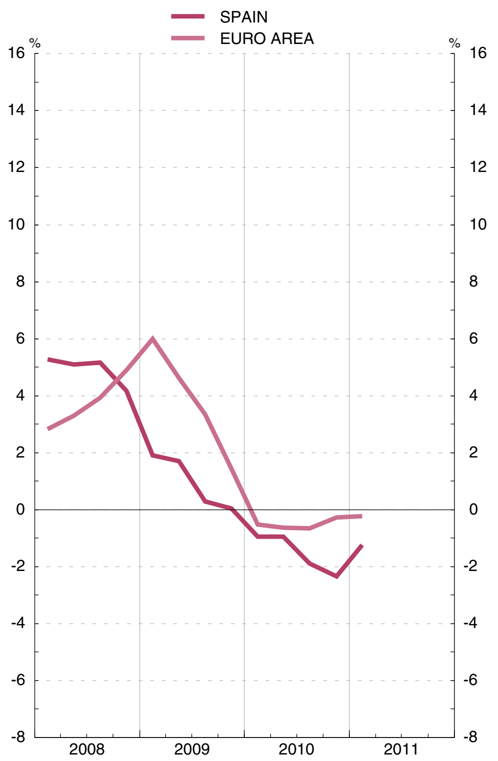
Sources: INE (Quarterly Labour Costs Survey and Harmonised Labour Costs Index) and Eurostat.
Note: The underlying series for this indicator are in Tables 24.25, 24.26 and 24.27 of de BE Boletín estadístico.
a. Working day adjusted.
b. Harmonised Labour Costs Index.
c. Whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere.

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

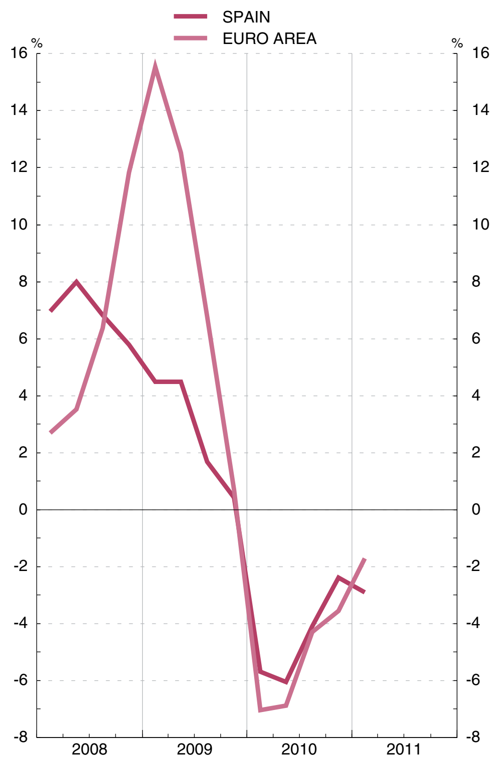
■ Series depicted in chart. *Annual percentage changes*

		Unit labour costs				Whole-economy				Memorandum items			
		Whole-economy		Manufacturing		Compensation per employee		Productivity		GDP (volume measures)		Employment Whole-economy	
		Spain	Euro area	Spain (b)	Euro area (c)	Spain (d)	Euro area	Spain	Euro area	Spain	Euro area	Spain (d)	Euro area
		1 ■	2 ■	3 ■	4 ■	5	6	7	8	9	10	11	12
08	P	4.9	3.7	6.9	6.1	6.4	3.2	1.4	-0.5	0.9	0.3	-0.5	0.8
09	P	1.0	3.8	2.8	8.9	4.1	1.5	3.1	-2.3	-3.7	-4.1	-6.6	-1.8
10	P	-1.5	-0.5	-4.6	-5.4	0.7	1.6	2.3	2.1	-0.1	1.7	-2.4	-0.4
08 *Q2*	P	5.1	3.3	8.0	3.5	6.7	3.3	1.5	0.0	1.9	1.1	0.4	1.1
Q3	P	5.2	3.9	6.8	6.4	6.3	3.4	1.1	-0.5	0.3	0.0	-0.8	0.5
Q4	P	4.2	4.9	5.8	11.8	6.2	2.7	2.0	-2.0	-1.4	-2.1	-3.3	-0.1
09 *Q1*	P	1.9	6.0	4.5	15.5	4.8	1.7	2.9	-4.0	-3.5	-5.2	-6.2	-1.2
Q2	P	1.7	4.6	4.5	12.5	4.5	1.3	2.8	-3.2	-4.4	-5.0	-7.1	-1.9
Q3	P	0.3	3.3	1.7	6.8	3.9	1.4	3.6	-1.9	-3.9	-4.1	-7.2	-2.2
Q4	P	0.0	1.4	0.4	0.7	3.2	1.5	3.1	0.0	-3.0	-2.1	-6.0	-2.1
10 *Q1*	P	-0.9	-0.5	-5.7	-7.0	1.7	1.6	2.7	2.2	-1.4	0.9	-3.9	-1.3
Q2	P	-0.9	-0.6	-6.0	-6.9	1.5	1.9	2.5	2.6	-0.0	2.0	-2.4	-0.6
Q3	P	-1.9	-0.6	-4.1	-4.3	-0.1	1.4	1.8	2.1	0.2	2.0	-1.6	-0.1
Q4	P	-2.3	-0.3	-2.4	-3.6	-0.4	1.4	2.0	1.7	0.6	1.9	-1.4	0.3
11 *Q1*	P	-1.2	-0.2	-2.9	-1.7	1.0	1.9	2.2	2.2	0.8	2.4	-1.4	0.3

UNIT LABOUR COSTS: TOTAL
Annual percentage changes



UNIT LABOUR COSTS: MANUFACTURING
Annual percentage changes



Sources: INE (Quarterly National Accounts of Spain. Base year 2000) and ECB.
a. Spain: prepared in accordance with ESA95. SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see economic bulletin April 2002).
b. Industry.
c. Industry and energy.
d. Full-time equivalent employment.

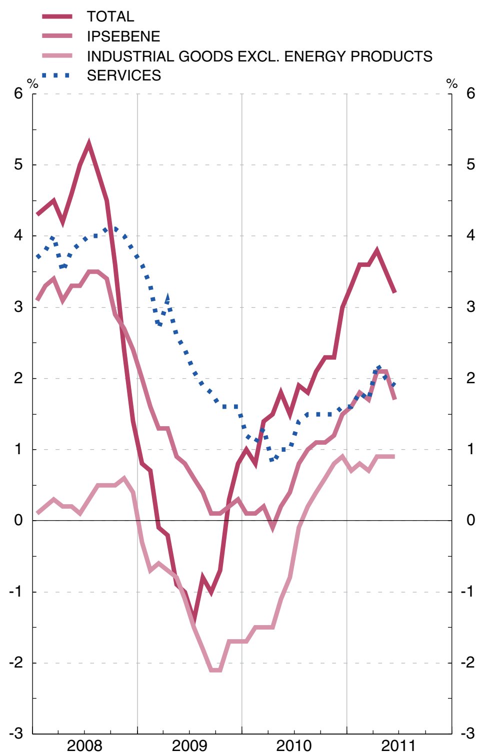
5.1. CONSUMER PRICE INDEX. SPAIN (2006=100)

■ Series depicted in chart.

Indices and annual percentage changes

		Total (100%)				Annual percentage change (12-month % change)						Memorandum item:prices for agricultural products (2005=100)	
		Original series	Month-on-month % change	12-month % change (a)	Cumulative % change during year (b)	Unprocessed food	Processed food	Industrial goods excl. energy products	Energy	Services	IPSEBENE (c)	Original series	12-month % change
		1	2	3 ■	4	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■	11	12
08	M	107.0	_	4.1	1.4	4.0	6.5	0.3	12.1	3.9	3.2	107.0	3.1
09	M	106.7	_	-0.3	0.8	-1.3	0.9	-1.3	-8.7	2.4	0.8	94.9	-11.3
10	M	108.6	_	1.8	3.0	0.0	1.0	-0.4	12.6	1.3	0.6	100.8	6.2
10 *J-J*	M	107.7	0.2	1.3	-0.0	-1.8	0.7	-1.3	13.2	1.1	0.2	106.6	4.4
11 *J-J*	M	111.5	0.2	3.5	0.5	2.6	3.7	0.8	17.3	1.9	1.8	...	...
10 *Mar*		107.3	0.7	1.4	-0.5	-2.2	0.6	-1.5	13.9	1.3	0.2	111.4	5.6
Apr		108.4	1.1	1.5	0.6	-1.3	0.5	-1.5	16.7	0.8	-0.1	110.9	2.8
May		108.7	0.2	1.8	0.8	-0.8	0.9	-1.1	16.4	1.0	0.2	115.8	13.7
Jun		108.9	0.2	1.5	1.0	0.5	1.2	-0.8	10.9	1.0	0.4	101.8	8.6
Jul		108.4	-0.4	1.9	0.6	1.1	0.7	-0.1	11.8	1.4	0.8	87.0	4.5
Aug		108.6	0.3	1.8	0.8	1.6	0.8	0.2	8.9	1.5	1.0	88.5	5.1
Sep		108.7	0.1	2.1	0.9	1.3	1.1	0.4	11.1	1.5	1.1	97.6	8.0
Oct		109.7	0.9	2.3	1.8	2.1	1.1	0.6	12.6	1.5	1.1	100.9	10.3
Nov		110.3	0.5	2.3	2.4	2.2	1.3	0.8	11.7	1.5	1.2	101.7	10.3
Dec		111.0	0.6	3.0	3.0	2.6	2.6	0.9	15.6	1.6	1.5	103.1	8.5
11 *Jan*		110.2	-0.7	3.3	-0.7	2.3	3.1	0.7	17.6	1.6	1.6	99.0	3.7
Feb		110.3	0.1	3.6	-0.6	2.9	3.4	0.8	19.0	1.8	1.8	105.2	1.3
Mar		111.1	0.7	3.6	0.1	3.1	3.7	0.7	18.9	1.7	1.7	105.5	-5.2
Apr		112.5	1.2	3.8	1.4	2.4	4.5	0.9	17.7	2.2	2.1	...	...
May		112.5	-	3.5	1.3	2.7	4.7	0.9	15.3	2.0	2.1	...	...
Jun		112.3	-0.1	3.2	1.2	2.1	2.9	0.9	15.4	1.9	1.7	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS
Annual percentage changes

Sources: INE, Ministerio de Medio Ambiente y Medio Rural y Marino.
Note: The underlying series for this indicator are in Tables 25.2 and 25.8 of the BE Boletín estadístico.
a. For annual periods: average growth for each year on the previous year.
b. For annual periods: December-on-December growth rate.
c. Index of non-energy processed goods and service prices.

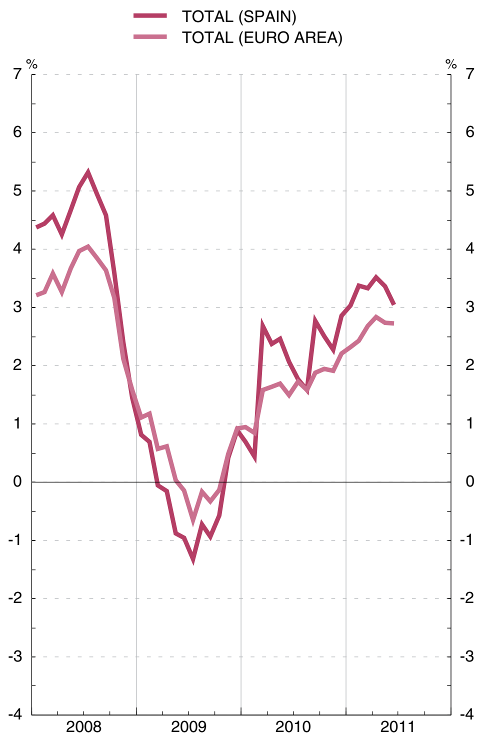
5.2. HARMONISED INDEX OF CONSUMER PRICES. SPAIN AND EURO AREA (2005=100) (a)

■ Series depicted in chart.

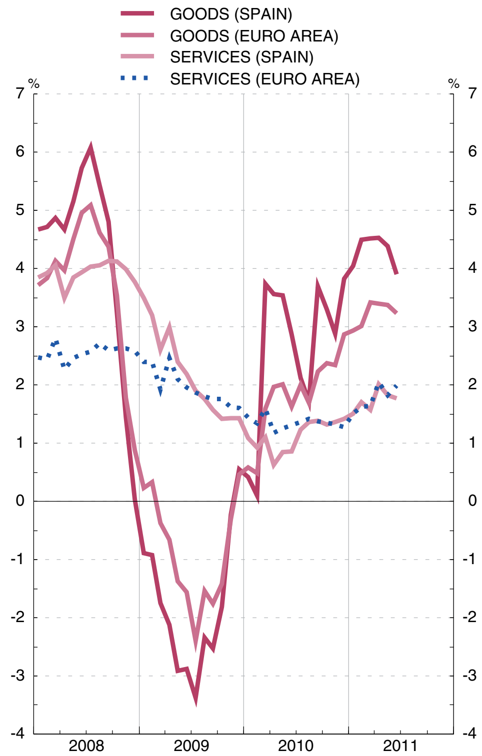
Annual percentage changes

		Total		Goods														Services	
						Food						Industrial							
						Total		Processed		Unprocessed				Non-energy		Energy			
		Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area
		1 ■	2 ■	3 ■	4 ■	5	6	7	8	9	10	11	12	13	14	15	16	17 ■	18 ■
08	M	4.1	3.3	4.2	3.8	5.7	5.1	7.4	6.1	3.9	3.5	3.3	3.1	0.4	0.8	11.9	10.3	3.9	2.6
09	M	-0.2	0.3	-1.8	-0.9	0.2	0.7	1.0	1.1	-0.7	0.2	-2.9	-1.7	-0.9	0.6	-9.0	-8.1	2.2	2.0
10	M	2.0	1.6	2.7	1.8	1.1	1.1	1.4	0.9	0.7	1.3	3.5	2.2	0.3	0.5	12.5	7.4	1.1	1.4
10 *J-J*	M	1.8	1.4	2.4	1.4	0.7	0.5	1.2	0.7	0.1	0.2	3.3	1.8	-0.2	0.3	13.1	6.5	0.9	1.4
11 *J-J*	MP	3.3	2.6	4.3	3.2	2.8	2.4	4.3	2.6	1.3	2.1	5.1	3.6	0.6	0.7	17.3	12.1	1.7	1.8
10 *Mar*		2.7	1.6	3.7	1.6	0.8	0.4	1.2	0.5	0.5	0.3	5.3	2.2	2.3	0.5	13.8	7.2	1.1	1.6
Apr		2.4	1.6	3.6	2.0	1.0	0.8	0.9	0.6	1.1	1.2	4.9	2.5	0.9	0.4	16.6	9.1	0.6	1.2
May		2.5	1.7	3.5	2.0	1.1	0.8	1.4	0.9	0.8	0.7	4.9	2.6	0.9	0.5	16.3	9.2	0.8	1.3
Jun		2.1	1.5	2.9	1.6	1.6	0.9	1.8	0.9	1.4	1.1	3.6	2.0	1.0	0.6	10.8	6.2	0.9	1.3
Jul		1.8	1.7	2.1	2.0	1.1	1.3	0.9	0.9	1.4	2.1	2.6	2.3	-0.7	0.4	11.7	8.1	1.2	1.4
Aug		1.6	1.6	1.7	1.7	1.3	1.6	1.1	1.0	1.7	2.5	1.8	1.7	-0.7	0.3	8.9	6.1	1.4	1.4
Sep		2.8	1.9	3.7	2.2	0.7	1.5	1.4	1.0	-	2.3	5.3	2.6	3.2	0.9	11.0	7.7	1.4	1.4
Oct		2.5	1.9	3.3	2.4	1.3	1.6	1.3	1.2	1.2	2.3	4.4	2.7	1.5	0.8	12.6	8.5	1.3	1.4
Nov		2.3	1.9	2.9	2.3	1.5	1.8	1.4	1.3	1.6	2.6	3.6	2.6	0.7	0.9	11.7	7.9	1.4	1.3
Dec		2.9	2.2	3.8	2.9	2.6	2.1	3.1	1.5	2.0	3.2	4.5	3.2	0.5	0.7	15.6	11.0	1.4	1.3
11 *Jan*		3.0	2.3	4.0	2.9	2.2	1.9	3.7	1.8	0.7	2.2	5.0	3.4	0.3	0.5	17.6	12.0	1.5	1.5
Feb		3.4	2.4	4.5	3.0	2.8	2.3	4.0	2.0	1.6	2.7	5.4	3.4	0.3	0.1	19.0	13.1	1.7	1.6
Mar		3.3	2.7	4.5	3.4	2.7	2.4	4.3	2.5	1.1	2.2	5.5	4.0	0.6	0.9	18.9	13.0	1.6	1.6
Apr		3.5	2.8	4.5	3.4	3.0	2.2	5.3	2.8	0.6	1.4	5.4	4.0	0.8	1.0	17.6	12.5	2.0	2.0
May		3.4	2.7	4.4	3.4	3.7	2.8	5.5	3.2	1.8	2.4	4.8	3.6	0.8	1.0	15.3	11.1	1.8	1.8
Jun	P	3.0	2.7	3.9	3.2	2.4	2.7	3.0	3.1	1.7	2.0	4.8	3.5	0.8	0.9	15.3	10.9	1.8	2.0

HARMONISED INDEX OF CONSUMER PRICES. TOTAL
Annual percentage changes



HARMONISED INDEX OF CONSUMER PRICES. COMPONENTS
Annual percentage changes



Source: Eurostat.

a. Since January 2011 the rules of Commission Regulation (EC) No 330/2009 on the treatment of seasonal products have been incorporated. This has prompted a break in the series. The series constructed with the new methodology are only available from January 2010. The year-on-year rates of change presented here for 2010 are those disseminated by Eurostat, wich were constructed using the series prepared with the new methodology for 2010 and using the series prepared with the old methodology for 2009. Thus, these rates give a distorted view since they compare price indices prepared using two different methodologies. The year-on-year rates of change in the HICP in 2010, calculated on a uniform basis using solely the previous methodology and wich are consequently consistent, are as follows: Jan:1,1; Feb:0,9; Mar:1,5; Apr:1,6; May:1,8; Jun:1,5; Jul:1,9; Aug:1,8; Sep:2,1; Oct:2,3; Nov:2,2; Dec:2,9. More detailed methodological notes can be consulted on the Eurostat Internet site (www.europa.eu.int).

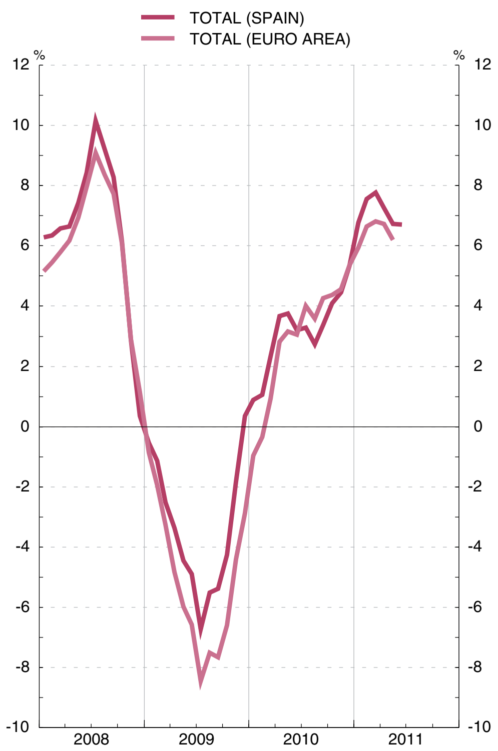
5.3. PRODUCER PRICE INDEX. SPAIN AND EURO AREA (2005 = 100)

■ Series depicted in chart.

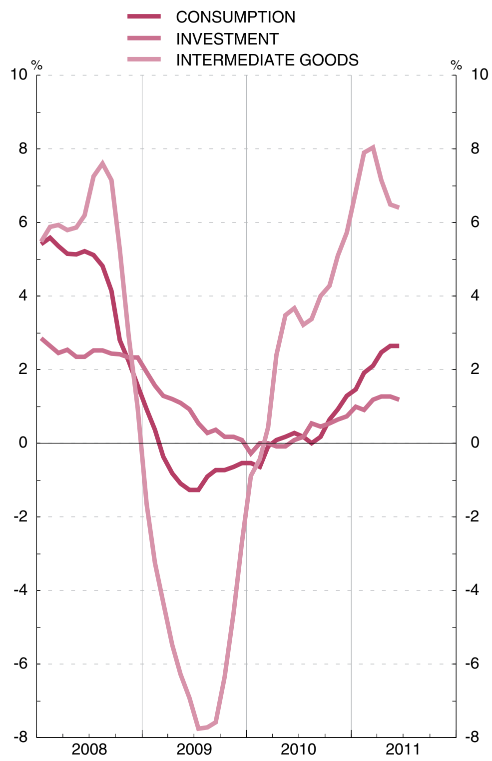
Annual percentage changes

		Total			Consumer goods		Capital goods		Intermediate goods		Energy		Memorandum item: euro area				
		Original series	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Total 12-month % change	Consumer goods 12-month % change	Capital goods 12-month % change	Intermediate goods 12-month % change	Energy 12-month % change
		1	2	3 ■	4	5 ■	6	7 ■	8	9 ■	10	11	12 ■	13	14	15	16
08	MP	116.3	_	6.5	_	4.4	_	2.5	_	5.5	_	14.3	6.1	3.9	2.1	3.9	14.3
09	MP	112.4	_	-3.4	_	-0.6	_	0.8	_	-5.4	_	-6.8	-5.1	-2.1	0.5	-5.2	-11.5
10	MP	115.9	_	3.2	_	0.2	_	0.2	_	2.9	_	9.8	2.9	0.4	0.3	3.5	6.5
10 *J-J*	MP	115.0	_	2.5	_	-0.1	_	-0.1	_	1.4	_	9.5	1.4	-0.3	-0.1	1.6	3.8
11 *J-J*	MP	123.2	_	7.1	_	2.2	_	1.1	_	7.1	_	17.0	...	...	...	...	...
10 *Mar*	P	114.6	0.7	2.3	0.1	-0.1	-0.1	-	0.4	0.4	2.2	10.1	0.9	-0.4	-0.3	0.8	3.1
Apr	P	115.8	1.0	3.7	-	0.1	-	-0.1	1.3	2.4	2.4	13.1	2.8	-0.3	-0.0	2.7	7.9
May	P	116.0	0.2	3.8	-0.1	0.2	-	-0.1	0.8	3.5	0.2	12.0	3.2	-0.0	0.3	3.9	7.4
Jun	P	116.1	0.1	3.2	0.1	0.3	0.1	0.1	-	3.7	0.2	8.7	3.1	0.2	0.4	4.3	6.2
Jul	P	116.0	-0.1	3.3	-	0.2	-	0.2	-0.3	3.2	-0.1	9.8	4.0	0.4	0.6	4.5	9.6
Aug	P	116.1	0.1	2.7	0.3	-	0.2	0.5	0.6	3.4	-0.9	7.0	3.6	0.5	0.7	4.7	7.4
Sep	P	116.3	0.2	3.4	0.3	0.2	0.1	0.5	0.5	4.0	-0.2	9.1	4.3	0.8	0.7	5.1	9.3
Oct	P	117.0	0.6	4.1	0.1	0.6	-	0.5	0.2	4.3	1.9	10.5	4.4	1.2	0.7	5.5	8.7
Nov	P	117.4	0.3	4.4	-	0.9	0.1	0.6	0.4	5.1	1.0	10.7	4.6	1.5	0.9	5.8	8.8
Dec	P	118.5	0.9	5.3	0.3	1.3	-	0.7	0.7	5.7	2.7	13.5	5.4	1.8	0.7	6.3	11.3
11 *Jan*	P	121.3	2.4	6.8	0.5	1.5	0.5	1.0	1.7	6.8	6.7	17.3	5.9	2.1	1.2	7.3	11.8
Feb	P	122.4	0.9	7.6	0.5	1.9	0.1	0.9	1.2	7.9	1.4	18.5	6.6	2.5	1.4	8.1	12.7
Mar	P	123.5	0.9	7.8	0.3	2.1	0.2	1.2	0.6	8.0	2.3	18.6	6.8	2.8	1.4	8.1	13.1
Apr	P	124.2	0.6	7.3	0.4	2.5	0.1	1.3	0.5	7.1	1.1	17.1	6.7	3.3	1.3	7.3	13.2
May	P	123.8	-0.3	6.7	0.1	2.6	-	1.3	0.2	6.5	-1.3	15.4	6.2	3.4	1.2	6.6	11.9
Jun	P	123.9	0.1	6.7	0.1	2.6	-	1.2	-0.1	6.4	0.1	15.4	...	...	...	...	...

PRODUCER PRICE INDEX. TOTAL
Annual percentage changes



PRODUCER PRICE INDEX. COMPONENTS
Annual percentage changes



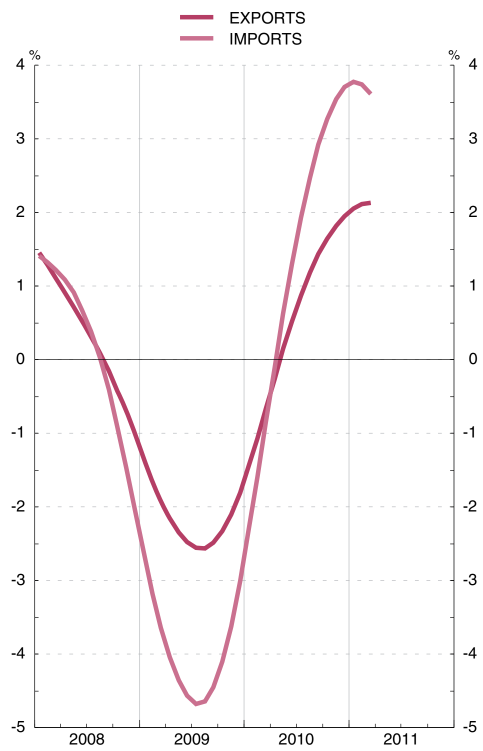
Sources: INE and ECB.
Note: The underlying series for this indicator, for Spain, are in Table 25.3 of the BE Boletín estadístico.
a. For annual periods: average growth for each year on the previous year.

5.4. UNIT VALUE INDICES FOR SPANISH FOREIGN TRADE

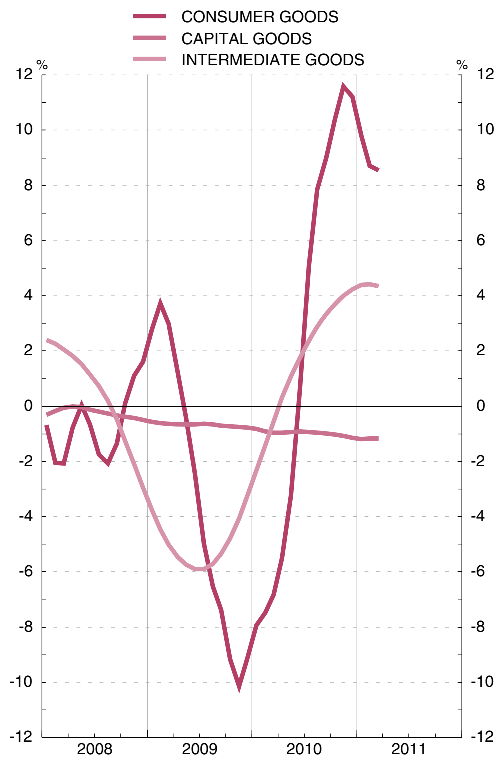
■ Series depicted in chart. *Annual percentage changes*

	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
08	1,6	0,4	0,5	2,6	28,7	0,4	4,2	-1,0	2,3	6,6	24,2	0,5
09	-6,8	-3,5	-5,4	-9,3	-31,0	-6,8	-11,8	-3,6	-5,6	-16,1	-30,3	-9,8
10	1,6	3,1	-5,2	1,8	16,8	0,9	4,7	1,7	2,4	6,2	25,8	0,5
10 *J-A*	-2,8	0,1	-6,1	-4,2	8,4	-4,8	-0,8	-7,0	-4,7	2,9	25,8	-3,7
11 *J-A*	7,1	6,2	1,3	8,9	36,2	6,9	11,0	8,1	2,1	12,9	30,1	7,3
09 *Nov*	-7,6	-3,6	-2,0	-11,6	-33,9	-8,9	-14,2	-13,9	-12,6	-14,6	-20,3	-12,2
Dec	-6,2	-3,6	-13,0	-6,8	-24,1	-4,7	-7,9	-8,4	-12,2	-7,2	-3,0	-8,4
10 *Jan*	-3,3	-0,9	-4,7	-5,0	2,2	-5,4	-2,7	-6,2	4,6	-1,9	14,4	-7,0
Feb	-3,6	2,2	-8,9	-6,5	2,5	-6,6	-1,7	-7,9	-7,3	2,8	23,9	-3,5
Mar	-2,2	3,6	-12,9	-4,3	8,2	-4,9	-0,8	-8,7	-11,9	5,0	28,9	-1,6
Apr	-2,0	-4,3	2,0	-1,1	20,7	-2,3	2,1	-5,4	-4,5	6,0	36,3	-2,7
May	6,2	3,1	-15,0	12,7	23,1	12,1	5,1	-7,0	3,3	10,5	40,2	2,4
Jun	1,0	1,3	-11,0	3,2	15,0	2,7	5,2	-0,2	-0,6	7,6	32,5	0,6
Jul	1,3	3,8	-9,9	2,1	21,3	0,8	5,0	5,1	1,1	4,8	22,6	-0,5
Aug	6,9	4,4	-1,5	9,1	27,4	7,4	11,1	12,2	7,0	10,7	20,8	7,4
Sep	4,3	5,0	9,6	2,9	17,9	2,0	6,2	3,4	14,8	6,7	20,6	2,9
Oct	4,0	7,7	1,5	2,1	23,9	0,8	8,0	10,3	6,3	7,0	22,9	2,5
Nov	3,6	5,7	-6,8	3,8	24,6	2,4	8,6	12,0	6,1	7,1	19,4	3,4
Dec	2,8	5,7	-4,5	2,2	13,4	1,3	9,5	11,4	9,4	8,3	26,8	1,7
11 *Jan*	5,8	5,3	-3,9	7,9	48,3	5,5	11,5	6,5	-7,8	15,4	30,5	9,0
Feb	6,7	5,1	3,6	8,3	24,1	6,8	10,1	6,0	0,6	12,5	30,4	6,9
Mar	6,6	2,6	4,0	10,0	41,4	8,1	11,4	10,1	12,9	11,6	33,7	5,9
Apr	9,5	11,8	1,6	9,4	29,6	7,2	11,0	9,7	2,7	12,1	25,9	7,2

EXPORT AND IMPORT UNIT VALUE INDICES (a)



IMPORT UNIT VALUE INDICES BY PRODUCT GROUP (a)



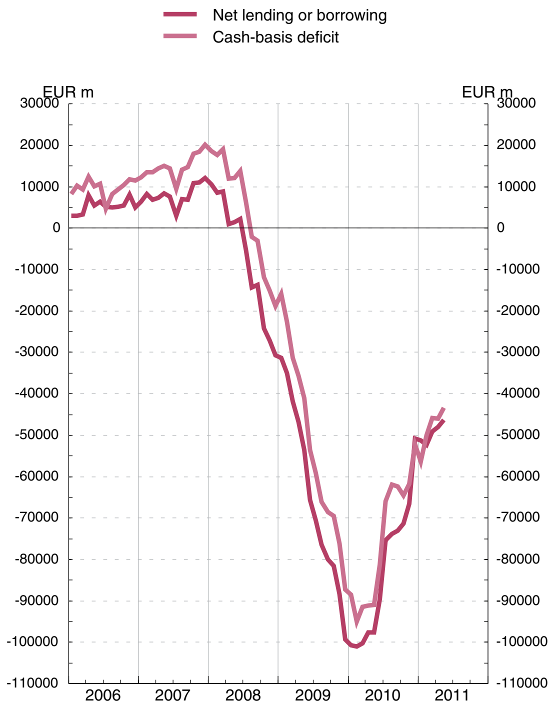
Sources: ME and BE.
Note: The underlying series for this indicator are in the Tables 18.6 and 18.7 of the Boletín Estadístico.
a. Annual percentage changes (trend obtained with TRAMO-SEATS).

6.1. STATE RESOURCES ANS USES ACCORDING TO THE NACIONAL ACCOUNTS. SPAIN

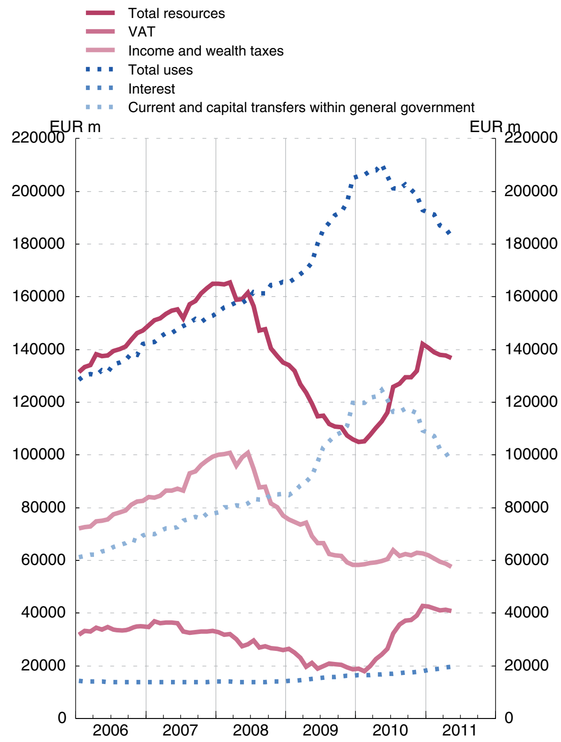
■ Series depicted in chart. *EUR millions*

	Net lending (+) or borrowing (-)	Current and capital resources						Current and capital uses						Memorandum item: cash-basis deficit		
		Total	Value added tax (VAT)	Other taxes on products and imports	Interest and other income on property	Income and wealth taxes	Other	Total	Compensation of employees	Interest	Current and capital transfers within general government	Investment grants and other capital transfers	Other	Cash-basis deficit	Revenue	Expenditure
	1=2-8 ■	2=3 a 7 ■	3 ■	4	5	6 ■	7	8=9 a13 ■	9	10 ■	11 ■	12	13	14=15-16 ■	15	16
06	5 005	147 220	34 929	11 331	5 328	82 528	13 104	142 215	16 839	13 820	69 588	5 808	36 160	11 471	141 847	130 375
07	12 098	165 010	33 332	12 938	6 645	99 240	12 855	152 912	18 006	14 024	77 833	6 092	36 957	20 135	159 840	139 704
08	-30 642	135 104	26 065	12 715	7 006	76 927	12 391	165 746	19 179	14 147	85 333	5 911	41 176	-18 747	129 336	148 082
09	P -99 258	105 827	18 767	11 563	8 144	58 234	9 119	205 085	20 141	16 318	119 693	5 988	42 945	-87 281	102 038	189 319
10	A -50 842	141 995	42 685	11 733	8 018	62 767	16 792	192 837	20 173	18 098	109 209	4 648	40 709	-52 235	127 337	179 572
10 *J-M*	A -18 345	51 727	18 327	4 661	2 473	25 065	1 201	70 072	7 466	7 065	42 288	398	12 855	-22 878	51 306	74 184
11 *J-M*	A -13 820	46 422	16 383	3 015	2 509	19 969	4 546	60 242	7 263	8 742	30 618	1 241	12 378	-14 082	44 606	58 688
10 *May*	A -13 025	2 538	710	914	264	-229	879	15 563	1 521	1 487	9 877	78	2 600	-10 485	1 746	12 231
Jun	A -11 505	5 039	787	1 108	416	597	2 131	16 544	2 700	1 472	8 690	274	3 408	-7 916	4 080	11 996
Jul	A 3 984	21 133	9 606	993	546	9 346	642	17 149	1 395	1 524	11 471	187	2 572	1 114	20 944	19 831
Aug	A -9 084	3 952	-1 965	975	522	3 767	653	13 036	1 409	1 539	7 525	108	2 455	-7 374	2 599	9 973
Sep	A -1 618	14 272	4 931	1 084	625	6 366	1 266	15 890	1 470	1 589	9 850	162	2 819	-885	13 747	14 632
Oct	A 5 180	19 574	6 173	1 004	306	11 369	722	14 394	1 460	1 522	8 512	270	2 630	3 090	19 220	16 131
Nov	A -7 514	7 663	1 646	986	223	3 494	1 314	15 177	1 462	1 577	8 989	173	2 976	-8 198	7 313	15 511
Dec	A -11 940	18 635	3 180	922	2 907	2 763	8 863	30 575	2 811	1 810	11 884	3 076	10 994	-9 188	8 127	17 315
11 *Jan*	A -1 217	7 839	-777	815	243	8 762	-1 204	9 056	1 346	1 870	4 017	-	1 823	-7 706	9 484	17 190
Feb	A 3 095	16 670	11 780	464	265	1 578	2 583	13 575	1 418	1 433	7 254	26	3 444	2 125	13 447	11 322
Mar	A -8 811	3 336	-225	446	1 419	1 617	79	12 147	1 509	1 806	5 759	566	2 507	-3 579	4 522	8 101
Apr	A 4 440	17 118	5 415	659	470	9 326	1 248	12 678	1 490	1 790	6 963	308	2 127	3 018	16 196	13 178
May	A -11 327	1 459	190	631	112	-1 314	1 840	12 786	1 500	1 843	6 625	341	2 477	-7 939	958	8 897

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



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



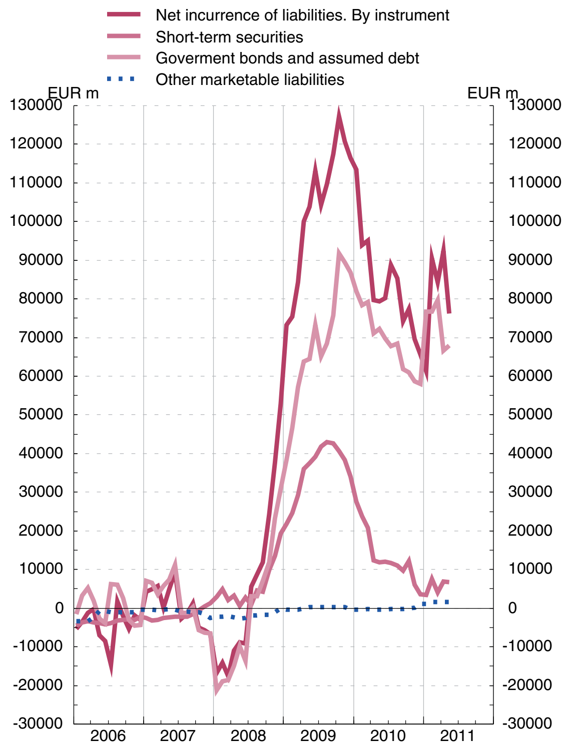
Source: Ministerio de Economía y Hacienda (IGAE).

6.2. STATE FINANCIAL TRANSACTIONS. SPAIN

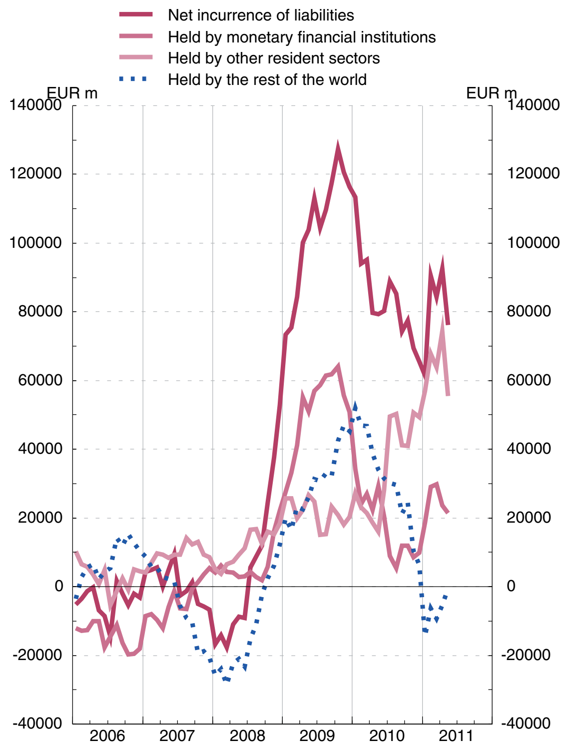
■ Series depicted in chart. *EUR millions*

	Net lending (+) or net borrowing(-)	Net acquisition of financial assets		Net incurrence of liabilities											Net incurrence of liabilities (excluding other accounts payable)
		Total	Of which: Deposits at the Banco de España	Total	Of which: In currencies other than the peseta/euro	By instrument: Short-term securities	By instrument: Goverment bonds and assumed debt	By instrument: Banco de España loans	By instrument: Other marketable liabilities (a)	By instrument: Other accounts payable	By counterpart sector: Held by resident sectors: Total	By counterpart sector: Held by resident sectors: Monetary financial institutions	By counterpart sector: Held by resident sectors: Other resident sectors	By counterpart sector: Rest of the world	
	1	2	3	4 ■	5	6 ■	7 ■	8	9 ■	10	11	12 ■	13 ■	14 ■	15
06	5 005	1 917	-200	-3 088	-1 195	-2 198	-4 346	-486	-418	4 360	-13 445	-18 000	4 555	10 357	-7 448
07	12 098	5 382	65	-6 716	-118	1 206	-6 475	-519	-2 495	1 567	13 867	5 342	8 525	-20 582	-8 282
08	-30 642	22 314	4 337	52 956	1 227	19 355	30 868	-520	-40	3 293	40 724	22 233	18 491	12 232	49 663
09	P -99 258	17 133	-4 197	116 391	1 524	34 043	86 835	-535	-412	-3 540	71 089	50 819	20 270	45 302	119 931
10	A -50 842	14 732	-5	65 574	-726	3 616	57 958	-544	1 042	3 501	59 277	9 943	49 334	6 297	62 072
10 *J-M*	A -18 345	-4 162	-106	14 183	-14	-4 246	21 588	-544	-6	-2 610	13 745	5 296	8 449	438	16 793
11 *J-M*	A -13 820	11 007	-200	24 827	36	-1 073	31 609	-537	520	-5 692	31 286	16 725	14 560	-6 459	30 519
10 *May*	A -13 025	-4 889	100	8 136	20	597	7 918	-	4	-383	9 616	7 828	1 789	-1 480	8 519
Jun	A -11 505	3 133	20	14 638	-39	1 222	9 062	-	19	4 335	13 209	-106	13 315	1 429	10 303
Jul	A 3 984	7 605	257	3 621	-886	2 500	-8 582	-	175	9 529	5 131	-14 069	19 200	-1 510	-5 907
Aug	A -9 084	-7 081	23	2 003	16	2 495	4 995	-	-6	-5 479	76	-2 421	2 498	1 927	7 483
Sep	A -1 618	5 221	-1	6 839	-23	644	8 852	-	-33	-2 623	6 052	11 885	-5 833	787	9 463
Oct	A 5 180	17 270	2 497	12 090	10	5 037	7 129	-	190	-265	1 775	3 668	-1 893	10 315	12 356
Nov	A -7 514	-4 092	-2 700	3 422	15	-1 919	8 406	-	148	-3 214	8 432	1 638	6 794	-5 011	6 635
Dec	A -11 940	-3 164	5	8 776	195	-2 116	6 508	-	555	3 829	10 856	4 052	6 804	-2 080	4 947
11 *Jan*	A -1 217	2 220	-0	3 437	15	-806	6 766	-	6	-2 529	15 286	-2 302	17 588	-11 849	5 966
Feb	A 3 095	17 137	-4	14 042	14	1 979	9 972	-	521	1 570	12 861	6 495	6 367	1 181	12 472
Mar	A -8 811	-2 433	-195	6 378	-5	-2 423	15 480	-	-23	-6 657	5 212	9 712	-4 499	1 165	13 034
Apr	A 4 440	13 503	18 220	9 063	-4	-259	-9 917	-537	-4	19 779	9 383	-2 707	12 090	-320	-10 716
May	A -11 327	-19 420	-18 220	-8 093	15	436	9 307	-	20	-17 856	-11 457	5 529	-16 986	3 364	9 763

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



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



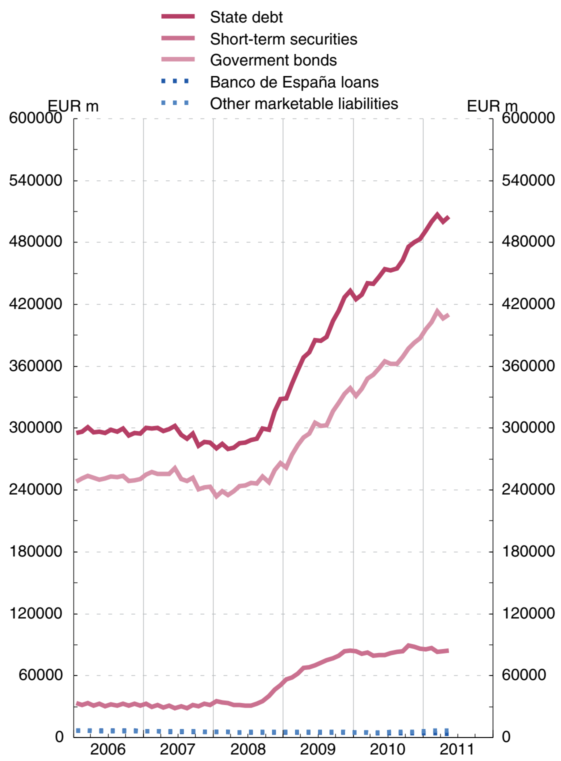
Source: BE.
a.Includes other loans, non-negotiable securities, coined money and Caja General de Depósitos (General Deposit Fund).

6.3. STATE: LIABILITIES OUTSTANDING. SPAIN

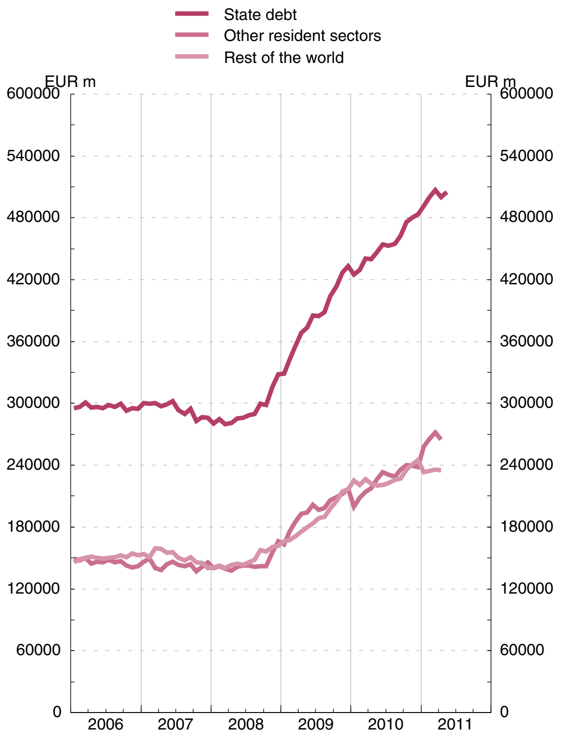
■ Series depicted in chart. *EUR millions*

		Liabilities outstanding (excluding other accounts payable)										Memorandum item:	
		State debt according to the metodolofy of the excessive deficit procedure	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 (a)	Held by resident sectors			Rest of the world	Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level
								Total	General government	Other resident sectors			
		1 ■	2	3 ■	4 ■	5 ■	6 ■	7	8	9 ■	10 ■	11	12
06		294 419	515	31 060	250 702	6 416	6 242	163 799	21 897	141 902	152 517	100	5 794
07		286 090	355	31 644	243 246	5 832	5 367	171 398	25 551	145 847	140 243	165	6 162
08		327 938	63	50 788	266 334	5 249	5 567	200 670	34 511	166 159	161 779	4 502	8 152
09	P	433 093	68	84 303	338 969	4 665	5 155	262 957	46 105	216 852	216 241	305	58 854
10 *May*	A	446 838	0	79 922	357 684	4 082	5 150	278 836	52 145	226 691	220 147	199	64 284
Jun	A	453 874	0	80 076	364 547	4 082	5 169	287 771	54 580	233 191	220 683	219	65 418
Jul	A	453 181	0	81 658	362 097	4 082	5 344	285 302	54 623	230 679	222 502	476	63 794
Aug	A	454 894	0	83 082	362 392	4 082	5 338	288 152	58 952	229 200	225 694	500	64 760
Sep	A	462 742	0	83 952	369 403	4 082	5 304	294 810	59 102	235 708	227 034	499	65 267
Oct	A	476 034	0	89 354	377 104	4 082	5 494	299 702	59 344	240 357	235 676	2 996	65 183
Nov	A	480 456	0	87 787	382 944	4 082	5 642	299 682	60 244	239 437	241 019	296	69 311
Dec	A	483 174	0	85 980	386 915	4 082	6 197	299 202	61 170	238 032	245 142	300	73 560
11 *Jan*	A	491 599	0	85 559	395 755	4 082	6 204	319 174	60 868	258 305	233 294	300	75 420
Feb	A	500 269	0	87 018	402 444	4 082	6 725	327 565	61 764	265 801	234 468	295	81 961
Mar	A	507 126	0	83 408	412 935	4 082	6 702	335 941	64 409	271 532	235 594	100	83 500
Apr	A	500 199	0	83 479	406 524	3 499	6 698	328 050	63 126	264 923	235 276	18 320	84 677
May	A	504 823	0	84 462	410 145	3 499	6 718	...	65 894	...	...	100	85 531

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).

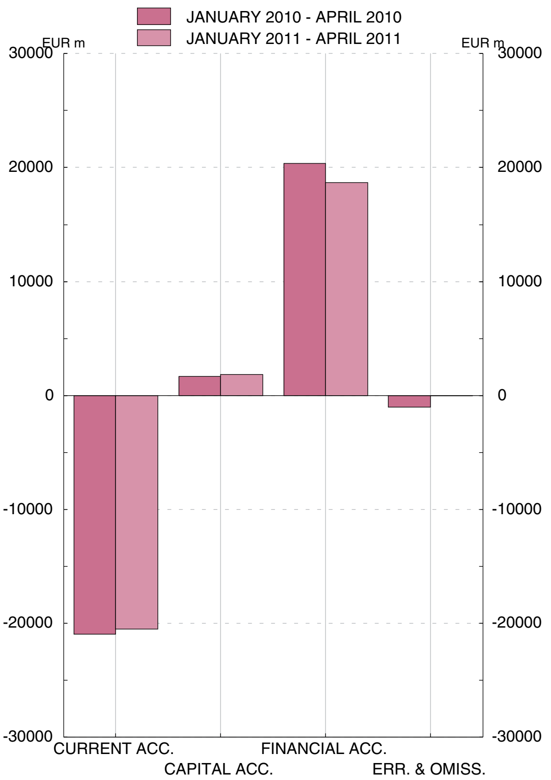
7.1. SPANISH BALANCE OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. CURRENT ACCOUNT

■ Series depicted in chart.

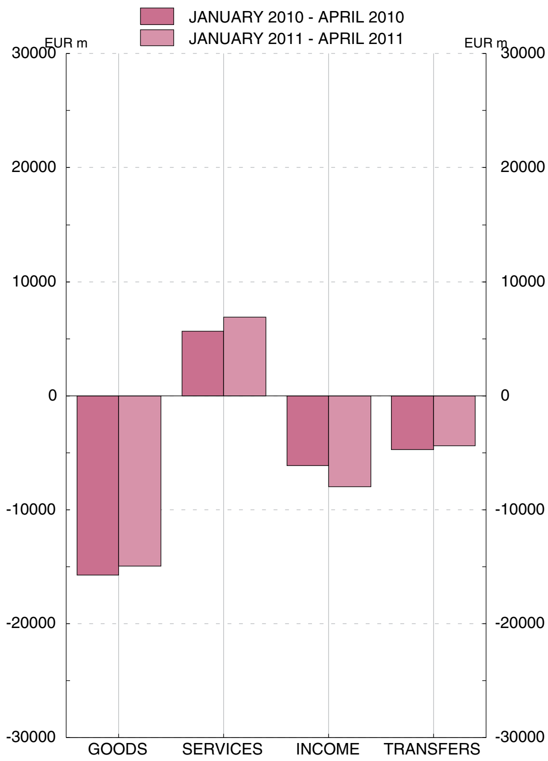
EUR millions

		Current account (a)													Capital account	Current account plus capital account	Financial account	Errors and omission
		Total (balance)	Goods			Services					Income			Current transfers (balance)	(balance)		(balance) (b)	
			Balance	Receipts	Payments	Balance	Receipts		Payments		Balance	Receipts	Payments					
							Total	Of which: Travel	Total	Of which: 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) ■
08		-104 676	-85 594	193 007	278 601	25 791	97 651	41 901	71 861	13 834	-35 483	53 050	88 533	-9 389	5 475	-99 201	100 222	-1 021
09	P	-54 481	-42 175	163 996	206 171	25 503	88 215	38 125	62 712	12 086	-29 787	41 875	71 662	-8 022	4 275	-50 206	54 641	-4 435
10	P	-48 404	-47 143	190 806	237 949	27 797	93 513	39 621	65 716	12 663	-21 941	41 372	63 313	-7 116	6 295	-42 109	44 562	-2 454
10 *J-A*	P	-20 986	-15 733	58 581	74 314	5 644	26 792	9 492	21 148	3 546	-6 150	11 700	17 850	-4 747	1 656	-19 330	20 359	-1 029
11 *J-A*	P	-20 515	-14 973	71 511	86 484	6 868	28 164	10 418	21 295	3 514	-7 990	9 398	17 388	-4 420	1 855	-18 660	18 654	6
10 *Jan*	P	-5 273	-4 109	12 335	16 444	1 252	6 385	2 441	5 132	877	-1 144	3 049	4 193	-1 272	1 287	-3 986	3 988	-2
Feb	P	-6 224	-3 009	14 310	17 319	1 135	6 206	2 090	5 071	910	-2 038	2 213	4 251	-2 313	251	-5 973	6 336	-363
Mar	P	-4 437	-3 773	16 984	20 757	1 820	7 564	2 559	5 744	899	-1 844	2 504	4 348	-641	354	-4 083	6 628	-2 545
Apr	P	-5 051	-4 842	14 953	19 795	1 436	6 637	2 401	5 201	860	-1 124	3 934	5 058	-521	-237	-5 288	3 407	1 881
May	P	-5 020	-3 913	16 574	20 487	2 503	7 912	3 247	5 408	660	-3 098	3 804	6 902	-512	1 828	-3 192	5 459	-2 267
Jun	P	-3 690	-4 510	16 563	21 074	2 979	8 707	3 869	5 728	1 207	-2 268	3 167	5 434	109	128	-3 562	2 549	1 013
Jul	P	-2 387	-3 820	16 721	20 541	3 943	9 741	5 010	5 798	1 246	-1 813	3 764	5 577	-697	567	-1 820	2 167	-346
Aug	P	-2 677	-3 941	13 330	17 271	4 089	9 291	5 265	5 203	1 378	-1 846	2 070	3 916	-978	239	-2 438	3 357	-919
Sep	P	-4 024	-4 200	16 288	20 488	3 261	8 877	4 304	5 616	1 349	-1 975	3 524	5 499	-1 111	556	-3 469	5 957	-2 489
Oct	P	-2 660	-3 083	17 931	21 013	2 816	8 162	3 850	5 346	1 209	-1 387	2 946	4 333	-1 006	127	-2 533	2 370	163
Nov	P	-4 387	-3 357	18 082	21 438	1 524	6 844	2 520	5 320	1 096	-3 371	2 030	5 402	817	320	-4 066	2 288	1 779
Dec	P	-2 573	-4 586	16 736	21 322	1 038	7 187	2 064	6 149	971	-32	8 368	8 400	1 007	875	-1 698	55	1 643
11 *Jan*	P	-6 383	-4 386	16 283	20 669	1 619	7 009	2 591	5 391	890	-2 554	2 179	4 733	-1 061	174	-6 209	5 579	630
Feb	P	-5 428	-2 713	17 533	20 246	1 049	6 342	2 243	5 293	922	-1 485	2 597	4 082	-2 279	1 252	-4 176	6 544	-2 367
Mar	P	-5 346	-4 049	19 958	24 007	1 761	7 398	2 733	5 637	869	-2 378	2 146	4 525	-679	137	-5 209	1 917	3 291
Apr	P	-3 357	-3 825	17 738	21 563	2 439	7 414	2 850	4 974	833	-1 572	2 476	4 048	-400	291	-3 066	4 614	-1 548

SUMMARY



CURRENT ACCOUNT



Sources: 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).

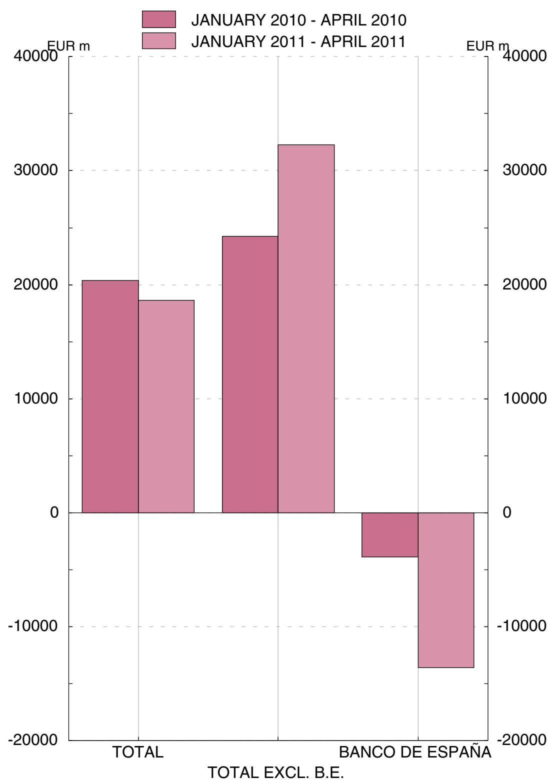
7.2. SPANISH BALANCE OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. FINANCIAL ACCOUNT (a)

■ Series depicted in chart.

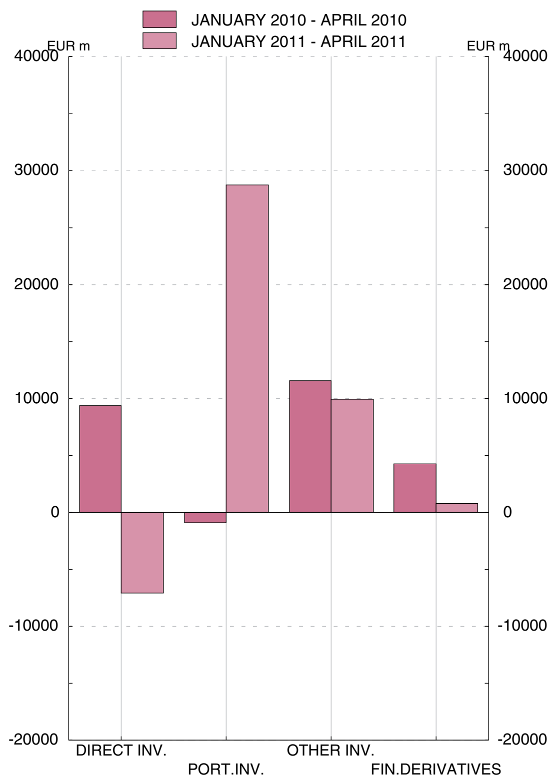
EUR millions

		Financial account (NCL-NCA) 1=2+13 ■	Total, excluding Banco de España: Total (NCL-NCA) 2=3+6+9+12 ■	Direct investment: Balance (NCL-NCA) 3=5-4 ■	Direct investment: Spanish investment abroad (NCA) 4	Direct investment: Foreign investment in Spain (NCL) (b) 5	Portfolio investment: Balance (NCL-NCA) 6=8-7 ■	Portfolio investment: Spanish investment abroad (NCA) 7	Portfolio investment: Foreign investment in Spain (NCL) (c) 8	Other investment (d): Balance (NCL-NCA) 9=11-10 ■	Other investment (d): Spanish investment abroad (NCA) 10	Other investment (d): Foreign investment in Spain (NCL) 11	Net financial derivatives (NCL-NCA) 12 ■	Banco de España: Balance (NCL-NCA) 13=14+15+16 ■	Banco de España: Reserves (e) 14	Banco de España: Net claims with the Eurosystem (e) 15	Banco de España: Other net assets (NCL-NCA) 16
08		100 222	70 004	1 553	51 008	52 561	-203	-21 761	-21 964	75 717	12 330	88 048	-7 064	30 218	-645	31 713	-850
09	P	54 641	44 177	-433	7 009	6 576	45 325	4 119	49 444	5 145	4 065	9 210	-5 861	10 464	-1 563	6 146	5 882
10	P	44 562	28 866	2 226	16 308	18 534	29 739	-63 371	-33 633	-10 470	15 732	5 262	7 371	15 696	-814	9 788	6 722
10 *J-A*	P	20 359	24 245	9 392	-6 991	2 401	-925	-8 586	-9 511	11 556	-6 774	4 782	4 221	-3 886	-119	-5 396	1 629
11 *J-A*	P	18 654	32 280	-7 110	14 876	7 765	28 712	-8 408	20 303	9 916	12 933	22 849	763	-13 626	-542	-13 389	305
10 *Jan*	P	3 988	7 307	-494	554	61	13 746	-3 282	10 463	-6 260	7 310	1 050	315	-3 319	-2	-3 730	413
Feb	P	6 336	1 647	7 934	-6 911	1 023	-20 227	-701	-20 929	13 264	-12 529	735	676	4 689	-113	4 298	504
Mar	P	6 628	4 852	523	762	1 285	778	3 807	4 586	858	-2 520	-1 662	2 693	1 776	1	1 603	172
Apr	P	3 407	10 439	1 429	-1 396	33	4 779	-8 409	-3 631	3 694	965	4 659	537	-7 032	-6	-7 566	540
May	P	5 459	-34 478	-2 132	3 912	1 780	-9 851	-6 990	-16 841	-23 382	10 072	-13 310	887	39 937	-413	42 402	-2 051
Jun	P	2 549	-32 546	-802	-366	-1 168	-5 201	-8 995	-14 196	-29 192	1 656	-27 536	2 649	35 096	-9	27 477	7 627
Jul	P	2 167	4 432	-1 110	2 458	1 348	6 974	-9 212	-2 238	-2 699	924	-1 775	1 266	-2 265	-52	-3 552	1 338
Aug	P	3 357	21 261	-5 539	6 402	863	13 218	-3 931	9 287	13 984	4 784	18 768	-402	-17 904	32	-17 970	34
Sep	P	5 957	30 819	-4 352	9 909	5 556	8 840	-5 201	3 639	26 880	-14 485	12 395	-549	-24 862	-2	-24 966	106
Oct	P	2 370	19 377	2 937	-231	2 706	22 716	-7 770	14 947	-4 416	17 661	13 244	-1 860	-17 007	-212	-16 092	-703
Nov	P	2 288	3 170	2 257	-1 337	919	-4 436	-4 711	-9 147	4 977	-11 142	-6 165	372	-883	-5	-83	-795
Dec	P	55	-7 415	1 575	2 553	4 128	-1 597	-7 975	-9 572	-8 178	13 037	4 859	785	7 470	-35	7 967	-462
11 *Jan*	P	5 579	9 136	-2 019	4 432	2 413	11 171	-6 595	4 576	-609	12 685	12 076	592	-3 557	-216	-2 836	-506
Feb	P	6 544	11 543	1 282	592	1 874	18 981	-3 575	15 406	-9 738	-4 072	-13 810	1 019	-5 000	-58	-5 121	180
Mar	P	1 917	4 400	-2 815	4 321	1 506	71	1 484	1 555	5 961	4 402	10 363	1 183	-2 483	-218	-2 938	673
Apr	P	4 614	7 200	-3 559	5 531	1 973	-1 512	279	-1 233	14 302	-82	14 220	-2 031	-2 586	-50	-2 495	-41

FINANCIAL ACCOUNT (NCL-NCA)



FINANCIAL ACCOUNT, EXCLUDING BANCO DE ESPAÑA. Breakdown. (NCL-NCA)



Sources: 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.

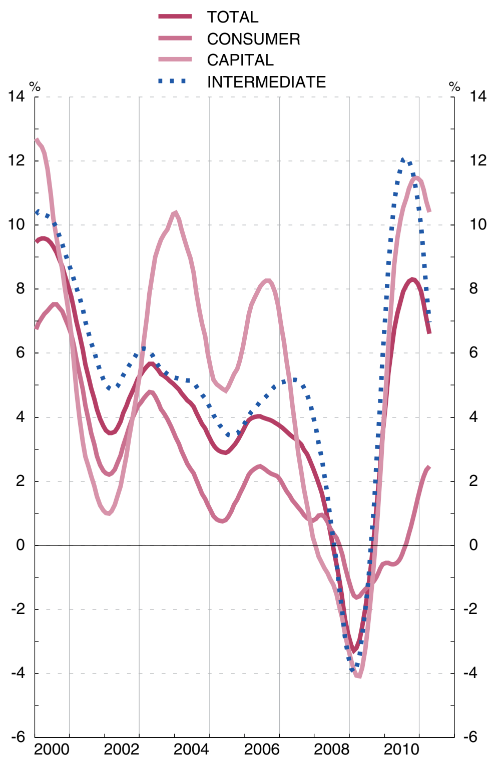
7.3. SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD EXPORTS AND DISPATCHES

■ Series depicted in chart.

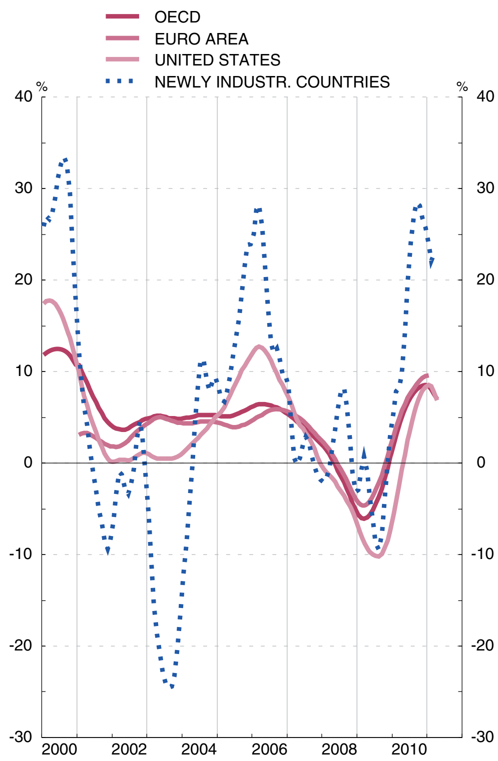
Eur millions and annual percentage changes

		Total			By product (deflated data) (a)					By geographical area (nominal data)							
							Intermediate			EU 27		OECD					
													of which:				
		EUR millions	Nom-inal	De-flated (a)	Con-sumer	Capital	Total	Energy	Non-energy	Total	Euro Area	Total	United States	OPEC	Other Amer-ican coun-tries	China	Newly industri-alised coun-tries
		1	2	3 ■	4 ■	5 ■	6 ■	7	8	9	10 ■	11 ■	12 ■	13	14	15	16 ■
03		138 119	3.6	5.2	4.2	11.9	4.8	24.7	3.3	4.5	5.1	3.8	-1.7	-5.9	2.2	38.2	-23.4
04		146 925	6.4	5.3	2.2	13.1	6.6	10.2	6.3	5.0	5.0	5.9	2.0	12.5	3.3	5.6	4.7
05		155 005	5.5	0.8	-0.8	5.5	1.4	-8.7	2.2	2.6	2.3	4.2	10.2	9.1	11.8	31.4	14.5
06		170 439	10.0	5.2	2.9	12.7	5.6	-3.7	6.2	8.1	7.8	8.4	17.7	6.0	34.5	12.8	16.5
07		185 023	8.6	5.8	3.0	4.4	8.1	6.6	8.1	8.0	8.4	7.0	-1.1	22.3	-12.5	23.5	-0.8
08		189 228	2.3	0.7	2.4	-5.6	0.6	19.0	-0.6	-0.1	-0.5	-0.4	1.4	30.1	1.0	1.2	4.2
09		159 890	-15.5	-9.4	-3.4	-14.1	-12.8	-19.9	-12.2	-15.5	-13.2	-15.2	-24.4	-11.4	-17.9	-7.7	8.5
10 *Mar*	P	16 652	21.4	24.2	-1.9	41.0	45.2	19.9	46.8	19.3	21.8	19.9	11.4	15.5	22.2	46.8	12.4
Apr	P	14 623	10.8	13.1	-8.9	25.0	29.6	22.6	30.0	7.1	4.6	9.0	10.0	9.5	13.5	18.9	17.0
May	P	16 213	25.7	18.4	-4.2	88.7	26.2	6.5	27.7	22.9	23.4	23.2	3.3	-13.5	25.1	24.4	35.5
Jun	P	16 203	16.6	15.4	-4.1	41.6	26.7	-0.7	28.5	14.1	13.5	16.1	17.0	8.8	52.2	15.2	36.0
Jul	P	16 379	13.2	11.7	-9.3	-2.4	31.5	34.6	31.4	11.2	12.8	12.7	5.3	1.7	32.3	48.3	47.9
Aug	P	12 874	27.8	19.6	2.9	33.4	29.1	38.1	28.3	23.4	19.4	25.4	48.6	25.7	61.8	69.1	38.7
Sep	P	15 902	14.6	9.9	-4.2	3.0	21.7	6.8	22.8	10.8	10.2	12.5	29.1	13.6	49.3	35.7	48.8
Oct	P	17 393	16.6	12.1	-6.2	26.7	23.4	9.0	24.5	16.8	15.2	15.3	26.0	13.0	29.9	10.9	31.9
Nov	P	17 525	24.6	20.3	2.2	34.5	32.9	34.6	32.8	20.1	20.4	21.9	35.7	49.6	50.0	50.6	33.4
Dec	P	15 956	16.8	13.6	2.3	-0.3	25.7	44.7	24.5	20.2	20.3	20.9	11.4	8.8	19.2	15.9	-53.3
11 *Jan*	P	15 955	32.0	24.7	13.8	58.0	28.3	16.1	29.0	25.3	24.2	30.8	62.9	22.2	38.4	60.5	-7.1
Feb	P	17 137	22.5	14.8	8.9	18.8	18.3	70.3	16.2	19.9	18.3	21.4	56.9	39.3	60.7	51.5	-54.1
Mar	P	19 645	18.0	10.7	10.5	39.4	6.6	12.8	6.3	13.4	9.8	16.9	33.4	2.1	29.1	12.6	31.0
Apr	P	17 344	18.6	8.4	7.2	23.3	6.9	35.3	5.5	15.2	10.8	15.9	50.4	30.5	23.7	17.0	-3.5

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 y BE.
Note: The underlying series for this indicator are in Tables 18.4 and 18.5 of the Boletín estadístico.
The monthly series are provisional data, while the annual series are the final foreign trade data.
a. Series deflated by unit value indices.

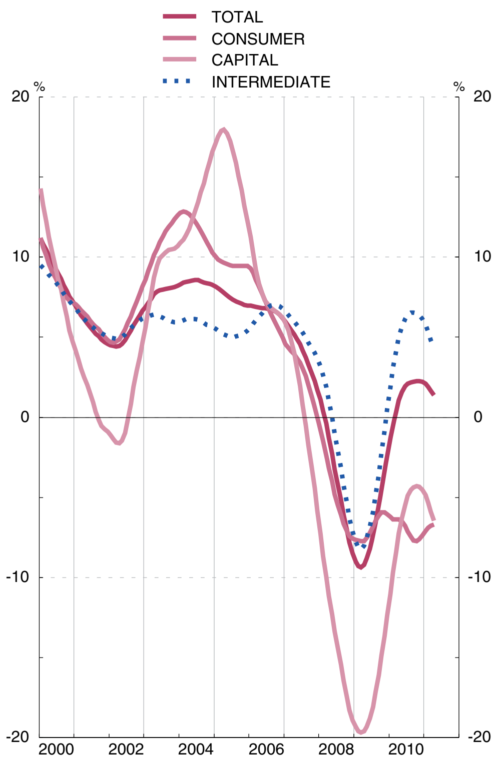
7.4. SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD IMPORTS AND ARRIVALS

■ Series depicted in chart.

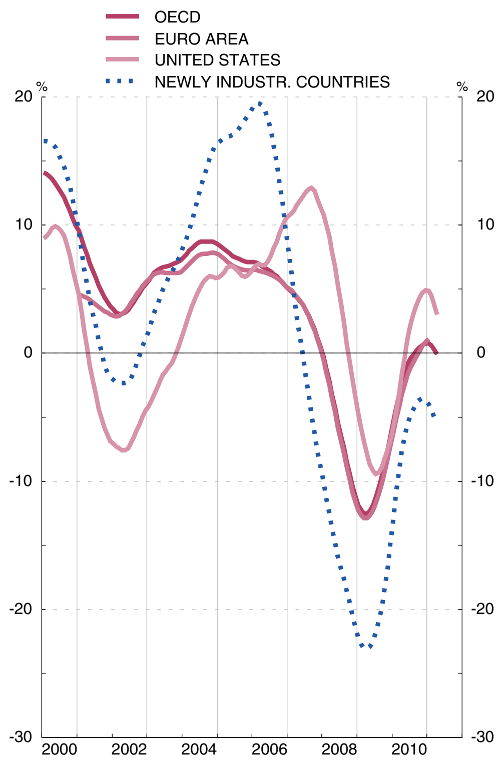
Eur millions and annual percentage changes

		Total			By product (deflated data) (a)					By geographical area (nominal data)							
		EUR millions	Nom- inal	De- flated (a)	Con- sumer	Capital	Intermediate			EU 27		OECD		OPEC	Other Amer- ican coun- tries	China	Newly industri- alised coun- tries
							Total	Energy	Non- energy	Total	Euro Area	Total	of which: United States				
		1	2	3 ■	4 ■	5 ■	6 ■	7	8	9	10 ■	11 ■	12 ■	13	14	15	16 ■
03		185 114	5.6	7.1	9.6	12.9	4.8	1.0	5.9	5.8	5.3	5.8	-4.8	-1.0	12.9	16.6	1.1
04		208 411	12.6	9.9	13.5	14.4	7.3	10.6	6.4	9.9	10.0	11.3	9.3	17.9	7.9	26.8	14.6
05		232 954	11.8	6.4	8.4	17.6	3.3	11.1	1.1	5.6	5.3	6.1	-0.1	40.8	29.3	37.3	11.2
06		262 687	12.8	8.5	7.3	2.5	10.2	6.1	11.5	8.4	8.0	8.5	14.7	25.3	24.1	22.7	28.6
07		285 038	8.5	7.6	5.8	10.8	7.8	4.0	8.9	10.5	11.0	9.8	16.4	-6.3	-6.8	28.7	-3.7
08		283 388	-0.6	-4.5	-6.4	-14.3	-1.9	5.8	-3.9	-8.2	-8.8	-7.4	12.9	37.4	16.6	10.8	-16.1
09		206 116	-27.3	-17.5	-12.1	-31.4	-17.5	-9.9	-20.0	-23.8	-25.6	-24.6	-25.1	-38.6	-31.1	-29.5	-31.6
10 *Mar*	P	20 945	20.6	21.6	3.0	10.8	32.6	9.1	41.0	17.0	12.6	15.6	6.1	40.0	36.4	47.0	47.2
Apr	P	19 628	16.6	14.2	-0.1	9.4	22.0	2.0	29.4	8.6	5.9	9.9	-1.8	57.7	25.2	22.9	13.0
May	P	20 378	26.1	20.0	11.4	10.8	25.6	-0.2	35.1	19.3	10.1	19.9	17.2	19.3	64.3	52.6	8.4
Jun	P	20 914	22.1	16.1	-1.7	17.7	24.8	12.0	28.9	12.1	9.9	13.3	10.1	56.9	41.1	44.1	26.7
Jul	P	20 666	16.7	11.1	-11.3	16.2	22.0	5.7	27.8	9.1	10.5	11.3	49.5	39.3	35.1	44.2	-18.2
Aug	P	17 334	18.8	6.9	-10.9	22.9	14.5	-0.0	20.7	8.2	7.8	7.9	21.8	30.4	57.5	41.8	4.0
Sep	P	20 248	4.9	-1.2	-21.2	-4.2	9.7	1.1	12.2	-3.3	-1.9	-2.2	13.5	6.0	1.6	40.9	9.3
Oct	P	21 093	12.0	3.7	-19.0	8.1	15.0	2.4	19.1	3.1	3.9	6.7	17.6	18.4	38.5	28.4	-5.6
Nov	P	21 405	13.1	4.2	-12.8	12.1	11.5	4.7	13.6	4.2	2.9	6.1	17.2	14.3	69.3	26.7	9.9
Dec	P	21 321	20.2	9.8	-8.8	-4.5	21.5	18.6	22.4	9.5	8.5	10.3	40.8	41.9	51.1	20.5	7.3
11 *Jan*	P	20 882	25.8	12.8	-2.1	21.1	17.4	22.6	15.7	15.4	15.0	18.2	32.9	39.8	49.6	22.4	-2.9
Feb	P	20 387	16.2	5.5	-0.1	-1.9	8.4	1.5	10.4	11.0	13.6	12.3	36.4	26.8	19.8	9.6	8.1
Mar	P	24 239	15.7	3.9	-1.2	-8.0	7.3	-6.0	11.0	13.6	15.5	14.2	19.9	3.4	4.2	-4.4	7.8
Apr	P	21 306	8.5	-2.2	-8.0	-11.6	1.0	-1.3	1.7	2.2	2.2	2.8	21.4	1.8	68.5	0.7	-20.1

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



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



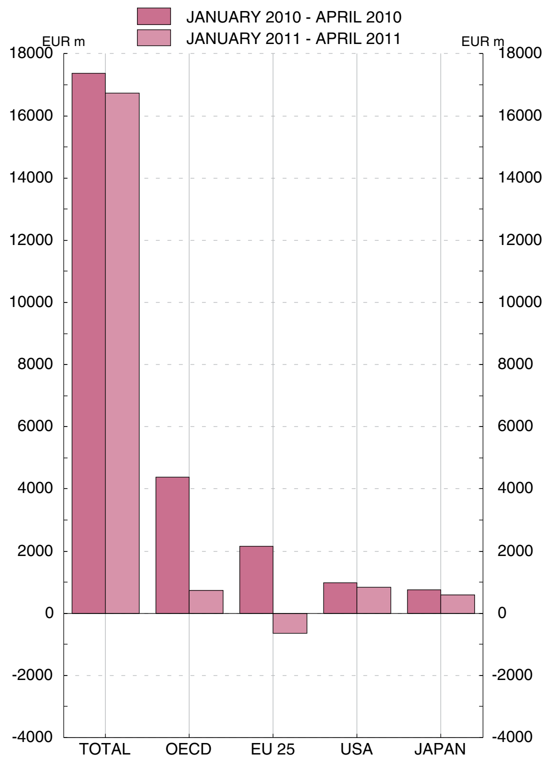
Sources: ME y BE.
Note: The underlying series for this indicator are in Tables 18.2 and 18.3 of the Boletín estadístico.
The monthly series are provisional data, while the annual series are the final foreign trade data.
a. Series deflated by unit value indices .

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

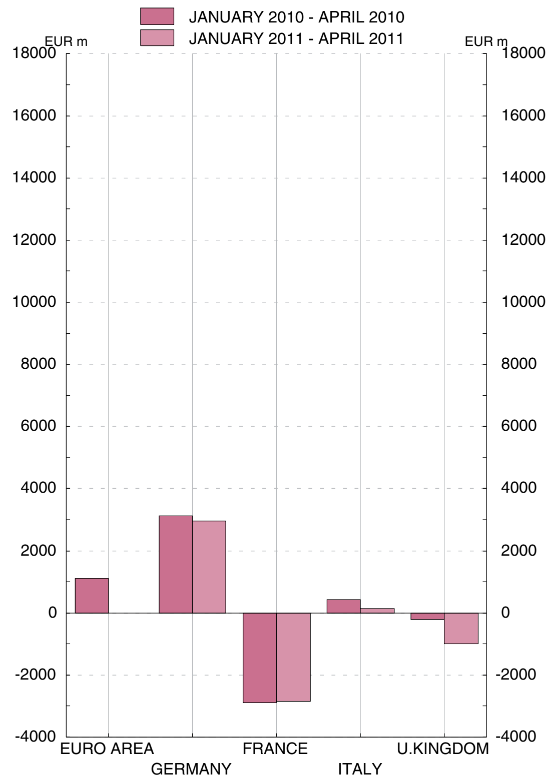
EUR millions

		World total	European Union (EU 27)								OECD			OPEC	Other American countries	China	Newly industrialised countries
			Total	Euro area				Other EU 27									
				Total	Of which:			Total	Of which:		Total	Of which:					
					Germany	France	Italy		United Kingdom			United States	Japan				
		1	2=3+7	3	4	5	6	7	8		9	10	11	12	13	14	15
04		-61 486	-25 991	-25 267	-16 282	-3 353	-5 671	-724	472		-36 990	-1 692	-4 583	-8 325	-1 784	-7 369	-3 104
05		-77 950	-30 703	-29 422	-16 749	-3 112	-6 938	-1 281	-210		-41 592	-1 092	-4 769	-12 938	-3 089	-10 182	-3 411
06		-92 249	-33 547	-32 172	-18 689	-1 625	-7 184	-1 375	294		-45 357	-1 062	-4 652	-17 031	-3 316	-12 647	-4 564
07		-100 015	-40 176	-38 176	-23 752	-214	-8 375	-2 000	133		-53 745	-2 555	-4 779	-14 682	-3 477	-16 366	-4 347
08		-94 160	-26 262	-26 264	-19 612	3 019	-6 608	1	356		-39 284	-3 739	-3 663	-20 561	-4 971	-18 340	-3 296
09		-46 227	-9 068	-6 762	-9 980	6 787	-1 847	-2 306	187		-15 547	-2 742	-1 958	-10 701	-2 641	-12 471	-1 532
10	P	-52 283	-4 192	-1 241	-8 486	8 399	-398	-2 951	709		-9 822	-2 834	-2 048	-17 286	-4 162	-16 219	-1 244
10 *Mar*	P	-4 292	-242	78	-874	808	-77	-320	57		-813	-263	-225	-1 434	-534	-1 279	-239
Apr	P	-5 004	-1 040	-867	-891	665	-201	-174	69		-1 665	-234	-181	-1 570	-368	-1 094	-169
May	P	-4 165	-620	46	-652	757	78	-666	-119		-1 030	-229	-221	-1 252	-430	-1 257	-114
Jun	P	-4 711	-728	-367	-859	753	-48	-361	114		-1 089	-225	-177	-1 599	-291	-1 330	-128
Jul	P	-4 288	-258	-118	-760	567	-118	-140	240		-596	-151	-111	-1 610	-201	-1 551	-75
Aug	P	-4 460	-510	-461	-553	156	8	-49	-18		-688	-106	-133	-1 457	-342	-1 503	-74
Sep	P	-4 346	-134	68	-817	934	-10	-202	46		-404	-256	-179	-1 196	-408	-1 695	-102
Oct	P	-3 700	422	404	-564	843	153	18	257		-388	-276	-148	-1 484	-246	-1 427	-87
Nov	P	-3 880	314	483	-548	873	189	-170	64		-268	-261	-180	-1 174	-522	-1 355	-139
Dec	P	-5 365	-513	-208	-600	630	-225	-305	-94		-982	-345	-150	-1 873	-472	-1 339	-122
11 *Jan*	P	-4 927	299	322	-374	591	50	-23	111		-116	-284	-134	-1 901	-398	-1 434	-131
Feb	P	-3 250	413	362	-625	767	-79	51	230		150	-174	-168	-1 618	70	-1 209	-109
Mar	P	-4 594	-300	-451	-1 091	741	-38	151	376		-568	-237	-181	-1 491	-419	-1 181	-216
Apr	P	-3 962	240	-173	-866	743	-75	413	274		-200	-141	-118	-1 428	-822	-1 069	-107

CUMULATIVE TRADE DEFICIT



CUMULATIVE TRADE DEFICIT



Source: ME.
Note: The underlying series for this indicator are in Tables 18.3 and 18.5 of the Boletín Estadístico.
The monthly series are provisional data, while the annual series are the final foreign trade data.

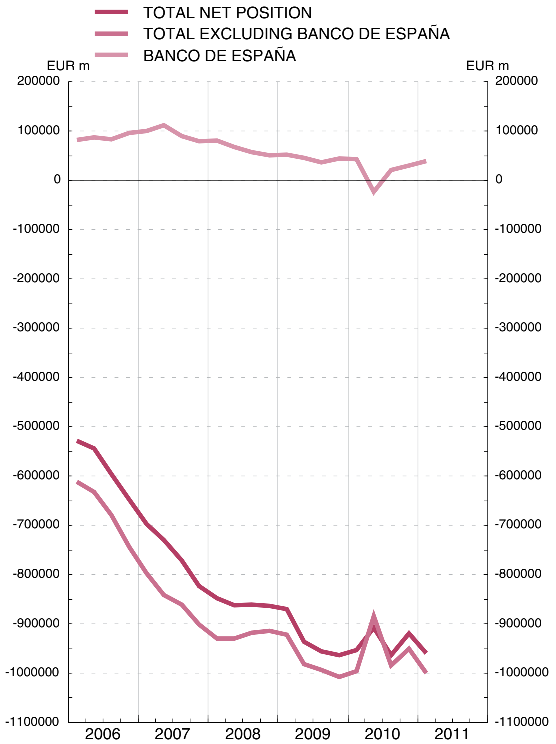
7.6. SPANISH INTERNATIONAL INVESTMENT POSITION VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD SUMMARY

■ Series depicted in chart.

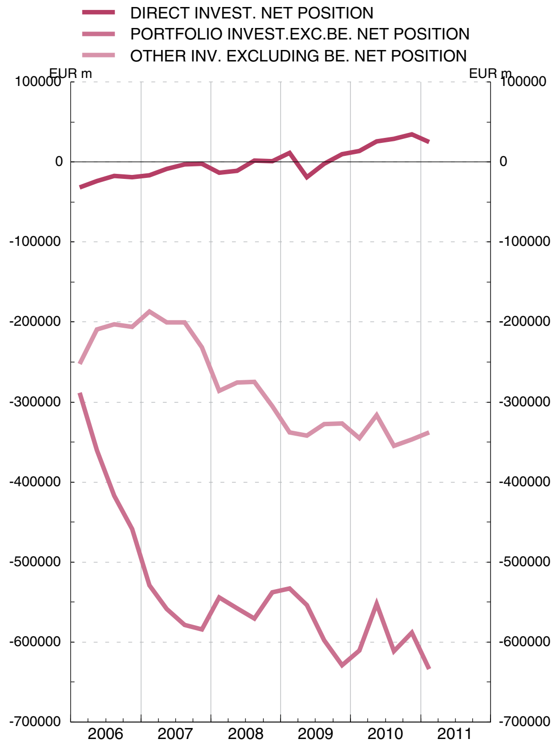
End-of-period stocks in EUR billions

	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			Financial derivatives Net position (assets-liabil.)	Banco de España Net position (assets-liabil.)	Reserves	Net assets vis-à-vis the Euro-system	Other net assets (assets-liabil.) (a)
			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+13 ■	2=3+6+9+12 ■	3=4-5 ■	4	5	6=7-8 ■	7	8	9=10-11 ■	10	11	12	13=14 to 16 ■	14	15	16
03	-354.3	-410.3	-93.9	175.0	268.9	-102.3	319.8	422.0	-214.2	204.0	418.1	...	56.1	21.2	18.3	16.6
04	-436.4	-504.5	-91.9	207.2	299.1	-203.2	359.3	562.5	-209.4	222.2	431.6	...	68.1	14.5	31.9	21.7
05	-505.5	-577.2	-67.1	258.9	326.0	-273.6	454.7	728.4	-236.5	268.2	504.7	...	71.7	14.6	17.1	40.1
06	-648.2	-743.9	-19.3	331.1	350.4	-508.9	455.7	964.6	-206.1	324.9	530.9	-9.6	95.7	14.7	29.4	51.6
07	-822.8	-901.7	-2.6	395.4	398.0	-648.5	438.4	1 086.9	-231.8	379.5	611.3	-18.8	78.9	12.9	1.1	64.9
08 *Q1*	-848.7	-929.3	-13.6	393.3	406.9	-608.8	413.0	1 021.9	-286.1	381.2	667.4	-20.7	80.6	13.0	2.8	64.8
Q2	-862.7	-929.9	-10.8	407.9	418.7	-620.2	393.9	1 014.1	-275.5	417.2	692.7	-23.4	67.2	12.7	-7.5	62.0
Q3	-861.3	-918.4	1.7	422.6	420.9	-633.6	380.5	1 014.1	-274.8	423.1	697.9	-11.7	57.0	13.8	-19.6	62.8
Q4	-863.1	-914.0	1.3	424.4	423.2	-603.7	354.2	958.0	-305.1	386.6	691.8	-6.4	50.9	14.5	-30.6	67.0
09 *Q1*	-870.4	-922.6	11.6	427.7	416.0	-596.6	342.1	938.7	-337.7	374.5	712.1	0.0	52.3	15.7	-27.4	64.0
Q2	-937.0	-982.4	-18.8	438.7	457.4	-614.2	363.2	977.4	-342.1	370.6	712.8	-7.3	45.4	15.1	-30.5	60.7
Q3	-956.1	-993.0	-2.2	446.0	448.2	-658.3	376.9	1 035.3	-327.5	365.1	692.6	-4.9	36.9	18.3	-42.6	61.2
Q4	-963.6	-1 007.7	9.4	450.2	440.7	-689.3	378.6	1 067.9	-326.9	370.5	697.4	-1.0	44.1	19.6	-36.4	60.9
10 *Q1*	-953.2	-995.5	14.0	456.8	442.8	-670.2	385.7	1 055.9	-345.1	364.2	709.3	5.7	42.4	20.9	-38.5	60.0
Q2	-907.6	-884.2	25.7	471.0	445.4	-605.4	358.7	964.1	-316.5	373.1	689.5	12.0	-23.4	24.4	-100.8	53.1
Q3	-963.6	-983.8	29.2	480.8	451.6	-662.4	339.9	1 002.4	-354.8	355.2	710.1	4.3	20.2	22.6	-54.3	51.9
Q4	-919.8	-950.1	34.2	494.1	459.9	-640.1	318.4	958.4	-346.9	374.1	720.9	2.7	30.3	23.9	-46.1	52.5
11 *Q1*	-960.0	-999.5	24.9	490.3	465.4	-685.2	308.1	993.4	-337.6	381.3	718.9	-1.5	39.5	23.2	-35.2	51.5

INTERNATIONAL INVESTMENT POSITION



COMPONENTS OF THE POSITION



Source: BE.

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

a. See note b to table 17.21 of the Boletín Estadístico.

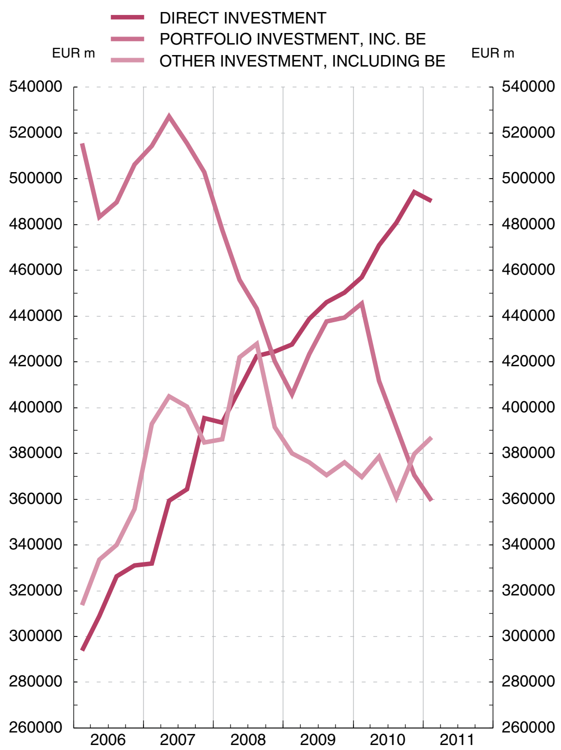
7.7. SPANISH INTERNATIONAL INVESTMENT POSITION VIS-à-VIS OTHER EURO AREA RESIDENTES AND THE REST OF THE WORLD BREAKDOWN BY INVESTMENT

■ Series depicted in chart.

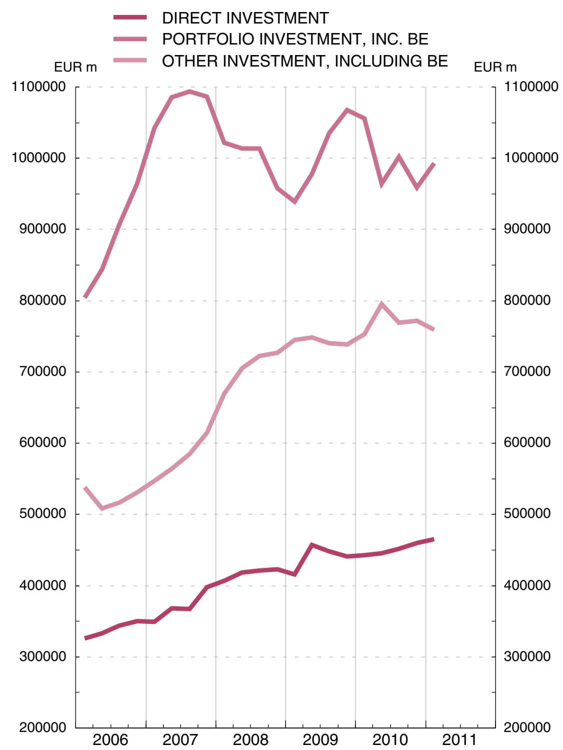
End-of-period stocks in EUR millions

	Direct investment				Portfolio investment, including Banco de España				Other investment, including Banco de España		Financial derivatives including BE	
	Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad	Foreign investment in Spain (a)	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 ■	11	12
03	160 519	14 477	207 096	61 828	62 677	273 344	147 878	274 166	222 670	418 202	-	-
04	189 622	17 627	231 649	67 501	78 053	302 067	183 211	379 279	254 992	431 651	-	-
05	236 769	22 133	250 641	75 322	104 157	388 472	197 347	531 035	287 551	504 831	-	-
06	307 902	23 206	271 313	79 125	133 193	373 001	245 683	718 897	355 621	531 211	32 973	42 569
07	368 306	27 086	307 278	90 696	132 955	369 758	282 331	804 609	384 714	614 829	44 642	63 487
08 *Q1*	366 644	26 665	322 519	84 422	103 988	373 584	235 984	785 876	386 186	669 225	53 297	74 001
Q2	380 219	27 659	329 774	88 933	97 307	358 629	216 631	797 428	421 982	704 984	58 579	82 016
Q3	391 877	30 743	323 994	96 913	82 732	360 523	200 218	813 893	427 889	722 208	70 066	81 757
Q4	393 430	31 011	320 664	102 489	63 146	357 229	170 143	787 812	391 414	726 987	108 278	114 027
09 *Q1*	395 386	32 267	312 847	103 173	54 989	350 665	142 151	796 597	379 932	744 633	111 670	111 538
Q2	407 942	30 719	337 118	120 320	62 698	360 773	177 670	799 699	376 070	748 364	92 879	100 032
Q3	418 328	27 720	330 958	117 282	74 037	363 555	218 943	816 315	370 541	740 153	85 194	90 098
Q4	425 084	25 085	329 732	110 993	81 229	357 947	222 620	845 284	375 979	738 793	77 449	78 498
10 *Q1*	431 647	25 186	333 499	109 340	91 998	353 521	199 350	856 507	369 680	752 992	93 867	88 286
Q2	443 747	27 272	336 151	109 199	90 402	321 202	170 376	793 757	378 500	795 416	118 304	106 522
Q3	450 652	30 140	341 142	110 452	91 872	299 516	195 646	806 723	360 672	769 535	121 434	117 049
Q4	463 012	31 046	347 166	112 701	95 466	275 058	182 815	775 629	379 640	772 251	95 116	92 459
11 *Q1*	459 391	30 916	355 554	109 830	96 115	263 316	206 217	787 163	386 873	759 561	80 724	82 170

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



Source: BE.
Note: See footnote to Indicator 7.6
a. See note b to table 17.21 of the Boletín Estadístico.

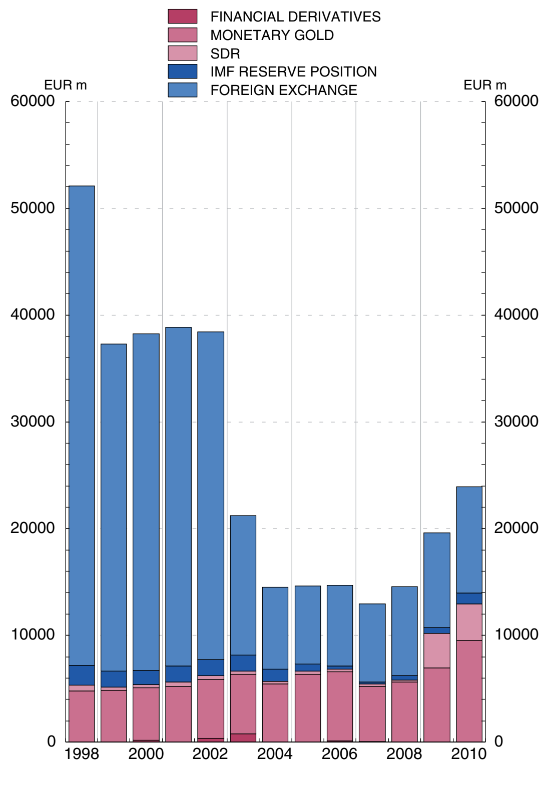
7.8. SPANISH RESERVE ASSETS

■ Series depicted in chart.

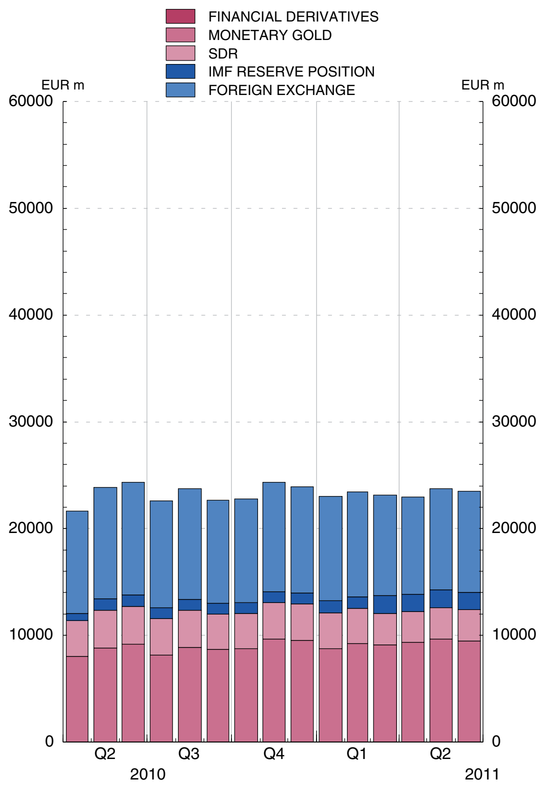
End-of-period stocks in EUR millions

	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
05	14 601	7 306	636	281	6 400	-21	14.7
06	14 685	7 533	303	254	6 467	127	13.4
07	12 946	7 285	218	252	5 145	46	9.1
08	14 546	8 292	467	160	5 627	-	9.1
09	19 578	8 876	541	3 222	6 938	-	9.1
10 *Jan*	20 047	9 177	554	3 296	7 020	-	9.1
Feb	20 859	9 456	662	3 344	7 396	-	9.1
Mar	20 918	9 473	661	3 332	7 452	-	9.1
Apr	21 657	9 627	644	3 352	8 034	-	9.1
May	23 870	10 444	1 078	3 509	8 839	-	9.1
Jun	24 353	10 555	1 091	3 537	9 169	-	9.1
Jul	22 626	10 029	1 055	3 412	8 130	-	9.1
Aug	23 717	10 368	1 018	3 466	8 865	-	9.1
Sep	22 641	9 629	995	3 320	8 697	-	9.1
Oct	22 754	9 696	990	3 302	8 766	-	9.1
Nov	24 351	10 279	1 024	3 416	9 632	-	9.1
Dec	23 905	9 958	995	3 396	9 555	-	9.1
11 *Jan*	23 034	9 769	1 158	3 345	8 762	-	9.1
Feb	23 410	9 812	1 040	3 322	9 235	-	9.1
Mar	23 159	9 439	1 643	2 957	9 119	-	9.1
Apr	22 965	9 102	1 606	2 891	9 365	-	9.1
May	23 734	9 452	1 676	2 943	9 664	-	9.1
Jun	23 471	9 420	1 667	2 938	9 447	-	9.1

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 'International Reserves and Foreign Currency Liquidity
Guidelines for a Data Template', October 2001 (http://dsbb.imf.org/Applications/web/sddsguide). Using this new definition, total reserve assets as at 31.12.99 would have been EUR 37835 million instead of the ammount of EUR 37288 million published in this table.

7.9. SPANISH 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
07 *Q1*	1 462 506	219 394	4 901	40	195 781	18 672	-	658 096	11 331	295 528	252 211	99 027
Q2	1 523 843	215 134	5 446	443	190 503	18 742	-	684 742	11 316	294 402	269 682	109 341
Q3	1 542 085	207 145	4 820	1 329	182 455	18 541	-	707 016	15 079	308 889	273 907	109 140
Q4	1 563 730	197 835	4 653	878	173 266	19 038	-	724 116	21 248	327 391	261 177	114 300
08 *Q1*	1 596 725	200 163	6 329	558	173 668	19 607	-	768 529	20 424	380 522	256 302	111 281
Q2	1 651 445	202 260	5 594	162	177 009	19 495	-	794 086	22 729	399 932	258 374	113 051
Q3	1 690 245	217 747	9 722	494	187 624	19 907	-	792 491	21 269	400 051	258 393	112 778
Q4	1 672 021	233 755	12 480	2 099	198 366	20 810	-	766 311	12 224	400 691	249 210	104 187
09 *Q1*	1 699 828	242 673	15 801	480	204 677	21 716	-	783 924	15 149	411 446	248 633	108 696
Q2	1 728 579	256 256	21 125	978	211 334	22 819	-	785 982	14 200	409 692	251 728	110 363
Q3	1 738 278	275 266	31 005	709	219 370	24 182	-	769 833	14 217	391 123	256 821	107 671
Q4	1 762 752	299 201	44 479	532	229 558	24 632	-	782 741	14 873	384 509	260 201	123 157
10 *Q1*	1 793 981	318 190	51 915	117	240 354	25 804	-	790 665	16 642	399 817	257 133	117 073
Q2	1 774 382	292 966	39 746	195	225 671	27 354	-	743 171	12 157	378 888	240 537	111 589
Q3	1 759 128	303 146	39 461	934	234 755	27 997	-	758 911	10 926	396 110	243 702	108 173
Q4	1 732 416	290 203	36 687	979	223 177	29 361	-	761 172	9 906	425 112	239 582	86 572
11 *Q1*	1 729 009	306 951	34 674	488	241 816	29 973	-	761 218	10 333	391 762	240 483	118 640

7.9. (CONT.) SPANISH 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 (a)	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	Subsidia- ries
	13	14	15	16	17	18	19	20	21	22	23	24	25
07 *Q1*	322	322	456 149	5 303	21 653	550	317 258	109 572	334	1 479	128 544	50 040	78 504
Q2	423	423	482 312	5 418	27 035	1 066	336 291	110 523	331	1 647	141 233	50 464	90 769
Q3	277	277	494 727	2 553	22 020	854	345 252	122 021	339	1 688	132 920	52 206	80 714
Q4	3 550	3 550	493 937	701	20 981	314	343 564	126 473	331	1 573	144 292	55 165	89 128
08 *Q1*	1 855	1 855	484 555	927	22 022	473	328 226	130 418	358	2 132	141 624	56 104	85 520
Q2	12 326	12 326	493 741	6 217	22 786	1 465	327 505	133 364	355	2 047	149 032	61 350	87 683
Q3	24 276	24 276	501 587	18 093	25 024	1 342	318 792	136 110	362	1 865	154 144	62 559	91 585
Q4	35 233	35 233	479 500	13 329	22 307	2 668	302 204	136 854	361	1 777	157 223	65 142	92 080
09 *Q1*	32 491	32 491	482 143	20 122	17 966	3 275	292 216	145 886	393	2 285	158 598	69 841	88 757
Q2	35 596	35 596	470 228	18 969	16 003	2 416	282 343	147 551	385	2 561	180 517	90 520	89 997
Q3	47 538	47 538	463 831	13 249	14 997	2 322	281 652	148 499	419	2 694	181 811	89 667	92 144
Q4	41 400	41 400	460 736	17 935	12 676	2 052	278 237	146 591	419	2 825	178 675	73 654	105 022
10 *Q1*	43 673	43 673	456 971	14 634	13 529	2 895	275 829	146 110	424	3 550	184 482	68 935	115 547
Q2	105 881	105 881	447 155	12 714	16 296	4 033	262 932	146 801	431	3 949	185 209	66 389	118 820
Q3	59 477	59 477	454 723	14 042	15 906	4 337	263 837	152 041	421	4 139	182 871	66 278	116 592
Q4	51 323	51 323	445 182	12 163	16 689	3 549	254 114	154 108	422	4 138	184 536	66 604	117 932
11 *Q1*	40 665	40 665	437 890	11 785	17 899	3 086	248 073	152 494	415	4 138	182 285	66 878	115 406

Source: BE.

a. See note b to table 17.21 of the Boletín Estadístico.

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 in euro							Counterparts					
	Total	Open market operations				Standing facilities		Autonomous factors					Actual reserves of credit institutions
		Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations (net)	Structural reverse operations (net)	Marginal lending facility	Deposit facility	Total	Banknotes	Deposits to general government	Gold and net assets in foreign currency	Other assets (net)	
	1=2+3+4 +5+6-7	2	3	4	5	6	7	8=9+10 -11-12	9	10	11	12	13
10 *Jan*	541 473	61 899	664 650	-12 329	-	406	173 153	334 353	789 929	118 932	427 124	147 384	207 120
Feb	534 339	72 624	647 446	-13 528	-	930	173 132	319 842	783 511	116 580	426 226	154 023	214 497
Mar	521 898	79 925	644 676	-12 804	-	500	190 400	303 560	788 465	109 183	429 090	164 999	218 338
Apr	518 251	72 798	663 740	-13 286	-	183	205 184	306 870	795 902	117 289	457 309	149 012	211 381
May	518 635	97 546	692 289	-24 199	-	1 178	248 178	293 449	803 187	117 440	461 565	165 612	225 187
Jun	496 616	129 940	713 202	-58 607	-	304	288 223	275 553	808 910	133 527	463 359	203 525	221 063
Jul	447 504	197 804	418 108	-43 633	-	261	125 035	245 431	817 565	103 637	543 196	132 575	202 074
Aug	428 464	156 847	436 311	-69 674	-	569	95 589	220 146	817 554	81 380	543 363	135 425	208 318
Sep	447 722	154 228	432 260	-67 794	-	547	71 520	223 098	813 964	97 492	543 285	145 074	224 624
Oct	400 207	184 986	327 455	-64 198	-	662	48 697	202 036	813 259	95 670	511 143	195 750	198 171
Nov	409 030	179 522	338 925	-68 984	-	1 776	42 207	193 808	813 937	91 614	511 275	200 469	215 222
Dec	404 267	194 560	333 046	-69 023	-	819	55 135	175 471	832 289	82 373	512 369	226 822	228 797
11 *Jan*	349 323	184 834	303 292	-78 160	-	65	60 707	166 234	827 363	94 746	548 751	207 124	183 089
Feb	374 289	159 033	323 186	-82 463	-	6 539	32 007	149 313	820 280	89 194	549 375	210 786	224 976
Mar	338 910	106 478	336 508	-81 557	-	1 478	23 997	128 374	822 946	81 378	552 327	223 623	210 536
Apr	320 481	96 912	322 853	-79 647	-	378	20 016	118 868	831 108	64 758	526 450	250 548	201 613
May	334 784	121 578	315 687	-78 717	-	252	24 016	117 883	833 005	53 806	526 287	242 641	216 902
Jun	356 966	134 617	315 438	-76 028	-	158	17 219	142 772	842 535	75 422	528 083	247 102	214 194

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 in euro							Counterparts							
	Total	Open market operations				Standing facilities		Intra-ESCB		Autonomous factors					Actual reserves of credit institutions
		Main refinancing operations	Longer-term refinancing operations	Fine-tuning reserve operations (net)	Structural reserve operations (net)	Marginal lending facility	Deposit facility	Target	Rest	Total	Banknotes	Deposits to general government	Gold and net assets in foreign currency	Other assets (net)	
	14=15+16 +17+18 +19-20	15	16	t 17	18	19	20	21	22	23=24+25 -26-27	24	25	26	27	28
10 *Jan*	77 318	591	88 649	-1 383	-	3	10 543	38 790	-5 447	17 774	78 093	31 878	16 160	76 037	26 201
Feb	76 269	1 118	87 564	-1 254	-	2	11 161	40 278	-5 447	15 831	76 555	32 241	16 195	76 770	25 607
Mar	81 881	1 504	88 688	-759	-	0	7 552	47 978	-5 447	13 216	76 922	30 454	16 266	77 895	26 134
Apr	74 603	1 351	89 436	-861	-	-	15 323	41 475	-5 447	12 505	76 714	30 938	17 390	77 757	26 070
May	85 618	7 984	97 566	-1 785	-	2	18 150	53 407	-5 447	10 853	76 313	30 862	17 638	78 683	26 805
Jun	126 300	30 119	106 371	-607	-	55	9 638	92 411	-5 447	13 914	76 968	31 662	17 802	76 914	25 422
Jul	130 209	31 057	108 960	-305	-	-	9 503	102 620	-5 447	8 311	78 104	21 305	20 533	70 565	24 725
Aug	109 793	15 500	110 128	-5 902	-	-	9 933	88 651	-5 447	3 398	77 088	17 100	20 528	70 262	23 191
Sep	97 682	7 334	104 423	-5 454	-	-	8 620	77 026	-5 447	-368	75 443	15 414	20 479	70 746	26 471
Oct	67 947	13 512	57 773	662	-	1	4 002	49 480	-5 447	-170	74 449	18 195	19 186	73 628	24 084
Nov	61 138	13 352	51 105	-235	-	-	3 084	42 571	-5 447	-520	73 297	20 212	19 224	74 805	24 534
Dec	66 986	22 197	47 538	241	-	-	2 990	50 767	-5 465	-6 565	75 356	14 283	19 258	76 945	28 249
11 *Jan*	53 120	17 882	39 237	-872	-	4	3 131	51 551	-5 585	-14 331	74 555	8 039	20 445	76 480	21 486
Feb	49 177	14 803	36 141	-494	-	-	1 273	43 382	-5 585	-14 067	73 006	10 280	20 545	76 807	25 447
Mar	40 992	9 090	34 734	-1 492	-	-	1 340	40 606	-5 585	-18 751	72 689	7 193	20 785	77 848	24 721
Apr	42 077	10 830	32 991	-694	-	-	1 050	43 621	-5 585	-18 710	73 096	6 828	19 781	78 852	22 751
May	53 047	18 422	39 430	-574	-	0	4 231	50 085	-5 585	-17 056	71 609	8 699	19 822	77 543	25 604
Jun	47 455	11 506	37 949	-449	-	40	1 591	47 536	-5 585	-17 940	71 283	9 185	19 886	78 522	23 444

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

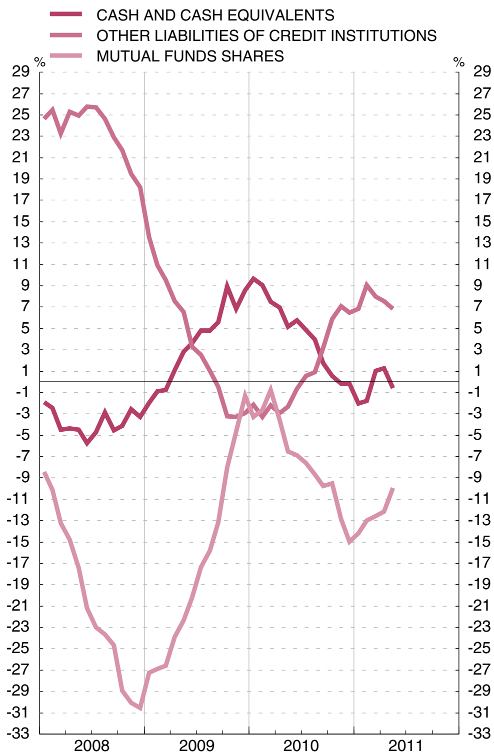
8.2 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

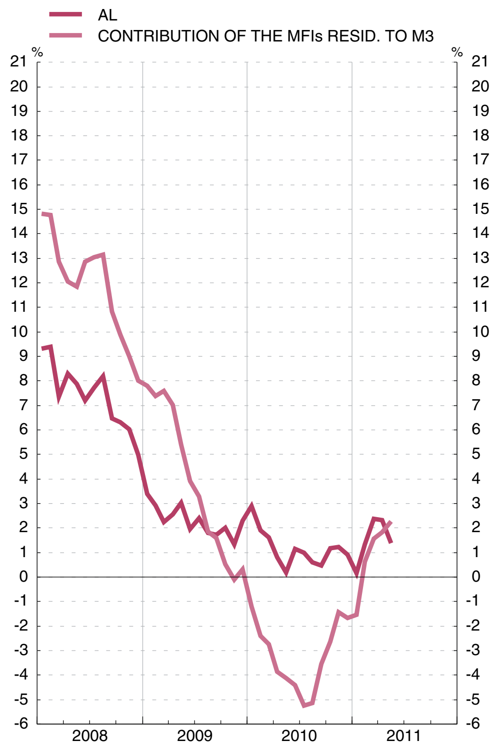
EUR millions and %

		Cash and cash equivalents				Other liabilities of credit institutions					Mutual funds shares				Memorandum items	
		Stocks	12-month % change	12-m. % change		Stocks	12 month % change	12-month % change			Stocks	12-month % change	12-month % change		12-month % change	
				Cash	Deposits (b)			Other deposits (c)	Repos + credit institutions' securities	Deposits in branches abroad			Fixed income in EUR (d)	Other	AL (e)	Contribution of the MFIs resid. to M3
		1	2 ■	3	4	5	6 ■	7	8	9	10	11 ■	12	13	14 ■	15 ■
08		479 495	-3.3	0.5	-4.2	546 926	18.2	24.3	-19.1	-8.9	148 107	-30.6	-16.7	-41.3	5.0	8.0
09		520 512	8.6	0.6	10.6	530 785	-3.0	-1.3	-12.0	-39.8	146 214	-1.3	0.5	-3.2	2.3	0.3
10		519 551	-0.2	-0.3	-0.1	565 986	6.6	6.4	14.1	-22.2	124 357	-14.9	-29.5	1.6	1.0	-1.7
10 *Feb*		516 731	9.0	0.7	11.1	522 014	-3.3	-2.2	-8.8	-38.5	143 869	-2.6	-5.4	0.7	1.9	-2.4
Mar		510 307	7.5	0.9	9.2	527 889	-2.2	-1.4	-3.9	-40.3	143 517	-0.7	-7.5	7.3	1.6	-2.7
Apr		506 816	7.0	-0.4	8.9	526 239	-3.0	-1.8	-11.9	-30.2	142 177	-3.6	-10.4	4.5	0.7	-3.9
May		513 534	5.2	0.3	6.4	530 108	-2.6	-0.1	-20.8	-40.7	137 385	-6.5	-13.2	1.4	0.1	-4.1
Jun		532 191	5.8	0.8	7.0	535 883	-1.0	1.4	-21.3	-22.1	133 721	-6.9	-16.4	4.2	1.0	-4.4
Jul		524 832	4.9	0.8	5.9	544 176	0.3	2.7	-18.5	-30.8	133 385	-7.6	-20.8	8.1	0.9	-5.2
Aug		518 585	4.0	0.7	4.8	546 485	0.9	2.7	-13.3	-29.3	132 909	-8.7	-22.6	8.1	0.6	-5.1
Sep		511 873	1.7	0.7	2.0	553 915	3.3	4.9	-6.7	-36.3	131 280	-9.7	-25.6	9.9	0.5	-3.5
Oct		507 466	0.6	0.1	0.7	557 758	6.0	7.2	-0.8	-33.3	130 626	-9.5	-26.1	10.7	1.2	-2.6
Nov		505 196	-0.2	-0.4	-0.1	563 437	7.2	7.5	10.0	-24.9	125 886	-12.9	-28.6	6.2	1.3	-1.4
Dec		519 551	-0.2	-0.3	-0.1	565 986	6.6	6.4	14.1	-22.2	124 357	-14.9	-29.5	1.6	1.0	-1.7
11 *Jan*		505 825	-2.0	-0.3	-2.4	565 339	7.2	7.1	12.1	-20.5	124 909	-13.8	-30.5	5.2	0.3	-1.5
Feb		507 403	-1.8	-0.4	-2.1	571 131	9.4	8.8	19.7	-11.5	125 719	-12.6	-30.6	7.1	1.5	0.6
Mar		515 642	1.0	-1.2	1.6	571 695	8.3	7.5	19.6	1.8	125 307	-12.7	-28.5	3.7	2.5	1.6
Apr	P	513 159	1.3	-0.9	1.7	569 003	8.1	7.9	14.6	-16.1	124 736	-12.3	-28.0	3.9	2.6	1.8
May	P	510 442	-0.6	-2.5	-0.2	572 356	8.0	7.4	15.7	0.5	123 511	-10.1	-25.8	5.7	1.9	2.3

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 9, which includes deposits in Spanish bank branches abroad.

b. Current accounts, savings accounts and deposits redeemable at up to 3 months' notice.

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

d. The series includes the old categories of Money market funds and Fixed income mutual funds in euros.

e. Defined as cash and cash equivalents, other liabilities of credit institutions and Fixed income mutual funds shares in euros.

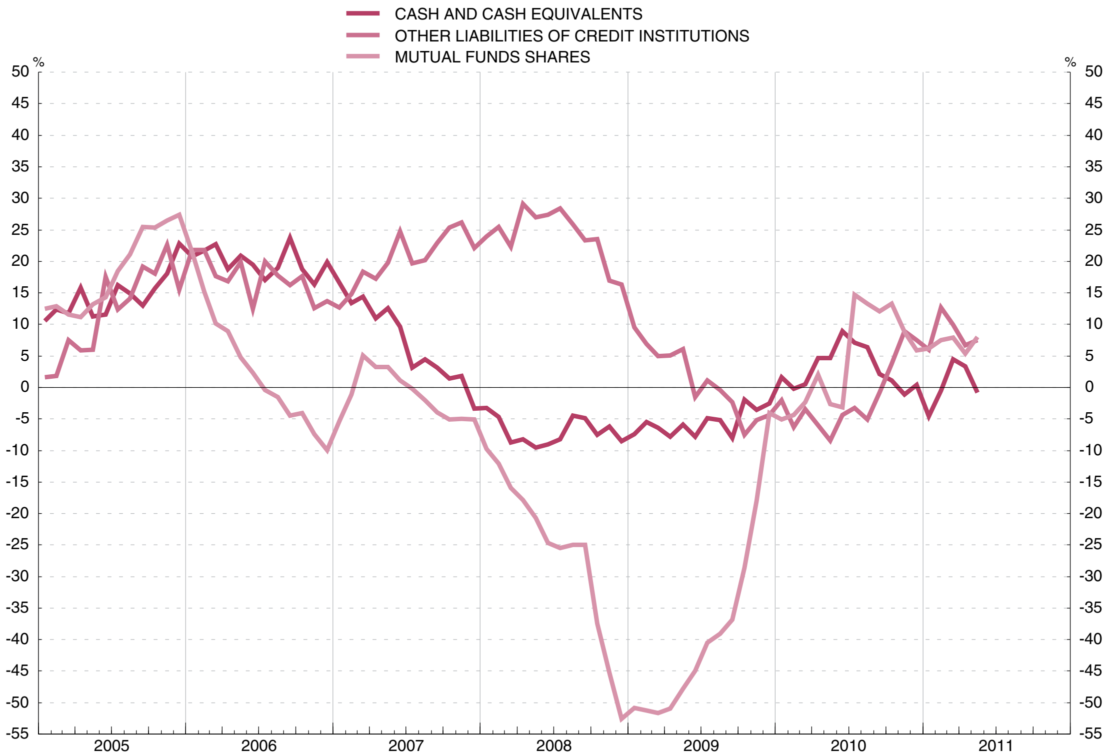
8.3 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF NON-FINANCIAL CORPORATIONS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents (b)		Other liabilities of credit institutions				Mutual funds shares			
	Stocks	Annual growth rate	Stocks	Annual growth rate	Annual growth rate: Other deposits (c)	Annual growth rate: Repos + credit instit.' securit.+ dep. in branches abroad	Stocks	Annual growth rate	Annual growth rate: Fixed income in EUR (d)	Annual growth rate: Other
	1	2 ■	3	4 ■	5	6	7	8 ■	9	10
08	121 783	-8.6	118 246	16.3	25.1	-0.3	11 959	-52.5	-42.7	-60.1
09	118 631	-2.6	113 110	-4.3	9.2	-36.7	11 475	-4.0	-6.4	-1.4
10	119 142	0.4	121 733	7.6	6.1	14.1	12 153	5.9	-9.4	22.1
10 *Feb*	116 949	-0.3	104 625	-6.3	4.9	-38.0	11 376	-4.4	-10.8	3.3
Mar	115 671	0.5	108 006	-3.4	6.3	-33.2	11 368	-2.4	-12.5	10.2
Apr	114 114	4.6	108 420	-6.1	4.0	-35.1	11 585	2.0	-2.4	6.9
May	118 963	4.7	108 300	-8.7	3.4	-42.4	11 195	-2.7	-8.3	3.8
Jun	125 313	8.9	111 092	-4.8	5.9	-36.0	10 897	-3.1	-11.8	6.7
Jul	120 072	7.1	113 354	-3.5	6.9	-35.0	13 472	14.7	-1.4	33.7
Aug	121 405	6.4	112 276	-5.2	2.5	-29.5	13 424	13.3	-3.7	33.6
Sep	118 151	2.1	116 065	-0.8	5.8	-22.1	13 259	12.1	-7.3	36.0
Oct	115 037	1.1	116 557	3.8	8.6	-13.3	12 766	13.3	-4.2	33.0
Nov	115 219	-1.2	121 148	9.1	9.6	7.1	12 302	8.8	-7.9	27.6
Dec	119 142	0.4	121 733	7.6	6.1	14.1	12 153	5.9	-9.4	22.1
11 *Jan*	112 151	-4.6	116 570	6.8	5.4	13.0	12 228	6.9	-11.3	26.2
Feb	116 384	-0.5	119 121	13.9	10.1	32.0	12 307	8.2	-11.5	28.5
Mar	120 811	4.4	120 759	11.8	7.3	34.0	12 267	7.9	-9.1	24.5
Apr P	117 918	3.3	117 706	8.6	5.3	23.7	12 211	5.4	-13.4	24.6
May P	117 947	-0.9	119 638	10.5	6.0	32.8	12 091	8.0	-10.7	26.8

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 6, which includes deposits in Spanish bank branches abroad.

b. Cash, current accounts, savings accounts and deposits redeemable at up to and including 3 months' notice.

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

d. The series includes the old categories of Money market funds and Fixed income mutual funds in euros.

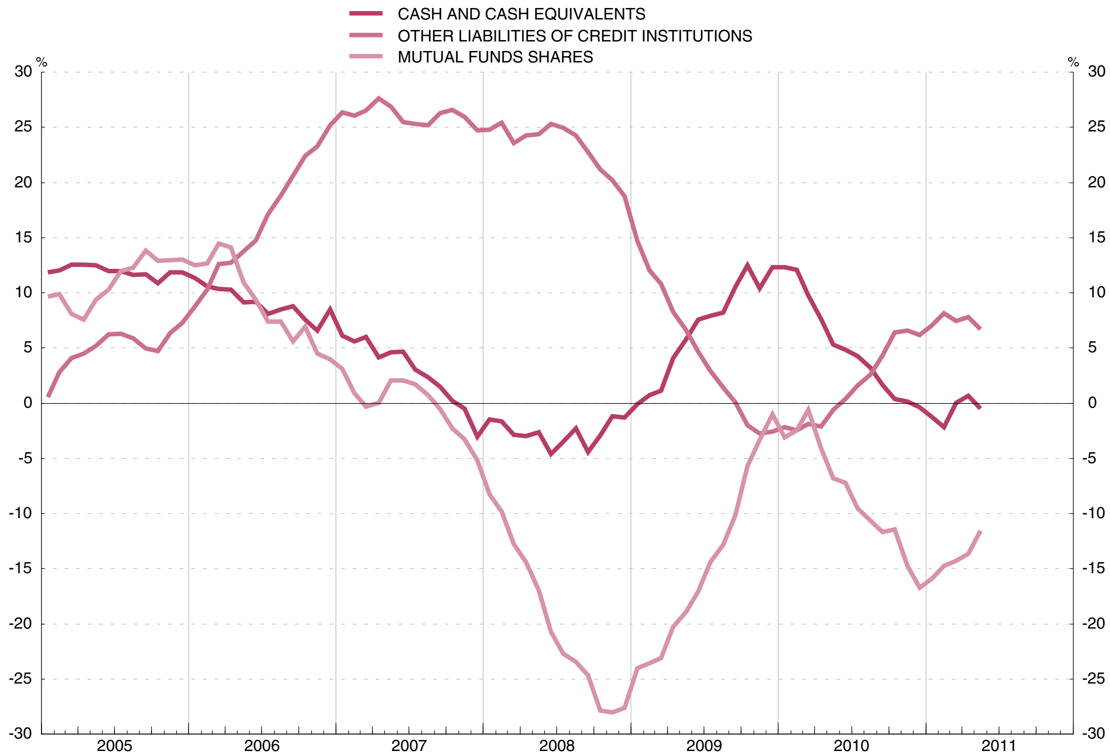
8.4 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents				Other liabilities of credit institutions				Mutual funds shares			
	Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate	
			Cash	Deposits (b)			Other deposits (c)	Repos + credit instit.' securit.+ dep. in branches abroad			Fixed income in EUR (d)	Other
	1	2 ■	3	4	5	6 ■	7	8	9	10 ■	11	12
08	357 712	-1.3	3.1	-2.7	428 680	18.7	24.2	-35.5	136 148	-27.6	-13.3	-38.7
09	401 881	12.3	3.5	15.3	417 675	-2.6	-3.5	14.6	134 738	-1.0	1.1	-3.4
10	400 409	-0.4	0.2	-0.5	444 253	6.4	6.5	4.6	112 204	-16.7	-31.1	-0.2
10 *Feb*	399 782	12.1	3.2	15.0	417 389	-2.5	-3.6	19.6	132 493	-2.5	-4.9	0.4
Mar	394 636	9.8	3.2	11.9	419 883	-1.9	-3.0	18.8	132 148	-0.6	-7.0	7.1
Apr	392 702	7.7	1.6	9.6	417 818	-2.2	-3.0	11.0	130 592	-4.1	-11.0	4.3
May	394 571	5.3	2.2	6.3	421 807	-0.9	-0.9	-1.0	126 190	-6.8	-13.6	1.2
Jun	406 878	4.9	2.5	5.6	424 791	-0.0	0.4	-5.9	122 824	-7.2	-16.7	4.0
Jul	404 761	4.2	2.3	4.9	430 822	1.4	1.8	-4.2	119 913	-9.5	-22.5	5.9
Aug	397 180	3.2	2.0	3.6	434 208	2.5	2.8	-0.7	119 485	-10.6	-24.3	5.8
Sep	393 722	1.6	1.8	1.6	437 851	4.4	4.7	0.6	118 021	-11.7	-27.2	7.6
Oct	392 429	0.4	1.0	0.2	441 202	6.6	6.9	1.9	117 860	-11.5	-27.8	8.7
Nov	389 977	0.1	0.3	0.1	442 289	6.7	7.0	3.1	113 584	-14.7	-30.3	4.3
Dec	400 409	-0.4	0.2	-0.5	444 253	6.4	6.5	4.6	112 204	-16.7	-31.1	-0.2
11 *Jan*	393 674	-1.3	0.2	-1.7	448 769	7.2	7.5	3.2	112 681	-15.6	-32.1	3.3
Feb	391 019	-2.2	0.2	-2.9	452 010	8.3	8.6	3.9	113 412	-14.4	-32.1	5.2
Mar	394 832	0.0	-0.6	0.3	450 936	7.4	7.5	5.3	113 040	-14.5	-30.1	1.9
Apr P	395 240	0.6	-0.4	1.0	451 297	8.0	8.5	1.0	112 525	-13.8	-29.3	2.0
May P	392 495	-0.5	-2.1	-0.0	452 718	7.3	7.7	0.9	111 420	-11.7	-27.1	3.8

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 6, which includes deposits in Spanish bank branches abroad.

b. Current accounts, savings accounts and deposits redeemable at up to 3 months' notice.

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

d. The series includes the old categories of Money market funds and Fixed income mutual funds in euros.

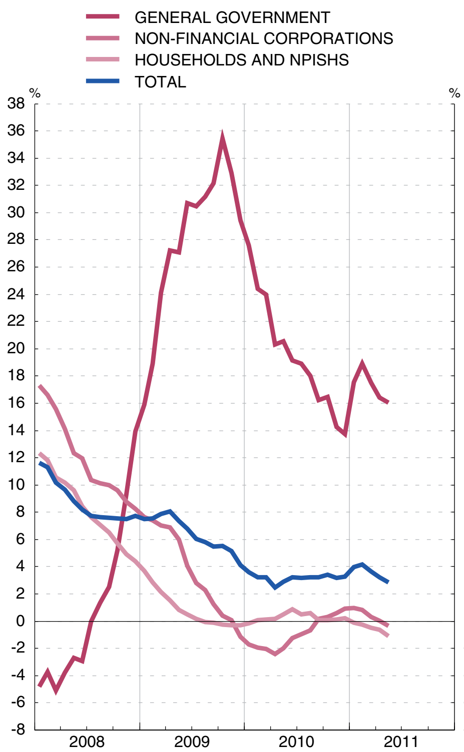
8.5. FINANCING OF NON-FINANCIAL SECTORS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

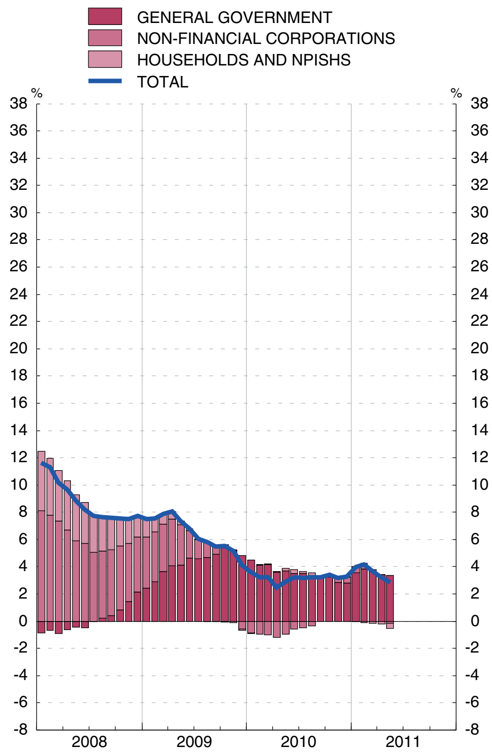
EUR millions and %

	Total: Stocks	Total: Effective flow	Total: Annual growth rate	Annual growth rate: General government (b)	Annual growth rate: Non-financial corp. and households and NPISHs	By sectors: Non-financial corporations	By sectors: Households and NPISHs	By instruments: Credit institutions' loans & securit. funds	By instruments: Securities other than shares	By instruments: External loans	Contribution to col. 3: General government (b)	Contribution to col. 3: Non-financial corp. and households and NPISHs	By sectors: Non-financial corporations	By sectors: Households and NPISHs	By instrumentss: Credit institutions' loans & securit. funds	By instrumentss: Securities other than shares	By instrumentss: External loans
	1	2	3 ■	4 ■	5	6 ■	7 ■	8	9	10	11 ■	12	13 ■	14 ■	15	16	17
08	2 653 983	191 558	7.8	13.9	6.6	8.2	4.4	5.6	12.1	12.4	2.1	5.6	4.1	1.6	4.0	0.2	1.4
09	2 770 085	109 731	4.1	29.5	-0.8	-1.2	-0.3	-2.0	36.9	1.1	4.8	-0.7	-0.6	-0.1	-1.4	0.6	0.1
10	2 850 507	91 161	3.3	13.8	0.6	0.9	0.2	-0.4	14.7	3.9	2.8	0.5	0.4	0.1	-0.3	0.3	0.5
10 *Feb*	2 757 536	5 674	3.2	24.4	-1.1	-1.9	0.1	-2.2	29.7	0.7	4.1	-0.9	-0.9	0.0	-1.5	0.5	0.1
Mar	2 783 582	17 717	3.2	24.0	-1.2	-2.0	0.1	-2.1	32.7	-0.5	4.2	-1.0	-1.0	0.0	-1.4	0.6	-0.1
Apr	2 788 288	4 844	2.5	20.3	-1.4	-2.4	0.2	-2.3	39.9	-1.5	3.6	-1.1	-1.2	0.1	-1.6	0.7	-0.2
May	2 802 479	12 707	2.9	20.6	-1.0	-2.0	0.5	-2.0	43.1	-1.2	3.7	-0.8	-1.0	0.2	-1.4	0.7	-0.1
Jun	2 826 543	24 607	3.2	19.1	-0.4	-1.2	0.9	-1.0	43.8	-2.7	3.5	-0.3	-0.6	0.3	-0.7	0.7	-0.3
Jul	2 823 019	-2 454	3.2	18.9	-0.4	-1.0	0.5	-1.0	26.4	-1.0	3.5	-0.3	-0.5	0.2	-0.7	0.5	-0.1
Aug	2 815 749	-7 105	3.2	18.0	-0.2	-0.7	0.6	-0.8	27.2	-0.9	3.4	-0.1	-0.3	0.2	-0.5	0.5	-0.1
Sep	2 826 322	18 225	3.2	16.3	0.2	0.2	0.1	-0.7	28.8	0.3	3.1	0.1	0.1	0.0	-0.4	0.5	0.0
Oct	2 841 719	17 118	3.4	16.5	0.2	0.3	0.1	-0.6	27.1	0.7	3.2	0.2	0.2	0.0	-0.4	0.5	0.1
Nov	2 857 911	14 131	3.2	14.2	0.4	0.6	0.1	-0.4	18.4	1.5	2.8	0.3	0.3	0.0	-0.2	0.4	0.2
Dec	2 850 507	-1 494	3.3	13.8	0.6	0.9	0.2	-0.4	14.7	3.9	2.8	0.5	0.4	0.1	-0.3	0.3	0.5
11 *Jan*	2 855 937	5 334	4.0	17.6	0.5	1.0	-0.1	-0.5	11.5	4.1	3.5	0.4	0.5	-0.0	-0.3	0.2	0.5
Feb	2 865 711	11 007	4.2	18.9	0.4	0.8	-0.3	-0.9	14.7	4.9	3.9	0.3	0.4	-0.1	-0.6	0.3	0.6
Mar	2 867 980	4 432	3.6	17.5	0.0	0.3	-0.5	-1.1	10.0	3.8	3.6	0.0	0.2	-0.2	-0.7	0.2	0.5
Apr P	2 858 985	-7 002	3.2	16.4	-0.3	0.0	-0.6	-1.2	4.4	3.8	3.4	-0.2	0.0	-0.2	-0.8	0.1	0.5
May P	2 860 760	3 263	2.9	16.1	-0.6	-0.3	-1.1	-1.7	5.5	3.5	3.4	-0.5	-0.2	-0.4	-1.1	0.1	0.4

FINANCING OF NON-FINANCIAL SECTORS
Annual percentage change



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



Source: BE.

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

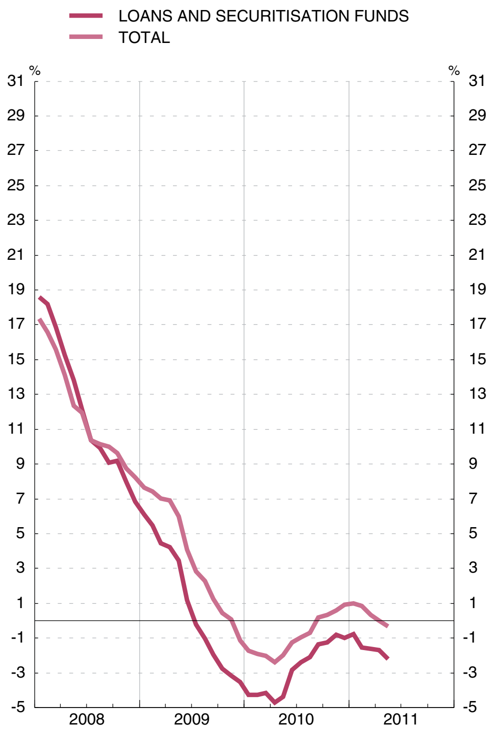
b. Total liabilities (consolidated). Inter-general government liabilities are deduced.

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

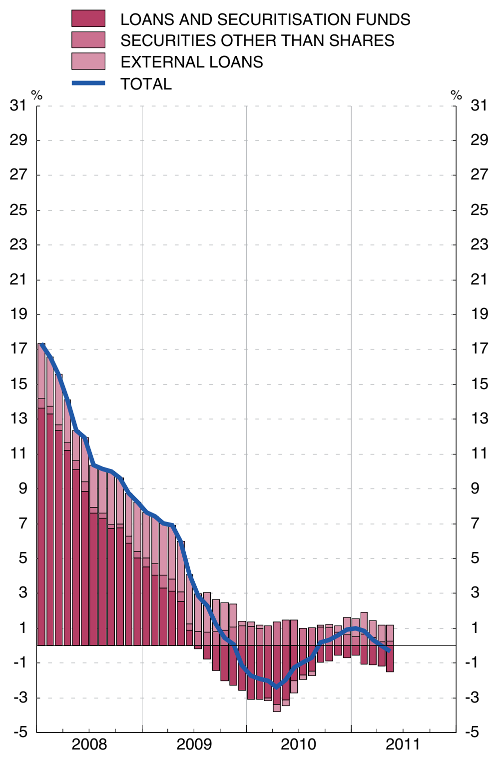
■ Series depicted in chart. *EUR millions and %*

	Total			Resident credit institutions' loans and off-balance-sheet securitised loans			Securities other than shares (b)				External loans			Memorandum items: off-balance-sheet securitised loans
	Stocks	Effective flow	Annual growth rate	Stocks	Annual growth rate	Contribution to col.3	Stocks	of which: Issues by resident financ. subsid.	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 ■	14
08	1 309 090	100 165	8.2	954 134	6.8	5.0	41 063	25 648	12.1	0.4	313 893	12.2	2.9	2 060
09	1 305 011	-15 112	-1.2	916 361	-3.5	-2.6	56 199	40 095	36.9	1.2	332 451	1.1	0.3	1 256
10	1 313 450	11 839	0.9	897 475	-1.0	-0.7	64 436	47 129	14.7	0.6	351 539	3.9	1.0	1 581
10 *Feb*	1 294 555	-881	-1.9	908 079	-4.3	-3.1	57 812	41 445	29.7	1.0	328 664	0.7	0.2	1 187
Mar	1 305 494	2 115	-2.0	907 617	-4.2	-3.0	60 162	43 130	32.7	1.1	337 715	-0.6	-0.1	1 140
Apr	1 308 776	3 096	-2.4	904 876	-4.7	-3.4	63 890	45 873	39.9	1.4	340 010	-1.6	-0.4	1 187
May	1 312 356	1 835	-2.0	906 048	-4.4	-3.1	64 385	46 658	43.1	1.5	341 922	-1.2	-0.3	1 351
Jun	1 315 090	1 991	-1.2	907 970	-2.8	-2.0	63 812	46 358	43.8	1.5	343 308	-2.7	-0.7	1 856
Jul	1 317 438	3 107	-1.0	907 752	-2.4	-1.7	62 937	45 523	26.4	1.0	346 749	-1.0	-0.3	1 783
Aug	1 312 058	-5 532	-0.7	900 944	-2.1	-1.5	62 856	45 826	27.2	1.0	348 258	-0.9	-0.2	1 697
Sep	1 316 254	10 890	0.2	904 894	-1.4	-1.0	63 472	45 941	28.8	1.1	347 888	0.3	0.1	1 493
Oct	1 316 095	926	0.3	904 269	-1.3	-0.9	64 478	46 973	27.1	1.0	347 348	0.6	0.2	1 593
Nov	1 320 891	2 266	0.6	903 778	-0.8	-0.6	65 177	47 763	18.4	0.8	351 936	1.4	0.4	1 597
Dec	1 313 450	-3 020	0.9	897 475	-1.0	-0.7	64 436	47 129	14.7	0.6	351 539	3.9	1.0	1 581
11 *Jan*	1 309 505	-3 992	1.0	892 670	-0.8	-0.6	64 171	46 909	11.5	0.5	352 664	4.1	1.0	1 447
Feb	1 305 651	-2 956	0.8	884 149	-1.5	-1.1	66 333	49 140	14.7	0.7	355 170	4.9	1.3	1 342
Mar	1 299 886	-4 279	0.3	881 905	-1.6	-1.1	66 164	48 790	10.0	0.5	351 817	3.8	1.0	1 317
Apr	P 1 297 111	-1 198	0.0	878 216	-1.7	-1.2	66 681	49 004	4.4	0.2	352 215	3.8	1.0	1 461
May	P 1 293 057	-2 778	-0.3	873 299	-2.3	-1.6	67 947	49 933	5.5	0.3	351 812	3.7	1.0	1 445

FINANCING OF NON-FINANCIAL CORPORATIONS
Annual percentage change



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



Source: BE.

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

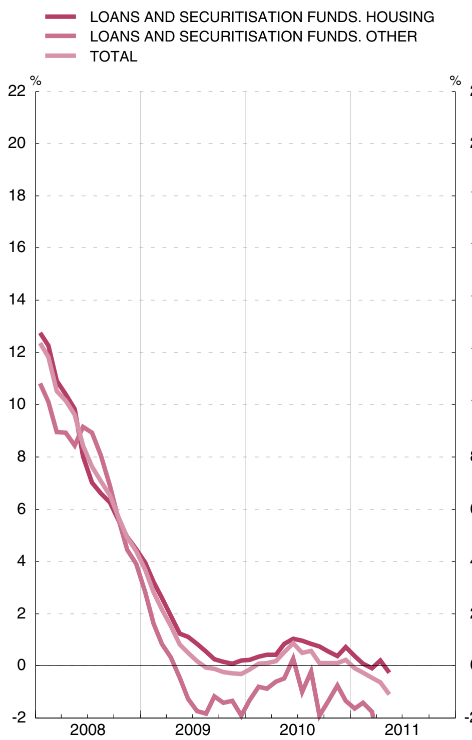
b. Includes issues of resident financial subsidiaries of non-financial corporations, insofar as the funds raised in these issues are routed to the parent company as loans. The issuing institutions of these financial instruments are classified as Other financial intermediaries in the Boletín Estadístico and in the Financial Accounts of the Spanish Economy.

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

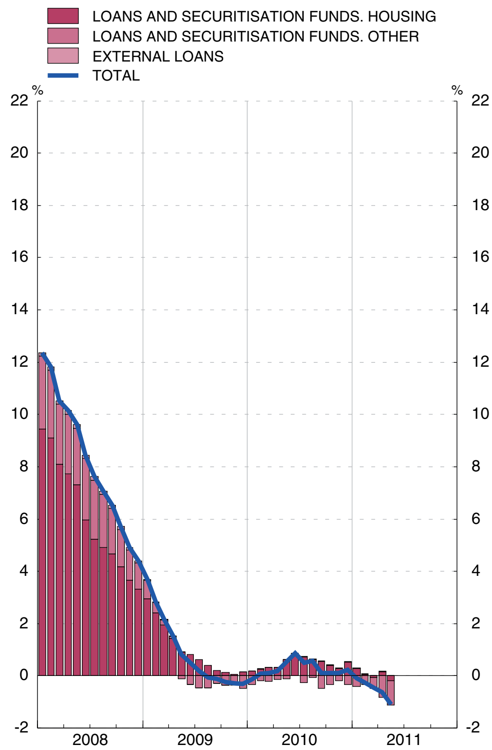
■ Series depicted in chart. *EUR millions and %*

	Total			Resident credit institutions' loans and off-balance-sheet securitised loans. Housing			Resident credit institutions' loans and off-balance-sheet securitised loans. Other			External loans			Memorandum items: off-balance-sheet securitised loans	
	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
08	911 283	38 443	4.4	678 448	4.5	3.3	229 712	3.9	1.0	3 122	36.9	0.1	23 304	4 436
09	903 755	-2 865	-0.3	678 552	0.2	0.1	221 824	-1.9	-0.5	3 379	3.9	0.0	23 986	2 986
10	898 564	2 124	0.2	679 958	0.7	0.5	215 285	-1.3	-0.3	3 320	5.4	0.0	17 161	1 637
10 *Feb*	901 109	-792	0.1	678 908	0.4	0.3	219 020	-0.8	-0.2	3 180	4.3	0.0	23 564	2 784
Mar	899 525	-1 088	0.1	678 919	0.4	0.3	217 407	-0.9	-0.2	3 199	2.8	0.0	23 445	2 705
Apr	900 710	1 508	0.2	678 955	0.4	0.3	218 546	-0.6	-0.1	3 209	2.5	0.0	23 175	2 603
May	902 472	2 023	0.5	680 525	0.8	0.6	218 728	-0.5	-0.1	3 219	2.4	0.0	22 777	2 488
Jun	910 929	9 744	0.9	680 328	1.0	0.8	227 379	0.3	0.1	3 222	3.3	0.0	19 891	2 407
Jul	904 746	-5 871	0.5	680 760	1.0	0.7	220 755	-1.0	-0.2	3 231	3.1	0.0	19 834	2 311
Aug	902 979	-1 450	0.6	679 165	0.8	0.6	220 542	-0.2	-0.1	3 272	3.9	0.0	19 271	2 156
Sep	898 173	-3 847	0.1	678 448	0.7	0.6	216 448	-1.9	-0.5	3 277	3.1	0.0	19 216	2 070
Oct	898 412	875	0.1	677 838	0.5	0.4	217 288	-1.3	-0.3	3 286	4.5	0.0	18 914	2 009
Nov	903 664	5 720	0.1	677 590	0.4	0.3	222 772	-0.8	-0.2	3 302	5.1	0.0	17 285	1 773
Dec	898 564	-3 635	0.2	679 958	0.7	0.5	215 285	-1.3	-0.3	3 320	5.4	0.0	17 161	1 637
11 *Jan*	894 526	-4 079	-0.1	677 703	0.4	0.3	213 493	-1.6	-0.4	3 330	5.1	0.0	16 634	1 517
Feb	891 907	-2 282	-0.3	675 957	0.1	0.1	212 617	-1.4	-0.3	3 333	4.7	0.0	16 738	1 543
Mar	888 316	-2 886	-0.5	674 687	-0.1	-0.1	210 271	-1.8	-0.4	3 358	5.8	0.0	16 553	1 383
Apr P	887 881	-17	-0.6	676 701	0.2	0.2	207 825	-3.4	-0.8	3 355	5.7	0.0	16 368	1 313
May P	885 894	-1 646	-1.0	674 951	-0.2	-0.2	207 570	-3.6	-0.9	3 373	5.9	0.0	16 354	950

FINANCING OF HOUSEHOLDS AND NPISHs
Annual percentage change



FINANCING OF HOUSEHOLDS AND NPISHs
Contributions to the annual percentage change



Source: BE.

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

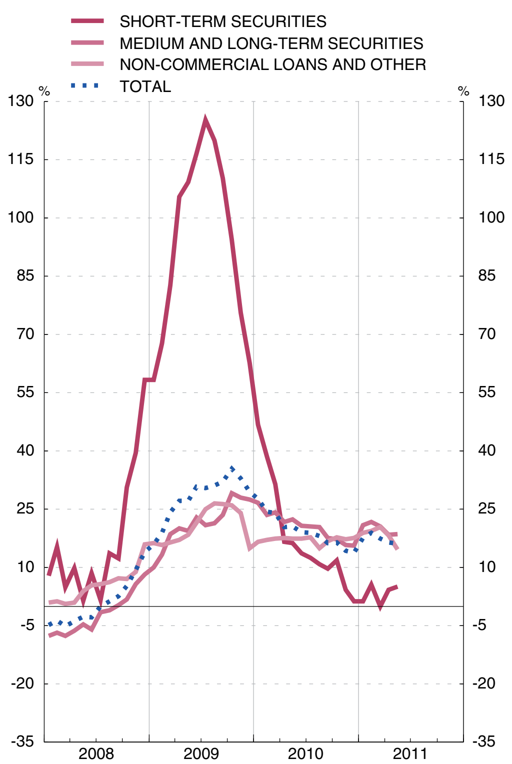
8.8. GROSS FINANCING OF SPAIN'S GENERAL GOVERMENT

■ Series depicted in chart.

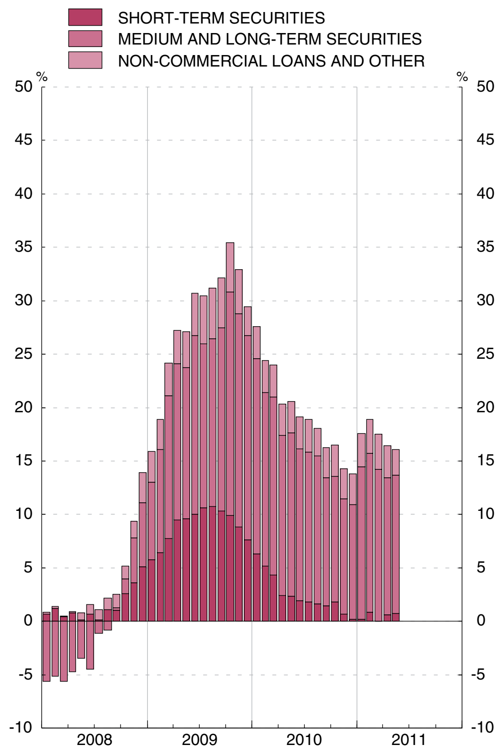
EUR millions and %

		Gross financing			Short-term securities				Medium and long term securities				Non Comercial Loans and Others (b)			
		EDP Debt (a)	Monthly change	12 month % change	Total	Monthly change	12 month % change	Contribution to 12-month % change	Total	Monthly change	12 month % change	Contribution to 12-month % change	Total	Monthly change	12 month % chage	Contribution to 12-month % change
		1=4+8+12	2=5+9+13	3 ■	4	5	6 ■	7 ■	8	9	10 ■	11 ■	12	13	14 ■	15 ■
07		380 661	-8 847	-2.3	33 397	823	2.5	0.2	279 872	-9 001	-3.1	-2.3	67 392	-668	-1.0	-0.2
08		433 611	52 950	13.9	52 876	19 479	58.3	5.1	302 656	22 784	8.1	6.0	78 079	10 687	15.9	2.8
09	P	561 319	127 708	29.5	86 003	33 127	62.7	7.6	385 561	82 905	27.4	19.1	89 755	11 676	15.0	2.7
10	P	638 599	77 280	13.8	87 119	1 116	1.3	0.2	445 903	60 342	15.7	10.8	105 577	15 822	17.6	2.8
09 *Dec*	P	561 319	6 955	29.5	86 003	480	62.7	7.6	385 561	5 635	27.4	19.1	89 755	840	15.0	2.7
10 *Jan*	P	554 525	-6 794	27.6	85 772	-231	46.8	6.3	377 622	-7 939	26.7	18.3	91 132	1 377	16.5	3.0
Feb	P	561 872	7 347	24.4	83 533	-2 238	38.6	5.1	385 474	7 852	23.5	16.3	92 865	1 733	17.1	3.0
Mar	P	578 563	16 691	24.0	84 644	1 111	31.4	4.3	399 788	14 314	24.1	16.7	94 131	1 266	17.4	3.0
Apr	P	578 802	240	20.3	81 354	-3 290	16.6	2.4	402 739	2 951	21.8	15.0	94 710	579	17.6	3.0
May	P	587 652	8 849	20.6	81 750	397	16.2	2.3	409 167	6 427	22.3	15.3	96 735	2 025	17.3	2.9
Jun	P	600 524	12 872	19.1	81 616	-135	13.7	1.9	417 901	8 734	20.7	14.2	101 008	4 273	17.5	3.0
Jul	P	600 835	311	18.9	83 409	1 793	12.5	1.8	414 997	-2 904	20.6	14.0	102 429	1 421	17.8	3.1
Aug	P	600 712	-123	18.0	84 768	1 359	10.8	1.6	415 245	248	20.4	13.8	100 699	-1 730	15.0	2.6
Sep	P	611 894	11 183	16.3	86 110	1 342	9.7	1.5	422 179	6 934	17.5	12.0	103 606	2 907	16.8	2.8
Oct	P	627 210	15 315	16.5	90 961	4 852	11.8	1.8	431 167	8 988	17.2	11.8	105 082	1 476	17.7	2.9
Nov	P	633 354	6 144	14.2	89 112	-1 849	4.2	0.6	439 959	8 792	15.8	10.8	104 282	-799	17.3	2.8
Dec	P	638 599	5 246	13.8	87 119	-1 993	1.3	0.2	445 903	5 944	15.7	10.8	105 577	1 295	17.6	2.8
11 *Jan*	A	651 907	13 308	17.6	86 885	-234	1.3	0.2	456 643	10 740	20.9	14.3	108 379	2 802	18.9	3.1
Feb	A	668 153	16 246	18.9	88 198	1 312	5.6	0.8	469 031	12 388	21.7	14.9	110 924	2 546	19.4	3.2
Mar	A	679 779	11 626	17.5	84 649	-3 549	0.0	0.0	481 867	12 836	20.5	14.2	113 263	2 339	20.3	3.3
Apr	A	673 880	-5 898	16.4	84 859	210	4.3	0.6	477 067	-4 800	18.5	12.8	111 955	-1 308	18.2	3.0
May	A	682 029	8 149	16.1	85 889	1 030	5.1	0.7	485 326	8 259	18.6	13.0	110 815	-1 140	14.6	2.4

GROSS FINANCING OF GENERAL GOVERNMENT
Annual percentage changes



GROSS FINANCING OF GENERAL GOVERNMENT
Contributions to the annual percentage change



FUENTE: BE.
a.Debt according to Excessive Deficit Procedure (EDP).Consolidated nominal gross debt.
b.Including coined money and Caja General de Depositos

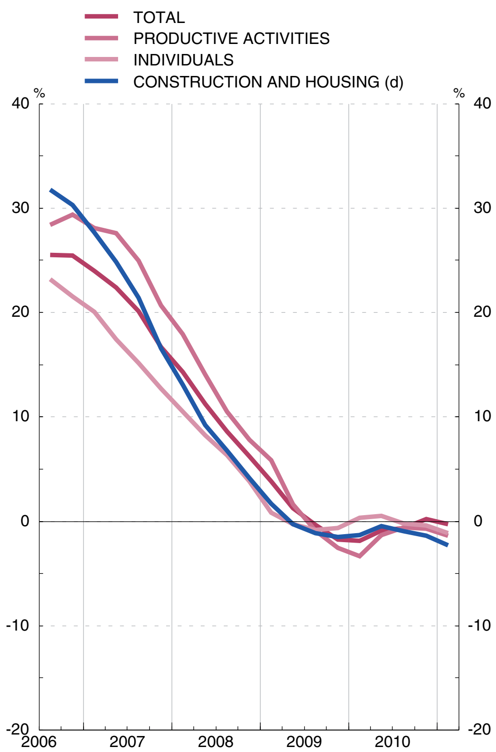
8.9 LENDING BY CREDIT INSTITUTIONS TO OTHER RESIDENT SECTORS. BREAKDOWN BY END-USE.

■ Series depicted in chart.

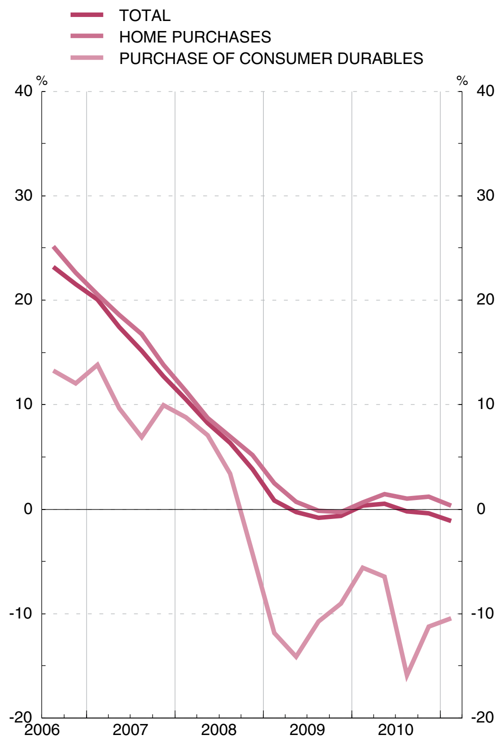
EUR millions and percentages

	Total (a)	Financing of productive activities: Total	Financing of productive activities: Agriculture and fisheries	Financing of productive activities: Industry excluding construction	Financing of productive activities: Construction	Financing of productive activities: Services: Total	Financing of productive activities: Services: Of which Real estate activities	Financing of individuals: Total	Financing of individuals: Home purchases and improvements: Total	Financing of individuals: Home purchases and improvements: Of which Purchases	Financing of individuals: Purchases of consumer durables	Financing of individuals: Other (b)	Financing of private non-profit institutions	Unclassified	Memorandum item: construction and housing (d)
	1 ■	2 ■	3	4	5	6	7	8 ■	9	10 ■	11 ■	12	13	14	15 ■
08	1 869 882	1 016 948	26 244	156 141	151 848	682 716	318 032	819 412	655 145	626 620	54 176	110 092	6 091	27 431	1 125 024
09	1 837 038	991 363	23 123	152 199	130 438	685 602	322 984	813 939	654 566	624 755	49 273	110 101	5 523	26 213	1 107 988
10	1 843 952	985 157	23 128	152 376	114 519	695 134	315 782	812 781	662 798	632 449	42 068	107 916	6 096	39 918	1 093 099
06 *Q4*	1 508 626	781 644	23 014	119 488	134 317	504 825	244 050	700 294	548 740	523 595	51 461	100 094	5 704	20 983	927 107
07 *Q1*	1 569 169	816 098	23 436	121 148	137 836	533 678	264 653	726 179	570 989	545 190	52 713	102 477	5 743	21 149	973 479
Q2	1 652 352	869 174	24 294	132 145	144 552	568 184	282 081	754 726	593 655	567 062	53 898	107 174	5 955	22 497	1 020 287
Q3	1 706 126	910 001	25 085	140 332	150 341	594 243	292 599	768 197	609 791	582 505	54 035	104 371	6 106	21 822	1 052 731
Q4	1 760 213	943 086	25 245	141 571	153 453	622 818	303 514	789 250	623 540	595 929	56 576	109 133	6 089	21 788	1 080 507
08 *Q1*	1 793 356	962 331	25 003	143 816	154 237	639 275	311 272	802 258	635 010	606 807	57 357	109 891	5 804	22 962	1 100 519
Q2	1 838 174	991 307	25 727	148 218	155 600	661 762	313 176	817 074	645 286	616 487	57 726	114 062	5 952	23 840	1 114 062
Q3	1 852 563	1 005 670	26 593	155 481	156 363	667 233	315 444	816 755	651 958	623 101	55 859	108 938	6 063	24 075	1 123 765
Q4	1 869 882	1 016 948	26 244	156 141	151 848	682 716	318 032	819 412	655 145	626 620	54 176	110 092	6 091	27 431	1 125 024
09 *Q1*	1 861 734	1 018 902	24 472	158 905	143 515	692 011	324 222	808 715	651 495	621 811	50 560	106 660	5 125	28 991	1 119 231
Q2	1 861 005	1 007 492	23 732	158 800	134 690	690 271	324 664	815 068	651 564	620 920	49 583	113 922	5 382	33 063	1 110 917
Q3	1 846 010	996 650	23 576	153 070	134 045	685 959	324 439	810 149	652 434	622 122	49 840	107 875	5 457	33 754	1 110 918
Q4	1 837 038	991 363	23 123	152 199	130 438	685 602	322 984	813 939	654 566	624 755	49 273	110 101	5 523	26 213	1 107 988
10 *Q1*	1 827 087	985 197	22 791	149 368	126 464	686 574	322 820	811 242	655 474	625 856	47 716	108 053	5 372	25 276	1 104 758
Q2	1 847 066	994 441	23 366	152 413	124 054	694 607	321 946	821 460	660 436	630 104	44 712	116 312	5 840	25 326	1 106 436
Q3	1 837 278	991 374	23 456	152 031	121 514	694 374	320 090	810 717	659 232	628 696	40 259	111 225	5 743	29 444	1 100 836
Q4	1 843 952	985 157	23 128	152 376	114 519	695 134	315 782	812 781	662 798	632 449	42 068	107 916	6 096	39 918	1 093 099
11 *Q1*	1 824 256	971 962	22 618	145 796	109 582	693 966	312 152	804 029	658 133	628 138	41 073	104 823	5 710	42 554	1 079 867

CREDIT BY END-USE
Annual percentage changes (c)



CREDIT TO INDIVIDUALS BY END-USE
Annual percentage changes (c)



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 4.13, 4.18 and 4.23 of the Boletin estadístico, which are published at www.bde.es.

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

c. Asset-backed securities brought back onto the balance sheet as a result of the entry into force of Banco de España Circular BE 4/2004 have caused a break in the series in June 2005. The rates depicted in the chart have been adjusted to eliminate this effect.

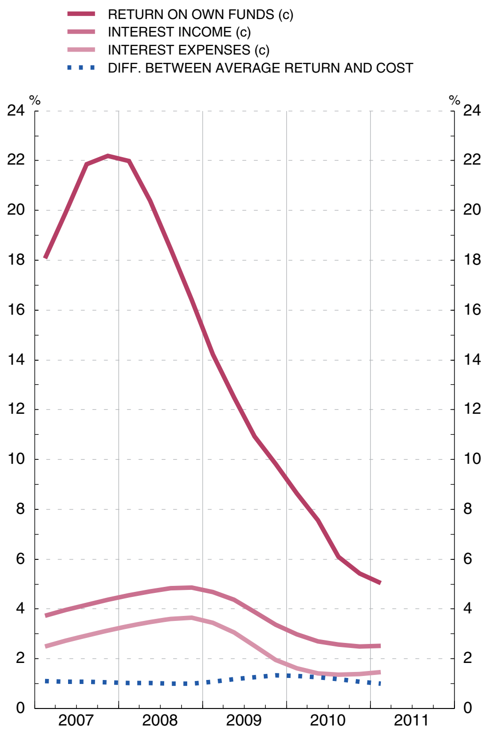
d. Including: construction, real estate activities and home purchases and improvements

8.10. PROFIT AND LOSS ACCOUNT OF DEPOSIT-TAKING INSTITUTIONS RESIDENT IN SPAIN

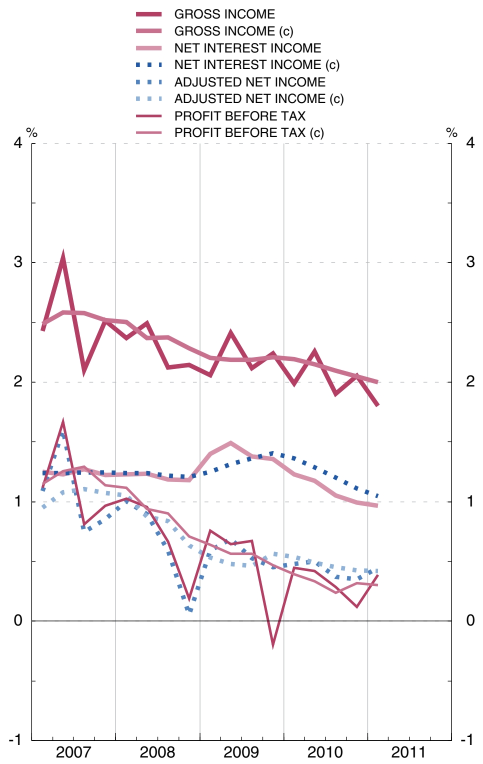
■ Series depicted in chart.

	As a percentage of the adjusted average balance sheet											Percentages			
	Interest income	Interest expenses	Net interest income	Return on equity instruments and non interest income	Gross income	Operating expenses:	Of which: Staff costs	Other operating income	Adjusted net income	Other net income	Profit before tax	Average return on own funds (a)	Average return on lending operations (b)	Average cost of borrowing operations (b)	Difference (12-13)
	1 ■	2 ■	3 ■	4	5 ■	6	7	8	9 ■	10	11 ■	12 ■	13	14	15 ■
08	4.8	3.6	1.2	1.0	2.1	1.0	0.6	1.1	0.1	0.3	0.2	12.5	5.1	4.2	1.0
09	2.8	1.4	1.4	0.9	2.2	1.0	0.6	0.8	0.5	0.8	-0.2	8.0	3.6	2.3	1.3
10	2.5	1.6	1.0	1.1	2.1	1.0	0.6	0.7	0.4	0.5	0.1	5.4	2.7	1.6	1.1
08 *Q2*	4.9	3.6	1.2	1.3	2.5	1.0	0.6	0.6	0.9	0.1	1.0	16.9	5.0	3.9	1.0
Q3	5.0	3.8	1.2	0.9	2.1	1.0	0.6	0.5	0.6	0.1	0.7	16.1	5.1	4.1	1.0
Q4	4.8	3.6	1.2	1.0	2.1	1.0	0.6	1.1	0.1	0.3	0.2	12.5	5.1	4.2	1.0
09 *Q1*	4.1	2.7	1.4	0.7	2.1	0.9	0.6	0.5	0.6	0.3	0.8	11.4	5.0	3.9	1.1
Q2	3.5	2.1	1.5	0.9	2.4	0.9	0.6	0.8	0.7	0.2	0.6	10.0	4.7	3.5	1.2
Q3	3.0	1.6	1.4	0.7	2.1	0.9	0.6	0.6	0.5	0.3	0.7	9.9	4.2	2.9	1.3
Q4	2.8	1.4	1.4	0.9	2.2	1.0	0.6	0.8	0.5	0.8	-0.2	8.0	3.6	2.3	1.3
10 *Q1*	2.5	1.3	1.2	0.8	2.0	0.9	0.6	0.6	0.5	0.1	0.4	6.6	3.2	1.9	1.3
Q2	2.5	1.3	1.2	1.1	2.3	0.9	0.6	0.8	0.5	0.2	0.4	5.7	2.9	1.6	1.3
Q3	2.5	1.4	1.1	0.9	1.9	0.9	0.6	0.6	0.4	0.2	0.3	4.0	2.7	1.6	1.2
Q4	2.5	1.6	1.0	1.1	2.1	1.0	0.6	0.7	0.4	0.5	0.1	5.4	2.7	1.6	1.1
11 *Q1*	2.6	1.6	1.0	0.8	1.8	0.9	0.6	0.4	0.4	0.1	0.4	5.1	2.7	1.7	1.0

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 4.36 of the BE Boletín estadístico.
a. Profit before tax divided by own funds.
b. Only those financial assets and liabilities which respectively give rise to financial income and costs have been considered to calculate the averge return and cost.
c. Average of the last four quarters.

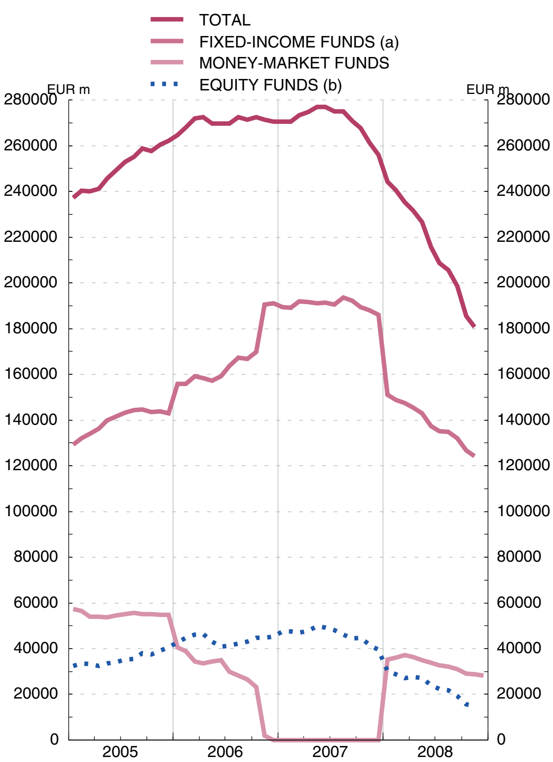
8.11. MUTUAL FUNDS RESIDENT IN SPAIN

■ Series depicted in chart.

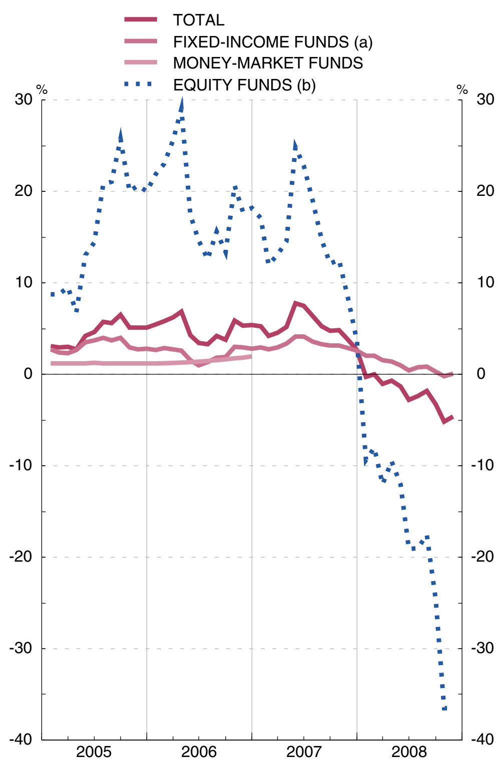
EUR millions

	Total				Money-market funds				Fixed-income funds (a)				Equity funds (b)				Others funds (c)
	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value	Of which: Monthly change	Of which: Net funds invested	Return over last 12 months	Net asset value
	1 ■	2	3	4 ■	5 ■	6	7	8 ■	9 ■	10	11	12 ■	13 ■	14	15	16 ■	17
05	262 201	26 113	14 270	5.1	54 751	-3 237	-3 881	1.2	143 047	15 312	12 061	2.8	40 672	8 649	2 303	20.0	23 730
06	270 407	8 206	-10 861	5.4	106	-54 645	-55 113	2.0	191 002	47 954	39 212	2.8	45 365	4 693	-2 189	18.2	33 934
07	256 055	-14 352	-22 008	2.6	-	-106	-106	...	185 963	-5 039	-8 287	2.6	39 449	-5 916	-7 179	3.6	30 643
07 *Aug*	275 016	-19	-242	5.3	-	-	-	...	193 565	3 073	2 697	3.3	46 136	-2 060	-1 421	14.7	35 314
Sep	270 736	-4 279	-5 439	4.8	-	-	-	...	192 289	-1 277	-1 624	3.1	44 560	-1 576	-1 877	12.1	33 887
Oct	267 586	-3 151	-6 069	4.8	-	-	-	...	189 387	-2 902	-3 907	3.1	44 816	255	-1 196	12.5	33 383
Nov	261 331	-6 255	-4 310	3.8	-	-	-	...	188 057	-1 330	-1 536	2.9	41 620	-3 196	-1 640	8.3	31 654
Dec	256 055	-5 276	-4 537	2.6	-	-	-	...	185 963	-2 094	-1 919	2.6	39 449	-2 171	-1 417	3.6	30 643
08 *Jan*	244 286	-11 769	-6 863	-0.3	35 111	35 111	1 027	...	151 093	-34 870	531	2.0	30 184	-9 265	-5 341	-9.4	27 898
Feb	240 462	-3 824	-4 123	0.0	36 169	1 058	-10	...	148 946	-2 147	-1 376	2.0	28 813	-1 371	-1 319	-8.0	26 534
Mar	235 174	-5 288	-3 933	-1.1	37 340	1 171	-369	...	147 530	-1 415	-1 658	1.5	27 214	-1 599	-906	-12.0	23 090
Apr	231 723	-3 451	-5 458	-0.7	36 428	-912	-909	...	145 511	-2 019	-2 512	1.4	27 622	409	-839	-9.5	22 161
May	226 535	-5 187	-5 542	-1.3	35 029	-1 400	-1 590	...	142 921	-2 590	-2 562	1.0	27 159	-464	-627	-12.0	21 427
Jun	215 574	-10 961	-7 355	-2.8	33 849	-1 180	-1 569	...	137 444	-5 476	-3 950	0.4	24 008	-3 150	-753	-19.1	20 273
Jul	208 593	-6 982	-7 186	-2.4	32 589	-1 260	-1 628	...	135 012	-2 433	-2 798	0.7	22 309	-1 699	-1 354	-19.0	18 683
Aug	205 707	-2 886	-7 138	-1.8	32 125	-464	-549	...	134 723	-289	-711	0.8	21 922	-388	-5 444	-17.6	16 938
Sep	198 665	-7 042	-5 892	-3.3	30 927	-1 198	-1 176	...	131 932	-2 791	-2 863	0.3	19 242	-2 680	-972	-24.7	16 564
Oct	185 428	-13 237	-11 680	-5.2	29 165	-1 762	-1 796	...	126 590	-5 342	-7 323	-0.2	15 756	-3 486	-959	-36.5	13 917
Nov	180 835	-4 593	-4 363	-4.6	28 810	-355	-427	...	124 111	-2 479	-2 854	0.1	14 708	-1 048	-496	-36.5	13 207

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.

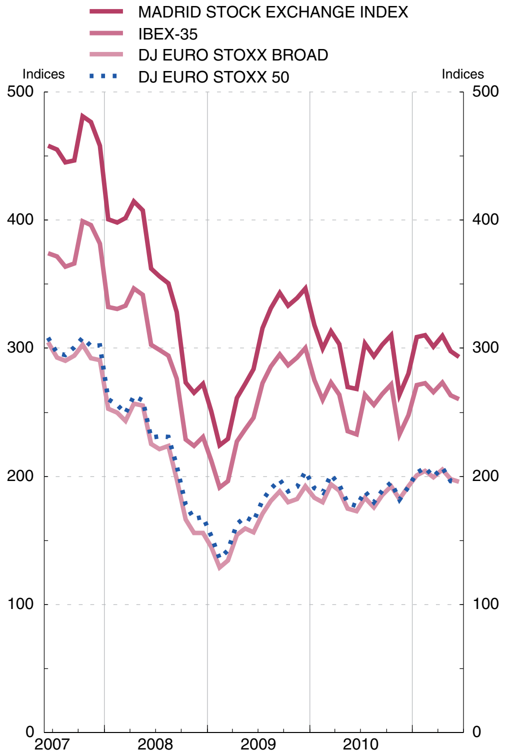
8.12. SHARE PRICE INDICES AND TURNOVER ON SECURITIES MARKETS. SPAIN AND EURO AREA

■ Series depicted in chart.

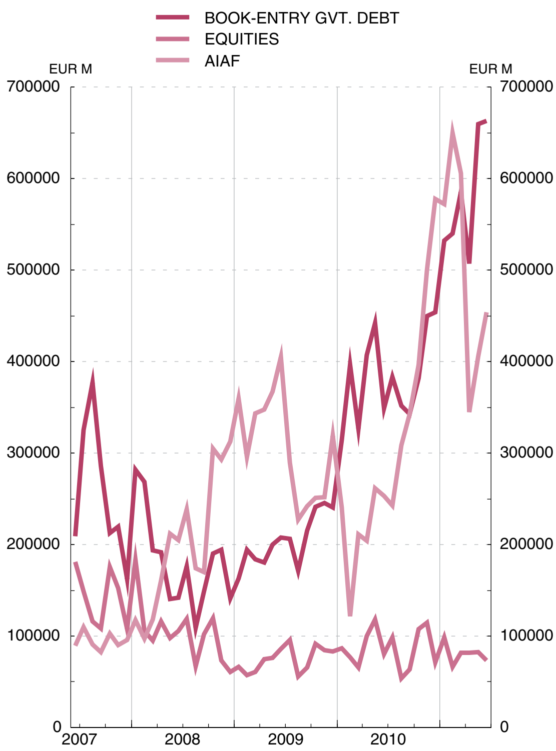
Indices, EUR millions and thousands of contracts

		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
09		1 055.69	10 107.91	235.02	2 529.03	898 195	75 103	2 448 490	3 699 008	-	33 946	-	5 752
10		1 053.39	10 203.05	262.36	2 737.05	1 038 259	67 454	4 597 749	3 660 872	-	37 904	-	6 639
11	A	1 086.52	10 655.25	286.22	2 931.93	485 306	31 904	3 486 428	3 032 088	-	14 631	-	3 018
10 *Mar*		1 123.08	10 871.30	277.00	2 931.16	65 520	4 485	326 695	211 340	...	3 283	...	528
Apr		1 086.68	10 492.20	269.34	2 816.86	100 108	5 352	406 736	204 246	...	2 088	...	667
May		966.64	9 359.40	249.82	2 610.26	118 350	4 176	442 094	261 511	...	3 036	...	872
Jun		960.79	9 263.40	246.38	2 573.32	80 641	5 013	349 054	253 096	...	3 866	...	642
Jul		1 088.62	10 499.80	261.65	2 742.14	98 411	4 761	383 009	242 812	...	2 610	...	532
Aug		1 052.73	10 187.00	251.15	2 622.95	53 667	4 420	351 521	308 542	...	2 280	...	415
Sep		1 085.03	10 514.50	264.43	2 747.90	63 353	5 259	342 963	342 945	...	3 296	...	450
Oct		1 111.28	10 812.90	274.34	2 844.99	107 818	4 759	381 546	396 506	...	2 359	...	454
Nov		944.91	9 267.20	260.19	2 650.99	114 931	10 151	449 857	500 240	...	4 053	...	570
Dec		1 003.73	9 859.10	274.45	2 792.82	71 638	4 765	453 940	577 528	...	4 412	...	481
11 *Jan*		1 105.31	10 806.00	286.41	2 953.63	98 865	4 101	532 103	572 367	...	2 992	...	581
Feb		1 111.25	10 850.80	291.83	3 013.09	66 520	3 982	539 541	649 957	...	2 243	...	511
Mar		1 079.01	10 576.50	284.36	2 910.91	81 839	5 217	585 212	605 845	...	3 182	...	573
Apr		1 109.35	10 878.90	293.20	3 011.25	81 814	6 855	506 668	344 493	...	1 369	...	412
May		1 066.37	10 476.00	282.60	2 861.92	82 857	7 455	659 698	405 338	...	2 267	...	446
Jun	P	1 049.76	10 359.90	279.46	2 848.53	73 411	4 294	663 206	454 088	...	2 579	...	495

SHARE PRICE INDICES
JAN 1994 = 100



TURNOVER ON SECURITIES MARKETS



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

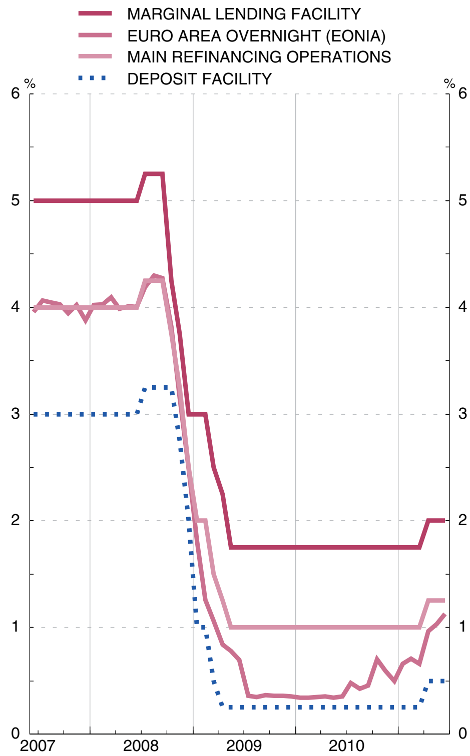
9.1. INTEREST RATES. EUROSYSTEM AND MONEY MARKET. EURO AREA AND SPAIN

■ Series depicted in chart.

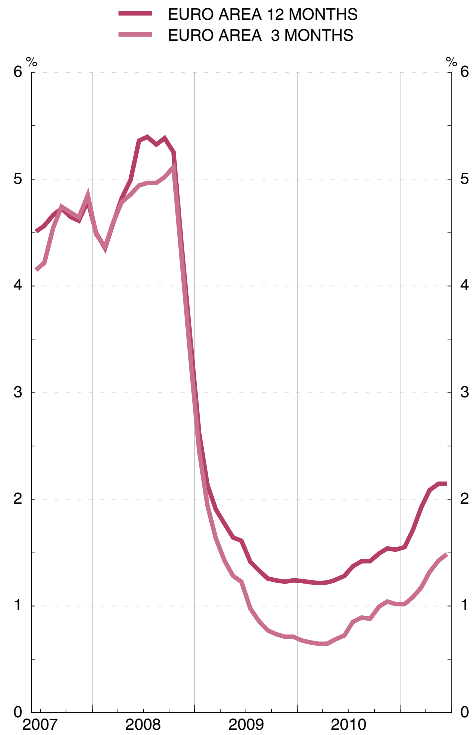
Averages of daily data. Percentages per annum

	Eurosystem monetary policy operations				Money market													
	Main refinancing operations: weekly tenders	Longer term refinancing operations: monthly tenders	Standing facilities		Euro area: deposits (Euribor) (a)					Spain								
										Non-transferable deposits					Govermment-securities repos			
			Marginal lending	Deposit	Overnight (EONIA)	1-month	3-month	6-month	1-year	Overnight	1-month	3-month	6-month	1-year	Overnight	1-month	3-month	1-year
	1 ■	2	3 ■	4 ■	5 ■	6	7 ■	8	9 ■	10	11	12	13	14	15	16	17	18
09	1.00	1.00	1.75	0.25	0.714	0.89	1.22	1.43	1.62	0.67	0.94	1.23	1.41	1.62	0.61	0.63	0.67	0.84
10	1.00	1.00	1.75	0.25	0.437	0.57	0.81	1.08	1.35	0.46	0.71	0.87	1.04	1.36	0.39	0.57	0.74	0.98
11 A	1.25	1.25	2.00	0.50	0.858	1.04	1.25	1.53	1.93	0.87	1.21	1.25	1.53	2.01	0.81	1.04	1.21	1.77
10 *Mar*	1.00	-	1.75	0.25	0.348	0.41	0.64	0.95	1.22	0.32	0.40	0.61	0.87	1.17	0.26	0.29	0.36	-
Apr	1.00	1.00	1.75	0.25	0.353	0.40	0.64	0.96	1.23	0.32	0.42	0.64	0.84	1.21	0.26	0.27	0.33	0.79
May	1.00	1.00	1.75	0.25	0.344	0.42	0.69	0.98	1.25	0.38	0.46	0.69	0.97	-	0.30	0.38	0.50	-
Jun	1.00	1.00	1.75	0.25	0.354	0.45	0.73	1.01	1.28	0.55	0.80	1.07	1.00	1.27	0.42	0.72	0.97	-
Jul	1.00	1.00	1.75	0.25	0.481	0.58	0.85	1.10	1.37	0.48	0.77	1.12	1.10	1.39	0.41	0.78	0.99	-
Aug	1.00	1.00	1.75	0.25	0.426	0.64	0.90	1.15	1.42	0.38	0.85	1.00	1.16	1.43	0.33	0.65	0.87	1.50
Sep	1.00	1.00	1.75	0.25	0.454	0.62	0.88	1.14	1.42	0.44	0.87	0.93	1.14	1.41	0.37	0.55	0.82	-
Oct	1.00	1.00	1.75	0.25	0.701	0.78	1.00	1.22	1.50	0.69	1.01	0.95	1.20	1.48	0.64	0.78	1.11	-
Nov	1.00	1.00	1.75	0.25	0.593	0.83	1.04	1.27	1.54	0.60	1.08	1.03	-	1.54	0.56	0.79	0.90	-
Dec	1.00	1.00	1.75	0.25	0.498	0.81	1.02	1.25	1.53	0.67	1.04	1.08	1.25	1.52	0.57	1.00	1.31	-
11 *Jan*	1.00	1.00	1.75	0.25	0.659	0.79	1.02	1.25	1.55	0.64	0.99	1.03	1.28	-	0.58	0.95	1.16	-
Feb	1.00	1.00	1.75	0.25	0.707	0.89	1.09	1.35	1.71	0.70	1.11	1.08	1.34	1.68	0.65	0.90	1.07	-
Mar	1.00	1.00	1.75	0.25	0.659	0.90	1.18	1.48	1.92	0.66	1.12	1.17	1.47	-	0.59	0.86	1.10	-
Apr	1.25	1.25	2.00	0.50	0.966	1.13	1.32	1.62	2.09	0.98	1.25	1.31	1.64	2.08	0.94	1.15	1.23	-
May	1.25	1.25	2.00	0.50	1.033	1.24	1.43	1.71	2.15	1.03	1.43	1.43	1.72	2.23	0.99	1.16	1.25	-
Jun	1.25	1.25	2.00	0.50	1.124	1.28	1.49	1.75	2.14	1.20	1.39	1.49	1.72	-	1.12	1.25	1.44	1.77

EUROSYSTEM: MONETARY POLICY OPERATIONS AND EURO AREA OVERNIGHT DEPOSITS



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



Source: ECB (columns 1 to 8).

a. To December 1998, synthetic euro area rates have been calculated on the basis of national rates weighted by GDP

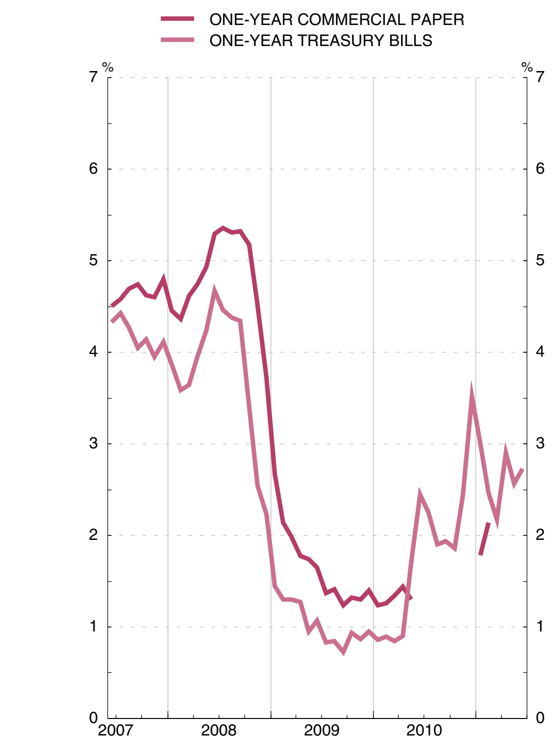
9.2. INTEREST RATES: SPANISH SHORT-TERM AND LONG-TERM SECURITIES MARKETS

■ Series depicted in chart.

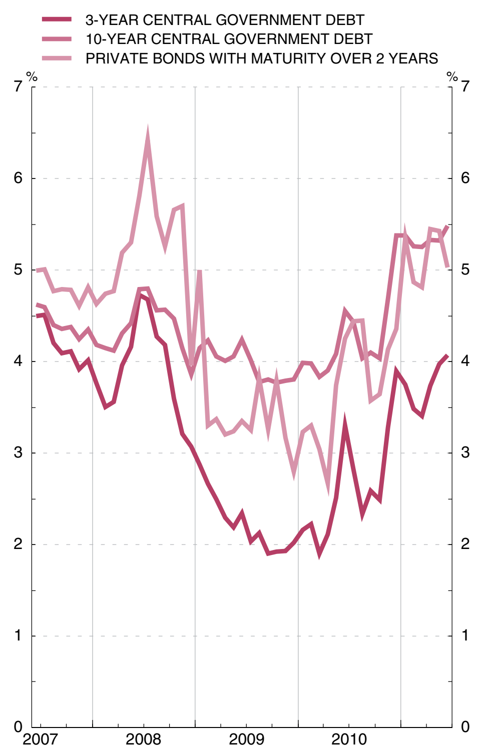
Percentages per annum

	Short-term securities				Long-term securities							
	One-year Treasury bills		One-year commercial paper		Central Government debt							Private bonds with a maturity of over two years traded on the AIAF
	Marginal rate at issue	Secondary market: outright spot purchases between market members	Rate at issue	Secondary market: outright spot purchases	Marginal rate at issue					Secondary market. Book-entry debt. Outright spot purchases between market members		
					3-year bonds	5-year bonds	10-year bonds	15-year bonds	30-year bonds	At 3-years	At 10-years	
	1 ■	2	3 ■	4	5	6	7	8	9	10 ■	11 ■	12 ■
09	1.04	0.99	1.67	1.67	2.30	2.98	3.99	4.45	4.86	2.23	3.97	3.46
10	1.80	1.70	1.32	1.62	2.79	3.20	4.46	5.04	5.11	2.64	4.25	3.74
11 A	2.64	2.48	1.95	2.80	3.65	4.38	5.33	5.92	5.96	3.74	5.34	5.15
10 *Mar*	0.85	0.74	1.34	1.17	-	2.84	3.86	-	4.77	1.90	3.83	3.04
Apr	0.90	1.08	1.44	1.18	2.03	-	-	4.45	-	2.11	3.90	2.67
May	1.70	1.58	1.30	1.24	-	-	4.08	-	-	2.51	4.08	3.74
Jun	2.45	2.27	-	1.32	3.39	-	4.91	-	5.94	3.30	4.56	4.25
Jul	2.25	2.10	-	1.92	-	3.73	-	5.15	-	2.82	4.43	4.44
Aug	1.90	1.73	-	1.89	2.31	-	-	-	-	2.34	4.04	4.45
Sep	1.94	1.79	-	2.05	-	3.00	4.17	-	5.08	2.59	4.09	3.57
Oct	1.86	1.83	-	2.32	2.55	-	-	4.55	4.79	2.49	4.04	3.64
Nov	2.45	2.30	-	1.93	-	3.60	4.63	-	5.50	3.28	4.69	4.13
Dec	3.52	3.26	-	2.11	3.80	-	5.49	5.99	-	3.90	5.37	4.36
11 *Jan*	3.01	2.77	1.78	2.99	-	4.59	-	-	-	3.75	5.38	5.35
Feb	2.46	2.22	2.14	2.86	3.30	4.08	5.22	-	5.98	3.49	5.26	4.87
Mar	2.18	2.14	-	2.88	3.61	4.41	5.18	6.01	5.89	3.41	5.25	4.81
Apr	2.90	2.55	-	3.07	3.60	-	5.48	5.70	-	3.73	5.33	5.45
May	2.57	2.51	-	2.19	-	4.56	5.41	-	6.01	3.97	5.32	5.43
Jun	2.73	2.69	-	2.80	4.05	4.25	5.37	6.04	-	4.07	5.48	5.03

PRIMARY MARKET



SECONDARY MARKET



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

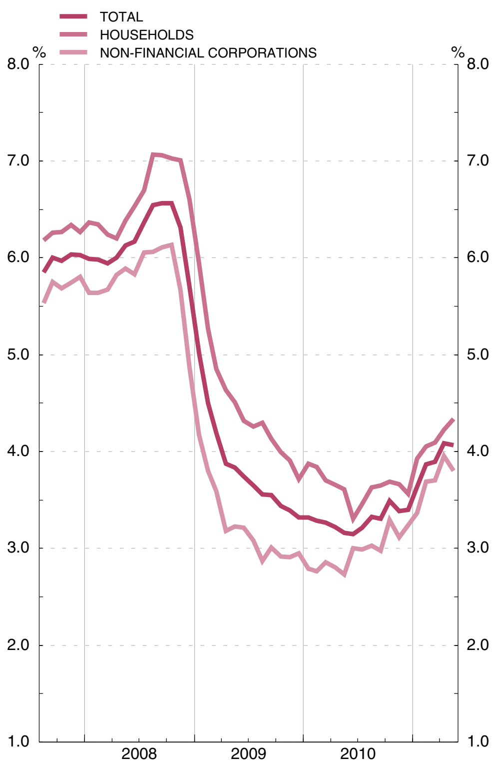
9.3. INTEREST RATES ON NEW BUSINESS. CREDIT INSTITUTIONS. (CBE 4/2002) SDDS (a)

■ Series depicted in chart.

Percentages

		Loans (APRC) (b)							Deposits (NDER) (b)								
		Syn-thetic rate (d)	Households and NPISH			Non-financial corporations			Syn-thetic rate (d)	Households and NPISH				Non-financial corporations			
			Syn-thetic rate	House pur-chase	Con-sump-tion and other	Syn-thetic rate	Up to EUR 1 million	Over EUR 1 million (c)		Syn-thetic rate	Over-night and re-deema-ble at notice	Time	Repos	Syn-thetic rate	Over-night	Time	Repos
		1 ■	2 ■	3	4	5 ■	6	7	8 ■	9 ■	10	11	12	13 ■	14	15	16
09		3.32	3.71	2.62	6.96	2.95	4.24	2.47	1.28	1.39	0.36	2.21	0.33	0.92	0.55	1.44	0.41
10		3.40	3.56	2.66	6.35	3.24	4.40	2.73	1.60	1.70	0.27	2.74	1.21	1.29	0.68	1.98	0.79
11	A	4.07	4.34	3.46	7.13	3.80	5.08	3.12	1.71	1.79	0.31	2.83	1.16	1.45	0.65	2.32	1.01
09 *Oct*		3.44	3.99	2.78	7.59	2.91	4.50	2.21	1.26	1.39	0.35	2.19	0.34	0.86	0.54	1.30	0.28
Nov		3.39	3.91	2.70	7.40	2.91	4.39	2.26	1.31	1.42	0.40	2.22	0.33	0.94	0.58	1.42	0.35
Dec		3.32	3.71	2.62	6.96	2.95	4.24	2.47	1.28	1.39	0.36	2.21	0.33	0.92	0.55	1.44	0.41
10 *Jan*		3.32	3.87	2.60	7.68	2.79	4.36	2.08	1.24	1.35	0.31	2.18	0.29	0.87	0.53	1.34	0.27
Feb		3.29	3.84	2.67	7.37	2.76	4.29	2.06	1.18	1.27	0.31	2.04	0.30	0.88	0.54	1.33	0.31
Mar		3.27	3.70	2.60	7.04	2.86	4.21	2.27	1.30	1.37	0.31	2.19	0.33	1.05	0.57	1.68	0.25
Apr		3.22	3.66	2.55	7.00	2.80	4.22	2.11	1.36	1.45	0.29	2.34	0.32	1.08	0.59	1.70	0.34
May		3.16	3.61	2.50	6.98	2.73	4.33	2.07	1.30	1.37	0.27	2.21	0.39	1.08	0.57	1.74	0.40
Jun		3.15	3.31	2.39	5.99	3.00	4.08	2.51	1.37	1.48	0.28	2.43	0.57	1.04	0.53	1.71	0.48
Jul		3.22	3.45	2.53	6.25	2.99	4.19	2.48	1.51	1.58	0.29	2.57	0.62	1.28	0.58	2.12	0.54
Aug		3.32	3.63	2.60	6.73	3.03	4.23	2.46	1.46	1.55	0.30	2.50	0.43	1.18	0.55	1.97	0.43
Sep		3.31	3.65	2.66	6.69	2.98	4.22	2.35	1.61	1.70	0.30	2.73	0.42	1.33	0.54	2.27	0.45
Oct		3.49	3.69	2.70	6.70	3.29	4.37	2.66	1.63	1.71	0.29	2.75	0.68	1.34	0.56	2.19	0.69
Nov		3.38	3.66	2.72	6.47	3.11	4.41	2.47	1.65	1.76	0.29	2.82	0.65	1.31	0.58	2.14	0.62
Dec		3.40	3.56	2.66	6.35	3.24	4.40	2.73	1.60	1.70	0.27	2.74	1.21	1.29	0.68	1.98	0.79
11 *Jan*		3.64	3.92	2.92	7.04	3.36	4.58	2.79	1.59	1.67	0.29	2.66	1.18	1.33	0.58	2.14	0.77
Feb		3.87	4.05	3.07	7.09	3.69	4.81	3.10	1.57	1.65	0.29	2.61	1.29	1.30	0.57	2.10	0.71
Mar		3.89	4.09	3.15	7.04	3.70	4.90	3.06	1.60	1.69	0.30	2.68	0.81	1.32	0.59	2.12	0.74
Apr		4.09	4.23	3.31	7.13	3.95	5.01	3.37	1.64	1.72	0.30	2.73	1.24	1.38	0.63	2.23	1.03
May	P	4.07	4.34	3.46	7.13	3.80	5.08	3.12	1.71	1.79	0.31	2.83	1.16	1.45	0.65	2.32	1.01

**LOANS
SYNTHETIC RATES**



**DEPOSITS
SYNTHETIC RATES**

Source: BE.

a. This table is included among the IMF's requirements to meet the Special Data Dissemination Standards (SDDS)

b. APRC: annual percentage rate of charge. NEDR: narrowly defined effective rate, which is the same as the APRC without including commissions.

c. Calculated by adding to the NDER rate, which does not include commissions and other expenses, a moving average of such expenses.

d. The synthetic rates of loans and deposits are obtained as the average of the interest rates on new business weighted by the euro-denominated stocks included in the balance sheet for all the instruments of each sector.

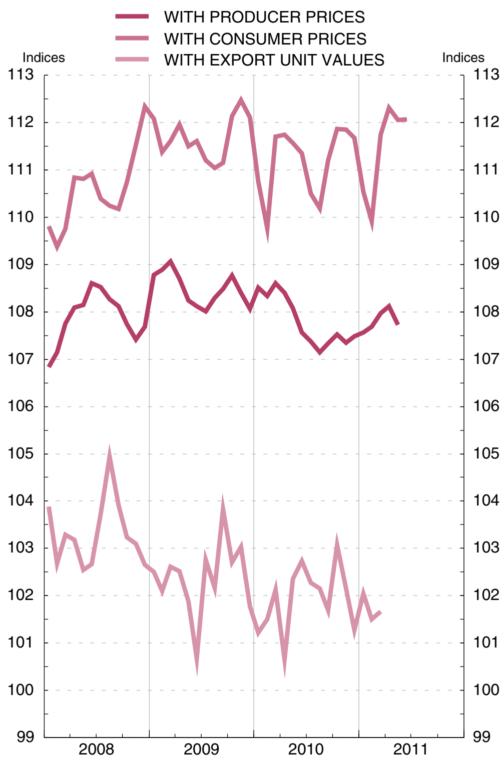
e. Up to the reference month May 2010, this column includes credit granted through credit cards (see the 'Changes' note in the July-August 2010 Boletín Estadístico).

9.4 INDICES OF SPANISH COMPETITIVENESS VIS-à-VIS THE EU-27 AND THE EURO AREA

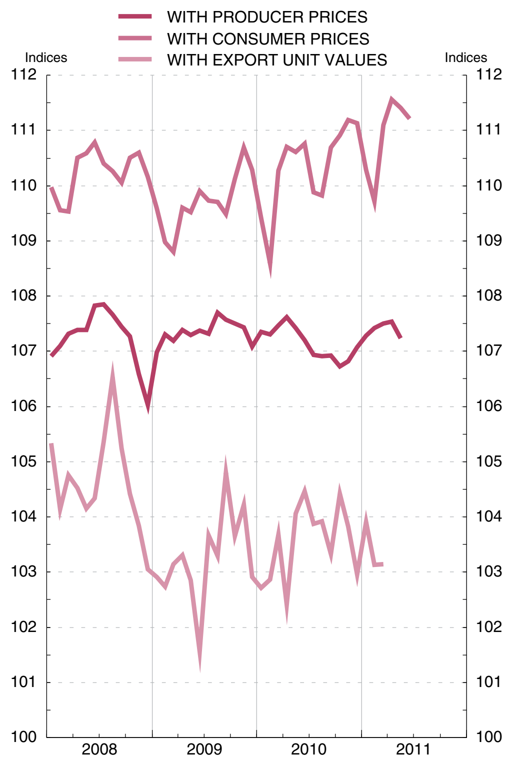
■ Series depicted in chart. *Base 1999 QI = 100*

	Vis-à-vis the EU-27									Vis-à-vis the euro area				
	Total (a)				Nominal component (b)	Price component (c)				Based on producer prices	Based on consumer prices	Based on total unit labour costs	Based on manufacturing unit labour costs (d)	Based on export unit values
	Based on producer prices	Based on consumer prices	Based on total unit labour costs	Based on export unit values		Based on producer prices	Based on consumer prices	Based on total unit labour costs	Based on export unit values					
	1 ■	2 ■	3	4 ■	5	6	7	8	9	10 ■	11 ■	12	13	14 ■
08	107.9	110.6	113.7	103.3	101.1	106.7	109.4	112.5	102.2	107.2	110.2	114.5	122.9	104.6
09	108.5	111.7	112.2	102.4	103.0	105.4	108.5	109.0	99.4	107.3	109.7	111.0	114.9	103.3
10	107.8	111.2	110.0	101.9	102.2	105.5	108.8	107.7	99.8	107.1	110.3	109.7	116.7	103.5
09 *Q2*	108.3	111.7	112.2	101.7	102.9	105.3	108.5	109.0	98.8	107.3	109.7	110.9	114.5	102.6
Q3	108.3	111.1	111.8	102.9	102.6	105.5	108.3	109.0	100.3	107.5	109.6	111.0	116.2	103.9
Q4	108.4	112.2	112.5	102.5	102.9	105.3	109.0	109.3	99.6	107.3	110.4	111.3	116.7	103.6
10 *Q1*	108.5	110.8	110.7	101.6	102.6	105.8	108.0	107.9	99.1	107.4	109.5	110.0	114.0	103.1
Q2	108.0	111.6	110.9	101.9	102.2	105.7	109.2	108.6	99.8	107.4	110.7	110.5	116.1	103.6
Q3	107.3	110.6	109.4	102.0	101.9	105.3	108.6	107.4	100.2	106.9	110.1	109.4	117.2	103.7
Q4	107.5	111.8	109.0	102.2	102.1	105.2	109.5	106.8	100.1	106.9	111.1	108.8	119.2	103.7
11 *Q1*	107.7	110.8	108.8	101.7	101.9	105.7	108.7	106.7	99.8	107.4	110.4	108.8	114.3	103.4
10 *Sep*	107.3	111.2	109.4	101.7	101.9	105.3	109.1	107.4	99.8	106.9	110.7	109.4	117.2	103.3
Oct	107.5	111.9	...	103.1	102.3	105.1	109.4	...	100.8	106.7	110.9	...	...	104.4
Nov	107.3	111.9	...	102.2	102.1	105.2	109.6	...	100.1	106.8	111.2	...	...	103.8
Dec	107.5	111.7	109.0	101.3	102.0	105.4	109.5	106.8	99.3	107.1	111.1	108.8	119.2	103.0
11 *Jan*	107.6	110.5	...	102.0	101.8	105.6	108.5	...	100.2	107.3	110.3	...	...	103.9
Feb	107.7	109.9	...	101.5	101.8	105.8	108.0	...	99.7	107.4	109.7	...	...	103.1
Mar	108.0	111.7	108.8	101.7	102.1	105.8	109.5	106.7	99.6	107.5	111.1	108.8	114.3	103.1
Apr	108.1	112.3	...	...	102.2	105.8	109.9	...	...	107.5	111.6	...	...	...
May	107.7	112.1	...	...	102.2	105.4	109.7	...	...	107.2	111.4	...	...	...
Jun	...	112.1	...	...	102.3	...	109.5	...	...	...	111.2	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE EU-27



INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE EURO AREA



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), (1998-2000), (2001-2003), and (2004-2006) manufacturing foreign trade figures.

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

d. The index obtained drawing on Manufacturing Labour Costs has been compiled using base year 2000 National Accounts data.

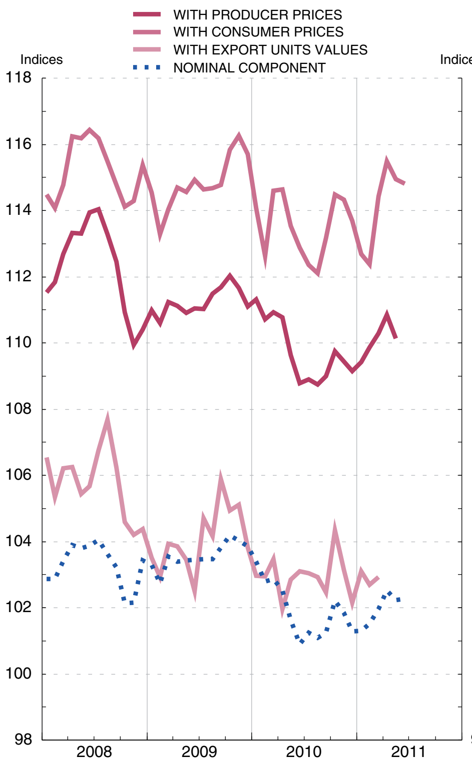
9.5 INDICES OF SPANISH COMPETITIVENESS VIS-à-VIS THE DEVELOPED COUNTRIES AND INDUSTRIALISED COUNTRIES

■ Series depicted in chart.

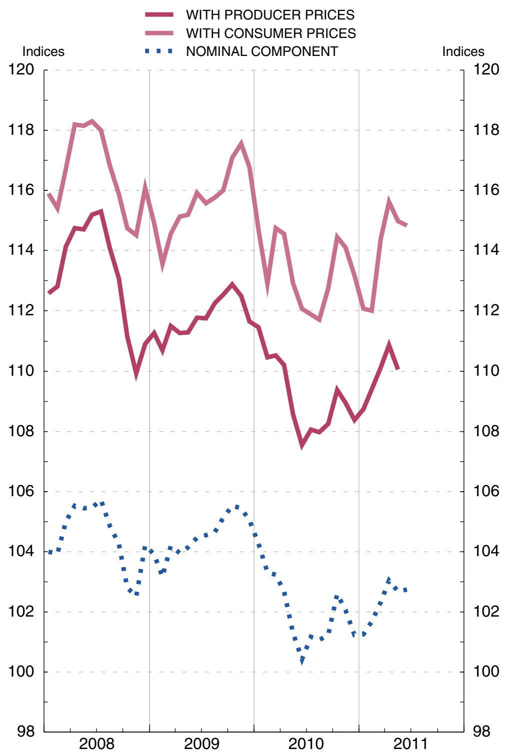
Base 1999 QI = 100

	Vis-à-vis developed countries									Vis-à-vis industrialised countries				
	Total (a)				Nominal compon-ent (b)	Prices component (c)				Total (a)		Nominal compon-ent (b)	Prices component(c)	
	Based on producer prices	Based on consumer prices	Based on manufac - turing unit labour costs (d)	Based on export unit values		Based on producer prices	Based on consumer prices	Based on manufac - turing unit labour costs (d)	Based on export unit values	Based on producer prices	Based on consumer prices		Based on producer prices	Based on consumer prices
	1 ■	2 ■	3	4 ■	5 ■	6	7	8	9	10 ■	11 ■	12 ■	13	14
08	112.3	115.2	130.2	105.8	103.3	108.7	111.6	126.1	102.4	113.2	116.6	104.5	108.4	111.6
09	111.2	114.8	122.9	104.1	103.6	107.4	110.9	118.6	100.5	111.8	115.7	104.5	107.0	110.7
10	109.8	113.5	121.9	103.0	101.9	107.7	111.4	119.6	101.0	109.1	113.3	102.0	107.0	111.1
09 *Q2*	111.0	114.7	123.2	103.3	103.4	107.4	110.9	119.1	99.9	111.4	115.4	104.2	107.0	110.8
Q3	111.4	114.7	124.0	104.9	103.6	107.5	110.7	119.7	101.3	112.2	115.8	104.8	107.1	110.5
Q4	111.6	115.9	124.7	104.6	104.0	107.3	111.5	119.9	100.6	112.3	117.1	105.3	106.7	111.2
10 *Q1*	111.0	113.8	120.4	103.1	103.0	107.7	110.5	116.9	100.1	110.8	114.2	103.6	107.0	110.2
Q2	109.7	113.7	121.2	102.6	101.7	107.9	111.8	119.2	100.9	108.8	113.2	101.5	107.2	111.5
Q3	108.9	112.5	121.8	102.8	101.2	107.6	111.2	120.4	101.6	108.1	112.1	101.1	106.9	110.8
Q4	109.4	114.2	124.2	103.2	101.8	107.5	112.2	122.0	101.4	108.9	113.9	102.0	106.8	111.7
11 *Q1*	109.9	113.2	118.8	102.9	101.6	108.1	111.4	116.9	101.3	109.4	112.9	101.8	107.5	110.9
10 *Sep*	109.0	113.2	121.8	102.5	101.2	107.7	111.8	120.4	101.2	108.2	112.7	101.2	106.9	111.4
Oct	109.7	114.5	...	104.3	102.2	107.4	112.0	...	102.1	109.4	114.5	102.6	106.6	111.6
Nov	109.4	114.3	...	103.1	101.8	107.5	112.3	...	101.3	108.9	114.1	102.1	106.7	111.8
Dec	109.2	113.7	124.2	102.1	101.3	107.8	112.2	122.0	100.8	108.4	113.2	101.2	107.1	111.8
11 *Jan*	109.4	112.7	...	103.1	101.3	108.0	111.2	...	101.8	108.7	112.1	101.3	107.4	110.7
Feb	109.9	112.4	...	102.7	101.5	108.2	110.7	...	101.1	109.4	112.0	101.7	107.6	110.2
Mar	110.3	114.4	118.8	102.9	102.0	108.2	112.2	116.9	101.0	110.1	114.4	102.3	107.6	111.8
Apr	110.9	115.5	...	...	102.5	108.1	112.6	...	...	110.9	115.6	103.0	107.6	112.2
May	110.1	115.0	...	...	102.2	107.7	112.4	...	...	110.0	115.0	102.7	107.2	112.0
Jun	...	114.8	...	...	102.3	...	112.3	...	...	...	114.8	102.7	...	111.8

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



INDICES OF SPANISH COMPETITIVENESS VIS-À-VIS THE INDUSTRIALISED 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), (1998-2000), (2001-2003), and (2004-2006) manufacturing foreign trade figures.

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

d. The index obtained drawing on Manufacturing Labour Costs has been compiled using base year 2000 National Accounts data.

ARTICLES PUBLISHED IN THE ECONOMIC BULLETIN

ARTICLES PUBLISHED IN THE ECONOMIC BULLETIN

BANCO DE ESPAÑA PUBLICATIONS

Studies and reports

REGULAR

Annual Report (in Spanish and English)
Economic Bulletin (quarterly) (the Spanish version is monthly)
Estabilidad Financiera (half-yearly)
Financial Stability Report (in Spanish and English) (half-yearly)
Memoria Anual sobre la Vigilancia de Sistemas de Pago (available only in electronic format on the website)
Memoria de la Central de Información de Riesgos (available only in electronic format on the website)
Memoria del Servicio de Reclamaciones (annual)
Mercado de Deuda Pública (annual)
Report on Banking Supervision in Spain (in Spanish and English) (annual)
Research Memorandum (in Spanish and English) (annual)
The Spanish Balance of Payments and International Investment Position (in Spanish and English) (annual)

NON-PERIODICAL

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

ECONOMIC STUDIES

74 MARIO IZQUIERDO AND M.ª DE LOS LLANOS MATEA: Hedonic prices for personal computers in Spain during the 90s (2001). (The Spanish original of this publication has the same number.)
75 PABLO HERNÁNDEZ DE COS: Empresa pública, privatización y eficiencia (2004).
76 FRANCISCO DE CASTRO FERNÁNDEZ: Una evaluación macroeconométrica de la política fiscal en España (2005).
77 JUAN S. MORA-SANGUINETTI: The effect of institutions on European housing markets: An economic analysis (2010).

ECONOMIC HISTORY STUDIES

55 CARLOS ÁLVAREZ NOGAL: Oferta y demanda de deuda pública en Castilla. Juros de alcabalas (1540-1740) (2009).
56 RAFAEL MORENO FERNÁNDEZ: El personal del Banco de España: desde su origen en el siglo XVIII hasta fin del siglo XIX. Vol. 2: Banco de San Fernando (1829-1856) (2010).
57 FRANCISCO MANUEL PAREJO MORUNO: El negocio del corcho en España durante el siglo XX (2010).
58 PILAR NOGUES-MARCO: Tipos de cambio y tipos de interés en Cádiz en el siglo XVIII (1729-1788) (2011).

WORKING PAPERS

1124 GABRIEL JIMÉNEZ, ATIF MIAN, JOSÉ-LUIS PEYDRÓ AND JESÚS SAURINA: Local versus aggregate lending channels: the effects of securitization on corporate credit supply.
1125 ANTON NAKOV AND GALO NUÑO: A general equilibrium model of the oil market.
1126 DANIEL C. HARDY AND MARÍA J. NIETO: Cross-border coordination of prudential supervision and deposit guarantees.
1127 LAURA FERNÁNDEZ-CABALLERO, DIEGO J. PEDREGAL AND JAVIER J. PÉREZ: Monitoring sub-central government spending in Spain.

OCCASIONAL PAPERS

1103 OLYMPIA BOVER: The Spanish Survey of Household Finances (EFF): description and methods of the 2008 wave.
1104 PABLO HERNÁNDEZ DE COS, MARIO IZQUIERDO AND ALBERTO URTASUN: An estimate of the potential growth of the Spanish economy. (There is a Spanish version of this edition with the same number.)
1105 ENRIQUE ALBEROLA, CARLOS TRUCHARTE AND JUAN LUIS VEGA: Central banks and macroprudential policy. Some reflections from the Spanish experience.
1106 SAMUEL HURTADO, ELENA FERNÁNDEZ, EVA ORTEGA AND ALBERTO URTASUN: Nueva actualización del modelo trimestral del Banco de España.

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

MISCELLANEOUS PUBLICATIONS[1]

JOSÉ LUIS MALO DE MOLINA, JOSÉ VIÑALS AND FERNANDO GUTIÉRREZ (Eds.): Monetary policy and inflation in Spain (1998) (***).
VICTORIA PATXOT: Medio siglo del Registro de Bancos y Banqueros (1947-1997) (1999). Book and disquette: €5.31.
BANCO DE ESPAÑA (Ed.): Arquitectura y pintura del Consejo de la Reserva Federal (2000). €12.02.
PABLO MARTÍN ACEÑA: El Servicio de Estudios del Banco de España (1930-2000) (2000). €9.02.
TERESA TORTELLA: Una guía de fuentes sobre inversiones extranjeras en España (1780-1914) (2000). €9.38.
VICTORIA PATXOT AND ENRIQUE GIMÉNEZ-ARNAU: Banqueros y bancos durante la vigencia de la Ley Cambó (1922-1946) (2001). €5.31.
BANCO DE ESPAÑA: El camino hacia el euro. El real, el escudo y la peseta (2001). €45.
BANCO DE ESPAÑA: El Banco de España y la introducción del euro (2002). Free copy.
BANCO DE ESPAÑA: Spanish banknotes 1940-2001 (2004). €30. (In Spanish and English.)
NIGEL GLENDINNING AND JOSÉ MIGUEL MEDRANO: Goya y el Banco Nacional de San Carlos (2005). Bound edition: €30; paperback edition: €22.
BANCO DE ESPAÑA. SERVICIO DE ESTUDIOS (Ed.): The analysis of the Spanish economy (2006) (*). (In Spanish and English.)
BANCO DE ESPAÑA: Billetes españoles 1874-1939 (2005). €30.
BANCO DE ESPAÑA: 150 years in the history of the Bank of Spain, 1856-2006 (2006). €30. (In Spanish and English.)
BANCO DE ESPAÑA: Secretaría General. Legislación de Entidades de Crédito. 5.ª ed. (2006) (****).
SANTIAGO FERNÁNDEZ DE LIS AND FERNANDO RESTOY (Eds.): Central banks in the 21st century (2006). Free copy.
JUAN F. JIMENO (Ed.): Spain and the euro. The first ten years (2010). Free copy.
TERESA TORTELLA: El Banco de España desde dentro. Una historia a través de sus documentos. Bound edition: €30; paperback edition: €24.
JOSÉ LUIS MALO DE MOLINA AND PABLO MARTÍN ACEÑA (Eds.): Un siglo de historia del Sistema Financiero Español (2011) (*).

Statistics

Boletín de Operaciones (daily) (available only in electronic format on the website)
Boletín del Mercado de Deuda Pública (daily) (available only in electronic format on the website)
Boletín Estadístico (monthly, available only in electronic format on the website[2])
Central de Balances. Resultados anuales de las empresas no financieras (annual monograph)
Financial Accounts of the Spanish Economy (bilingual edition: Spanish and English) (annual and quarterly series[3])

Financial legislation and official registers

Circulares a entidades de crédito[4]
Circulares del Banco de España. Recopilación (four-monthly)
Registros de Entidades (annual) (available only in electronic format on the website)

Training

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

EUROPEAN CENTRAL BANK PUBLICATIONS

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

1 All publications are distributed by the Banco de España, except those indicated with (*), (**), (***) or (****), which are respectively distributed by Alianza Editorial, Editorial Tecnos, Macmillan (London) and Thomson-Aranzadi. Prices include 4% VAT.
2 Moreover, it is updated daily in the Statistics section.
3 A quarterly update of the tables of this publication is also disseminated on the Internet.
4 Available only on the Banco de España website until it is included in the publication *Circulares del Banco de España. Recopilación.*

BANCO DE ESPAÑA Eurosistema	Unidad de Publicaciones Alcalá 522 - 28027 Madrid Telephone +34 91 338 6363. Fax +34 91 338 6488 E-mail: publicaciones@bde.es www.bde.es